Brian Sandoval
Governor

James R. Wells, CPA
Director

Janet Murphy
Deputy Director

STATE OF NEVADA
GOVERNOR'S FINANCE OFFICE
Budget Division

209 E. Musser Street, Room 200 | Carson City, NV 89701-4298
Phone: (775) 684-0222 | www.budget.nv.gov | Fax: (775) 684-0260

Date: December 12, 2017

To: James R. Wells, Clerk of the Board
Governor's Finance Office

From: Melanie Young, Executive Branch Budget Officer
Budget Division

Subject: BOARD OF EXAMINERS **ACTION** ITEM

The following describes an action item submitted for placement on the agenda of the next Board of Examiners' meeting.

DEPARTMENT OF TAXATION

Agenda Item Write-up:

Pursuant to NRS 353.268 the Department of Taxation requests an allocation of $887,491 from the Interim Finance Contingency Account to fund the implementation of Initiative Petition 1 for the Regulation and Taxation of Marijuana Act.

Additional Information:

On November 8, 2016, Nevada voters approved the initiative to regulate and tax marijuana. This Interim Finance Contingency Account request will fund anticipated expenditures through June 30, 2107. Relates to work program C38527.

Statutory Authority:

NRS 353.268

REVIEWED:_____

ACTION ITEM:_____

STATE OF NEVADA
DEPARTMENT OF TAXATION
Web Site: http://tax.nv.gov
1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

RENO OFFICE
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Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

BRIAN SANDOVAL
Governor
JAMES DEVOLLD
Chair, Nevada Tax Commission
DEONNE E. CONTINE
Executive Director

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

MEMORANDUM

Date: December 7, 2016

To: Melanie Young, Budget Analyst
Governors Finance Office

From: Rick Gimlin, Administrative Services Officer

Subject: Interim Finance Committee Contingency Account Request

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Taxation requests approval from the Board of Examiners to request $887,491 from the Interim Finance Committee Contingency Account.

On November 8, 2016, Nevada voters approved the initiative to regulate and tax marijuana. From the overview provided on the Secretary of State's website, this initiative would require the Department of Taxation to regulate and administer the operation of facilities that cultivate, produce, and dispense marijuana products in the state. The Initiative additionally requires the Department to collect a 15 percent excise tax upon the wholesale value of marijuana sold by a marijuana cultivation facility in Nevada. The proceeds from the excise tax, less costs incurred by the Department of Taxation and counties, cities, and towns to carry out certain provisions of the Initiative, must be deposited in the State Distributive School Account.

Taxation will be responsible to license retail marijuana stores, marijuana cultivation facilities, marijuana product manufacturing facilities, marijuana distributors, and marijuana testing facilities.

The Initiative also decriminalizes the personal use, possession, or cultivation of marijuana under certain circumstances and provides for criminal penalties related to the unlawful cultivation, consumption, manufacture, or distribution of marijuana.

The initiative becomes effective on January 1, 2017. Taxation estimates four positions, starting February 1, and related expenses, are needed to begin implementation. The initiative will also require ongoing funding in the 2017 – 2019 biennium.

Please contact me if you have any questions.

State of Nevada Work Program

WP Number: C38527

FY 2017

[ ] Add Original Work Program

[XXX] Modify Work Program

BUDGET DIVISION USE ONLY
DATE_____
APPROVED ON BEHALF OF
THE GOVERNOR BY
_____

DATE	FUND	AGENCY	BUDGET	DEPT/DIV/BUDGET NAME
11/23/16	101	130	2361	DEPARTMENT OF TAXATION

Funds Available

Budgetary GLs (2501 - 2599)	Description	WP Amount	Revenue GLs (3000 - 4999)	Description	WP Amount	Current Authority	Revised Authority
			4654	TRANS FROM IFC	887,491	0	887,491
Subtotal Budgetary General Ledgers		**0**	**Subtotal Revenue General Ledgers(RB)**		**887,491**		**887,491**
			Total Budgetary & Revenue GLs		**887,491**		

Expenditures

CAT	Amount	CAT	Amount
01	131,212		
03	7,726		
04	133,477		
05	19,360		
26	595,716		

Sub Total Category Expenditures 887,491

Remarks

This request will add resources needed for Taxation to implement Question 2, Initiative to Regulate and Tax Marijuana.

Total Budgetary General Ledgers and Category Expenditures (AP) **887,491**

rgimlin
Authorized Signature

12/07/16
Date

_____
Controller's Office Approval

Requires Interim Finance approval since IFC Contingency Fund Allocation request

BUDGET ACCOUNT # 2361
WORK PROGRAM # C38527

State of Nevada
Work Program Packet Checklist

- ✓ Work program form
- ✓ Work program packet checklist
- ✓ Cumulative modification worksheet
- ✓ Cover Page detailing the reasons for the revision, benefits to the division, department and state and consequences if not approved
- ✓ Financial/Budget Status Reports (current)
- ✓ Budget projections with corresponding detail
- ✓ Fund map reflecting amounts before and after the revision
- ✓ NPD 19 (If requesting new position) **include copy of current organizational chart w/proposed change**
- ❑ Quotes for the purchase of unbudgeted items (i.e., equipment, computers, etc.)
- ✓ Spreadsheets/detailed calculations supporting request

WORK PROGRAM REVISIONS INVOLVING GRANTS MUST ALSO INCLUDE

- ❑ Grant history/reconciliation form for grants
- ❑ Copies of all grant awards for the current year listed on the grant reconciliation form
- ❑ Copy of grant budget - if applicable
- ❑ Summary of the grant program and purpose if not included in the grant award document

IFC determination evaluation (reason work program does or does not require IFC approval indicated with an X)

Requires IFC approval because

- ❑ $75,000 or more cumulative for an expenditure category
- ❑ Involves the allocation of block grant funds and the agency is choosing to use the IFC meeting for the required public hearing per NRS 353.337
- ✓ Includes new positions
- ❑ Exceeds $30,000 cumulative and is 10% or more cumulative for an expenditure category
- ❑ Non-governmental grant or gift in excess of $20,000
- ✓ Other: IFC Contingency Fund Allocation request

Does not require IFC approval because

- ❑ $30,000 or less cumulative for each expenditure category
- ❑ Less than $75,000 cumulative and 10% cumulative for each expenditure category
- ❑ $5,000 or less for expenditure categories 02, 03, 05, & 30 and $10,000 or less for any other expenditure categories
- ❑ Implements general/highway fund salary adjustments approved by the BOE
- ❑ Places funds in Reserves, Reserve for Reversion, or Retained Earnings categories only
- ❑ Non-executive budget
- ❑ Other:

Approved by:
Date:

STATE OF NEVADA
DEPARTMENT OF TAXATION

Budget Account 2361 - DEPARTMENT OF TAXATION
Work Program C38527
Fiscal Year 2017

Submitted December 7, 2016

Budget Account's Primary Purpose, Function and Statutory Authority

The Department of Taxation is responsible for providing fair, efficient, and effective administration of the tax programs of the State of Nevada in accordance with applicable statutes, regulations and policies, and serves the taxpayers, and state and local government entities. The department administers and collects taxes for distribution to the state General Fund, other state agencies, and to local government entities. The department collects and distributes all sales and use taxes, the modified business tax, the estate tax, the net proceeds of mines tax, and the property tax on interstate and inter-county companies. It also collects excise taxes and fees on liquor, cigarettes, other tobacco products, tire tax, short-term lessor fee, live entertainment tax, bank excise tax, lodging tax, the insurance premium tax, and distributes the real property transfer tax received from county recorder collections to the state general fund and local governments.

In addition, the department is responsible for appraising property of an interstate or inter-county nature as well as mining property. It also establishes guidelines for county assessors, recorders, and treasurers; monitors appraisal and assessment performance through ratio studies and performance appraisals of county officials; and ensures statewide compliance with assessment standards established by the Tax Commission. The department reviews local government budgets and audits, prepares the ad valorem tax rates for certification, and advises local governments on budget act compliance and financial management matters. Additionally, the department provides annual population estimates for the state, its counties and incorporated cities.

Statutory Authority: NRS 354, 360, 361, 361A, 361B, 362, 363A.120, 363A&B, 364.125, 364A, 368A, 369, 370, 370A, 372, 372A, 374, 374A, 375A&B, 376A, 377, 377A&B, 387.332, 444A.090, 482.313, 585.497, 680B.

Purpose of Work Program

This request will add resources needed for Taxation to implement Question 2, Initiative to Regulate and Tax Marijuana.

Justification

Voters passed Question 2, Initiative to Regulate and Tax Marijuana (also known as the Regulation and Taxation of Marijuana Act, or "the Act") on November 8. The Act is effective on January 1, 2017 and requires Taxation to administer requirements of the Act. This includes, but is not limited to:
* Adoption of regulations, not later than December 31, 2017
* Issuance, renewal, suspension and revocation of licenses to marijuana retailers, cultivators, product manufacturing facilities, testing facilities, and distributers
* Determining qualifications for licensure, security, packaging, labeling, and testing of marijuana
* Oversight and enforcement of marijuana businesses and licensees (including record keeping, signage, marketing, display, advertising, and other requirements within the regulations)
* Collection of taxes, fees, and penalties

Taxation estimates for the period of January 1, 2017 - June 30, 2017, 4 additional staff and related operational needs will be required to administer the Act.

This work program adds One - Administrative Assistant 2 (2.212), One Tax Examiner 2 (7.255), One Deputy Director (U4300) and one Chief Investigator Compliance/Audit (11.360). Each of these positions are anticipated to start February 1st.

Expected Benefits to be Realized

Taxation will be able to meet the requirements of the Act. This includes adopting regulations, developing tax return forms, programming the Unified Tax System for the new tax type, developing infrastructure for licensing, recordkeeping, and inspections, and other responsibilities that accompany the Act.

Explanation of Projections and Documentation

Line item budget and position detail, a copy of the Regulation and Taxation of Marijuana Act, and fund map are attached.

New Positions: Yes

Summary of Alternatives and Why Current Proposal is Preferred

Other than to not comply with the Act, there really is no other alternative. The current proposal is preferred, as it will allow Taxation to comply with the requirements of the Act.

STATE OF NEVADA WORK PROGRAM
DEPARTMENT OF TAXATION
DEPARTMENT OF TAXATION
B/A 2361 SFY17

	REVENUES	Original or Legislatively Approved Work Program	APPROVED FIRST Work Program Change	PENDING SECOND Work Program Change	-----CUMULATIVE----- Dollar Change	Percent Change	Total Amount
G.L.#	Description		WP # C36262	WP # C38527			
2501	APPROPRIATION CONTROL	28,531,109			0	0.0%	28,531,109
2511	BALANCE FORWARD FROM PREVIOUS YEAR	0	3,854,063		3,854,063	100.0%	3,854,063
3729	AUDIT FEES	34,527			0	0.0%	34,527
3750	ADMIN FEE CIGARETTE TAX	425,036			0	0.0%	425,036
3751	ADMIN FEE SHORT TERM AUTO LEASE	10,185			0	0.0%	10,185
3755	BAD CHECK CHARGES	41,339			0	0.0%	41,339
3765	JUSTICE COURT FEES	108,691			0	0.0%	108,691
4254	MISCELLANEOUS REVENUE	30,794			0	0.0%	30,794
4355	REIMBURSEMENT OF EXPENSES	7,436			0	0.0%	7,436
4654	TRANS FROM IFC	0		887,491	887,491	100.0%	887,491
4673	TRANS FROM ENVIRON PROTECT	8,695			0	0.0%	8,695
4683	TOBACCO SETTLEMENT INCOME	246,817			0	0.0%	246,817
	Total Revenues	**29,444,629**	**3,854,063**	**887,491**	**4,741,554**	**16.1%**	**34,186,183**
	EXPENDITURES						
Cat	Description						
01	PERSONNEL	23,711,523	2,045,072	131,212	2,176,284	9.2%	25,887,807
02	OUT-OF-STATE TRAVEL	8,054			0	0.0%	8,054
03	IN-STATE TRAVEL	155,642	11,248	7,726	18,974	12.2%	174,616
04	OPERATING EXPENSES	2,405,325	349,020	133,477	482,497	20.1%	2,887,822
05	EQUIPMENT	15,900	126,899	19,360	146,259	919.9%	162,159
09	COMPLIANCE AUDIT INVESTIGATIONS	5,595			0	0.0%	5,595
10	OUT-OF-STATE AUDIT	47,398			0	0.0%	47,398
11	MSA TRAVEL AND OPERATING	33,697			0	0.0%	33,697
12	E-PAYMENT FEES	15,253			0	0.0%	15,253
15	LOCKBOX SERVICES	985,174			0	0.0%	985,174
17	MINING OVERSIGHT AND ACCOUNTABILITY COM	3,789			0	0.0%	3,789
21	DEMOGRAPHIC SURVEYS	42,742			0	0.0%	42,742
25	CIGARETTE STAMPS	170,615			0	0.0%	170,615
26	INFORMATION SERVICES	1,640,522	970,285	595,716	1,566,001	95.5%	3,206,523
30	TRAINING	16,430	1,817		1,817	11.1%	18,247
31	COUNTY ASSESSOR/APPRAISER TR	7,436			0	0.0%	7,436
82	DHRM COST ALLOCATION	171,917			0	0.0%	171,917
86	RESERVE	0	349,722		349,722	100.0%	349,722
87	PURCHASING ASSESSMENT	7,617			0	0.0%	7,617
	Total Expenditures	**29,444,629**	**3,854,063**	**887,491**	**4,741,554**	**16.1%**	**34,186,183**

REPORT DATE AS OF: 11/17/2016
PROC ID: BSR_GEN_BBLS_REPORT

STATE OF NEVADA
Office of the State Controller

Summary Budget Status Report

Fiscal Year: 2017

Fund: 101 GENERAL FUND

Agency: 130 DEPARTMENT OF TAXATION

Budget Account: 2361 DEPARTMENT OF TAXATION

Organization: 0000 DEPARTMENT OF TAXATION

	YTD Actual	Work Program	Difference
Total Receipts/Funding	32,523,384.27	33,298,692.00	-775,307.73
Total Expenditures	9,933,560.79		
Total Encumbrances	147,614.39		
Total Pre-encumbrances	.00		
Total Obligations	10,081,175.18	33,298,692.00	23,217,516.82
Realized Funding Available	22,442,209.09		

STATE OF NEVADA
Office of the State Controller

Budget Status Report - Receipts/Funding

Fiscal Year: 2017

Fund: 101 GENERAL FUND

Agency: 130 DEPARTMENT OF TAXATION

Budget Account: 2361 DEPARTMENT OF TAXATION

Organization: 0000 DEPARTMENT OF TAXATION

	YTD Actual	Work Program	Difference
Total Receipts/Funding	32,523,384.27	33,298,692.00	-775,307.73

Code	Description	YTD Actual	Work Program	Difference
42	APPROPRIATIONS	28,531,109.00	28,531,109.00	.00
47	BEGINNING CASH	3,854,063.00	3,854,063.00	.00
3729	AUDIT FEES	9,134.55	34,527.00	-25,392.45
3750	ADMIN FEE CIGARETTE TAX	106,258.97	425,036.00	-318,777.03
3751	ADMIN FEE -SHRT TRM AUTO LEASE	.00	10,185.00	-10,185.00
3755	ADMIN FEE BAD CHECK CHARGES	.00	41,339.00	-41,339.00
3765	JUSTICE COURT FEES	21,971.50	108,691.00	-86,719.50
4254	MISCELLANEOUS REVENUE	847.25	30,794.00	-29,946.75
4355	STUDENT FEES REIMBURSEMENT	.00	7,436.00	-7,436.00
4673	TRANS FROM ENVIRON PROTECT	.00	8,695.00	-8,695.00
4683	TRANS FROM TOBACCO	.00	246,817.00	-246,817.00

STATE OF NEVADA
Office of the State Controller

Budget Status Report - Obligations

Fiscal Year: 2017

Fund: 101 GENERAL FUND

Agency: 130 DEPARTMENT OF TAXATION

Budget Account: 2361 DEPARTMENT OF TAXATION

Organization: 0000 DEPARTMENT OF TAXATION

	YTD Actual	Work Program	Difference
Total Expenditures	9,933,560.79		
Total Encumbrances	147,614.39		
Total Pre-encumbrances	.00		
Total Obligations	10,081,175.18	33,298,692.00	23,217,516.82

Category	Description	Expended	Encumbered	Pre-encumbered	Obligated	Work Program	Difference
01	PERSONNEL SERVICES	7,803,626.62	.00	.00	7,803,626.62	25,756,595.00	17,952,968.38
02	OUT OF STATE TRAVEL	5,830.52	.00	.00	5,830.52	8,054.00	2,223.48
03	IN STATE TRAVEL	61,858.57	.00	.00	61,858.57	166,890.00	105,031.43
04	OPERATING	1,047,846.20	.00	.00	1,047,846.20	2,754,345.00	1,706,498.80
05	EQUIPMENT	236.28	22,043.75	.00	22,280.03	142,799.00	120,518.97
09	COMPLIANCE AUDIT INVESTIGATION	2,152.41	.00	.00	2,152.41	5,595.00	3,442.59
10	OUT OF STATE AUDIT	6,681.05	.00	.00	6,681.05	47,398.00	40,716.95
11	MASTER SETTLEMENT AGREEMENT	6,942.29	.00	.00	6,942.29	33,697.00	26,754.71
12	E PAYMENT FEES	.00	.00	.00	.00	15,253.00	15,253.00
15	LOCKBOX PROGRAM	139,524.51	.00	.00	139,524.51	985,174.00	845,649.49
17	MINING OVRSGHT & ACCNTBLTY COM	.00	.00	.00	.00	3,789.00	3,789.00

21	DEMOGRAPHIC SURVEY'S	24,276.30	.00	.00	24,276.30	42,742.00	18,465.70
25	CIGARETTE STAMPS	65,725.15	92,024.85	.00	157,750.00	170,615.00	12,865.00
26	INFORMATION SERVICES	680,748.14	33,545.79	.00	714,293.93	2,610,807.00	1,896,513.07
30	TRAINING	250.00	.00	.00	250.00	18,247.00	17,997.00
31	COUNTY ASSESSOR/APPRAISER TR	.00	.00	.00	.00	7,436.00	7,436.00
82	HR COST ALLOCATION	85,958.50	.00	.00	85,958.50	171,917.00	85,958.50
86	RESERVE	.00	.00	.00	.00	349,722.00	349,722.00
87	PURCHASING ASSESSMENT	1,904.25	.00	.00	1,904.25	7,617.00	5,712.75

Las Vegas M&E is $64 per day, lodging is $108/$93, used lower lodging rate Tax on Lodging 14.000%

Days	Item	Per Diem				Lodging		Total
		Breakfast	Lunch	Dinner	Incidentals	Base	Tax	
Monday	1		$ 16.00	$ 28.00	$ 5.00	$ 93.00	$ 13.02	$ 156
Tuesday	2	$ 15.00	$ 16.00	$ 28.00	$ 5.00		$ -	$ 64
Wednesday	3						$ -	$ -
Thursday	4						$ -	$ -
Friday	5					$ -	$ -	$ -
	6	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$15.00	$32.00	$56.00	$10.00	$93.00	$13.02	$ 220
Total		$113.00				$106.02		$ 220

Per Diem

# Trips	5.00
Per Trip Rate	$ 113.00
Total Per Diem:	$ 565.00

Lodging

# Trips	5.00
Per Trip Rate	$ 106.02
Total Lodging:	$ 531.00
Total Per Diem/Lodging:	**$ 1,096.00**

Personal Vehicle

Mileage	300.00	Estimate 60 miles round trip from workstation to airport, times 5trips
Per Mile Rate	$ 0.575	
Total Personal Vehicle:	**$ 173.00**	

Parking

# Days	10.00	Estimate 2 days per trip, times 5 trips
Per Day Rate	$ 10.00	Reno/McCarran, surface parking
Total Parking:	**$ 100.00**	

Fleet Services

# Days	10.00	Estimate 2 days per trip, times 5 trips
Per Day Rate	$ 28.50	Compact car
Total Fleet Services Rental:	$ 285.00	
Miles	200.00	Estimate 20 miles per day, times 2 days per trip, times 5 trips
Per Mile Rate	$ 0.17	Compact car
Total Fleet Services Miles:	$ 34.00	
Total Fleet Services:	**$ 319.00**	

Airfare

Number of trips	5.00	
Ticket cost	$ 435.00	Round trip ticket, Reno/LV/Reno, April 2016, times 6 trips
Total Airfare:	**$ 2,175.00**	

Cost Estimate Summary

Air Fare (6150/6250):	$2,175.00	Registration (7300):	$ -
Ground (6140/6240):	173.00	Per Diem (6100/6200):	565.00
Parking/Tolls (6140/6240):	100.00	Lodging (6100/6200):	531.00
Fleet Services (6110/6210):	319.00	Other:	-
Subtotal:	$2,767.00	Subtotal:	$1,096.00
		Total	**$ 3,863.00**

State of Nevada - Budget Division
Payroll/Position Detail
2015-2017 Biennium (FY16-17)
RMJ IP1 RECREATIONAL MARIJUANA
Mode: summary

Section A: Position Detail

BA #	Dec Unit	Pos Group	Pos Desc	PCN#	Class Code	Gd-Step	Gd-Add	Anv Mo	St Date	End Date	FTE FY17	Salary FY17	Benefits FY17	Total FY17
2361	E127	CAR CARSON	DEPUTY DIRECTOR, TAXATION (EA)	003113	U4300	99-99	0	2	2-2017	6-2017	1.00	38,109	11,636	49,745
2361	E127	LV LAS VEGAS	ADMIN ASSISTANT 2	003103	02212	25-1	0	2	2-2017	6-2017	1.00	10,959	7,332	18,291
2361	E127	LV LAS VEGAS	TAX EXAMINER 2	003108	07255	30-1	0	2	2-2017	6-2017	1.00	13,400	8,184	21,584
2361	E127	LV LAS VEGAS	CHIEF INVEST COMPLI/AUDIT	003114	11360	37-10	0	2	2-2017	6-2017	1.00	26,890	12,905	39,795
										Totals	**4.00**	**89,358**	**40,057**	**129,415**

Section A1: Line Item Detail by GL

Budget Account: 2361 DEPARTMENT OF TAXATION

Item No	Description	Actual 2013-2014	Work Program 2014-2015	RMJ Year 1 2015-2016	RMJ Year 2 2016-2017
E127	**SUSTAINABLE AND GROWING ECONOMY** Initiative to Regulate and Tax Marijuana (IP1), fiscal year 2017 costs.				
EXPENDITURE					
01	**PERSONNEL**				
5100	SALARIES 4 positions, start date 2/2017: PCN LOCATION POSITION TITLE 003103 LAS VEGAS ADMIN ASSISTANT 2 003108 LAS VEGAS TAX EXAMINER 2 003113 CARSON ADMINISTRATOR (DEPUTY DIRECTOR) 003114 LAS VEGAS CHIEF INVESTIGATOR, COMPLIANCE/AUDIT	0	0	0	96,533
5200	WORKERS COMPENSATION	0	0	0	2,238
5300	RETIREMENT	0	0	0	13,997
5400	PERSONNEL ASSESSMENT	0	0	0	580
5500	GROUP INSURANCE	0	0	0	13,984
5700	PAYROLL ASSESSMENT	0	0	0	134
5750	RETIRED EMPLOYEES GROUP INSURANCE	0	0	0	2,278
5800	UNEMPLOYMENT COMPENSATION	0	0	0	68
5840	MEDICARE	0	0	0	1,400
	TOTAL FOR CATEGORY 01	0	0	0	131,212
03	**IN-STATE TRAVEL**				
6200	PER DIEM IN-STATE Travel for the administrator and the chief for program coordination. Estimate 1 two day trip per month to either Reno or Las Vegas. $3,863 per person times 2 people = $7,726.	0	0	0	7,726
	TOTAL FOR CATEGORY 03	0	0	0	7,726
04	**OPERATING EXPENSES**				
7020	OPERATING SUPPLIES Expendable operating supplies for four staff. In fiscal year 2016, budget account 2361 expended $35,236 for operating supplies for 365 positions. Average cost is $96 per position per year, or $8 per month. 4 positions times 5 months times $8 per month = $160.	0	0	0	160
7050	EMPLOYEE BOND INSURANCE	0	0	0	4
7054	AG TORT CLAIM ASSESSMENT	0	0	0	463
705A	NON B&G - PROP. & CONT. INSURANCE	0	0	0	16
7061	CONTRACTS - A Project Management Services for Task Force Recommendations	0	0	0	110,000
7062	CONTRACTS - B Install power, data and phone lines; Carson and Las Vegas	0	0	0	4,400
7110	NON-STATE OWNED OFFICE RENT Room 4100 in the Grant Sawyer building. 3,224 sq. ft., anticipate additional staff in the 2017 - 2019 biennium.	0	0	0	16,056
55	B & G LEASE ASSESSMENT	0	0	0	322

Item No	Description	Actual 2013-2014	Work Program 2014-2015	RMJ Year 1 2015-2016	RMJ Year 2 2016-2017
7290	PHONE, FAX, COMMUNICATION LINE Smart phone charges for 2 positions. $62 per month times 5 months times 2 positions = $620.	0	0	0	620
7292	EITS VOICE MAIL	0	0	0	70
7295	EITS STATE PHONE LINE	0	0	0	135
7533	EITS EMAIL SERVICE	0	0	0	76
7545	EITS VPN SECURE LINK	0	0	0	52
7980	OPERATING LEASE PAYMENTS	0	0	0	1,103
	TOTAL FOR CATEGORY 04	0	0	0	133,477
05	**EQUIPMENT**				
7460	EQUIPMENT PURCHASES < $1,000 Telephones	0	0	0	500
8241	NEW FURNISHINGS <$5,000 - A	0	0	0	18,860
	TOTAL FOR CATEGORY 05	0	0	0	19,360
26	**INFORMATION SERVICES**				
7060	CONTRACTS Master Services Agreement programming services for new tax type	0	0	0	585,875
7554	EITS INFRASTRUCTURE ASSESSMENT	0	0	0	619
7556	EITS SECURITY ASSESSMENT	0	0	0	426
7771	COMPUTER SOFTWARE <$5,000 - A	0	0	0	2,334
8371	COMPUTER HARDWARE <$5,000 - A	0	0	0	6,462
	TOTAL FOR CATEGORY 26	0	0	0	595,716
	TOTAL EXPENDITURES FOR DECISION UNIT E127	0	0	0	887,491
	TOTAL REVENUES FOR BUDGET ACCOUNT 2361	0	0	0	0
	TOTAL EXPENDITURES FOR BUDGET ACCOUNT 2361	0	0	0	887,491

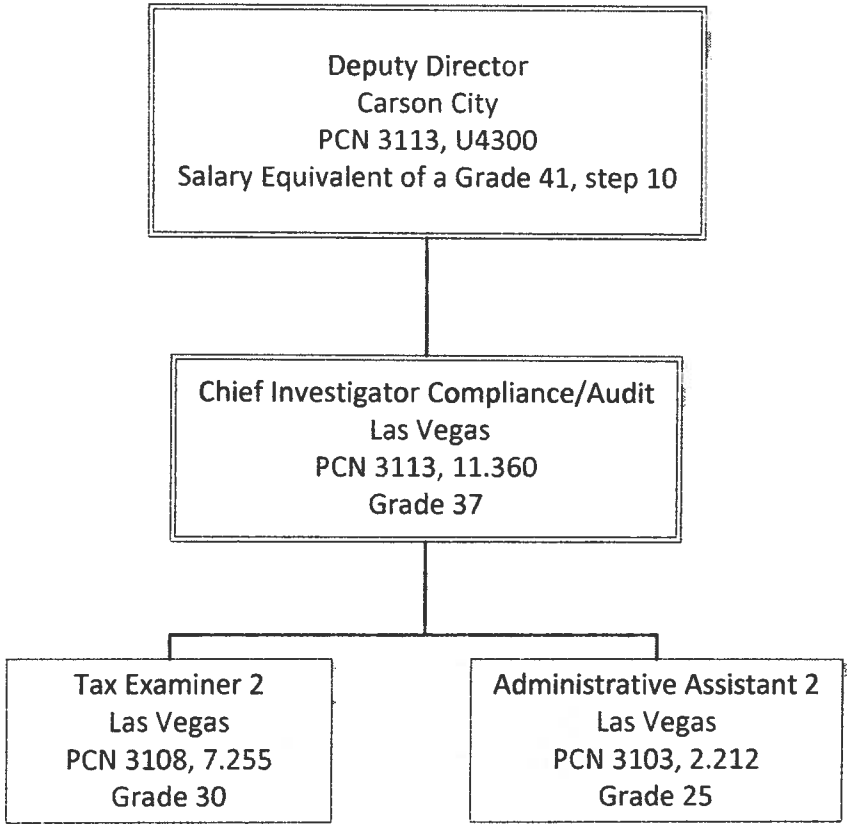
Department of Taxation **Budget 2361**

SFY 2017 Fund Map

	Legislative Approved Budget (L01)	2501 Appropriation Control	2511 Balance Forward from Prior Year	3729 Audit Fees	3750 Admin Fee, Cigarette Tax	3751 Admin Fee, Short Term Auto Lease	3755 Bad Check Charges	3765 Justice Court Fees	4254 Misc. Revenue	4355 Reimburse Expenses	4673 Transfer from State EPA	4683 Tobacco Settlement Income	Total	Approved Work Programs	Total with Approved Work Programs	Pending C38527	Total with Approved & Pending Work Programs
Revenue:																	
2501 Appropriations Control	$ 28,531,109	28,531,109											$ 28,531,109	0	$ 28,531,109		$ 28,531,109
2511 Balance Forward from Prior Year	-		0										-	3,854,063	3,854,063		3,854,063
3729 Audit Fees	34,527			34,527									34,527	0	34,527		34,527
3750 Admin Fee, Cigarette Tax	425,036				425,036								425,036	0	425,036		425,036
3751 Admin Fee, Short Term Auto Lease	10,185					10,185							10,185	0	10,185		10,185
3755 Bad Check Charges	41,339						41,339						41,339	0	41,339		41,339
3765 Justice Court Fees	108,691							108,691					108,691	0	108,691		108,691
4254 Miscellaneous Revenue	30,794								30,794				30,794	0	30,794		30,794
4355 Reimbursement	7,436									7,436			7,436	0	7,436		7,436
4654 IFC Contingency Allocation	-												-	0	-	887,491	887,491
4673 Transfer from State EPA	8,695										8,695		8,695	0	8,695		8,695
4683 Tobacco Settlement Income	246,817											246,817	246,817	0	246,817		246,817
Total Revenue	***$ 29,444,629***	***$ 28,531,109***	***$ -***	***$ 34,527***	***$ 425,036***	***$ 10,185***	***$ 41,339***	***$ 108,691***	***$ 30,794***	***$ 7,436***	***$ 8,695***	***$ 246,817***	***$ 29,444,629***	***$ 3,854,063***	***$ 33,298,692***	***$ 887,491***	***$ 34,186,183***
Expenditures:																	
01 Personnel Services	$ 23,711,523	21,012,310	2,106,096		254,421	10,185	41,339	65,949			8,695	212,528	$ 23,711,523	2,045,072	$ 25,756,595	131,212	$ 25,887,807
02 Out of State Travel	8,054	8,054											8,054	1,249	9,303		9,303
03 In State Travel	155,642	152,726	2,916										155,642	11,248	166,890	7,726	174,616
04 Operating	2,405,325	1,956,186	418,345						30,794				2,405,325	349,020	2,754,345	133,477	2,887,822
05 Equipment	15,900	(64,020)	79,920										15,900	126,899	142,799	19,360	162,159
09 Compliance Audit Investigations	5,595	5,595											5,595	0	5,595		5,595
10 Out of State Audit	47,398	12,871		34,527									47,398	0	47,398		47,398
11 MSA Travel & Operating	33,697	(592)										34,289	33,697	0	33,697		33,697
12 E-Payment Fees	15,253	15,253											15,253	0	15,253		15,253
15 Lockbox Services	985,174	985,174											985,174	(1,249)	983,925		983,925
17 Mining Oversight & Accountability	3,789	3,789											3,789	0	3,789		3,789
21 Demographic Surveys	42,742	0						42,742					42,742	0	42,742		42,742
25 Cigarette Stamps	170,615	0			170,615								170,615	0	170,615		170,615
26 Information Services	1,640,522	1,541,464	99,058										1,640,522	970,285	2,610,807	595,716	3,206,523
30 Training	16,430	16,430											16,430	1,817	18,247		18,247
31 County Assessor / Appraiser	7,436	0								7,436			7,436	0	7,436		7,436
82 Dept. HR Cost Allocation	171,917	171,917											171,917	0	171,917		171,917
86 Reserve	-	0											-	349,722	349,722		349,722
87 Purchasing Assessment	7,617	7,617											7,617	0	7,617		7,617
Total Expenditures	***$ 29,444,629***	***$ 25,824,774***	***$ 2,706,335***	***$ 34,527***	***$ 425,036***	***$ 10,185***	***$ 41,339***	***$ 108,691***	***$ 30,794***	***$ 7,436***	***$ 8,695***	***$ 246,817***	***$ 29,444,629***	***$ 3,854,063***	***$ 33,298,692***	***$ 887,491***	***$ 34,186,183***
Revenue less Expenditures	$ -	$ 2,706,335	$ (2,706,335)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Check figures		28,531,109	2,706,335	34,527	425,036	10,185	41,339	108,691	30,794	7,436	8,695	246,817	32,150,964				

Notes:

Retail Marijuana
FY17, February 2017



State of Nevada - Budget Division
Payroll/Position Detail
2015-2017 Biennium (FY16-17)
RMJ IP1 RECREATIONAL MARIJUANA

Section C: Position Cost Details

Budget Account: 2361 DEPARTMENT OF TAXATION

Type	Description	PCN	Class	FTE Actual	FTE WP	FTE Y1 / Y2	Salary Y1 / Y2	Ret.	Grp. Ins	Worker's Comp	Pers Assmt	Umemp. Ins.	Pyrl Assmt	Ret. Grp.	Medicare	Benefits Y1 / Y2
E127 SUSTAINABLE AND GROWING ECONOMY																
CAR CARSON																
4	DEPUTY DIRECTOR, TAXATION (EA)	003113	U4300	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0
						1.00	38,109	5,526	3,496	853	229	27	53	899	553	11,636
	TOTAL FOR LINE ITEM POSITION GROUP CAR			0.00	0.00	1.00	38,109									11,636
LV LAS VEGAS																
4	ADMIN ASSISTANT 2	003103	02212	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0
						1.00	12,493	1,811	3,496	296	75	9	17	295	181	6,180
4	TAX EXAMINER 2	003108	07255	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0
						1.00	15,276	2,215	3,496	362	92	11	21	361	222	6,780
4	CHIEF INVEST COMPLI/AUDIT	003114	11360	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0
						1.00	30,655	4,445	3,496	727	184	21	43	723	444	10,083
	TOTAL FOR LINE ITEM POSITION GROUP LV			0.00	0.00	3.00	58,424									23,043
	TOTAL FOR DECISION UNIT E127			0.00	0.00	4.00	96,533									34,679
	TOTAL FOR BUDGET ACCOUNT 2361			0.00	0.00	4.00	96,533									34,679

Budget Account: 2361 DEPARTMENT OF TAXATION

Catg	GL Acct	Vendor Name	Actual Amt	Wrk Pgm Amt	Year 1 Amt	Year 2 Amt
		Reno, 2 positions $1,800 Carson, 4 positions, $3,600				
26	7060	MSA contractor services	0	0	0	525,574
Total for Decision Unit: E126			0	0	0	720,974
E127		SUSTAINABLE AND GROWING ECONOMY				
04	7061	Project Management Services for Task Force Recommendations Estimate costs for MSA QUANTUMMARK. based on discussion with the Division of Health	0	0	0	110,000
04	7062	Install power, data and phone lines; Carson, Las Vegas & Reno Estimating $550 per installation of data and phone, and $550 for power. Total of $1,100 per position. Estimate for data/phone is based on rounding up costs for recent Accounting, Call Center & Processing installations. Using the same estimate for installation of power. Carson, 1 position, $1,100 Las Vegas, 3 positions, $3,300	0	0	0	4,400
04	7980	Xerox or similar, multifunction device lease payments Multifunction device for proposed Grant Sawyer office. Using rate from machine XKP546450 in the Carson Office, the lease cost is $220.45 per month, times five months.	0	0	0	1,103
26	7060	MSA contractor services Programming for new tax type. TAS Registration and Returns filing: 4,390 hours @$100 per hour. Health and Human Resources Integration: 1,000 hours times $100 per hour. Revenue Solutions, Inc., modify Tax Master for new tax type:, 313 hours times $150 per hour.	0	0	0	585,875
Total for Decision Unit: E127			0	0	0	701,378
Total for Budget Account: 2361			2,361,625	2,547,442	2,052,893	3,455,297

2015-2017 Biennium (FY16-17)
RMJ IP1 RECREATIONAL MARIJUANA

Budget Account: 2361 DEPARTMENT OF TAXATION

Catg	GL Acct	Unit of Measure	IT Service	Actual Quantity	Year 1 Quantity	Year 1 Rate	Amount	Year 2 Quantity	Year 2 Rate	Amount
E127		SUSTAINABLE AND GROWING ECONOMY								
04	7292	VOICEMAIL (FY18-19 REV COST POOL)	PER ACCOUNT PER MONTH	0	0	3.56	0	20	3.52	70
04	7295	STATE PHONE LINE (FY18-19 REV COST POOL)	PER LINE PER MONTH	0	0	13.40	0	10	13.48	135
		2 positions: Admin Asst 2, Tax Examiner								
04	7533	EMAIL SERVICE	PER ACCOUNT PER MONTH	0	0	3.48	0	20	3.82	76
04	7545	VPN SECURE LINK (FY18-19 REV COST POOL)	PER CONNECTION PER MONTH	0	0	9.73	0	5	10.32	52
		Tax Manager								
Total for Decision Unit: E127				0			0			333
Total for Budget Account: 2361				3,827,483,858			322,784			331,444

Budget Account: 2361 DEPARTMENT OF TAXATION

Catg	Address	City	Lessor	B&G Asses	Type of Space	Sq. Ft	Year1 #Mo	Year1 #Rate	Year1 Rent	Year1 P&C Ins	Year2 #Mo	Year2 #Rate	Year2 Rent	Year2 P&C Ins
	Lease periods are December 1 through November 30, and the lease ends on November 30, 2015. Using the last monthly rate for the 2015 - 2017 biennium.													
11	1550 COLLEGE PKWY	CARSON CITY	1994 JOHNSTON FAMILY TRUST	Y	OFFICE	567	4	1.35	3,062	2	0	1.35	0	0
	Total space is 35,662 sq. ft. The Carson City location has 189 full time equivalent positions, which coincidentally works out to 189 sq. ft. per position. Multiplied 3 positions related to the master settlement (MSA) agreement times 189 sq. ft. to arrive at 567 sq. ft. Lease periods are November 1, 2013 - October 31, 2014, $1.35 per sq ft; November 1, 2014 - October 31, 2015, $1.35 per sq ft; and November 1, 2015 - October 31, 2016, $1.38 per sq ft.													
11	1550 COLLEGE PKWY	CARSON CITY	1994 JOHNSTON FAMILY TRUST	Y	OFFICE	567	8	1.38	6,260	5	12	1.38	9,390	7
25	1791 S SUTRO TERRACE	CARSON CITY	VINNY'S MINIS LLC	N	STORAGE	1	12	79.00	948	0	12	79.00	948	0
	Storage in Carson City for contraband and seized items. Renewed annually, August													
Total for Decision Unit: B000									958,734	634			970,169	634
E126	SUSTAINABLE AND GROWING ECONOMY													
04	1550 COLLEGE PKWY	CARSON CITY	1994 JOHNSTON FAMILY TRUST	Y	OFFICE	370	0	0.00	0	0	6	1.38	3,064	2
	Tax Manager: 100 sq ft Program Officer 3: 90 Tax Examiner 2: 45 Tax Examiner 2: 45 Revenue Officer 1: 90													
04	4600 KIETZKE LANE L-235	RENO	DESIDERIO PROPERTIES	Y	OFFICE	180	0	0.00	0	0	6	1.30	1,404	1
	2 positions @ 90 sq ft each													
Total for Decision Unit: E126									0	0			4,468	3
E127	SUSTAINABLE AND GROWING ECONOMY													
04	1550 COLLEGE PKWY	CARSON CITY	1994 JOHNSTON FAMILY TRUST	Y	OFFICE	0	0	0.00	0	0	5	1.38	0	0
	Will use existing space at the location Administrator (Deputy Director)													
04	GRANT SAWYER, RM 4100	LAS VEGAS	B&G	Y	OFFICE	3,224	0	0.00	0	0	5	1.00	16,056	16
	Room 4100 in Grant Sawyer: 3,224 sq. ft. Rent per sq. ft. is based on the B&G rent schedule. While this space is larger than needed for 3 staff, additional staff for the retail marijuana program are expected to be added in the 2017 - 2019 biennium. Admin Assistant 2, Tax Examiner 2, Chief Investigator, Audit/Compliance.													
Total for Decision Unit: E127									0	0			16,056	16
Total for Budget Account: 2361									958,734	634			990,693	653

INITIATIVE PETITION NO. 1

FEBRUARY 2, 2015

Referred to Committee on Judiciary

SUMMARY—Makes various changes relating to marijuana and marijuana establishments.

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to marijuana; requiring the Department of Taxation to adopt regulations relating to the license to operate and operation of a marijuana establishment; providing for disciplinary action against a marijuana establishment which violates laws regulating the establishment; authorizing the possession, use, consumption, purchase, processing and transportation of certain quantities of marijuana by certain persons in this State; authorizing the possession, use, transportation and purchase of marijuana paraphernalia by certain persons in this State; authorizing certain other acts relating to marijuana; making contracts relating to the operation of marijuana establishments enforceable; providing for the licensure of marijuana distributors; providing for licensure of marijuana establishments; providing a fee for the application for a license to operate a marijuana establishment and for an annual licensing fee; establishing certain requirements for marijuana establishments; imposing an excise tax on wholesale sales of marijuana by a marijuana cultivation facility; providing penalties; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Short Title. Sections 1 to 18, inclusive, of this act may be cited as the Regulation and Taxation of Marijuana Act.

Sec. 2. Preamble.

In the interest of the public health and public safety, and in order to better focus state and local law enforcement resources on crimes involving violence and personal property, the People of the State of Nevada find and declare that the use of marijuana should be legal for persons 21 years of age or older, and its cultivation and sale should be regulated similar to other legal businesses.

The People of the State of Nevada declare that the cultivation and sale of marijuana should be taken from the domain of criminals and be regulated under a controlled system, where businesses will be taxed and the revenue will be dedicated to public education and to the enforcement of the regulations in this act.

The People of the State of Nevada proclaim that marijuana should be regulated in a manner similar to alcohol so that:

(a) Marijuana may only be purchased from a business that is licensed by the State of Nevada;

(b) Business owners are subject to a review by the State of Nevada to confirm that the business owners and the business location are suitable to produce or sell marijuana;

(c) Cultivating, manufacturing, testing, transporting, and selling marijuana will be strictly controlled through state licensing and regulation;

(d) Selling or giving marijuana to persons under 21 years of age shall remain illegal;

(e) Individuals will have to be 21 years of age or older to purchase marijuana;

(f) Driving under the influence of marijuana will remain illegal; and

(g) Marijuana sold in the state will be tested and labeled.

Sec. 3. Definitions. As used in sections 1 to 18, inclusive, of this act, unless the context otherwise requires:

1. "Community facility" means a facility licensed to provide day care to children, a public park, a public playground, a public swimming pool, a center or facility the primary purpose of which is to provide recreational opportunities or services to children or adolescents, or a church, synagogue, or other building, structure, or place used for religious worship or other religious purpose.

2. "Concentrated marijuana" means the separated resin, whether crude or purified, obtained from marijuana.

3. "Consumer" means a person who is 21 years of age or older who purchases marijuana or marijuana products for use by persons 21 years of age or older, but not for resale to others.

4. "Department" means the Department of Taxation.

5. "Dual Licensee" means a person or group of persons who possess a current, valid registration certificate to operate a medical

marijuana establishment pursuant to Chapter 453A of NRS and a license to operate a marijuana establishment under sections 1 to 18, inclusive, of this act.

6. "Excluded felony offense" means a conviction of an offense that would constitute a category A felony if committed in Nevada or convictions for two or more offenses that would constitute felonies if committed in Nevada. "Excluded felony offense" does not include:

(a) A criminal offense for which the sentence, including any term of probation, incarceration, or supervised release, was completed more than 10 years ago; or

(b) An offense involving conduct that would be immune from arrest, prosecution, or penalty pursuant to Chapter 453A of NRS, except that the conduct occurred before the effective date of Chapter 453A of NRS, or was prosecuted by an authority other than the State of Nevada.

7. "Locality" means a city or town, or, in reference to a location outside the boundaries of a city or town, a county.

8. "Marijuana" means all parts of any plant of the genus Cannabis, whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Marijuana" does not include:

(a) The mature stems of the plant, fiber produced from the stems, oil, or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stems (except the resin extracted therefrom), fiber, oil, or cake, the sterilized seed of the plant which is incapable of germination; or

(b) The weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

9. "Marijuana cultivation facility" means an entity licensed to cultivate, process, and package marijuana, to have marijuana tested by a marijuana testing facility, and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other marijuana cultivation facilities, but not to consumers.

10. "Marijuana distributor" means an entity licensed to transport marijuana from a marijuana establishment to another marijuana establishment.

11. "Marijuana establishment" means a marijuana cultivation facility, a marijuana testing facility, a marijuana product manufacturing facility, a marijuana distributor, or a retail marijuana store.

12. "Marijuana product manufacturing facility" means an entity licensed to purchase marijuana, manufacture, process, and package marijuana and marijuana products, and sell marijuana and marijuana products to other marijuana product manufacturing facilities and to retail marijuana stores, but not to consumers.

13. "Marijuana products" means products comprised of marijuana or concentrated marijuana and other ingredients that are intended for use or consumption, such as, but not limited to, edible products, ointments, and tinctures.

14. "Marijuana paraphernalia" means any equipment, products, and materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, preparing, testing, analyzing, packaging, repacking, storing, or containing marijuana, or for ingesting, inhaling, or otherwise introducing marijuana into the human body.

15. "Marijuana testing facility" means an entity licensed to test marijuana and marijuana products, including for potency and contaminants.

16. "Process" means to harvest, dry, cure, trim, and separate parts of the marijuana plant by manual or mechanical means, such as sieving or ice water separation, but not by chemical extraction or chemical synthesis.

17. "Public place" means an area to which the public is invited or in which the public is permitted regardless of age. "Public place" does not include a retail marijuana store.

18. "Retail marijuana store" means an entity licensed to purchase marijuana from marijuana cultivation facilities, to purchase marijuana and marijuana products from marijuana product manufacturing facilities and retail marijuana stores, and to sell marijuana and marijuana products to consumers.

19. "Unreasonably Impracticable" means that the measures necessary to comply with the regulations require such a high investment of risk, money, time, or any other resource or asset that the operation of a marijuana establishment is not worthy of being carried out in practice by a reasonably prudent businessperson.

Sec. 4. Limitations. 1. Sections 1 to 18 do not permit any person to engage in and do not prevent the imposition of any civil, criminal, or other penalty for:

(a) Driving, operating, or being in actual physical control of a vehicle, aircraft, or vessel under power or sail while under the influence of marijuana or while impaired by marijuana;

(b) Knowingly delivering, giving, selling, administering, or offering to sell, administer, give, or deliver marijuana to a person under 21 years of age, unless:

(1) The recipient is permitted to possess marijuana pursuant to Chapter 453A of NRS; or

(2) The person demanded and was shown bona fide documentary evidence of the majority and identity of the recipient issued by a federal, state, county, or municipal government, or subdivision or agency thereof;

(c) Possession or use of marijuana or marijuana paraphernalia on the grounds of, or within, any facility or institution under the jurisdiction of the Nevada Department of Corrections;

(d) Possession or use of marijuana on the grounds of, or within, a school providing instruction in preschool, kindergarten, or any grades 1 through 12; or

(e) Undertaking any task under the influence of marijuana that constitutes negligence or professional malpractice.

2. Sections 1 to 18 do not prohibit:

(a) A public or private employer from maintaining, enacting, and enforcing a workplace policy prohibiting or restricting actions or conduct otherwise permitted under sections 1 to 18, inclusive, of this act;

(b) A state or local government agency that occupies, owns, or controls a building from prohibiting or otherwise restricting the consumption, cultivation, processing, manufacture, sale, delivery, or transfer of marijuana in that building;

(c) A person who occupies, owns, or controls a privately owned property from prohibiting or otherwise restricting the smoking, cultivation, processing, manufacture, sale, delivery, or transfer of marijuana on that property; or

(d) A locality from adopting and enforcing local marijuana control measures pertaining to zoning and land use for marijuana establishments.

3. Nothing in the provisions of sections 1 to 18, inclusive, of this act shall be construed as in any manner affecting the provisions of Chapter 453A of NRS relating to the medical use of marijuana.

Sec. 5. Powers and duties of the Department. 1. Not later than 12 months after the effective date of this act, the Department shall adopt all regulations necessary or convenient to carry out the provisions of sections 1 to 18, inclusive, of this act. The regulations must not prohibit the operation of marijuana establishments, either expressly or through regulations that make their operation unreasonably impracticable. The regulations shall include:

(a) Procedures for the issuance, renewal, suspension, and revocation of a license to operate a marijuana establishment;

(b) Qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment;

(c) Requirements for the security of marijuana establishments;

(d) Requirements to prevent the sale or diversion of marijuana and marijuana products to persons under 21 years of age;

(e) Requirements for the packaging of marijuana and marijuana products, including requirements for child-resistant packaging;

(f) Requirements for the testing and labeling of marijuana and marijuana products sold by marijuana establishments including a numerical indication of potency based on the ratio of THC to the weight of a product intended for oral consumption;

(g) Requirements for record keeping by marijuana establishments;

(h) Reasonable restrictions on signage, marketing, display, and advertising;

(i) Procedures for the collection of taxes, fees, and penalties imposed by sections 1 to 18, inclusive, of this act;

(j) Procedures and requirements to enable the transfer of a license for a marijuana establishment to another qualified person and to enable a licensee to move the location of its establishment to another suitable location;

(k) Procedures and requirements to enable a dual licensee to operate medical marijuana establishments and marijuana establishments at the same location;

(l) Procedures to establish the fair market value at wholesale of marijuana; and

(m) Civil penalties for the failure to comply with any regulation adopted pursuant to this section or for any violation of the provisions of section 13 of this act.

2. The Department shall approve or deny applications for licenses pursuant to section 9 of this act.

3. The Department may by motion or on complaint, after investigation, notice of the specific violation, and an opportunity for a hearing, pursuant to the provisions of Chapter 233B of NRS, suspend, revoke, or fine a licensee for the violation of sections 1 to 18, inclusive, of this act or for a violation of a regulation adopted by the Department pursuant to this section.

4. The Department may immediately suspend the license of any marijuana establishment if the marijuana establishment knowingly sells, delivers, or otherwise transfers marijuana in violation of sections 1 to 18, inclusive, of this act, or knowingly purchases marijuana from any person not licensed pursuant to sections 1 to 18, inclusive, of this act or to Chapter 453A of NRS. The Department must provide an opportunity for a hearing pursuant to the provisions of NRS 233B.121 within a reasonable time from a suspension pursuant to this subsection.

5. To ensure that individual privacy is protected:

(a) The Department shall not require a consumer to provide a retail marijuana store with identifying information other than government-issued identification to determine the consumer's age; and

(b) A retail marijuana store must not be required to acquire and record personal information about consumers other than information typically acquired in a financial transaction conducted at a retail liquor store.

6. The Department shall conduct a background check of each prospective owner, officer, and board member of a marijuana establishment license applicant.

7. The Department shall inspect marijuana establishments as necessary to enforce sections 1 to 18, inclusive, of this act or the regulations adopted pursuant to this section.

Sec. 6. Personal Use and Cultivation of Marijuana. Notwithstanding any other provision of Nevada law and the law of any political subdivision of Nevada, except as otherwise provided in sections 1 to 18, inclusive, of this act, it is lawful, in this State, and must not be used as the basis for prosecution or penalty by this State or a political subdivision of this State, and must not, in this State, be a basis for seizure or forfeiture of assets for persons 21 years of age or older to:

1. Possess, use, consume, purchase, obtain, process, or transport marijuana paraphernalia, one ounce or less of marijuana other than concentrated marijuana, or one-eighth of an ounce or less of concentrated marijuana;

2. Possess, cultivate, process, or transport not more than six marijuana plants for personal use and possess the marijuana produced by the plants on the premises where the plants were grown, provided that:

(a) Cultivation takes place within a closet, room, greenhouse, or other enclosed area that is equipped with a lock or other security device that allows access only to persons authorized to access the area; and

(b) No more than 12 plants are possessed, cultivated, or processed at a single residence, or upon the grounds of that residence, at one time;

3. Give or otherwise deliver one ounce or less of marijuana, other than concentrated marijuana, or one-eighth of an ounce or less of concentrated marijuana without remuneration to a person provided that the transaction is not advertised or promoted to the public; or

4. Assist another person who is 21 years of age or older in any of the acts described in this section.

Sec. 7. Marijuana Paraphernalia Authorized. Notwithstanding any other provision of Nevada law and the law of any political subdivision of Nevada, it is not unlawful and shall not be an offense or be a basis for seizure or forfeiture of assets for persons 21 years of age or older to manufacture, possess, use, transport, or purchase marijuana paraphernalia, or to distribute or sell marijuana paraphernalia to a person who is 21 years of age or older.

Sec. 8. Lawful operation of marijuana establishments. Notwithstanding any other provision of Nevada law and the law of any political subdivision of Nevada, except as otherwise provided in sections 1 to 18, inclusive, of this act, or the regulations adopted pursuant to section 5 of this act, it is lawful and must not, in this State, be used as the basis for prosecution or penalty by this State or a political subdivision of this State, and must not, in this State, be a basis for seizure or forfeiture of assets for persons 21 years of age or older to:

1. Possess marijuana and marijuana products, purchase marijuana from a marijuana cultivation facility, purchase marijuana and marijuana products from a marijuana product manufacturing facility, return marijuana or marijuana products to a facility from which they were purchased, transport marijuana and marijuana products to or from a marijuana testing facility, use the services of a marijuana distributor to transport marijuana or marijuana products to or from marijuana establishments, or sell marijuana and marijuana products to consumers, if the person conducting the activities described in this subsection has a current, valid license to operate a retail marijuana store or is acting in the person's capacity as an agent of a retail marijuana store.

2. Cultivate, harvest, process, package, or possess marijuana, sell marijuana to a marijuana cultivation facility, a marijuana product manufacturing facility, or a retail marijuana store, transport marijuana to or from a marijuana cultivation facility, a marijuana product manufacturing facility, or a marijuana testing facility, use the services of a marijuana distributor to transport marijuana to or from marijuana establishments, or purchase marijuana from a marijuana cultivation facility, if the person conducting the activities described in this paragraph has a current, valid license to operate a marijuana cultivation facility or is acting in his or her capacity as an agent of a marijuana cultivation facility.

3. Package, process, manufacture, or possess marijuana and marijuana products, transport marijuana and marijuana products to or from a marijuana testing facility, a marijuana cultivation facility, or a marijuana product manufacturing facility, use the services of a marijuana distributor to transport marijuana or marijuana products to or from marijuana establishments, sell marijuana and marijuana

products to a retail marijuana store or a marijuana product manufacturing facility, purchase marijuana from a marijuana cultivation facility, or purchase marijuana and marijuana products from a marijuana product manufacturing facility, if the person conducting the activities described in this paragraph has a current, valid license to operate a marijuana product manufacturing facility or is acting in his or her capacity as an agent of a marijuana product manufacturing facility.

4. Possess marijuana and marijuana products and transfer and transport marijuana and marijuana products between marijuana establishments, if the person transporting the marijuana and marijuana products has a current, valid license to operate as a marijuana distributor or is acting in his or her capacity as an agent of a marijuana distributor.

5. Possess, process, repackage, transport, or test marijuana and marijuana products if the person has a current, valid license to operate a marijuana testing facility or is acting in his or her capacity as an agent of a marijuana testing facility.

6. Lease or otherwise allow property owned, occupied, or controlled by any person, corporation, or other entity to be used for any of the activities conducted lawfully in accordance with this section.

Sec. 9. Contracts pertaining to marijuana enforceable. It is the public policy of the People of the State of Nevada that contracts related to the operation of marijuana establishments under sections 1 to 18, inclusive, of this act should be enforceable, and no contract entered into by a licensee, its employees, or its agents as permitted pursuant to a valid license issued by the Department, or by those who allow property to be used by a licensee, its employees, or its agents as permitted pursuant to a valid license issued by the Department, shall be deemed unenforceable on the basis that the actions or conduct permitted pursuant to the license are prohibited by federal law.

Sec. 10. Certification of marijuana establishments. 1. No later than 12 months after the effective date of this act, the Department shall begin receiving applications for marijuana establishments.

2. For 18 months after the Department begins to receive applications for marijuana establishments, the Department shall only accept applications for licenses for retail marijuana stores, marijuana product manufacturing facilities, and marijuana cultivation facilities pursuant to sections 1 to 18, inclusive, of this act, from persons holding a medical marijuana establishment registration certificate pursuant to Chapter 453A of NRS.

3. For 18 months after the Department begins to receive applications for marijuana establishments, the Department shall issue licenses for marijuana distributors pursuant to sections 1 to 18, inclusive, of this act, only to persons holding a wholesale dealer license pursuant to Chapter 369 of NRS, unless the Department determines that an insufficient number of marijuana distributors will result from this limitation.

4. Upon receipt of a complete marijuana establishment license application, the Department shall, within 90 days:

(a) Issue the appropriate license if the license application is approved; or

(b) Send a notice of rejection setting forth the reasons why the Department did not approve the license application.

5. The Department shall approve a license application if:

(a) The prospective marijuana establishment has submitted an application in compliance with regulations adopted by the Department and the application fee required pursuant to section 12;

(b) The physical address where the proposed marijuana establishment will operate is owned by the applicant or the applicant has the written permission of the property owner to operate the proposed marijuana establishment on that property;

(c) The property is not located within:

(1) 1,000 feet of a public or private school that provides formal education traditionally associated with preschool or kindergarten through grade 12 and that existed on the date on which the application for the proposed marijuana establishment was submitted to the Department; or

(2) 300 feet of a community facility that existed on the date on which the application for the proposed marijuana establishment was submitted to the Department;

(d) The proposed marijuana establishment is a proposed retail marijuana store and there are not more than:

(1) 80 licenses already issued in a county with a population greater than 700,000;

(2) 20 licenses already issued in a county with a population that is less than 700,000 but more than 100,000;

(3) 4 licenses already issued in a county with a population that is less than 100,000 but more than 55,000;

(4) 2 licenses already issued in a county with a population that is less than 55,000;

(5) Upon request of a county government, the Department may issue retail marijuana store licenses in that county in addition to the number otherwise allowed pursuant to this paragraph;

(e) The locality in which the proposed marijuana establishment will be located does not affirm to the Department that the proposed

marijuana establishment will be in violation of zoning or land use rules adopted by the locality; and

(f) The persons who are proposed to be owners, officers, or board members of the proposed marijuana establishment:

(1) Have not been convicted of an excluded felony offense; and

(2) Have not served as an owner, officer, or board member for a medical marijuana establishment or a marijuana establishment that has had its registration certificate or license revoked.

6. Competing applications. When competing applications are submitted for a proposed retail marijuana store within a single county, the Department shall use an impartial and numerically scored competitive bidding process to determine which application or applications among those competing will be approved.

Sec. 11. Expiration and renewal. 1. All licenses expire one year after the date of issue.

2. The Department shall issue a renewal license within 10 days of receipt of the prescribed renewal application and renewal fee from a marijuana establishment if its license is not under suspension or has not been revoked.

Sec. 12. Fee schedule. 1. The Department shall require each applicant for a marijuana establishment license to pay a one-time application fee of $5,000.

2. The Department may require payment of an annual licensing fee not to exceed:

For the initial issuance of a license for a retail marijuana store $20,000
For a renewal license for a retail marijuana store $6,600
For the initial issuance of a license for a marijuana cultivation facility $30,000
For a renewal license for a marijuana cultivation facility $10,000
For the initial issuance of a license for a marijuana product manufacturing facility $10,000
For a renewal license for a marijuana product manufacturing facility $3,300
For the initial issuance of a license for a marijuana distributor $15,000
For a renewal license for a marijuana distributor $5,000
For the initial issuance of a license for a marijuana testing facility $15,000
For a renewal license for a marijuana testing facility $5,000

Sec. 13. Marijuana establishment operating requirements. In addition to requirements established by rule pursuant to section 5 of this act:

1. Marijuana establishments shall:

(a) Secure every entrance to the establishment so that access to areas containing marijuana is restricted to persons authorized to possess marijuana;

(b) Secure the inventory and equipment of the marijuana establishment during and after operating hours to deter and prevent theft of marijuana;

(c) Determine the criminal history of any person before the person works or volunteers at the marijuana establishment and prevent any person who has been convicted of an excluded felony offense or who is not 21 years of age or older from working or volunteering for the marijuana establishment.

2. All cultivation, processing, and manufacture of marijuana must take place at a physical address approved by the Department and within an area that is enclosed and locked in a manner that restricts access only to persons authorized to access the area. The area may be uncovered only if it is enclosed with security fencing that is designed to prevent unauthorized entry and that is at least 8 feet high.

3. All cultivation, processing, and manufacture of marijuana must not be visible from a public place by normal unaided vision.

4. All cultivation, processing, and manufacture of marijuana must take place on property in the marijuana establishment's lawful possession or with the consent of the person in lawful physical possession of the property.

5. A marijuana establishment is subject to reasonable inspection by the Department, and a person who holds a marijuana establishment license must make himself or herself, or an agent thereof, available and present for any inspection required by the Department. The Department shall make reasonable accommodations so that ordinary business is not interrupted and safety and security procedures are not compromised by the inspection.

Sec. 14. Penalties. 1. Restrictions on personal cultivation.

(a) Except as otherwise provided in 453A of NRS, any person who:

(1) Cultivates marijuana plants within 25 miles of a retail marijuana store licensed pursuant to sections 1 to 18, inclusive, of this act, unless the person is a marijuana cultivation facility or a person acting in his or her capacity as an agent of a marijuana cultivation facility;

(2) Cultivates marijuana plants where they are visible from a public place by normal unaided vision; or

(3) Cultivates marijuana on property not in the cultivator's lawful possession or without the consent of the person in lawful physical possession of the property;

(b) Is guilty of:

(1) For a first violation, a misdemeanor punished by a fine of not more than $600.

(2) For a second violation, a misdemeanor punished by a fine of not more than $1,000.

(3) For a third violation, a gross misdemeanor.

(4) For a fourth or subsequent violation, a category E felony.

2. A person who smokes or otherwise consumes marijuana in a public place, in a retail marijuana store, or in a moving vehicle is guilty of a misdemeanor punished by a fine of not more than $600.

3. A person under 21 years of age who falsely represents himself or herself to be 21 years of age or older to obtain marijuana is guilty of a misdemeanor.

4. A person under 21 years of age who knowingly enters, loiters, or remains on the premises of a marijuana establishment shall be punished by a fine of not more than $500 unless the person is authorized to possess marijuana pursuant to Chapter 453A NRS and the marijuana establishment is a dual licensee.

5. A person who manufactures marijuana by chemical extraction or chemical synthesis, unless done pursuant to a marijuana product manufacturing license issued by the Department or authorized by Chapter 453A of NRS, is guilty of a category E felony.

6. A person who knowingly gives marijuana to any person under 21 years of age, or who knowingly leaves or deposits any marijuana in any place with the intent that it will be procured by any person under 21 years of age is guilty of a misdemeanor.

7. A person who knowingly gives marijuana to any person under 18 years of age, or who knowingly leaves or deposits any marijuana in any place with the intent that it will be procured by any person under 18 years of age is guilty of a gross misdemeanor.

8. Notwithstanding the provisions of sections 1 to 18, inclusive, of this act, after the effective date of this act, the legislature may amend provisions of this act to provide for the conditions in which a locality may permit consumption of marijuana in a retail marijuana store.

Sec. 15. Marijuana excise tax. 1. An excise tax is hereby imposed and must be collected by the State respecting wholesale sales of marijuana in this State by a marijuana cultivation facility at

a rate of 15 percent of the fair market value at wholesale of the marijuana. The tax imposed pursuant to this subsection:

(a) Is the obligation of the marijuana cultivation facility; and

(b) Is separate from and in addition to any general state and local sales and use taxes that apply to retail sales of tangible personal property.

Sec. 16. Any tax revenues, fees, or penalties collected pursuant to sections 1 to 18, inclusive, of this act, first must be expended to pay the costs of the Department and of each locality in carrying out sections 1 to 8, inclusive, of this act and the regulations adopted pursuant thereto. The Department shall remit any remaining money to the State Treasurer to be deposited to the credit of the State Distributive School Account in the State General Fund.

Sec. 17. Severability. If any provision of this act, or the application thereof to any person, thing, or circumstance is held invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of this act as a whole or any provision or application of this act which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 18. Effective Date. This act shall become effective on October 1, 2015 if approved by the legislature, or on January 1, 2017 if approved by the voters.

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