

Cannabis Compliance Board Regulatory Workshop Meeting Minutes – September 14, 2021

The Cannabis Compliance Board (CCB) held a public meeting at 555 E. Washington Ave, Room 2450, Las Vegas, Nevada and 1919 College Parkway Room 100, Carson City, Nevada on September 14, 2021, beginning at 1:00 p.m.

Cannabis Compliance Board Members present:

Michael Douglas, Chair
Jerrie Merritt
Riana Durrett
Bryan Young
Dennis Neilander (via video conference)

Tyler Klimas, Executive Director, called the meeting to order at 1:02 p.m.

I. Public Comment

Will Adler representing Silver State Government Relations thanked the CCB for holding workshops. Mr. Adler was interested in the licensing round surrounding cannabis lounges, and also licensing rounds for other types of cannabis licenses. He has heard from the industry that there may be interest in opening new rounds of licenses.

Scot Rutledge representing Argentum Partners stated they would not be commenting on Regulation 5 today but would be submitting comment in the future.

II. Proposed Amendments and Additions to the Nevada Cannabis Compliance Board Regulations

Chief of Administration and Licensing presented the proposed changes to the regulations.

A. Regulation 1. Issuance of Regulations; Construction; Definitions

Chief Gilbert stated there were four additions to Regulation 1 that were needed due to language additions and clarifications in different Regulation sections. Section 1.051 added a definition of “advertising.” Section 1.069 added a definition of “cannabis receiver.” Section 1.081 added a definition of “derived.” Section 1.083 added a definition of “edible cannabis product.” More details were added to 1.051 after staff reviewed public comment and agreed with the suggestion.

There was no public comment and no questions from the Board.

B. Regulation 5. Licensing, Background Checks, and Registration Cards

There were five proposed additions to Regulation 5. The additions were needed to address when the placement of Receiver must to place to appoint a Receiver and the process to appoint a Receiver. Assembly Bill 326 required the Board to prescribe procedures and requirements for cannabis receivers. Section 5.150 added Cannabis Receiver to the agent card category. Section 5.170 added language addressing what a cannabis establishment licensee must do if an owner passes away or is incapacitated. Section 5.175 covered the placement and appointment of a cannabis receiver. Section 5.180 covered the application requirements for a cannabis receiver. Section 5.190 covered the duties and responsibilities of a cannabis receiver. No informal comments were received as this language was added following the informal public comment period.

There was no public comment. Chair Douglas had concerns regarding 5.180 Sec. 4(b) requiring liquid assets of \$250,000. Chair Douglas did not feel that it was necessary in addition to the liability insurance requirements. Deputy Director Michael Miles stated the provision was added in case liquid assets were needed to run the business. Chair Douglas was concerned that the fee structure of the cannabis industry was pricing people out of any interaction with the industry. There was discussion on what the receiver would do if the entity had no cash or assets. Chair Douglas recommended the Board could ask for a plan of what the receiver would do. Chair Douglas recommended removal of Section 4(b). Member Neilander stated Gaming did not have that kind of requirement and agreed with the Chair, and the concern could be addressed in the overall plan.

Member Durrett asked if this regulation was similar to Gaming. Director Klimas responded that the regulation was drafted in conjunction with the Attorney General’s office. Deputy Attorney General L. Kristopher Rath stated that they looked at statutes and regulations from other states with a cannabis industry to help formulate these regulations. Member Durrett

recommended adding a provision to 5.190 to include language to cover “any other provisions the Board deems necessary.” Member Neilander asked if the Receiver that was previously appointed had seen these proposed regulations and provided comment. Director Klimas did not know if the Receiver had read the proposed regulations and the Cannabis Compliance Board did not receive comment from him, but we could reach out directly. Member Neilander would be interested in the Receiver’s input since he does have experience.

C. Regulation 6. Production and Distribution of Cannabis

There were two changes to Regulation 6. Section 6.025(1)(g) was added to include time and effort changed for investigations based on an application for a new cannabis license. Language was removed under Subsection 3. Section 6.060(7) added language regarding when a cannabis establishment must be operational to clarify the 30-day requirement.

There was no public comment. Member Durrett asked what happens if they don’t become operational within 30 days. Deputy Director Miles responded they will revert to conditional status.

D. Regulation 7. Cannabis Sales Facility

There was one change to Regulation 7. Section 7.060 was added due to the passage of Senate Bill 168 and addresses curbside operations at cannabis sales facilities. Public comments were received with concerns regarding medical marijuana patient card holders and the language was added “unless the minor holds a valid registry identification card or letter of approval.” Director Klimas added that curbside pickup has been operating during the pandemic without issue.

There was no public comment. Chief of Inspection and Audit Kara Cronkhite stated that curbside pickup was treated as if the transaction was occurring in the store, so a minor should not be present unless they were a medical marijuana patient cardholder. Chair Douglas asked if this was in response to any regulations, as minors are allowed in vehicles with persons that purchases alcohol or prescription drugs such as opioids. Deputy Miles commented that the default was to not allow anyone under the age of 21 to be present. This would also need to be considered for drive-thrus. Member Neilander asked if this was a problem for the industry with minors in drive-thrus or curbside. The CCB has not had complaints from the industry regarding minors being present. Deputy Miles added that a key issue in the Cole memo was to prevent the dissemination of cannabis to minors. Member Neilander raised concerns about the use of “minor” versus “children” and being consistent, and if those were defined terms.

E. Regulation 11. Cannabis Independent Testing Laboratory

There was one change to Regulation 11. In Section 11.050, terpenes were removed from the testing requirements for extracts of cannabis, both solvent and non-solvent), edible cannabis, liquid cannabis and topical cannabis. This change was necessary due to the change in labeling requirements in Regulation 12.035. Public comment was received regarding this; staff reviewed the comment and agreed with the suggestion.

There was no public comment. Member Neilander asked for clarification on terpene analysis. Chief Cronkhite stated that terpene analysis can be looked at as the flavor profile of the cannabis. The reason it is not completely necessary with extracts and edibles is because when the THC is extracted from the cannabis, the terpenes may not come along with oil. The vape pens and edibles may not have the terpene flavor profiles in the final product unless they are added back in. The producer typically knows if their product will contain terpenes or not. Terpenes do not impact the consumer.

F. Regulation 12. Packaging and Labeling of Cannabis Products

There were eight proposed changes to Regulation 12 due to passage of Senate Bill 49. Section 12.015 added language requirements on packaging and added clarifying language and housekeeping changes. Section 12.020 updated the language to include “Nevada Universal Cannabis Symbol.” Section 12.030 changed the label requirement to allow establishments to put their 20-digit license number or their cannabis establishment ID on the label. Language was added allow cultivation facilities to securely affix labels or include with the package of cannabis product. There are also housekeeping changes in 12.030. Section 12.035 was changed to allow production establishments to put their 20-digit license number or their cannabis establishment ID number on the label and to securely affix the label to or include with the package. There are also housekeeping changes in 12.035. In 12.040, language was added to allow a cannabis sales facility to securely affix a label or include it with the package or container of usable cannabis. In subsection 1(e), the requirement was removed that the date sold to be on the label. There were also housekeeping changes. Section 12.045, in subsection 1 clarifying language was added that a sales facility must affix a label or include with cannabis products that are sold if not already on the container or packaging. Labels for edible cannabis products must still be affixed to the package. In subsection 1(s), the date sold was removed from the label requirement. There were also housekeeping changes. Section 12.050 had mainly housekeeping changes. Section 12.070 was added and outlined the requirements for advertising of cannabis and included language from Assembly Bill 326 requiring the name and identification number of the licensee on

the advertising.

Layke Martin, Executive Director of the Nevada Dispensary Association, provided public comment. In regard to 12.015. Ms. Martin requested a timeline for implementation because facilities order a lot of packaging in advance. Ms. Martin had concerns regarding the labeling requirements for edible products in 12.045. The language implies that the label must still be affixed to and would like to clarify if the label can be included with. Ms. Martin requested a timeline for implementation of the new advertising requirement.

Member Durrett asked for comment from the CCB regarding including on the label the “produced on” date, final testing date, and “packaged on” date. There was public comment regarding those dates and if they were needed. Chief Cronkhite stated the “produced on” date was relevant to shelf life. The “packaged on” date is what you would typically see on a food item. The final testing date is helpful for regulators, but the testing information can be obtained another way. Member Durrett would like to hear more comments on the “packaged on” date and final testing date and remove those if they are deemed not necessary. Member Durrett would like to make sure there is a timeline for changes. Director Klimas stated the timeline would be given through guidance from the CCB.

Member Neilander asked if there was feedback on 12.070(4) for advertising in regard to minors and children. Director Klimas responded that the CCB did not received comment on that section. The Assembly Bill addressed identifying legal establishments, but the reference to minors was keeping it in line with protecting those not able to legally consume cannabis.

Chair Douglas agreed there should be a grace period before requirements go into effect and would like to see it addressed in regulations, not just in a directive. Chair Douglas agreed with the concern regarding “keep out of reach of children” but what is definition of “children.” The terms “children” and “persons under 21 years of age” are both used in different regulations. Chair Douglas stated it may be better to have it say, “children and persons under 21 years of age.”

Member Neilander commented that the effective date of the regulations can be 6 months after adoption and imbedded in the regulations for a specific section or the regulation as a whole. Deputy Miles stated a regulation could be drafted to say that any changes to packaging and labeling would be effective 6 months after adoption. Chair Douglas commented that it would be cleaner to have the effective date within the regulation, then it would be clear to the industry.

III. Public Comment

There was no public comment. Chair Douglas asked the industry for their comments.

IV. Adjournment

Meeting adjourned at 2:00 p.m.