

Proposed Changes to NCCR Regulation 1

New

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1.051 “Address” defined.

1.081 “Conditional License” defined.

1.193 “Prospective License” defined.

1.051 “Address” defined. “Address” for purposes of NRS 678B.250(3)(a)(2)(II) and NCCR 5.040 means at least the specific local jurisdiction, either county or incorporated city, where the cannabis establishment will be physically located.

1.081 “Conditional License” defined. “Conditional License” refers to the status of a license for a cannabis establishment license wherein the applicant has completed the suitability investigation by Board Agents and found suitable after the Board’s suitability review but has not met all of the requirements to hold a final license for a cannabis establishment. This reference applies only to conditional licenses issued after April 1, 2022.

1.193 “Prospective License” defined. “Prospective License” refers to the status of an application for a license for a cannabis establishment wherein the applicant has met the minimum scoring guidelines to qualify for licensure and has been selected to proceed to a suitability investigation by the Board Agents and suitability review by the Board but has not been found suitable by the Board. This is not a license for a cannabis establishment. This status does not apply to licensees who hold a final license for an adult-use cannabis retail store who apply for a retail cannabis consumption lounge pursuant to NCCR 5.060.

Proposed Changes to NCCR Regulation 5

New

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5.020 Request for applications to operate a cannabis consumption lounge **establishment**: Notice by Board; required provisions; time period for submission of applications.

~~5.040 **Licensing of cannabis establishments: Criteria of merit; relative weight. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how the Board will determine the ranking of the applications made in response to a request by the Board pursuant to NCCR 5.020.** Submission of application for a cannabis consumption lounge license.~~

~~5.045 **Ranking of applications for retail cannabis store; proportional allocation of licenses for retail cannabis stores within each county; notification to locality of acceptance of applicants; prevention of monopolistic practices; revision or disqualification of application for criminal history of applicant or other person named in application** Cannabis consumption lounge prospective and conditional licenses.~~

~~5.050 **Request by applicant for ranked application score; request to review scoring information; designation of Board employee to respond to request; maintenance of information in application file. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how an applicant may review the scoring of an application made in response to a request by the Board pursuant to NCCR 5.020.** Cannabis consumption lounge final licenses.~~

5.053 **Petition for re-evaluation of suitability by the Board.**

~~5.055 **Issuance of license if Board receives only one application in response to request for applications; notification to locality. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how the Board will handle only one application made in response to a request by the Board pursuant to NCCR 5.020.** Selection of social equity applicants.~~

~~5.060 **Issuance of license is conditional until certain requirements for approval to begin operations are satisfied. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on conditional licenses issued in response to a request by the Board pursuant to NCCR 5.020.** Issuance of license if Board receives less applications than available cannabis establishment licenses for an open application period; issuance of license if adult-use cannabis retail store applies for a retail cannabis consumption lounge.~~

~~5.065 **Written notice of denial of application.** Procedure to request a reduction of initial and renewal fees for independent cannabis consumption lounge licenses.~~

5.085 Surrender of conditional license if cannabis establishment has not received final inspection; extension of time for final inspection; fee not refundable.

5.020 Request for applications to operate a cannabis consumption lounge **establishment**: Notice by Board; required provisions; time period for submission of applications.

1. As often as the Board deems necessary, the Board will determine whether a sufficient number of cannabis establishments consumption lounges exist to serve the people of this State and, if the Board determines that additional cannabis establishments-consumption lounges are necessary, the Board will issue a request for applications to operate a cannabis **establishment consumption lounge**. The Board will provide notice of a request for applications to operate a cannabis **establishment consumption lounge** by:

- (a) Posting on the Internet website of the Board that the Board is requesting applicants to submit applications;
- (b) Posting a copy of the request for applications at the **principal** offices of the Board; ~~at the Legislative Building and at not less than three other separate, prominent places within this State;~~ and
- (c) Making notification of the posting locations using the electronic mailing list maintained by the Board for cannabis establishment information.

~~2. When the Board issues a request for applications pursuant to this section, the Board will include in the request the point values that will be allocated to each applicable portion of the application.~~

2. The Board will accept applications in response to a request for applications issued pursuant to this section for 10 business days. The Board will provide notice of a request for applications, that will specify the exact dates on which the applications will be accepted. ~~beginning on the date which is 45 business days after the date on which the Board issued the request for applications and will specify the exact dates on which applications will be accepted.~~ The applicants must strictly adhere to the written instructions the Board provides for submittal of each application.

3. If the Board receives an application in response to a request for applications issued pursuant to this section on a date other than the dates set forth in subsection 2, the Board will not consider the application and must return the application and application processing fee to the **entity person** that submitted the application.

~~5.040 –Licensing of cannabis establishments: Criteria of merit, relative weight. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how the Board will determine the ranking of the applications made in response to a request by the Board pursuant to NCCR 5.020.~~ Submission of application for a cannabis consumption lounge license. Upon a request by the Board for applications to operate a cannabis consumption lounge license, a person may apply for a cannabis establishment license that has an open application period. An applications must be submitted through the Board's designated electronic licensing application system during the time listed on the open application period. No applications will be accepted before or after the open application period. The deadline for application submissions and compliance with the application

instructions will be strictly enforced. The Board will grant no grace period for an application once the application period has concluded. The Board will not be held responsible for any technical or other issues that may occur with the applicant may experience with the electronic licensing application system during the application period. Failure to submit an application, in a timely manner, for any reason including technical issues, will result in a denial. Questions on the application and/or application submittal process must only be submitted in writing to an email designated explicitly for that purpose in the written application instructions. All such emails will be posted publicly on the Board's website. Regarding such emails, the Board cannot guarantee a response within any particular time frame and/or prior to the application submittal deadline. No applicant is entitled to rely on any verbal information relayed to them regarding the application submittal process. All official application instructions will be posted on the Board's website at www.ccb.nv.gov. The applicant must also provide a point of contact, as required by NCCR 2.050, and update that information as required.

An application for a cannabis establishment license is non-transferable.

1. To meet the minimum scoring guidelines, the initial application must include the following:

(a) A one-time, nonrefundable administrative processing fee in an amount designated in NRS 678B.390 for that particular cannabis establishment license type.

(1) Applicants are solely responsible for ensuring the Board physically receives payment for the above referenced fee no later than 5:00 p.m., Pacific Time, on the final date of the open application period, at either the Board's Carson City office located at 1550 College Parkway, Suite 142, Carson City, Nevada 89706, or the Board's Las Vegas office located at 700 East Warm Springs Road, Suite 100, Las Vegas, Nevada 89119. Payments delivered to any other locations will not be considered valid or received. Payments must strictly comply with the application instruction requirements regarding submission of payments and will be rejected for any failure to comply with those application instructions. Payments must be made via one of the following methods: (1) electronic transfer via ACH through the Board's electronic licensing system; (2) cashier's check; (3) or money order. If payment is made by ACH, that process must be completed no later than 5:00 p.m., Pacific Time, on the final date of the open application period. If payment is made by cashier's check or money order, it still must be physically received no later than 5:00 p.m., Pacific Time, on the final date of the open application period. For applicants paying by ACH, if payment does not clear, the application will be deemed incomplete, untimely, and rejected. The Board and its staff are not required to notify applicants of the failure of their payments to clear. The Board is not responsible for any difficulties any applicant may experience in the timely submission of their electronic payment, no

matter where such issues or problems may arise. For applicants paying by cashier's check or money order, such payment must be delivered in person to the Board offices listed in this subsection, but still must be physically received no later than 5:00 p.m., Pacific Time, on the final date of the open application period. Payments must not be dropped off in any drop boxes or mail slots which will result in the associated application being deemed incomplete, untimely, and rejected. The Board shall not be responsible for any payments that are late due to misdirected deliveries from the applicant or anyone else making the in person delivery, banking issues or mistakes, transportation problems and/or any other reasons. Payment will not be accepted via mail or any other form of commercial delivery service such as Federal Express, United Parcel Service, or DHL. Failure to timely pay the administrative proceeding fee will result in the associated application or applications being deemed incomplete and the Board shall reject them.

(b) The type of cannabis establishment license the applicant is applying for;

(c) The legal name of the proposed cannabis establishment, as reflected in the articles of incorporation or other formation documents filed with the Nevada Secretary of State;

(d) An attestation that the applicant can, has, or will secure evidence that the applicant controls liquid assets in an amount of at least \$200,000.00 and will provide said evidence within the time frame required in NCCR 5.045(2)(a)(2);

(1) If and when an applicant meets the minimum scoring guidelines on the application and is selected for a prospective license this affirmation will be verified, and if untrue, may be used to deny the applicant a conditional license.

(e) The address where the proposed cannabis establishment will be located and, if applicable, the physical address of any co-owned or otherwise affiliated cannabis establishments;

(1) An attestation wherein the applicant agrees and understands that the actual location, when determined, where the cannabis establishment will be conducting business;

(I) must not be within 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 cannabis establishment was submitted to the Board;

(II) must not be within 300 feet of a community facility that existed on the date on which the application for the proposed cannabis establishment was submitted to the Board; and

(III) if the proposed cannabis establishment will be located in a county whose population is 100,000 or more, it must not be within 1,500 feet of an establishment that holds a nonrestricted

gaming license described in subsection 1 or 2 of NRS 463.0177 and that existed on the date on which the application for the proposed cannabis establishment was submitted to the Board.
→A cannabis sales facility applying for a retail cannabis consumption lounge license that met all distance separation requirements under the law in effect on the date the cannabis sales facility received the final license to operate, must attest agreeing and understanding that the actual location, when determined, of the cannabis establishment will meet all distance separation requirements.

(2) While the physical address may change prior to opening the cannabis establishment, this address will be used to identify the local jurisdiction where the cannabis establishment must be located and remain pursuant to NRS 678B.500.

(3) Once the applicant identifies the address, the applicant is limited to locations within said local jurisdiction pursuant to NRS 678B.500.

(f) An attestation that the applicant can, has, or will secure evidence when available that the applicant either:

(1) owns the property on which the cannabis establishment will be physically located, or

(2) has the written permission of the property owner to operate the cannabis establishment at that physical location;

(g) The mailing address, telephone number, and electronic mail address of the applicant;

(1) If contacted by the Board the applicant must respond immediately, but if that is impossible, then no later than 2 business days after contact by the Board. If the applicant does not timely respond to any Board communication that fact may be used to deny the applicant from receiving a prospective, conditional or final license.

(h) The name, address, and date of birth of each natural person proposed to be an owner, officer or board member of the proposed cannabis establishment. If the applicant or an owner is anything other than a natural person, said applicant or owner must submit the aforementioned information for all owners who hold shares or any type of ownership interest directly or indirectly in any way that equate to 5% or greater;

(1) All owners within the ownership structure for the cannabis establishment must be listed if the person owns 5% or greater interest in any entity within the ownership structure.

(i) For cannabis consumption lounges only, an affirmation that no person who owns 5% or greater interest in any entity within the ownership structure has applied for another cannabis consumption lounge license.

(1) If any application has an owner who owns 5% or greater interest in any entity within the ownership organization chart and said owner is also on any other application wherein they are listed as an owner who owns 5% or greater interest in any entity within the ownership

structure, all such applications will be removed from consideration. Any application removed for any reason will not have its administrative processing fee returned; it is a non-refundable fee.

(j) For each owner, officer and board member listed in the application, please provide the agent card portal record number showing proof the person has applied for an agent card as a prospective owner, officer, or board member;

(1) Payment of the agent card fee will not be required until the applicant has met the minimum scoring guidelines on the application and has been selected for a prospective license. Applicants must complete all other sections of the application, including a complete set of the person's fingerprints, which must be submitted to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation for its report.

(2) If any owner, officer, or board member listed in the application has been convicted of an excluded felony offense, per NRS 678B.050, the application will be removed from the process.

(k) An affirmation that the applicant has and will implement a diversity plan as required under subsection 2;

(1) An applicant shall upload the diversity plan as further detailed below in section 2(a)(10)(I).

(l) An attestation that the information provided to the Board to apply for the license is true and correct according to the information known by the attestant at the time of the attestation; and

(m) An attestation stating, in pertinent part, the following:

(1) By submitting this application, I agree to release and hold harmless the State of Nevada, the Cannabis Compliance Board, and each of their employees, attorneys, and consultants from any and all liability for any and all decisions and actions taken in response to the information and data submitted by me or obtained by the Cannabis Compliance Board regarding this application, including, but not limited to, any rejection and/or denial of this application.

~~5.045 Ranking of applications for retail cannabis store; proportional allocation of licenses for retail cannabis stores within each county; notification to locality of acceptance of applicants; prevention of monopolistic practices; revision or disqualification of application for criminal history of applicant or other person named in application~~ Cannabis consumption lounge prospective and conditional licenses. There is no guarantee that an applicant who meets the minimum scoring guidelines and is selected by the random number selector for a prospective license will also receive a conditional license. To receive a conditional license, an applicant must be found suitable by the Board only after a suitability investigation is completed by Board Agents.

1. In the event the number of licenses for a consumption lounge type are limited, and if the application meets the minimum scoring guidelines to qualify, the application will be entered into a random number selector to determine which applicants will be

selected. If selected through the random number selector, the application will be eligible for a prospective license for a cannabis establishment. If there is no limit on the number of licenses to be awarded in any particular licensing period, a random number selector will not be used. However, the applicant must meet the minimum scoring guidelines before they can proceed to a suitability investigation by the Board Agents and suitability review by the Board to receive a conditional license.

2. If the applicant has met the minimum scoring guidelines on the application and was selected for a prospective license for a cannabis consumption lounge, the applicant must fully cooperate with Board Agents to conduct a suitability investigation.

(a) An applicant who receives a letter informing them that they received a prospective license and that they will be proceeding to a suitability investigation by Board Agents must upload the following documents within 120-days of receipt of such letter. There will be no extensions granted to the 120-day deadline with the exception of the funding requirement pursuant to subsection (2) below:

(1) If the applicant is applying for a license for a cannabis consumption lounge, the proposed hours of operation during which the cannabis consumption lounge plans to be open to consumers;

(2) Evidence that the applicant controls \$200,000.00 in liquid assets;

(3) Operating procedures consistent with the NCCRs to ensure the use of adequate security measures;

(4) Operating procedures consistent with the NCCRs for the use of an inventory control system;

(5) Operating procedures consistent with the NCCRs for handling such cannabis or adult-use cannabis products;

(6) Whether the owners, officers or board members of the proposed cannabis consumption lounge have direct experience with the operation of a cannabis establishment in Nevada and whether they have demonstrated a record of operating such an establishment in compliance with Nevada's laws and regulations for an adequate period of time to demonstrate success;

(7) Whether the owners, officers or board members of the proposed cannabis consumption lounge have direct experience with the operation of a cannabis establishment in a state, jurisdiction or country other than Nevada and whether they have demonstrated a record of operating such an establishment in compliance with the laws and regulations of that state, jurisdiction or country.

(8) The educational and life experience of the persons who are proposed to be owners, officers or board members of the proposed cannabis consumption lounge;

(9) The experience of key personnel that the applicant intends to employ in operating the cannabis consumption lounge for which the applicant seeks a license and a short description of the role in which each personnel will serve for the organization and their responsibilities;

(10) A diversity plan which must be in the form of a detailed written plan that includes objectives, timetables, and evaluation metrics and describes the steps an applicant will take to ensure that the cannabis consumption lounge will promote the meaningful inclusion of diverse groups. The Board will determine whether the stated goals outlined in each Diversity Plan are reasonable and represent a good faith effort to assure that the applicant, who has met the minimum scoring guidelines on the application, accords all persons an equal opportunity in contracting and employment. As used in NRS 678B.280(1)(f), diversity refers to minorities, women, and the inclusion of other persons of backgrounds which are disproportionately underrepresented. However, the inclusion of other underrepresented groups, including, but not limited to, veterans, persons with disabilities, and LGBTQ+, is encouraged.

(I) The Diversity Plan, referenced in subsection (10) above, must include the following information:

(i) The demographic information of each owner, officer, board member, employee, and independent contractor as currently known by the applicant;

(ii) Strategies for obtaining a diverse group of owners, officers, board members, employees, including executive positions, management, and independent contractors;

(iii) Employee hiring and retention diversity goals adopted by the applicant;

(iv) A plan for diversity related outreach or events the applicant will conduct to support its diversity goals in ownership, investment, management, employment, and contracting;

(v) Any materials from the applicant on its mentoring, training, or professional development programs for diverse groups;

(vi) Proposed timelines and benchmarks for achieving the diversity goals outlined in the Diversity Plan, or in the alternative, a narrative describing the applicant's ability to record and report on the components of the Diversity Plan;

(vi) Any other information that demonstrates the applicant's commitment to diversity in ownership, investment, management, employment, and contracting;
and

(vii) Any other information or documentation required by the Board.

(11) Last two fiscal year financial statements (or a statement explaining why the financial statements are not available), including an income

statement, balance sheet and earnings before interest, taxes, depreciation, and amortization (EBITDA);

(12) Resumes or curriculum vitae for all owners, officers, and board members;

(13) Two-year business plan and first-year operating budget for the cannabis establishment;

(14) History of the company; and

(15) If a publicly-traded company, the most recent Non-Objecting Beneficial Owner (NOBO) list.

(b) An applicant who receives a letter informing them that they received a prospective license based on the social equity criteria and is proceeding to a suitability investigation by Board Agents must upload the following documents in addition to the documents listed in subsection (a) within 120 days of receipt of such letter:

(1) Evidence that a social equity applicant's residence is in an approved census tract by displaying an original or certified copy of any two of the following documents:

(I) A receipt from the rent or lease of a residence located in an approved census tract;

(II) A lease of a residence located in an approved census tract on which the applicant appears as the lessee during a lease term within the previous five years;

(III) A record from a public utility for a service address located in an approved census tract dated within the previous five years;

(IV) A bank or credit card statement indicating a residential address located in an approved census tract dated within the previous five years;

(V) A stub from an employment check indicating a residential address located in an approved census tract;

(VI) A document from a state or federal court indicating a residential address located in an approved census tract dated within the previous five years;

(VII) A document issued by an insurance company or its agent, including, without limitation, an insurance card, binder or bill, indicating a residential address located in an approved census tract;

(VIII) A record, receipt or bill from a medical provider indicating a residential address located in an approved census tract;

(IX) Tax records for the most recent tax year, other than the records described in paragraph (XI), indicating a residential address located in an approved census tract;

(X) A statement or bill requesting payment, other than a bill from a medical provider, indicating a residential address located in an approved census tract dated within the previous five years;

(XI) A record of property taxes assessed or paid for the most recent tax year for a residence located in an approved census tract;

(XII) A deed of trust or other documentation of a current mortgage for a residence located in an approved census tract;

(XIII) A record from an educational institution in an approved census tract which establishes that the applicant is currently enrolled in the educational institution or an identification card issued by the educational institution dated within the previous five years that contains the address in which the applicant resided;

(XIV) A receipt from a hotel, motel, recreational vehicle park or campground located in an approved census tract indicating not fewer than 30 days of consecutive residency which is dated within the previous five years;

(XV) A voter registration card issued to the applicant within the previous five years;

(XVI) Documentation of receipt of benefits in an approved census tract under any state program of public assistance dated within the previous five years;

(XVII) A Leave and Earnings Statement, or an equivalent or successor form, indicating residency in an approved census tract, of an applicant who is a member of the military and who is deployed outside of Nevada while serving on active duty dated within the previous five years;

(XVIII) A notarized statement from the owner of a residence located in an approved census tract indicating that the applicant physically resides at the residence dated within the previous five years;

(XIX) Documentation indicating that the applicant is a person for whom a fictitious address has been issued pursuant to NRS 217.462 to 217.471, inclusive; or

(XX) A form approved by the Board as proof of the applicant's residence in an approved census tract.

(XXI) As used in this section, "military" means the Armed Forces of the United States, a reserve component thereof or the National Guard.

(2) A social equity applicant must provide proof of conviction for a cannabis offense for either the applicant and/or the applicant's parent, sibling, or child. Required documents are as follows:

(I) Certified copy of the Judgment of conviction; and/or

(II) Proceedings sheet and/or court minutes.

(c) The documents listed under subsection (a) of subsection 2 are the minimum documents applicants, who have met the minimum scoring guidelines on the applications, are required to upload to the designated electronic licensing application system. If there are no responsive documents to one of the minimum required documents, the applicant must submit an explanation of why they omitted the document. The applicant must turn over any other documents requested by the Board. They must also facilitate in a timely matter any interview of an owner, officer, or board member requested by the Board or Board Agents. If the Board or Board Agents contact the applicant for any reason, the applicant must respond immediately. If an immediate response is not possible, the applicant must respond, no later than 2 business days after contact by the Board or Board Agents. If the applicant fails to respond to any Board or Board Agent communication in a timely manner, that fact may be used to deny the applicant from receiving a prospective, conditional or final license.

(d) When Board Agents complete a suitability investigation, a presentation shall be scheduled at an open and public meeting in front of the Board. The applicant and any requested owner, officer, or board member must be in attendance and prepared to give an affirmative presentation to the Board regarding its application for a license and final suitability determination. The applicant must be prepared to answer any and all questions posed by the Board during the open and public meeting.

(e) The Board will determine on a case-by-case basis the relative weight to give, if any, to any criterion of merit considered and established by the Board.

(f) Once an applicant's conditional license has been issued, the applicant's Diversity Plan will no longer be confidential.

~~5.050 Request by applicant for ranked application score; request to review scoring information; designation of Board employee to respond to request; maintenance of information in application file. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how an applicant may review the scoring of an application made in response to a request by the Board pursuant to NCCR 5.020. Cannabis consumption lounge final licenses.~~

1. If the applicant who has met the minimum scoring guidelines on the application receives a conditional license for a cannabis consumption lounge, the applicant must obtain the final license and become operational within the time limit set in NCCR 5.085. The applicant must work closely with state and local governments and officials to meet all necessary requirements to receive the final license which include, but are not limited to, the following:

(a) Compliance with the zoning and land use rules adopted by the local government in which the establishment will operate;

(b) Issuance of a permanent or temporary business license for the operation of the cannabis establishment by the local government;

(c) Completion of a pre-opening final inspection of the cannabis establishment by the Board that results in a statement of no deficiencies or approved plan of correction;

(d) Establishment and implementation of any and all other requirements as required by the specific regulations that governs the cannabis establishment license type awarded as well as any other requirement of the Board or local government; and

(e) Full payment of all annual license renewal fees and outstanding time and effort billings.

5.053 Petition for re-evaluation of suitability by the Board. If the applicant who has met the minimum scoring guidelines on the application is denied a conditional license, they may petition the Board if they wish to have their suitability reevaluated based on said denial. The applicant must file their petition with the Board within 30 days from the date on the written denial letter from the Board. The petition must explain why the Board's evaluation of suitability that resulted in the denial of the conditional license was improper and provide any other information and/or documentation for the Board's determination. The Board may deny the petition or set the petition for a hearing within 90 days of receiving the petition.

~~5.055 Issuance of license if Board receives only one application in response to request for applications; notification to locality. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how the Board will handle only one application made in response to a request by the Board pursuant to NCCR 5.020.~~Selection of social equity applicants. Whenever the State of Nevada allocates licenses to social equity applicants during an open application period for a type of cannabis establishment license, a social equity applicant must meet the following criteria:

1. Social equity applicants are identified, and these criteria shall be added to the application process, as persons who:

(a) Have at least 51% ownership in the business;

(b) Have resided in one of the following census tracts nationwide for no less than the previous five years meeting the following two criteria:

(1) A census tract with an Area Deprivation Index score of seven (7) state-only decile or higher; and

(2) A census tract that has an incarceration rate in the 90th percentile, or roughly 3.3% of everyone who grew up in the census tract was in jail or incarcerated at the time of the 2010 Decennial Census.

(c) Are included in at least one of the following categories:

(1) Convicted of a non-violent felony and/or misdemeanor cannabis offense; or

(2) Their immediate family member (parent, sibling, or child) was convicted of a felony cannabis offense and who lived in or currently lives in a census tract, designated by the Board, where:

(I) A census tract with an Area Deprivation Index score of seven (7) state-only decile; and

(II) A census tract that has an incarceration rate in the 90th percentile, or roughly 3.3% of everyone who grew up in the

census tract was in jail or incarcerated at the time of the 2010 Decennial Census.

2. Social equity applicants shall have the administrative processing fee reduced by 75%.

~~5.060 Issuance of license is conditional until certain requirements for approval to begin operations are satisfied. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on conditional licenses issued in response to a request by the Board pursuant to NCCR 5.020.~~ *Issuance of license if Board receives less applications than available cannabis establishment licenses for an open application period; issuance of license if adult-use cannabis retail store applies for a retail cannabis consumption lounge.*

1. If during an open application period the Board receives fewer applications than there are available licenses and the applications comply with NCCR 5.040, the applicants that have met the minimum scoring guidelines on the application will proceed to a suitability investigation by Board Agents and suitability review by the Board.

2. If an applicant who holds a final license for an adult-use cannabis retail store applies for a retail cannabis consumption lounge during an open application period, submits a application that complies with NCCR 5.040, and meets the minimum scoring guidelines on the application and any other requirements set forth in Title 56 of the NRS and the NCCR, the applicant will proceed to a suitability investigation by Board Agents and suitability review by the Board.

~~5.065 Written notice of denial of application. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how written notice of a denial of application is given in response to a request by the Board pursuant to NCCR 5.020.~~

Procedure to request a reduction of initial issuance and renewal fees for independent cannabis consumption conditional licenses.

1. A person in possession of a conditional license for an independent cannabis consumption lounge can apply to the Board to have their initial and renewal fees under NRS 678B.390 reduced due to financial hardship. This request must include the following:

(a) An attestation that the cannabis independent cannabis consumption lounge will become operational within 12 months of the date of the request to reduce fees.

(b) Evidence of financial hardship satisfactory to the Board which includes:

(1) Evidence that the cannabis independent cannabis consumption lounge's outstanding costs and expenses are greater than the assets available to satisfy these costs and expenses;

(2) Evidence that the independent cannabis establishment consumption lounge has exhausted all financial options; and

(3) Evidence of any other compelling reason to reduce the renewal fees under NRS 678B.390.

The Board will make the ultimate determination as to whether the request establishes financial hardship.

2. Initial requests for reducing fees pursuant to this section must be submitted at least 30-days before the 12-month deadline referred to in NCCR 5.085 subsection 1 expires.

5.085 Surrender of license if cannabis establishment has not received final inspection; extension of time for final inspection; fee not refundable.

1. If a cannabis establishment has not received a final inspection within 12 months after the date on which the Board issued a *conditional* license to the cannabis establishment, the cannabis establishment must surrender the conditional license to the Board. The Board may extend the period specified in this subsection if the Board, in its discretion, determines that extenuating circumstances prevented the cannabis establishment from receiving a final inspection within the period specified in this subsection *or if factors outside the control of the cannabis establishment caused a delay in satisfying the requirements of NRS 678B.320(1). Any request made under this subsection must be made in writing at least 30-days before the original 12-month period expires.*

2. If a cannabis establishment surrenders a conditional license to the Board pursuant to this section, the applicable licensing fee paid by the cannabis establishment is not refundable.

5.110 Requirements for transfer of all or a portion of ownership interest; reimbursement of costs to Board; notice to Board; disclosure of facts pertaining to representative capacity of certain persons to Board; permission of Board required for registering certain information in the books and records of the cannabis establishment; investigation.

15. An independent cannabis consumption lounge licensee may not transfer the license until 2 years from the date on which the independent cannabis consumption lounge license became operational, except an independent cannabis consumption lounge licensee may transfer any ownership interest if:

(a) Any such transfer that does not result in the original ownership dropping below 51%.

(b) Death or incapacitation of original owners requires such transfer providing:

(1) If the original ownership qualified as a social equity applicant pursuant to NCCR 5.055, the resulting ownership must also qualify as a social equity applicant.

(2) Must follow the requirements of NCCR 5.170.

(c) In cases of financial distress, ownership disputes, or possible impairment to the health or safety of the public, and/or in any other situations the Board finds appropriate, a licensee of an independent cannabis consumption lounge or any one of its owners may request the Board to order a cannabis receiver to take possession and control of the independent cannabis consumption lounge license.