

Proposed Changes to NCCR Regulation 1

New

~~Deleted~~

1.051 “Address” defined.

1.069 “Board Member” defined.

1.132 “Officer” defined.

1.133 “Owner” defined.

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

1.069 “Board Member” defined. “Board Member” for purposes of NRS 678B.250 & 678B.280 means a member who has unencumbered direct or indirect ownership of a company that holds or has applied to hold a license in a cannabis establishment.

1.132 “Officer” defined. “Officer” for purposes of NRS 678B.250 & 678B.280 means an officer of a publicly traded company who holds or has applied to hold a license for a cannabis establishment.

1.133 “Owner” defined. “Owner” for purposes of NRS 678B.250 & 678B.280 means an owner who has unencumbered ownership of a company that holds or has applied to hold a license for a cannabis establishment.

Proposed Changes to NCCR Regulation 5

New

~~Deleted~~

~~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 establishment license.~~

~~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. Selection of diversity applicants.~~

~~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.~~

~~5.065 Written notice of denial of 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 establishment license. During an open application period for a cannabis establishment license, a person may apply for one license of the type of cannabis establishment license that has an open application period. The applications must be submitted through the Board’s designated licensing application system, Accela, 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 submission and compliance with the application instructions will be strictly enforced. The Board will grant no grace period for applications once the application period has concluded. The Board will not be held responsible for any~~

technical issues that may occur with the 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 denial. Questions on the application and/or application submittal process shall only be submitted in writing to an email specifically designated for that purpose in the application instructions and 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 necessary.

In the event the number of licenses for any establishment type are limited, and if the application meets the criteria to be included, the application will be entered into a random number generator to determine which applicants will be selected. If selected through the random number generator, the application will be eligible to receive a prospective cannabis establishment license. If there is no limit on the number of licenses to be awarded in any particular licensing period, a random number generator will not be used. However, the applicant must meet all the requirements in the application to receive the prospective license before they can be considered for suitability review by the Board to receive a conditional license.

There is no guarantee that even if the application is selected by the random number generator to receive a prospective license that the person will receive a conditional license. To receive a conditional license the applicant must be deemed suitable by the Board.

1. 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.

(b) An application on the Accela Portal as created by the Board. The application must include, without limitation:

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

(2) 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;

(3) Affirmation that the applicant controls liquid assets in an amount of at least \$200,000.00;

(I) Warning: if the applicant is successful in receiving a prospective license this affirmation will be verified and if untrue may be used to deny the applicant from receiving a conditional license.

(4) 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;

(I) An attestation wherein the applicant agrees and understands that the actual location of the cannabis establishment must be a location which may 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, 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 or, if the proposed cannabis establishment will be located in a county whose population is 100,000 or more, 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.

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

(III) Warning: once a local jurisdiction is selected by the applicant the applicant is limited to locations within said local jurisdiction pursuant to NRS 678B.500.

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

(I) Warning: if contacted by the Board the applicant must respond immediately, but if that is impossible, no later than 24 hours 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.

(6) The name, address, and date of birth of each person who is proposed to be an owner, officer or board member of the proposed cannabis establishment. If the applicant or an owner is any type of business entity and/or is not a natural person said entity 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 in the company must be listed;

(I) All owners of any entity within the ownership structure of the person who may be the cannabis establishment license

holder must be listed if the person owns 5% or greater interest in any entity within the ownership structure.

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

(I) Warning: if any application has an owner who owns 5% or greater interest in any entity within the ownership organization chart of the person who may be the cannabis consumption lounge license holder and said owner is also on any other application wherein that person is also an owner who owns 5% or greater interest in any entity within the ownership structure of the person who may be the cannabis consumption lounge license holder 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 nonrefundable fee.

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

(I) Please note, payment of the agent card fee will not be required until the applicant has successfully been awarded a prospective cannabis establishment license. All other sections of the application must be completed, including submission of the fingerprints of the person to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation to determine the criminal history of that person.

(II) Warning: if any applicant owner, officer, and 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 and thereby prevented from receiving a prospective, conditional or final license, depending on where it was in the process.

(9) If the applicant wishes to be considered a diversity applicant, the applicant must affirm that they have received a certification pursuant to NCCR 5.045; and

(I) Warning: if the applicant is successful in receiving a prospective license this affirmation will be verified and if untrue may be used to deny the applicant from receiving a conditional license.

(10) An attestation that the information provided to the Board to apply for the license for a prospective cannabis establishment is true and correct according to the information known by the affiant at the time of the attestation.

2. If the applicant has obtained a prospective cannabis establishment license the applicant must fully cooperate with the Board in order for Board Agents to conduct a suitability check on the company and prospective owners of the prospective cannabis establishment license.

(a) The applicant must upload the following documents within 30 days after receiving a letter confirming that they have received a prospective cannabis establishment license:

(I) If the applicant is applying for a license for a cannabis sales facility, or cannabis consumption lounge, the proposed hours of operation during which either establishment plans to be available to sell cannabis to consumers;

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

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

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

(V) If the proposed adult-use cannabis establishment will sell or deliver adult-use cannabis products, proposed operating procedures consistent with the NCCRs for handling such products;

(VI) Whether the owners, officers or board members of the proposed adult-use cannabis establishment have direct experience with the operation of cannabis establishments in Nevada and whether they have demonstrated a record of operating such an establishment in compliance with the laws and regulations of Nevada;

(VII) Whether the owners, officers or board members of the proposed adult-use cannabis establishment have direct experience with the operation of a cannabis establishments 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 a state, jurisdiction or country.

(VIII) The educational and life experience of the persons who are proposed to be owners, officers or board members of the proposed adult-use cannabis establishment;

(IX) The experience of key personnel that the applicant intends to employ in operating the type of adult-use cannabis establishment for which the applicant seeks a license and a short description of the role in which the person will serve for the organization and their responsibilities;

(X) The diversity on the basis of race, ethnicity or gender of the applicant or the persons who are proposed to be owners, officers or board members of the proposed adult-use cannabis establishment, including, without limitation, the inclusion of persons of backgrounds which are disproportionately underrepresented as owners, officers or board members of adult-use cannabis establishments.

(XI) If applying as a diversity applicant documents proving the applicant has been certified by a diversity certifying entity;

(XII) Last two fiscal year financial statements, including an income statement, balance sheet and EBITDA;

(XIII) Resumes for all owners, officers, and board members;

(IX) Two-year business plan and first year operating budget for the cannabis establishment; (XV) History of the company;

(XVI) If a publicly traded company the most recent Non-Objecting Beneficial Owner (NOBO) list; and

(XVII) Evidence that a social equity applicant's residence 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 which is dated within the previous five years;

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

(ixv) 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 in this State which is dated within the previous five years

(xv) A voter registration card issued to the applicant pursuant to NRS 293.517 within the previous five years;

(xvi) Documentation of receipt of benefits in an approved census tract under any state program of public assistance which is 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 this State while serving on active duty which is 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 which is dated within the previous five years;

(ixx) 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 Department 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.

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

(i) Certified copy of the Judgement of conviction; and

(ii) Proceedings sheet and/or court minutes.

(b) The documents listed under subsection (2)(a) are the minimum documents required to be uploaded to the Accela portal. 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 applicant is contacted by the Board or Board Agents for any reason the applicant must respond immediately, but if that is not possible, no later than 24 hours after contact by the Board. If the applicant fails to respond to any Board communication in a timely manner, that fact may be used to deny the applicant from receiving a prospective, conditional or final license.

(c) When a suitability investigation by Board Agents is complete a presentation shall be scheduled at a Board meeting. 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 at a public meeting.

3. If the applicant has obtained a conditional cannabis establishment license the applicant must obtain the final license and the cannabis establishment must become operational within 12 months of receiving the conditional cannabis establishment license. The applicant must work closely with state and local officials to meet all necessary requirements to receive the final license as follows:

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

(b) The local government has issued a business license for the operation of the cannabis establishment, or otherwise approved the applicant, for the operation of the establishment;

(c) The Board completes an inspection of the cannabis establishment; and

(d) Completed any and other requirements as required by the specific regulations that governs the type of cannabis establishment a license was awarded for as well as any other requirement of the Board or local government.

4. If the applicant was denied a conditional license they may file an appeal to the Board if they wish to dispute said denial. The appeal must be filed with the Board within 30 days of the date on the written denial letter stating that the Board did not issue a license to the applicant. The appeal must include arguments as to why the Board's denial of the conditional license was improper. The Board shall set a hearing within 90 days of receiving the appeal.

~~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. Selection~~

of diversity applicants. Pursuant to the State of Nevada's policy on inclusion found in NRS 678B.280(1)(f), thirty percent of all cannabis establishment licenses shall be reserved for applicants that are certified as minority owned or female owned businesses, pursuant to NCCR 5.045. These applicants shall be selected through a separate random number generator process to take place first during open application periods. Any remaining certified applicants not selected through this inclusion process shall be entered into the selection process for the other seventy-percent of the available cannabis establishment conditional licenses.

1. There is no guarantee that if an application is selected through the inclusion process by the random number generator to receive a prospective license that the applicant will receive a conditional license. To receive a conditional license the applicant must be deemed suitable 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. Whenever the State of Nevada mandates the selection of social equity applicants during an open application period for a cannabis establishment license, an applicant will qualify for potential selection as a social equity applicant if they meet the following criteria:

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

(a) At least 51% ownership in the business;

(b) Have resided in Nevada continuously for no less than the previous five years in a census tract, designated by the Board, defined as meeting the following three criteria;

(I) A census tract where 75% of households are participating in a federal free lunch program; 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; and

(III) A census tract where at least 20% of the persons living within that code are receiving SNAP benefits.

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

(I) Been convicted of a non-violent felony and/or misdemeanor cannabis related offense; or

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

(i) A census tract where 75% of the households are participating in a federal free lunch program;

(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; and

(iii) A census tract where at least 20% of the persons living within that code are receiving Supplemental Nutrition Assistance (SNAP) benefits.

2. Qualified social equity applicants shall have the administrative processing fee reduced as follows:

(a) If the social equity applicant who is the 51% owner of the company qualifies as an applicant designated in NCCR 5.055(1)(c)(I) the administrative processing fee pursuant to NRS 678B.390 shall be reduced by 75%.

(b) If the social equity applicant who is the 51% owner of the company qualifies as an applicant pursuant to NCCR 5.055(1)(c)(II) the administrative processing fee designated in NRS 678B.390 shall be reduced by 50%.

~~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. If during the open licensing period the Board receives less applications than there are available licenses, and if the applications are complete and in compliance with NCCR 5.040, the Board shall issue each applicant a prospective license.~~

~~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.~~