



WASHOE COUNTY

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CM/ACM	_____
Finance	_____
DA	_____
Risk Mgt.	<u>N/A</u>
HR	<u>N/A</u>
Comptroller	<u>N/A</u>

STAFF REPORT BOARD MEETING DATE: December 8, 2015

DATE: December 1, 2015
TO: Board of County Commissioners
FROM: Kevin Schiller, Assistant County Manager
 328-2008, kschiller@washoecounty.us
THROUGH: John Slaughter, County Manager
 328-2060, jslaughter@washoecounty.us

SUBJECT: Presentation and possible direction to staff on Recreational Marijuana Establishments and related matters in Washoe County; and an update on Medical Marijuana Establishments and direction to staff on related matters within Washoe County. (Request by Chairwoman Berkbigler.)

SUMMARY

Presentation and possible direction to staff on Recreational Marijuana Establishments and related matters in Washoe County; and an update on Medical Marijuana Establishments and direction to staff on related matters within Washoe County.

Washoe County Strategic Objective supported by this item: Safe, secure and healthy communities.

PREVIOUS ACTION

On May 13, 2014, the Board discussed a request by the City of Reno to increase the City's medical marijuana dispensary allocation. The County Commissioners stated that it was premature at this time to consider increasing any one local government jurisdiction's allocation of dispensaries and the Commission would consider the matter at a future date when appropriate. The Board of County Commissioners continued the item on June 17, 2014.

On June 24, 2014 the Board received an update and approved an ongoing process for updates from staff including a process to review potential dispensary locations within the County related to future action on dispensary allocation.

The Board received an update on July 8, 2014 and approved the continued process to review potential dispensary locations within the County related to future action on dispensary allocation, and requested a presentation on process for applicants.

The Board received an update on July 22, 2014 and approved the continued process to review potential dispensary locations within the County related to future action on dispensary allocation.

On August 12, 2014 the Board took action to direct staff to notify the State of Nevada of the request for an allocation of five dispensaries for Washoe County, three for the City of Reno, and two for the City of Sparks.

The Board of County Commissioners received an update on December 9, 2014 on medical marijuana establishment regulations and processes for the State of Nevada and for unincorporated Washoe County.

On July 14, 2015, the Board directed staff to contact the State of Nevada, Division of Public and Behavioral Health to request that the State issue a provisional registration certificate to the sixth ranked medical marijuana dispensary pursuant to the provisions of Senate Bill 276. The Board also discussed the public review process for future MME location changes as outlined in Senate Bill 276.

On September 22, 2015 the Board directed staff to amend Washoe County Code Chapter 25 to for compliance with State Law changes resulting from the 2015 Nevada State Legislative Session.

BACKGROUND

The Nevada Constitution was amended to legalize medical marijuana establishments based on a vote of the people in 1998 and 2000. Nevada state law was changed in 2001 to allow qualified patients to use medical marijuana. The state program was created following the strict regulatory model used by the state of Arizona. Nevada Constitution Article 4, Section 38, requires the Nevada Legislature to authorize the use of medical marijuana by a patient, upon the advice of his or her physician, for certain chronic or debilitating conditions. As a result the Nevada state law changed in 2013 to authorize the operation of medical marijuana establishments to produce, test and dispense medical marijuana and marijuana-infused products. Nevada Revised Statute further requires the licensing, taxation and regulation of medical marijuana establishments. Per requirements of the State, Washoe County Code was amended in April of 2014 to meet the requirements for licensing and regulating of medical marijuana facilities.

Recreational use of marijuana remains illegal at this time in the State of Nevada. A 2016 ballot measure "Initiative to Regulation and Tax Marijuana" (attached) was initiated as a statewide statutory measure to amend state law. The initial required signatures were obtained and this was submitted to the Secretary of State in accordance with requirements on April 23, 2014, with the legislature having 40 days to approve, deny, or take no action. With no denial or formal action being taken the item will now automatically be placed on the ballot in November of 2016. Twenty-three states and the District of Columbia have laws legalizing marijuana in some form. Of those, the District of Columbia, and four states, Alaska, Colorado, Washington, and Oregon have legalized recreational use of marijuana. Each of these states legalized medical marijuana previous to or with passage of recreational use. The most recent being the State of Oregon which was preceded by the State of Colorado approximately 18 months ago.

Given the ballot measure will not be voted on until November of 2016, no legislative action is currently being taken or under consideration. With the passage of Medical Marijuana within the 2013 legislative session, local jurisdictions were given the option to participate under the adopted statutes and regulations. It is currently unclear if passage occurs whether the same framework will be adopted for local jurisdictions. Under the current statewide statutory measure a maximum of 20 licenses will be issued in a county with a population that is less than 700,000 but more than 100,000 with an additional provision allowing the State Department of Public and Behavioral Health to issue additional retail marijuana store licenses per the request of the county government if meeting additional requirements as set forth in the measure.

At the present time the use of recreational marijuana remains illegal with no required action from the BCC, however based on recent concerns and constituent inquiries on possible action specific to recreational use prior pending state passage the Board has three potential options:

- Take no action and await the passage of legislation specific to recreational use of marijuana;
- The Board could adopt a resolution of their intent to disallow the use of recreational marijuana within unincorporated Washoe County; or
- The Board could initiate changes to applicable Washoe County Code including but not limited to Chapter 25 making recreational use of marijuana illegal in Washoe County.

In both instances the State statute could override the any local code or ordinance within the local jurisdiction, however based on the previous statutory framework established for medical marijuana it is likely local jurisdictions will have the option to adopt the legalization of recreational use of marijuana.

On a related matter, staff continues work on the overall strategic objective specific to implementation of medical marijuana establishments and related impacts. This includes a recent on site visit to the City of Denver and collaboration with identified staff specific to impacts of both MME and the addition of recreational use becoming legal. Given it is likely any local jurisdiction may opt in for recreational use upon passage by the Legislature within Northern Nevada this would correlate to impacts on regional services provided by Washoe County. As a result, a focus area is development of a legislative platform to support the possible financial impacts to the County.

Medical Marijuana Establishments Update

As of the writing of this report, the following summarizes the status of facilities within unincorporated Washoe County:

Medical Marijuana Cultivation Facilities: 13 State registration certificates issued with five initiating application to Washoe County in a pending status;

Medical Marijuana Dispensaries: 6 State registration certificates issued with all having initiated application for licensure in a pending status. Of note:

- The Clinic Nevada, LLC received a State approved location change to 17025 Mt. Rose Highway on August 3, 2015 and subsequently applied for a relocation to 310 and 340 Lemmon Drive in late September 2015. This will require a public hearing and approval through the Board;
- Tryke Companies, Reno, LLC currently is approved for a location at 10 Stateline Road in Crystal Bay; however an application to the State was submitted in October for relocation to 5105 Sun Valley Blvd. This location change will require BCC approval which will be brought to the Board following a neighborhood impact meeting scheduled for December 3, 2015 at the Sun Valley Community Center.

Facilities for the Production of Edible Marijuana Products or Marijuana-infused Products: 8 State certificates issued with four initiating application to Washoe County in a pending status.

Continued areas of concern brought forward from constituents have been proximity to schools, current zoning ordinance, use at the facility, use in public locations, traffic, hours of operation, appearance, scenic byway issues, regulation of cardholders, and future recreational use. Staff continues to work on Washoe County Code amendments to insure compliance with statutory changes resulting from the 2015 legislative session per previous Board direction and seeks any further direction specific to areas of concern. The Board may direct changes to existing Washoe County Code that are more restrictive than current State regulations; however these changes will not apply retroactively to existing dispensaries or facilities that have received state provisional certificate and initiated business licensure process.

FISCAL IMPACT

There is no fiscal impact associated with this staff report.

RECOMMENDATION

It is recommended that the of County Commissioners acknowledge the presentation and provide possible direction to staff on Recreational Marijuana Establishments and Medical Marijuana Establishments and related matters in Washoe County.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

“Move to acknowledge the presentation and provide possible direction to staff on Recreational Marijuana Establishments and related matters in Washoe County; and acknowledge an update on Medical Marijuana Establishments and direction to staff on related matters within Washoe County.”

Medical Marijuana Establishment Business License Applications Unincorporated Washoe County Application Status

Medical Marijuana Cultivation Facilities (13 State registration certificates issued)

Company Name	Facility Address	Community	License status
Tryke Companies Reno, LLC	0 Ingenuity Ave New building	Spanish Springs	Pending
Grow Washoe, LLC	220 Highway 395 South Suite 301 Tenant improvement	Washoe Valley	Pending
The Clinic Nevada, LLC	2 Eric Circle Tenant improvement	Verdi	Pending
MediFarm II, LLC	0 Pyramid Way New building	Spanish Springs	Pending
The MedMen of Nevada 2, LLC	12000 Truckee Canyon Court New building	Truckee Canyon	Pending

Note: All MMEs must submit building permits for either new building construction or for tenant improvements to an existing building. Initial Planning review is for zoning and distance requirements. Environmental Health, Fire agency, and Planning final approvals can only occur after the building permits are finalized (approved). Air Quality final approval is after the building is operational (to verify air quality requirements).

Air Quality reviewed application. EHS sent waste management application to applicant. TMFPD requirements provided. Corrections for security plan pending. No building permit submitted.

Sheriff review approved for security plan. Initial Planning review approved. TMFPD requirements provided. Pending Health waste management permits. Submitted building permit and the permit is pending. Applied for fire sprinkler permit and the permit is pending. Air Quality issued Authority to Construct on January 5, 2015.

Air Quality reviewed application. Initial Planning review approved. No building permit submitted.

Air Quality reviewed application. Initial Planning review approved. No building permit submitted.

Sent to agencies for review on September 21, 2015. Initial Planning review approved. Building permit applied for site work.

Medical Marijuana Establishment Business License Applications Unincorporated Washoe County Application Status

Medical Marijuana Dispensaries (6 State registration certificates issued)

Company Name	Dispensary Address	Community	License status	
Tryke Companies Reno, LLC	10 Stateline Rd. Tenant improvement	Crystal Bay	Pending	Air Quality, EHS, Sheriff and Planning reviewed application. No building permit submitted. Applied to State for a relocation to 5105 Sun Valley Blvd in early October 2015.
NuLeaf Incline Dispensary, LLC	877 Tahoe Blvd. Tenant improvement	Incline Village	Pending	Air Quality reviewed application. . EHS sent waste management application to applicant. IVGID review pending. Security plan received. Initial Planning review approved. No building permit submitted.
The Clinic Nevada, LLC	17025 Mt Rose Hwy Tenant improvement	Galena/Callahan Ranch area	Pending	State approved location change to 17025 Mt Rose Hwy (old Lodge) on August 3, 2015. Applied to State for a relocation to 310 and 340 Lemmon Drive in late September 2015.
Nevada Organix, LLC	754 Mays Blvd. #12 Tenant improvement	Incline Village	Pending	Air Quality reviewed application. Planning requires site plan with parking and landscaping, elevation plan with height and dimension of sign; distance requirements are verified. Submitted waste management permit and it is pending.
Kanna (5Seat Investments, LLC)	5398 Sun Valley Blvd Tenant improvements	Sun Valley	Pending	Air Quality reviewed application. . EHS sent waste management application to applicant. Washoe County MME business license application submitted, sent to agencies for review. TMFPD approved building/alarm permits, conducted final inspection, and approved MME.
Washoe Dispensary, LLC	290 South Hwy 395 New building	Washoe Valley	Pending	Applied for a Zoning Information letter for 220 South Hwy 395. Received application for 290 S US 395 on Nov. 24, 2015.

Note: All MMEs must submit building permits for either new building construction or for tenant improvements to an existing building. Initial Planning review is for zoning and distance requirements. Environmental Health, Fire agency, and Planning final approvals can only occur after the building permits are finalized (approved). Air Quality final approval is after the building is operational (to verify air quality requirements).

Medical Marijuana Establishment Business License Applications Unincorporated Washoe County Application Status

Facilities for the Production of Edible Marijuana Products or Marijuana-infused Products (8 State registration certificates issued)				
Company Name	Facility Address	Community	License status	
Tryke Companies Reno, LLC	0 Ingenuity Ave New building	Spanish Springs	Pending	Air Quality reviewed application. TMAPD requirements provided, corrections for security plan pending, no building permit submitted.
The Clinic Nevada, LLC	2 Eric Circle Tenant improvement	Verdi	Pending	Air Quality reviewed application. Initial Planning review approved. No building permit submitted.
MediFarm II, LLC	0 Pyramid Way New building	Spanish Springs	Pending	Air Quality reviewed application. Initial Planning review approved. No building permit submitted.
The MedMen of Nevada 2, LLC	12000 Truckee Canyon Court New building	Truckee Canyon	Pending	Sent to agencies for review on September 21, 2015. Initial Planning review approved. Building permit applied for site work.

Note: All MMEs must submit building permits for either new building construction or for tenant improvements to an existing building. Initial Planning review is for zoning and distance requirements. Environmental Health, Fire agency, and Planning final approvals can only occur after the building permits are finalized (approved). Air Quality final approval is after the building is operational (to verify air quality requirements).

APR 23 2014

SECRETARY OF STATE

INITIATIVE TO REGULATE AND TAX MARIJUANA

THE PEOPLE OF THE STATE OF NEVADA 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 of 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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DESCRIPTION OF EFFECT

The initiative proposes statutory amendments that would regulate and tax marijuana similar to alcohol. If passed, persons at least 21 years old would be allowed to possess and use a limited amount of marijuana. Giving or selling marijuana to minors, driving under the influence of marijuana, and marijuana use in public would remain prohibited.

The Nevada Department of Taxation would issue licenses to marijuana retailers, suppliers, testing facilities, and distributors. The Department would determine the qualification for licensure, security, packaging, labeling and testing of marijuana. Counties, cities, and towns would control marijuana business locations. Marijuana businesses would not be able to operate near schools, childcare facilities, houses of worship, or certain other community facilities. Retail licenses will be limited in number. The Department would oversee marijuana businesses and licensees. Licensees who engage in certain conduct, including selling marijuana to minors, allowing minors on their premises, or permitting on-site marijuana consumption would be subject to penalties.

An excise tax of 15% would be imposed on wholesale sales of marijuana. The existing sales tax would apply to retail sales of marijuana. Net revenue generated under this proposal would be deposited in the Distributive School Account and used for support of K-12 education.

County of _____
 Petition District: _____

(Only registered voters of this county may sign below)
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AFFIDAVIT OF CIRCULATOR

(To be signed by circulator in the presence of a notary public)

STATE OF NEVADA)

County of _____)

I, _____, (print name), being first duly sworn under penalty of perjury, depose and say: (1) that I reside at _____ (print street, city and state); (2) that I am 18 years of age or older; (3) that I personally circulated this document; (4) that all signatures were affixed in my presence; (5) that the number of signatures affixed thereon is _____; and (6) that each person who signed had an opportunity before signing to read the full text of the act or resolution on which the initiative or referendum is demanded.

Signature of Circulator

Subscribed and sworn to or affirmed before me this

____ day of _____, _____, by _____.

Notary Public