

# RESET

December 13, 2021

Cannabis Compliance Board  
Grant Sawyer Office Building, Suite 4200  
555 E. Washington Avenue  
Las Vegas, NV 89191

Subject: Consumption Lounge Draft Operations Regs

Dear members of the Cannabis Compliance Board,

On behalf of the RESET management company, thank you for considering our written comments regarding the first draft of the consumption lounge regulations. We appreciate the dedication of the multiple sub-committees that brought recommendations to the Board and find ourselves in agreement with a majority of the details behind Social Equity, Public Safety, and Public Health which will provide an experience worth repeating for Nevada cannabis tourism.

## NCCR 15.025

The primary role of the operator and staff of a social use lounge will be to offer a unique and enjoyable experience with a focus on ensuring the safety of our patrons, especially the prevention of overconsumption. However, to limit the maximum usable cannabis at 0.5 grams not only limits the value of the experience by our patrons, but also creates a bottleneck for the retail dispensary partners who today offer single-use products at 1 gram. Such a limitation would be best compared to owning a restaurant or bar that only was allowed to serve one drink, or a group sharing half a bottle of wine over dinner. The cannabis tourist (and the various experience levels this demographic represents) looking to travel to Nevada for a true cannabis experience will look to other markets should this limitation become final.

## NCCR 15.050

The purpose behind the Nevada Clean Indoor Air Act was to “Protect children and families from secondhand smoke in most public places, excluding stand-alone bars and gaming areas of casinos.” When the Clean Indoor Air Act became effective on December 8th, 2006, tavern owners immediately felt the repercussions of this law. Over the course of the next five years, tens of millions of dollars were spent on redesigning tavern and lounge spaces and business

owners “lost up to 25 percent of their business” according to multiple articles in the Las Vegas Sun and Review Journal. It wasn’t until 2011 where Assembly Bill 571 was passed amending the overreaching rules of the CIAA and providing all guests of a 21+ venue the freedom to enjoy all amenities in one of our most important business sectors of Nevada. To follow this same path with the current limitations on smoking rooms spaces, would be a disservice to both the business owners and employees, along with the guests we’re looking to move away from unlawful cannabis consumption in public spaces today.

Cannabis lounges will replicate many of the amenities of today’s successful bar/taverns in Nevada such as food, drink and additional entertainment options, in place of alcohol and traditional gaming. With our focus on air movement, filtration systems, and state of the art HVAC technology, we envision a venue where guests who enjoy smoking cannabis will not feel ostracized through forced separation into an environment akin to an airport smoking room. These lounges should provide a welcoming and safe experience for cannabis smokers and non-smokers while ensuring second hand smoke will not negatively affect employees or guests who chose to utilize other delivery methods for their cannabis experience.

We realize much work was put into drafting these regulations, including the work done during the CAC sub-committee process. We appreciate your consideration of our written comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'CLP', with a long horizontal line extending to the right.

Christopher LaPorte  
Founder/Managing Partner  
RESET



December 13, 2021

Tyler Klimas, Executive Director  
Nevada Cannabis Compliance Board  
Grant Sawyer State Office Building  
555 East Washington Avenue  
Las Vegas, Nevada 89706

Email: [CCBmeetings@ccb.nv.gov](mailto:CCBmeetings@ccb.nv.gov)

**Re: Comments to the Proposed Amendments and/or Additions to the Nevada Cannabis Compliance Regulations (NCCRs) – For Consideration at the December 14, 2021, Cannabis Compliance Board Meeting**

Dear Mr. Klimas

The Department of Environment and Sustainability, Division of Air Quality (Air Quality) is submitting the following comments regarding the proposed amendments and/or additions to the NCCRs for the State of Nevada. Air Quality is the regulating body for all ambient Air Quality-related matters in Clark County Nevada. As part of its duties, Air Quality is authorized to receive and investigate nuisance odor complaints within the boundaries of Clark County pursuant to Section 43 of the Air Quality Regulations. Air Quality has received and investigated nearly 100 nuisance odor complaints from cannabis cultivation facilities over the last few years. For this reason, Air Quality has the following comments on the proposed regulations:

1. **Section 15.055(5) states** - “Ventilation of the cannabis consumption lounge. A ventilation plan must be submitted, approved, with changes as necessary, and fully implemented prior to issuance of a final license. At a minimum the ventilation plan must include:

...5. An odor mitigation plan that will eliminate odor as it leaves the building;”

**Comment:** An odor mitigation plan in of itself will not eliminate odors. Instead, we recommend the following language:

“...5. An odor mitigation plan that identifies, at minimum, the following:

- the specific odor control equipment to be installed and operated to eliminate odor emissions prior to leaving the building;
- An engineering assessment approved by a certified professional engineer ensuring the odor control equipment installed and operated will eliminate odor emissions prior to leaving the building; and
- An operation and maintenance plan showing the monitoring frequency for preventative maintenance, the timely responses to equipment malfunctions and the record keeping and employee training in place to ensure the odor control equipment to be installed and operating is maintained per manufacturer’s specifications.”

**BOARD OF COUNTY COMMISSIONERS**

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JUSTIN JONES • WILLIAM MCCURDY II • ROSS MILLER • MICHAEL NAFT • TUCK SEGERBLOM  
YOLANDA T. KING, County Manager



2. **Section 15.055(6) states** - “Ventilation of the cannabis consumption lounge. A ventilation plan must be submitted, approved, with changes as necessary, and fully implemented prior to issuance of a final license. At a minimum the ventilation plan must include:

...6. If the lounge has an outdoor smoking area, a filtration system sufficient to remove visible smoke from the smoking area and eliminate odor at the property line;”

**Comment:** Air Quality is concerned and unsure how an outdoor smoking area can have a “...filtration system sufficient to remove visible smoke from the smoking area and eliminate odor at the property line.” However, if outdoor smoking areas will be approved, we recommend the following language:

“...if the lounge has an outdoor smoking area, the owner/operator must submit a smoke and odor mitigation plan that identifies the following:

- The enclosure and filtration system to be installed is capable of filtering visible smoke and eliminating odor emissions from leaving the outdoor smoking area;
- An engineering assessment approved by a certified professional engineer ensuring the enclosure and filtration system installed and operated will eliminate odor emissions from leaving the outdoor smoking area;
- An operation and maintenance plan showing the monitoring frequency for preventative maintenance, the timely responses to equipment malfunctions and the record keeping and employee training in place to ensure the odor control equipment to be installed and operating is maintained per manufacturer’s specifications.”

Additionally, in reviewing the NCCRs in totality, Air Quality noted the following inconsistency between Section 8.015(3)(b) of the NCCRs and the Nevada Administrative Code (NAC), in regard to odor. We understand this regulation is not open for public comment, but we believed the inconsistency was significant enough to make a written note during this commenting period:

3. **Section 8.015(3) states** – “Each cannabis cultivation facility shall ensure that any cannabis growing at the cannabis cultivation facility:

...b. Unless the cannabis cultivation facility cultivates cannabis outdoors, does not emit a strong odor that is clearly detectable from outside the cannabis cultivation facility.”

**Comment:** Air Quality is concerned with Section 8.015(3)(b) because the NCCR significantly relaxes the stringency of a similar provision in the NAC, specifically NAC 453D.608(3)(b) which states “...unless the marijuana cultivation facility cultivates marijuana outdoors, does not emit **an odor** [bolded for emphasis] that is detectable from outside the marijuana cultivation facility.” The NCCR regulation contradicts the similar regulation in the NAC by allowing significant odors (prohibiting only **strong** odors) to be emitted outside the cultivation facility. It is Air Quality’s opinion that the NCCR regulation should be as stringent as the NAC at the very least.



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Phone: (702) 455-5942 • Fax: (702) 383-9994  
Marci Henson, Director

Additionally, in allowing significant odors to be emitted outside of a facility, the NCCR provision creates the potential for Air Quality to respond and substantiate nuisance odor complaints from cultivation facilities that may be compliant with Section 8.015(3)(b). This may also increase the number of nuisance odor complaints received by Air Quality causing an increased burden and the need to reallocate limited resources for this purpose.

We hope the Nevada Cannabis Compliance Board agrees with our comments and suggestions and incorporates the additional language in some way prior to the regulations being finalized. If you have any questions, please contact me for further discussion.

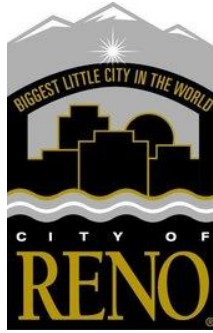
Sincerely,

Marci Henson  
Director  
Department of Environment and Sustainability

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JUSTIN JONES • WILLIAM McCURDY II • ROSS MILLER • MICHAEL NAFT • TICK SEGERBLOM  
YOLANDA T. KING, County Manager

**Lance Ferrato**  
Business Relations Program Manager  
(775) 785-5858  
FerratoL@reno.gov



**City Manager's Office**  
Business License Division  
PO Box 1900  
Reno, NV 89505

December 14, 2021

**Via Email**

Nevada Cannabis Compliance Board  
1550 College Pkwy Ste 142  
Carson City, NV 89706

***Re: Proposed Amendments and Additions to Nevada Cannabis Compliance Regulations - Consumption Lounges***

Dear Board Members:

Thank you for the opportunity to provide comments on the proposed regulations for cannabis consumption lounges. We value the collaborative relationship between the City of Reno and the Cannabis Compliance Board ("CCB"). We believe this is important to providing safe, clear, and seamless regulations and procedures for the cannabis industry and our communities at large.

Please see attached for several recommended changes to the proposed regulations for cannabis consumption lounges. Our comments are meant to highlight several areas where additional details and information would provide clarity for all stakeholders, including local governments such as ours that rely on the state regulations to understand the impact to local neighborhoods. We appreciate the CCB's consideration of these changes and how the state and local processes intersect.

Please do not hesitate to contact me with any follow up questions. We look forward to continuing to work closely with the CCB on this important process.

Sincerely,

Lance Ferrato  
Business Relations Program Manager

*Attachment: Recommendations to CCB*

### **NCCR 5.040, NCCR 6.085(1)(c)(3)**

In both regulations, multiple references are made to the application system of record, Accela. Consider amending this to be broader as to avoid future regulation changes.

- **Recommendation:** Remove references to “Accela”. For example:

*“The applications must be submitted through the Board’s designated licensing application system, ~~Accela~~, portal during the time listed on the open application period.”*

*“An application on the ~~Accela~~ portal as created by the Board.”*

*“The information necessary to remotely access the camera footage must be entered into the cannabis establishment’s ~~Accela~~ portal;”*

### **NCCR 6.085(10)**

*“10. A cannabis establishment shall operate the business in a decent, orderly, and respectable manner. A licensee shall not knowingly permit any activity or acts of disorderly conduct nor shall a licensee permit rowdiness, undue noise, or other disturbances or activity offensive to the senses of the average citizen, or to the residents of the neighborhood in which the business is located.”*

- **Recommendation:** This regulation references, “...disturbances or activity offensive to the senses of the average citizen, or to the residents of the neighborhood...” It is recommended that neighboring businesses be referenced as well.

### **NCCR 15.025**

*“Prohibition on a single sale that exceeds maximum usable quantity of cannabis. A cannabis consumption lounge shall not sell to any consumer at one time an amount of single-use cannabis products or ready-to-consume cannabis products which exceeds:...”*

- **Seeking Clarity:** This regulation restricts how much a lounge can sell to a consumer at one time, but "at one time" is not defined. For example, if a customer purchases 1 gram of product and consumes it, can they then approach staff an hour later and purchase another gram of product? Does at one time mean “per visit”?

### **NCCR 15.030(3)**

*“3. A cannabis consumption lounge shall not sell any product that contains nicotine.”*

- **Recommendation:** According to 15.065 the sale of tobacco is not permitted although it is left out of this section. For clarity and consistency, reference tobacco here too.

#### **NCCR 15.030(4)**

*“4. A cannabis consumption lounge shall not sell any product that contains alcohol if the product would require the cannabis consumption lounge to hold a license issued pursuant to chapter 369 of NRS.”*

- **Recommendation:** I believe the intent of this regulation is to prohibit the sale of alcohol; however, the reference to NRS 369 is incorrect. NRS 369 regulates the licensure of state alcohol licenses, e.g., manufacturers, distributors, wholesalers, etc. On-premise alcohol sales can exist in Nevada without any licensing required by NRS 369; therefore, the following is recommended:

*“A cannabis consumption lounge shall not sell any product that contains alcohol if the product would require the cannabis consumption lounge to hold a license to sell alcohol issued by a local jurisdiction.”*

#### **NCCR 15.060(1)(d)(3)**

*“(d) Cannabis consumption lounges must post, at all times and in a prominent place inside the consumption lounge, a warning that is at a minimum of 40-point font that reads as follows:...*

*(3) “No consumption of alcohol or tobacco products on site”...”*

- **Recommendation:** According to 15.065 the use of nicotine is not permitted although it is left out of this section. For clarity and consistency, reference nicotine here too.

#### **NCCR 15.065**

*“Tobacco and nicotine products. All tobacco and nicotine products are not permitted for use or sale in a cannabis consumption lounge.”*

- **Recommendation:** Add alcohol to this section for clarity and consistency.

#### **NCCR 15.085**

*“Law enforcement temporary closure of licensed operations. The Board or the head of the local law enforcement agency with jurisdiction over the licensee (or authorized designee) in an emergency, for cause, or upon code violation of a specific act which endangers the public welfare; and finding that such closure is necessary for the immediate preservation of the public peace, health, safety, morals, good order or public welfare, may temporarily close any cannabis consumption lounge for a period not to exceed seventy-two consecutive hours.”*

- **Seeking Clarity:** Does the temporary closure process continue regardless of repeat offenses? Would the length of the closure be limited in cases of recurring violations?

**NCCR 15.100(2)**

*“2. The physical premises of the cannabis consumption lounge must be in some direct way attached to the cannabis sales facility.”*

- **Seeking Clarity:** Is there a definition of the word “attached” in reference to the connectivity of a retail store to a consumption lounge? Does a porte-cochere count as attached? Must the buildings be physically connected and accessible through one main entrance? Can the buildings just touch, but have separate entrances?

**NCCR 15.105(4)(e)**

*“4. Cannabis consumption lounges: ...  
e. Shall limit sharing of ready-to-consume cannabis products.”*

- **Seeking Clarity:** Is there a definition of the word “limit” in reference sharing? How will this be regulated?

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**From:** Andrew Mieux <andrew@cannectvegas.com>  
**Sent:** Monday, December 13, 2021 4:03 PM  
**To:** CCB Regulations  
**Subject:** Andrew D Mieux AB341 Recommendations 12/14/21

**WARNING** - This email originated from outside the State of Nevada. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Andrew D Mieux

CCB AB341 Draft Regulations Public Comment

Recommendations & Changes

**1.) "6.072 Training and instruction required before agent may begin work or service as Volunteer & 15.045 Employee Training and Consumer Education."**

Recommendation: Create an independent certifying board/agency to verify the syllabus/curriculum of all training providers for cannabis lounges. All training providers must submit their curriculum, slides and any other training materials/program to the board for approval. Once approved, the board will issue an "Approved Training Vendor" certificate for all approved training providers. Without this certification, there is no way to prove that operators are providing adequate training programs to their employees.

**2. "One gram of usable cannabis. For any sale of usable cannabis containing more than 0.5 grams, the product must be transferred to a consumer in separate serving sizes containing no more than 0.5 grams"**

Recommendation: Change the serving size of flower products to 1 gram of usable cannabis products. Breaking down 1 gram of flower into 0.5 gram(s) puts an additional burden on product manufactures and lounge owners due to the additional transaction and record keeping requirements. This regulation is tedious change to 1 gram or remove the separate serving size requirement.

**3. "Concentrated cannabis or cannabis products containing not more than 20 milligrams of THC. For any sale of a cannabis product containing more than 10 milligrams of THC, the product must be transferred to a consumer in separate serving sizes containing no more than 10 milligrams of THC per serving"**

Recommendation: Create a separate category for inhaled concentrated cannabis products (wax, shatter, pens, distillate), as cannabis concentrates greatly exceed the 20mg THC point. Inhaled cannabis concentrate product generally only come in .25, .5 and 1g sizes on the legal market. All of which greatly exceed the 20mg limit of THC in a product. It would be next to impossible to create a product that limits the THC to 20mg in an inhalable concentrate product. I recommend changing the limit to a flat rate of .25g of inhalable cannabis concentrate.

Cannabis edibles should still remain at 10mg per serving size.

**4. Add a category for topical cannabis products. (100mg)**

**5. Removal of the \$200,000 liquid capital requirement for social equity applicants and an additional buffer of time to attain funding prior to opening their licensed establishment.**



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Comments on CCB Proposed Changes to NCCR 5

From: Scot Rutledge, Argentum Partners on behalf of the Chamber of Cannabis

To: Tyler Kilmas, Executive Director, Cannabis Compliance Board

Date: December 13, 2021

Submitted via electronic mail to: [regulations@ccb.nv.gov](mailto:regulations@ccb.nv.gov)

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**1. 5.040 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.*

We recommend that the Board change “person” to “business entity” and allow for a person, or individual, to be on multiple applications, but that a business entity be limited to applying once.

**2. 5.040.1. (b) (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.*

We recommend that the Board change “24 hours” to “48 hours” and that it only applies to business days, not weekends.

**3. 5.040.2 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:*

We recommend that the Board change “within 30 days” to “within 90 days” to allow applicants, especially first-time applicants to the process, to have enough time to prepare the required documents. This will also give the CCB staff more flexibility to process the applications over a rolling period of time.

4. *5.040.2(a) (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;*

We recommend that if an applicant has not yet determined who the key personnel are, that an organizational chart and, if applicable, a statement regarding the use of a management services agreement (MSA) suffice. It is understood that before a final license will be awarded that the applicant will provide an updated list of key personnel and/or an approved MSA from the Board or provisional approval from CCB staff.

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

We recommend that this section only apply to existing cannabis establishment licenses that are applying for a license. New entities that have no history as a cannabis establishment would likely not have this information.

6. *5.040.2(a)(IX) Two-year business plan and first year operating budget for the cannabis establishment; (XV) History of the company;*

For purposes of accuracy, 5.040.2(a)(IX) should be 5.040.2(a)(XIV).

Additionally, regarding 5.040.2(a)(XV) History of the company – An applicant’s business entity may only have a limited history as the entity would have been created within only a month or less prior to applying. This would severely limit any company history, and as noted above in item #5, there will likely be no financial statements other than a beginning balance sheet or bank statement.

7. *5.040.2(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 manner 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.*

We recommend that the Board change “24 hours” to “48 hours” and that it only applies to business days, not weekends.

8. *5.050 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.”*

For purposes of clarification, does “thirty percent of all cannabis establishment licenses” mean existing licenses or future licenses to be awarded? If the latter, we believe that the percentage should be increased to fifty (50) percent. This would change the language in the latter half of the regulation to read “Any remaining certified applicants not selected through this inclusion process shall be entered into the selection process for the other fifty (50) percent of the available cannabis establishment conditional licenses.” That being said, the Chamber understands that there are a number of other parties that may have reservations about how this new regulation is applied to all new cannabis establishment licenses. Therefore, we would support a change to this regulation at this time that restricts the diversity applicant requirements to independent cannabis lounge licenses.

9. *5.055 Selection of social equity applicants.*

In addition to qualifying criteria for Nevada based social equity applicants, we recommend that the Board also allow for qualifying social equity applicants who meet criteria from other states so as long as the following are true:

- A. The applicant has currently resided in Nevada for at least five (5) years;
- B. The state in which they formerly resided has a social equity applicant definition that meets the minimum criteria of Nevada’s social equity applicant definition; and
- C. The applicant meets the social equity applicant definition of the state they formerly resided.

In addition to the reduced fee for administrative processing for social equity applicants, we recommend that the Board also eliminate the requirement under 5.040.2 (a) II “*Affirmation that the applicant controls liquid assets in an amount of at least \$200,000.00*” for social equity applicants. If there needs to

be a liquid assets requirement for the initial application, we recommend changing the affirmation requirement to *“Will secure liquid assets in an amount of at least \$200,000.00 if selected”*.



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Comments on CCB Proposed Changes to NCCRs 1, 4, 6, 12 and 15

From: Scot Rutledge, Argentum Partners on behalf of the Chamber of Cannabis

To: Tyler Kilmas, Executive Director, Cannabis Compliance Board

Date: December 13, 2021

Submitted via electronic mail to: [regulations@ccb.nv.gov](mailto:regulations@ccb.nv.gov)

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1. *1.222 “Single-use cannabis product” defined. “Single-use cannabis product” means a type of cannabis or adult-use cannabis product, other than a ready-to-consume cannabis product, that the Board has determined to be appropriate for consumption in a cannabis consumption lounge. Single-use cannabis products includes but are not limited to items that are designed for use in a single sitting. Such items may not contain more than 0.5 gram of usable cannabis or may not contain more than 10mg of THC in a cannabis product.*

We recommend changing the limit for a single-use cannabis product to 1 gram of usable cannabis for flower products. The proposed limit of 0.5 grams falls below the current industry standards for pre-roll flower cannabis products, which will be a popular item sold in many lounges.

2. *4.050.1(a) Category III Violations.*

*(30) Permitting the use or consumption of cannabis by any person displaying any visible signs of intoxication at a cannabis consumption lounge;*

We recommend changing the word “intoxication” in 4.050.1(a)(30) to “overconsumption”. It is an important distinction given that persons that consume cannabis will show signs of intoxication. The regulation should focus on preventing overconsumption.

*(32) Failing to maintain a separate room in a cannabis consumption lounge for cannabis smoking, vaping, and inhalation in a cannabis consumption lounge, unless all such activities are prohibited in the cannabis consumption lounge.*

We recommend deleting the entirety of 4.050.1(a)(32). There is absolutely zero legislative intent, nor does the statute address any instance of limiting the smoking or vaping of cannabis in a cannabis lounge. Any proposal to limit cannabis smoking or vaping in a cannabis lounge is anathema to the spirit and intent of AB 341.

3. *4.060.1(a) Category V Violations*

*(10) Failing to provide required water service at a cannabis consumption lounge;*

We fully support the requirement for cannabis lounges to provide water service for free, but we recommend changing the word “provide” to “offer” in the case that a customer refuses free water service, which is customary at bars and restaurants. Requiring businesses to bring water to the table that is not consumed is a wasteful policy.

4. *6.085.10 Required security measures, equipment and personnel;*

*(10) A cannabis establishment shall operate the business in a decent, orderly, and respectable manner. A licensee shall not knowingly permit any activity or acts of disorderly conduct nor shall a licensee permit rowdiness, undue noise, or other disturbances. or activity offensive to the senses of the average citizen, or to the residents of the neighborhood in which the business is located.*

We agree that cannabis establishments should operate in such a way to mitigate any disorderly conduct and prevent public safety issues or concerns. The language in this regulation goes too far and leaves far too much of the determination on what is an offense to neighbors. We suggest deleting the second half of the proposed language and leaving the following: “A cannabis establishment shall operate the business in a decent, orderly, and respectable manner. A licensee shall not knowingly permit any activity or acts of disorderly conduct nor shall a licensee permit rowdiness, undue noise, or other disturbances.”

*(11) If an emergency requires law enforcement, firefighters, emergency medical service providers, board agents or other public safety personnel to enter the premises of the business, the cannabis establishment is responsible for cooperating with such law enforcement or public safety personnel. ensuring that all consumption, if allowed, and other activities, including sales, cease until such personnel have completed their investigation or services and have left the premises.*

We fully support cooperation with law enforcement and other emergency services and public safety personnel. We do not believe that every instance of a response will necessitate ceasing all business and that each situation should be handled on a case-by-case basis and with mutual respect and understanding. We suggest deleting the second half of the proposed language and leaving the following: “If an emergency requires law enforcement, firefighters, emergency medical service providers, board

agents or other public safety personnel to enter the premises of the business, the cannabis establishment is responsible for cooperating with such law enforcement or public safety personnel.”

5. *12.050 Cannabis sales facility and cannabis consumption lounge: Required disclosures and warnings*

*2(g) “There may be mental or physical health risks associated with consumption of cannabis products, including but not limited to cardiovascular problems, psychosis, or exacerbation of anxiety and/or depression. People with health concerns should consult with a physician before ingesting cannabis.”*

We suggest replacing 2(g) with the following language: “There may be health risks associated with consumption of this product. People with health concerns should consult with a physician before ingesting cannabis”. We fully support proper education and training of employees and fully expect that conversations regarding potential effects of cannabis should be discussed, especially if a customer expresses any concerns prior to consuming cannabis. We do not agree that a health warning that addresses specific side effects that possibly could be experienced be required in writing. Consumers must be held responsible for their choices and it is up to each cannabis establishment and their employees to ensure the safety and wellbeing of their guests. It is an unreasonable expectation to require the use of terms like “psychosis” or “cardiovascular problems” in a place that is providing a safe and entertaining space to consume safe, legal cannabis products.

*2(k) “Overconsumption of cannabis or cannabis products may cause negative health effects such as nausea, vomiting, anxiety, agitation, paranoia, and psychosis. Individuals with symptoms of overconsumption should seek immediate medical attention.”*

We suggest amending the language in 2(k) to read: “Overconsumption of cannabis or cannabis products may cause negative health effects. Individuals with symptoms of overconsumption should notify an employee of the establishment for assistance.” This new language more appropriately addresses the lounge’s ability to mitigate the effects of overconsumption.

6. *15.015 Duties of cannabis establishment agent before sale to consumer. Before a cannabis establishment agent allows access into the facility and prior to selling single-use cannabis products or ready-to-consume cannabis products to a consumer, the cannabis establishment agent shall:*

*2. Not permit the use or consumption of cannabis by any person displaying any visible signs of intoxication;*

We recommend changing the word “intoxication” in 15.015.2 to “overconsumption”. It is an important distinction given that persons that consume cannabis will show signs of intoxication. The regulation should focus on preventing overconsumption.

*3(d) The weight or amount of single-use cannabis products or ready-to-consume cannabis products that is not consumed and must be destroyed;*

This is an unreasonable expectation of the cannabis lounge and its employees. It will not deter either customers taking unused product out of the premises or keeping an employee from stealing unused product. Education and training of employees and direct communication, written and verbal, with consumers are the only reasonable deterrents.

7. *15.025 Prohibition on a single sale that exceeds maximum usable quantity of cannabis. A cannabis consumption lounge shall not sell to any consumer at one time an amount of single-use cannabis products or ready-to-consume cannabis products which exceeds:*

*1. One gram of usable cannabis. For any sale of usable cannabis containing more than 0.5 grams, the product must be transferred to a consumer in separate serving sizes containing no more than 0.5 grams;*

We recommend changing the limit for a usable cannabis product to 1 gram of usable cannabis for flower products. The proposed limit of 0.5 grams falls below the current industry standards for pre-roll flower cannabis products, which will be a popular item sold in many lounges.

*2. Concentrated cannabis or cannabis products containing not more than 20 milligrams of THC. For any sale of a cannabis product containing more than 10 milligrams of THC, the product must be transferred to a consumer in separate serving sizes containing no more than 10 milligrams of THC per serving; or*

We recommend for concentrated cannabis products a limit of 0.5 grams, similar to what is available currently at dispensaries or retail cannabis stores. For concentrated cannabis products in beverages or edible products, we suggest a maximum amount of 10 milligrams per serving per sale. We also suggest that cannabis lounges be required to offer a minimum dosage of 2 milligrams for beverages and edibles that are made onsite, also known as “ready to consume” products.

8. *15.030 Products required to be offered for sale; restrictions on sale of other products; restrictions on advertising.*

*2. Each cannabis consumption lounge shall inform the consumer and must not allow any single-use cannabis products or ready-to-consume cannabis products to be removed from the lounge.*

We suggest the following change to the language of 15.030.2: “Each cannabis consumption lounge shall not allow any single-use cannabis products or ready-to-consume cannabis products to be removed from the lounge and shall inform the consumer that removing such products from the lounge is illegal.”

9. *15.035 Storage and location of products; disclosure of cannabis testing facility performing quality assurance tests upon request of consumer; approved sources of products for sale; maintenance and availability of certificate of analysis.*

*1. A cannabis consumption lounge must store all single-use cannabis products, and ready-to-consume cannabis products behind a counter or other barrier to ensure a consumer does not have direct access to the products.*

We recommend the following change to the language of 5.035.1: "A cannabis consumption lounge must store all single-use cannabis products, and ready-to-consume cannabis products behind a counter, other barrier, or within a secure container to ensure a consumer does not have direct access to the products."

*4. A cannabis consumption lounge may procure multi-serving edible cannabis products from adult-use cannabis retail stores in this state and resell individual pieces to consumers.*

We suggest the following change to the language of 5.035.4: "A cannabis consumption lounge may procure multi-serving edible cannabis products from adult-use cannabis retail stores in this state and resell individual servings to consumers."

10. *15.040 On-site requirements to operate a cannabis consumption lounge*  
*3. Required logs that must be maintained for a minimum of two years.*  
*(a) Consumer illness log.*  
*(1) Log to include name, date and time of consumption, type of cannabis product consumed, date and time of illness onset, illness description and contact information.*  
*(b) Employee illness log.*  
*(1) Log to include, at a minimum, name, dates called out due to illness, symptoms and diagnosis.*

We suggest the following changes to the language 15.040.3(a): "Consumer overconsumption log." And for 15.040.3(a)(1): "Log to include name, date and time of consumption, type of cannabis product consumed, description of episode, and contact information." We strongly urge the deletion of section (b) as it does not pertain to the activities that take place at a cannabis lounge and this is a strong invasion of employee privacy. The determination of employment should be based on business SOPs, not regulations.

11. *15.050 Separate room for cannabis smoking, vaping, and inhalation. All indoor cannabis smoking or inhalation must be confined to a designated smoking room.*  
*1. The room must be completely separated from the rest of the cannabis consumption lounge by solid partitions or glass without openings other than doors or pass-through service windows.*  
*(a) All smoking-room doors and service windows must be self-closing and installed with a gasket to provide a seal where the door meets the stop.*

*2. The cannabis consumption lounge must create and mandate work protocols and indoor or outdoor air quality standards that minimize employees' secondhand smoke exposure.*

*(a) Minimize the need for employees to enter the smoke room, while still being able to monitor activities within the smoking room.*

*b) Require employees to wear adequate PPE such as N95/KN95 masks or respirators to minimize secondhand smoke exposure while in the smoking room.*

We recommend deleting the entirety of 15.050. There is absolutely zero legislative intent, nor does the statute address any instance of limiting the smoking or vaping of cannabis in a cannabis lounge. Any proposal to limit cannabis smoking or vaping in a cannabis lounge is anathema to the spirit and intent of AB 341. While we support the requirement for the creation of work protocols and air quality standards that protect both the guests and the employees, it is beyond comprehension that the CCB would enact employee standards that go far beyond the requirements for employees of hospitality and gaming establishments. At no time during the legislative process did any group or individuals state concerns or attempt to provide any evidence that employees of cannabis lounges would be at greater risk of second-hand smoke than employees of similar hospitality businesses.

**12.** *15.055 Ventilation of the cannabis consumption lounge. A ventilation plan must be submitted, approved, with changes as necessary, and fully implemented prior to issuance of a final license. At a minimum the ventilation plan must include:*

*1. A separate ventilation system capable of 30 complete air changes per hour at a minimum that must be directly exhausted to the outdoors within any designated smoking room;*

*2. A separate system capable of 20 complete air changes per hour at a minimum that must be directly exhausted to the outdoors within the rest of the cannabis consumption lounge;*

We suggest the elimination of 15.055.2 and that the language of 15.055.1 read as follows: "A ventilation system capable of 20 complete air changes per hour at a minimum that must be directly exhausted to the outdoors."

*6. If the lounge has an outdoor smoking area, a filtration system sufficient to remove visible smoke from the smoking area and eliminate odor at the property line; and*

We suggest changing the word "eliminate odor at the property line" to "mitigate odor at the property line" to be in line with other cannabis establishment standards.

*7. Atmospheric monitoring of the non-smoking room of the lounge focusing, at a minimum on an 8-hr average and 15 min peak CO2 and PM 2.5 concentrations; and*

We suggest the following change: "Atmospheric monitoring of non-smoking, indoor areas of the lounge" to account for previously requested changes related to elimination of separate smoking rooms.

**13.** *15.060 Notices and additional disclosures.*

*1. The following are notices that must be posted within the cannabis consumption lounge in a conspicuous location.*

*(b) "HEALTH WARNING: This is a smoking lounge. Occupants will be exposed to secondhand smoke. Secondhand smoke is hazardous to your health."*

*(1) This health warning must be conspicuously posted in a minimum of 72-point font on every entry point to a cannabis consumption lounge and separate smoking room within a cannabis consumption lounge.*

We suggest eliminating the words "separate smoking room within a cannabis consumption lounge" to account for previously requested changes related to elimination of separate smoking rooms.

**14.** *15.085 Law enforcement temporary closure of licensed operations. The Board or the head of the local law enforcement agency with jurisdiction over the licensee (or authorized designee) in an emergency, for cause, or upon code violation of a specific act which endangers the public welfare; and finding that such closure is necessary for the immediate preservation of the public peace, health, safety, morals, good order or public welfare, may temporarily close any cannabis consumption lounge for a period not to exceed seventy-two consecutive hours.*

We suggest deleting the following words from 15.085: "morals, good order" to prevent over-policing of lounges for ambiguous terms.

**15.** *15.090 Visibility of consumption.*

*2. A cannabis consumption lounge may have a consumption area outdoors under the following conditions:*

*(b) The cannabis consumption lounge shall ensure that the consumption area is surrounded by a sight-obscuring wall, fence, hedge, or other opaque or translucent barrier that also prevents cannabis products from being transferred to anyone outside the consumption area.*

We suggest the following change to 15.090.2(b): "The cannabis consumption lounge shall ensure that, if the elevation of the consumption area is within eight vertical feet of the surrounding area, the consumption area is surrounded by a sight-obscuring wall, fence, hedge, or other opaque or translucent barrier that also prevents cannabis products from being transferred to anyone outside the consumption area."

- 16.**     *15.095 Water service. Water shall be provided without request and free of charge to all consumers.*

We fully support the requirement for cannabis lounges to provide water service for free, but we recommend changing the word “provide” to “offer” in the case that a customer refuses free water service, which is customary at bars and restaurants. Requiring businesses to bring water to the table that is not consumed is a wasteful policy.

- 17.**     *15.100 Lounge licenses attached to sales facilities.*

*2. The physical premises of the cannabis consumption lounge must be in some direct way attached to the cannabis sales facility.*

We would like to hear from the CCB staff what some examples of this language in effect would look like. The statute calls for a sales facility lounge to be adjacent, but we understand that the definition would be better served in the NCCRs. Additionally, we do support a broad definition for purposes of allowing the most market participation.



Sala Consulting

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Cannabis Compliance Board  
Tyler Klimas, Executive Director  
555 E. Washington Avenue, Suite 5100  
Las Vegas, NV 89101  
Submitted via email: regulations@ccb.nv.gov

December 13, 2021

Dear Director Klimas and Cannabis Compliance Board Members,

On behalf of Planet 13 Holdings, thank you for the opportunity to provide input on the proposed consumption lounge NCCRs and for your consideration of the recommendations below. We are proud to work with you to create a safe and successful foundation for the implementation of cannabis consumption lounges as envisioned by the Legislature in AB 341.

**Regulation 5.050** (New text added to proposed regulations in green throughout) **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 available in each application period, except applications for cannabis consumption lounges attached to sales facilities, shall be reserved for applicants that are certified as minority owned or female owned businesses, pursuant to NCCR 5.045.

- We believe this is a necessary clarification of intent.

**Regulation 1.222** (Deleted text from proposed regulations in red strikethrough-throughout) **"Single-use cannabis product" defined.**

Single-use cannabis products includes but are not limited to items that are designed for use in a single sitting. Such items may not contain more than 1 0.5 grams of usable cannabis or may not contain more than 10mg of THC in a cannabis product.

- Pre-rolled joints are the largest selling products specifically manufactured for single-use in the Nevada market. Standard pre-rolls are 1 gram. We hope the Board will adopt this change as a straightforward reflection of the marketplace.

**Regulation 4.050 Category III Violations.**

(30) Permitting the use or consumption of cannabis by any person displaying any visible signs of overconsumption ~~intoxication~~ at a cannabis consumption lounge;

- This provision is overly broad when applied to the consumption of cannabis. A certain amount of intoxication is generally the intent of consumers. We strongly believe that licensees should be focused on identifying signs of overconsumption rather than *de minimis* consumption.

**Regulation 4.060 Category V Violations.**

(10) Failing to offer ~~provide~~ required water service at a cannabis consumption lounge; or

- Clarifies that water service shall be offered and readily available, which we strongly support, but mitigates waste and congested water station areas associated with this section as drafted.

**Regulation 6.075 Development, documentation and implementation of certain policies and procedures; maintenance and availability.**

(6) For cannabis consumption lounges, disclosure of health risks involved with the performance of job duties.

- We believe this is a necessary clarification of intent.

**Regulation 6.085 Required security measures, equipment and personnel; location of outdoor cultivation facility must allow for response by local law enforcement. (Effective on August 1, 2022)**

(3)(VI) A method for storing video recordings from the video cameras for at least 30 calendar days in a secure on-site or off-site location or through a service or network that provides on-demand access to the recordings and providing copies of the recordings to the Board and Board Agents for review upon request, on portable, external hard drives or other media as directed by the Board or Board Agents, at the expense of the cannabis establishment, and within a reasonable time frame as determined by the Board or Board Agents. ~~The blank portable, external hard drives must be available at the cannabis establishment at all times and there must be at least one drive capable of holding a full thirty days of video footage of the entire cannabis establishment;~~

9. Cannabis establishments must ensure that armed security officers do not violate the provisions of NRS 202.257 (possessing a firearm while under the influence of a controlled substance). In addition, a cannabis consumption lounge shall prohibit consumers from bringing firearms into a consumption lounge. 10. A cannabis establishment shall operate the business in a decent, orderly, and respectable manner. A licensee shall not knowingly permit any activity or acts of disorderly conduct nor shall a licensee permit rowdiness, undue noise, or other disturbances. ~~or activity offensive to the senses of the average citizen, or to the residents of the neighborhood in which the business is located.~~

11. If an emergency requires law enforcement, firefighters, emergency medical service providers, board agents or other public safety personnel to enter the premises of the business, the cannabis establishment is responsible for cooperating with such law enforcement or public safety personnel. ~~ensuring that all consumption, if allowed, and other activities, including sales, cease until such personnel have completed their investigation or services and have left the premises.~~

- These changes remove vague and subjective provisions, and reform onerous restrictions to bring regulations in line with other highly regulated industries in Nevada. Specifically, the provision requiring blank portable external hard drives is impracticable due to the extremely large size of the digital files in question.

**Regulation 15.015 Duties of cannabis establishment agent before sale to consumer. Before a cannabis establishment agent allows access into the facility and prior to selling single-use cannabis products or ready-to-consume cannabis products to a consumer, the cannabis establishment agent shall:**

2. Not permit the use or consumption of cannabis by any person displaying any visible signs of overconsumption ~~intoxication~~;

(d) The weight or amount of single-use cannabis products or ready-to-consume cannabis products that is not ~~consumed~~ and must be destroyed; and

- Revise (2.) to conform with recommended change to Regulation 4.050(30). Additionally, it is our hope that changes to (d) more accurately reflect the intent of the proposed regulations. If left as-is, this provision would prove extremely challenging for lounge licensees attempting to measure half-smoked products. Please consider that bars and restaurants do not measure the amount of alcohol sold but not consumed.

**15.025 Prohibition on a single sale that exceeds maximum usable quantity of cannabis. A cannabis consumption lounge shall not sell to any consumer at one time an amount of single-use cannabis products or ready-to-consume cannabis products which exceeds:**

1. One gram of usable cannabis ~~For any sale of usable cannabis containing more than 0.5 grams, the product must be transferred to a consumer in separate serving sizes containing no more than 0.5 grams;~~

- Changes to conform with our comments to Regulation 1.222.

**15.035 Storage and location of products; disclosure of cannabis testing facility performing quality assurance tests upon request of consumer; approved sources of products for sale; maintenance and availability of certificate of analysis.**

A cannabis consumption lounge must store all single-use cannabis products, and ready-to-consume cannabis products behind a counter, ~~or~~ other barrier, ~~or within a secure container~~ to ensure a consumer does not have direct access to the products.

- This change would bring lounge regulations more closely in line with sales facility regulations which allow consumers to see and smell cannabis products that are locked in transparent containers.

**15.050 ~~Separate room for cannabis smoking, vaping, and inhalation. All indoor cannabis smoking or inhalation must be confined to a designated smoking room.~~**

~~1. The room must be completely separated from the rest of the cannabis consumption lounge by solid partitions or glass without openings other than doors or pass-through service windows. (a) All smoking room doors and service windows must be self-closing and installed with a gasket to provide a seal where the door meets the stop.~~

(b) ~~Allow~~ **Require** employees to wear adequate PPE such as N95/KN95 masks or respirators to minimize secondhand smoke exposure while in the smoking room.

- In our view, this proposal would virtually eliminate any indoor lounges if put into practice. The term “social consumption lounge” has often been used as a synonym for proposed cannabis consumption venues in Nevada and around the country. This regulation is the antithesis of a social consumption environment, wherein patrons are restricted to consuming in extremely limited groups. Furthermore, we believe the regulation is contradictory to the intent of AB 341. It is our opinion that venues can reasonably treat consumption areas by incorporating state-of-the-art air management systems as envisioned in Regulation 15.055.

**15.055 Ventilation of the cannabis consumption lounge. A ventilation plan must be submitted, approved, with changes as necessary, and fully implemented prior to issuance of a final license. At a minimum the ventilation plan must include:**

~~1. A separate ventilation system capable of 30 complete air changes per hour at a minimum that must be directly exhausted to the outdoors within any designated smoking room;~~

2. A separate system capable of 20 complete air changes per hour at a minimum that must be directly exhausted to the outdoors within ~~the rest of~~ the cannabis consumption lounge;

~~3. The ventilation system within any smoking room must create a negative air pressure within the room;~~

4. A HEPA filtration system, or equivalent system, capable of handling the entire volume of air within any separate room of the lounge;

5. An odor mitigation plan that will eliminate odor as it leaves the building;

6. If the lounge has an outdoor smoking area, a filtration system sufficient to remove visible smoke from the smoking area and ~~mitigate~~ **eliminate** odor at the property line; and

- Incorporates revisions to conform with necessary changes to Regulation 15.050, aligns air change standard with engineering recommendations for smoking casinos, and realistically regulates odor at facilities’ property line, as complete elimination of odor is unachievable at currently licensed cannabis facilities.

#### 15.060 Notices and additional disclosures.

(1) This health warning must be conspicuously posted in a minimum of 72-point font on every entry point to a cannabis consumption lounge ~~and separate smoking room~~ within a cannabis consumption lounge.

- Conforming change with recommended change to Regulation 15.055.

**15.085 Law enforcement temporary closure of licensed operations.** The Board ~~or the head of the local law enforcement agency with jurisdiction over the licensee~~ (or authorized designee) in an emergency, for cause, or upon code violation of a specific act which endangers the public welfare; and finding that such closure is necessary for the immediate preservation of the public peace, health, safety, ~~morals, good order~~ or public welfare, may temporarily close any cannabis consumption lounge for a period not to exceed seventy-two consecutive hours.

- To preserve the rights and due process of licensees, we request removal of the reference to local law enforcement. Today, law enforcement has the right to close establishments in general emergencies pursuant to Clark County Municipal Code 12.28. The Board should retain ultimate decision-making power to impose a closure on its licensees for conditions that do not rise to the level of a general emergency. Additionally, we request deletion of the vague and unnecessary terms “morals, good order”.

#### 15.090 Visibility of consumption.

(b) The cannabis consumption lounge shall ensure that, ~~if the elevation of the consumption area is within eight vertical feet of the surrounding area,~~ the consumption area is surrounded by a sight-obscuring wall, fence, hedge, or other opaque or translucent barrier that also prevents cannabis products from being transferred to anyone outside the consumption area.

- Revising barrier regulations to account for elevated outdoor consumption spaces where illicitly transferring cannabis products is unrealistic.

**15.095 Water service.** Water shall be ~~offered~~ ~~provided~~ without request and free of charge to all consumers.

- Change to conform with the previous recommended change to Regulation 4.060(10).

Again, thank you for your consideration of these recommended changes to the proposed consumption lounge NCCRs. We look forward to actively participating in further discussions in order to ensure continued safety and success in the cannabis industry.

Sincerely,

Chris Anderson  
President, Sala Consulting



December 13, 2021

Cannabis Compliance Board  
Grant Sawyer Office Building, Suite 4200  
555 E. Washington Avenue  
Las Vegas, NV 89101

Subject: Proposed Changes to NCCR 1, 4, 5, 6, 10, 11, 12, 15

Dear Members of the Cannabis Compliance Board and Director Klimas,

On behalf of the Nevada Dispensary Association, thank you for considering our written comments regarding the proposed amendments and additions to the Nevada Cannabis Compliance Regulations.

**Proposed Amendments and Additions to Application Regulations (NCCR 1 & 5)**

**Applying proposed changes to lounge application process only**

Because of the substantive nature of the proposed changes and their impact, we would ask the Board to consider making incremental changes to the application process by limiting any new regulations to lounge applications only. This will allow for further time and discussion of these significant changes before applying them to all future cannabis establishment licenses. At the same time, by limiting to the changes to lounges only, that application process can continue to move forward.

**Criteria of merit and relative weight (NCCR 5.040)**

The proposed changes to the license application process do not set forth the relative weight of the various criteria required by the application. However, according to NRS 678B.280, the Board is required to consider certain criteria of merit and *shall adopt* regulations for determining the relative weight of each of those criteria. Criteria of merit such as diversity, industry experience, and key personnel must be considered prior to the issuance of a license pursuant to NRS 678B.250. While these are each mentioned in NCCR 5.040, the proposed regulations do not appear to set forth “regulations for determining the relative weight of each criteria of merit.” (NRS 678B.280(2)). Both AB 341 and these proposed regulations appear to move away from a merit-based system, but it is not clear how this can be reconciled with NRS 678B.280.

**Limitation on the number of applications by an ownership group (NCCR 5.040)**

While the number of *lounge* applications by a single ownership group is limited by statute, proposed NCCR 5.040 appears to extend that limitation to *all* future cannabis establishment license applications. Such a policy could be detrimental to the economic growth of less populated jurisdictions, as applicants limited to only one application are



less likely to select those counties and cities. With the infrequency of licensing rounds, businesses should be able to submit applications for multiple concepts and locations.

*Communication between applicants and the Board (NCCR 5.040(1)(5)(I))*

Proposed NCCR 5.040(1)(5)(I) requires that applicants respond to any Board communication “immediately, but if that is impossible, no later than 24 hours after contact by the Board.” If the applicant does not respond within this brief period, then “that fact may be used to deny the applicant from receiving a prospective, conditional, or final license.” This is an extremely short period to respond and a very harsh penalty. With the high costs of non-refundable application fees and the high stakes in a limiting licensing process, applicants should be given slightly more time to respond, such as 48 hours, at a minimum.

*Clarification regarding requested documents (NCCR 5.040(2))*

The documents requested in 5.040(2) should be clarified in order to ensure compliance by applicants. For example, with respect to (XII) seeking the last two fiscal years of financial statements and (XV) regarding history of the company, it is not clear how a newly created entity should respond. Even existing licensees may create a new entity for the purpose of applying for a lounge license; therefore, clarification as to which company’s financial documents are requested would help applicants submit the correct documents and reduce Board staff time. Additionally, 30 days may not be sufficient time to provide the substantial number of requested documents, and we would suggest extending the timeline to 45 days at a minimum.

*Time to become operational (NCCR 5.040(3))*

With respect to NCCR 5.040(3), because of extrinsic factors impacting a new business becoming operational, not the least of which being that no local ordinances currently exist for licensing lounges, we would ask that the time to become operational be extended to 18 months and that a subsection (e) be added to the regulations specifically stating that extensions may be granted upon request, on a case-by-case basis.

*Proposed set aside of 30% of licenses (NCCR 5.050)*

NCCR 5.050 proposes that thirty percent of all cannabis establishment licenses shall be reserved for applicants certified as minority or female owned. Presumably this applies to future cannabis establishment licenses. It should be clarified that it does not apply to retail attached lounge licenses.

Further, while this proposed provision references “the State of Nevada’s policy on inclusion found in NRS 678B.280(1)(f)” nothing in that statutory provision requires that 30% of licenses be reserved for certified diverse or female owned businesses. Rather,



it states that the Board must consider diversity as a criteria of merit in an application and that the regulations must set forth the weight of that criteria.

It is not clear where the 30% number comes from. Different states have set different goals and targets for increasing participation by minority owned and female owned businesses, both inside and outside of the cannabis industry. To that end, it would be beneficial to have a policy discussion based on the 30% figure and the source of that number, as well as whether that is the best target for Nevada. Should the number be tied to small business ownership in Nevada? Should it be tied to Census data regarding population demographics? Should the number change based on the demographics of the particular jurisdiction where the establishment will be located? Perhaps this policy should be framed as a target or goal rather than as a set aside. This was not part of the Cannabis Advisory Commission's lengthy discussions and recommendations regarding lounges, and it is appropriate that this be opened to further discussion either at the Commission or Board level, or at the Legislature.

### **Proposed Consumption Lounge Regulations (NCCR 1, 4, 5, 6, 10, 11, 12, 15)**

#### **Single-use cannabis product definition (NCCR 1.222)**

NCCR 1.222 proposes limiting single-use cannabis products no more than 0.5 grams of usable cannabis. A standard pre-roll size in the market is 1 gram. To ensure the availability of what is sure to be a popular product,<sup>1</sup> as well as meet customer expectations based on what is already commonly available, the amount should be increased to 1 gram of usable cannabis.

#### **Signs of intoxication (NCCR 4.050(30))**

We would suggest the following change to NCCR 4.050(30):

*Permitting the use or consumption of cannabis by any person displaying any visible signs of intoxication **overconsumption** at a cannabis consumption lounge*

Consumption lounges are places where people can safely and legally consume a substance known to cause intoxication; therefore, forbidding service based on *any* sign of intoxication seems overly broad. A standard preventing continued service to customers who are visibly overly intoxicated would be more clear and aid in compliance.

#### **Required security measures (NCCR 6.085(3),(10)&(11))**

NCCR 6.085(3)(VI) appears to require an external, portable hard drive capable of holding a full 30 days of video footage of the entire cannabis establishment. This

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<sup>1</sup> According to a survey of potential lounge customers conducted by the Nevada Dispensary Association, the two most popular types of products that customers would want to try in a lounge are flower and pre-rolls. (See Attachment).



amount of data would be too big to put on a portable drive. It is not clear that such a drive of this size exists. Perhaps this could be accomplished by providing online access or downloading specific requested video.

NCCR 6.085(10) introduces a potential standard for cannabis establishments beyond what is currently required in statute or regulations, and is overly broad with respect to “activity offensive to the average citizen, or to residents of the neighborhood.” We would suggest the following edit to remove that language:

*A cannabis establishment shall operate the business in a decent, orderly, and respectable manner. A licensee shall not knowingly permit any activity or acts of disorderly conduct nor shall a licensee permit rowdiness, undue noise, or other disturbances. ~~or activity offensive to the senses of the average citizen, or to the residents of the neighborhood in which the business is located~~*

NCCR 6.085(11) requires all cannabis establishments to stop all sales and/or consumption if law enforcement, firefighters, EMS, or board agents enter the premises. This is too broad and not what is required of other business types. This should be edited to require employees to cooperate with emergency personnel, but not to require sales and consumption to cease across the entire establishment. Such a requirement could lead operators to not call law enforcement or EMS unless absolutely necessary, because they could lose an hour or more of business. Additionally, the inclusion of board agents as among those triggering a stop in activity seems too broad, as agents regularly visit establishments.

#### *Packaging and labeling (NCCR 12.050)*

We appreciate that the warnings and disclosures in NCCR 12.050 would be able to be conveyed digitally, as this is better for the environment and would reduce excess paper. Additionally, allowing the information to be conveyed in a manner other than printed on a label or package ensures that businesses do not have to regularly re-order new packaging.

#### *NCCR 15.015*

NCCR 15.015 should be clarified in order to aid compliance. The regulations state that “Before a cannabis establishment agent allows access into the facility and prior to selling single-use or ready-to-consume products, the cannabis establishment agent shall...” Then the regulation lists a variety of different things happening along different timelines. Specifically, with subsection (3), the information that must be entered takes place at the point of sale or, in the case of weight, after.

With respect to entering the weight of unconsumed cannabis before destruction, this seems overly burdensome to staff and unnecessary. It would seem that a clear



requirement that unconsumed cannabis must be destroyed would accomplish the goal without requiring serving staff to collect half-smoked pre-rolls or a half-eaten brownie, and then weigh those items prior to destruction. Certainly no similar requirement exists with respect to alcohol.

#### NCCR 15.025

In a survey conducted by the NDA of current dispensary consumers, two-thirds of the nearly 500 respondents said that they would plan on visiting a lounge with others. The fact that the vast majority of people plan to visit in groups should be considered when determining how much can be sold in a single transaction. It would be like forbidding the sale of pitchers in a bar to a table of four people. Groups of two or more people should be permitted to buy a larger amount of product, particularly flower, together rather than in separate sales.

#### Consumer Illness Log (NCCR 15.040(3))

NCCR 15.040(3) calls for a lounge to log all consumer illnesses. Presumably this is intended to document and record illnesses caused by consumption or overconsumption of cannabis. To increase compliance, this should be clarified to mean “illnesses reported after consumption or overconsumption.”

#### Smoking Rooms (NCCR 15.050 & 15.055)

Lounge regulations should be in line with existing air quality requirements for age-restricted stand-alone bars, taverns, and saloons. Smoking is permitted in age-restricted stand-alone bars without a requirement of a closed-off smoking area (NRS 202.2483(3)(c)). To require smoking rooms only for lounges would place an additional burden on consumption lounges that does not exist for similar types of businesses. If the existing standards are inadequate, then the legislature should consider revising NRS 202.2483 with respect to the air quality standards for all types of businesses.

#### Law enforcement temporary closure (NCCR 15.085)

The timeline for temporary suspension of a license by a sheriff or law enforcement agency for cause or code violation should mirror the timeline for similar types of businesses (bars and gaming establishments). This leaves a business potentially closed for an entire weekend with no recourse. Further, the rationale for such a closure is overly broad, including “public peace, health, safety, morals, good order or public welfare.”

#### Lounge licenses attached to sales facilities (NCCR 15.100)

AB 341 requires retail lounge locations to be attached or immediately adjacent to retail sales facilities. While “adjacent” was not specifically defined, the dictionary definition is



“close or near.” This could mean in a shared parking lot, where the two buildings are not directly touching. However, the proposed NCCR 15.100 requires the two facilities to be directly attached. It is not clear why the facilities cannot be adjacent as envisioned in AB 341.

We are grateful to the Board, Board staff, and the Cannabis Advisory Commission’s extensive work on deliberating and drafting these proposed regulations. We appreciate the opportunity to provide input. Thank you for considering these written comments.

Respectfully,

A handwritten signature in black ink, appearing to read "L Martin".

Layke Martin, Esq.  
Executive Director  
Nevada Dispensary Association



# CONSUMPTION LOUNGE PUBLIC OPINION SURVEY RESULTS

Prepared on December 13, 2021

## INTRODUCTION

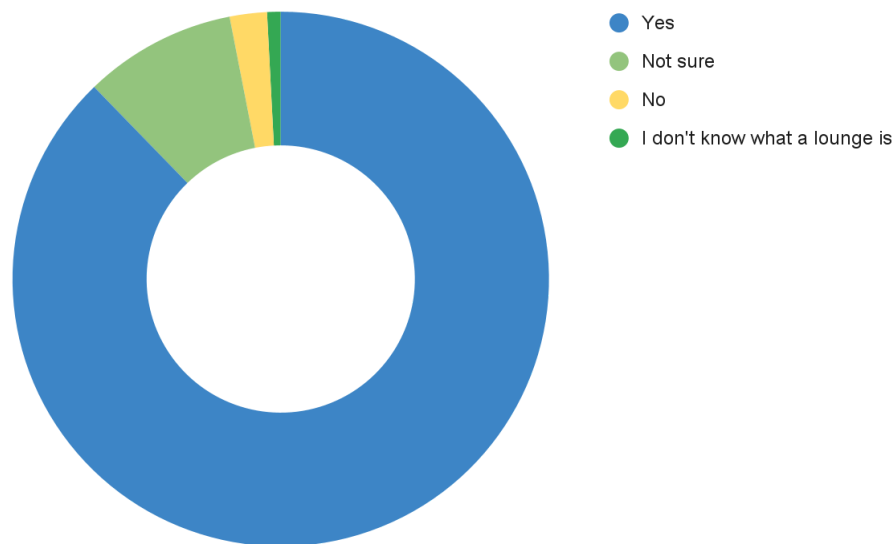
The Nevada Dispensary Association surveyed cannabis consumers to find out what they would like to see when consumption lounges open. 492 respondents completed the survey, which was available from December 3 to December 13, 2021, and was distributed online, on social media, and via a QR code at dispensary locations across Nevada.

Of the 492 total anonymous respondents, 33.9% of survey respondents identified as visitors while 66.1% of respondents identified as Nevada residents.

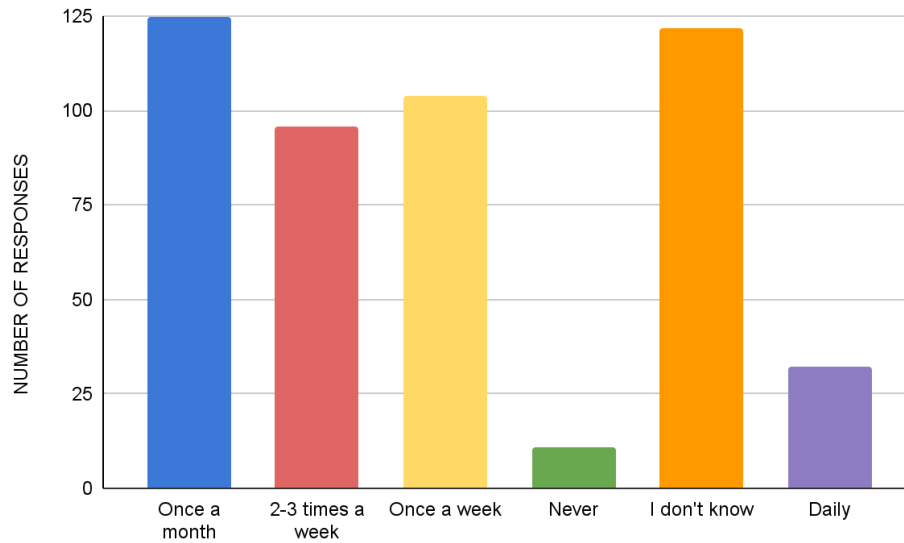
Survey respondents were asked a variety of questions, from those geared toward discerning interest in visiting consumption lounges, visit frequency and the social nature of visits, to questions on preferences for types of product available, methods of consumption, length of stay, prices, and atmosphere.

## VISIT PROBABILITY, FREQUENCY & SOCIAL ASPECTS

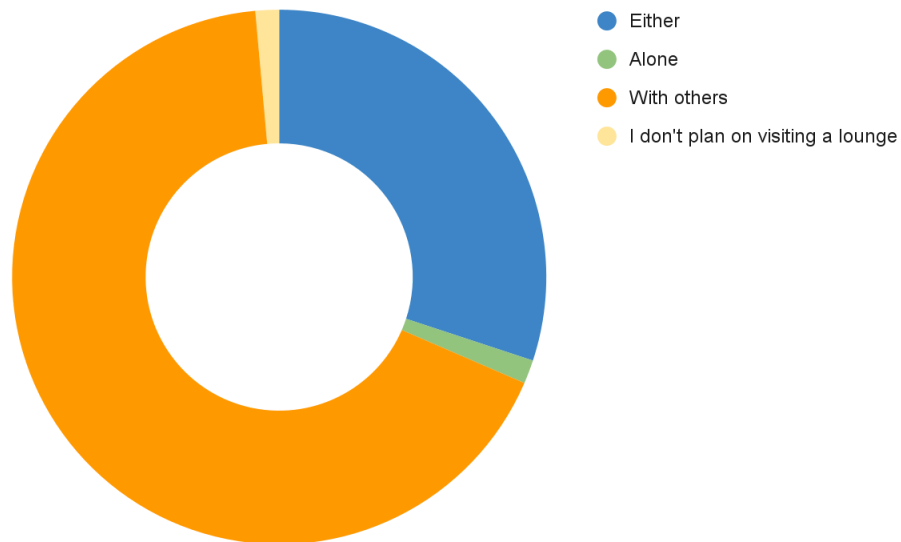
When consumption lounges open in Nevada would you visit a lounge?



When lounges are open in Nevada, how frequently could you see yourself visiting a lounge?

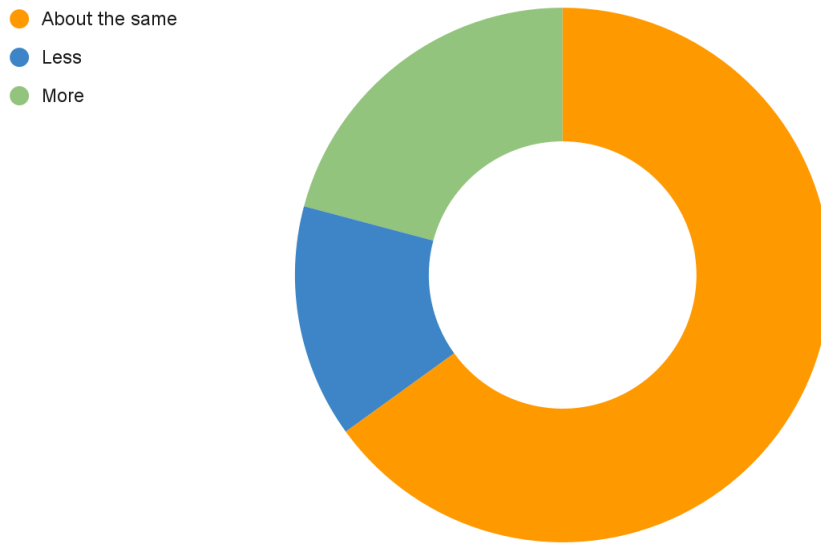


If you planned on visiting a lounge would you anticipate visiting alone or with others?



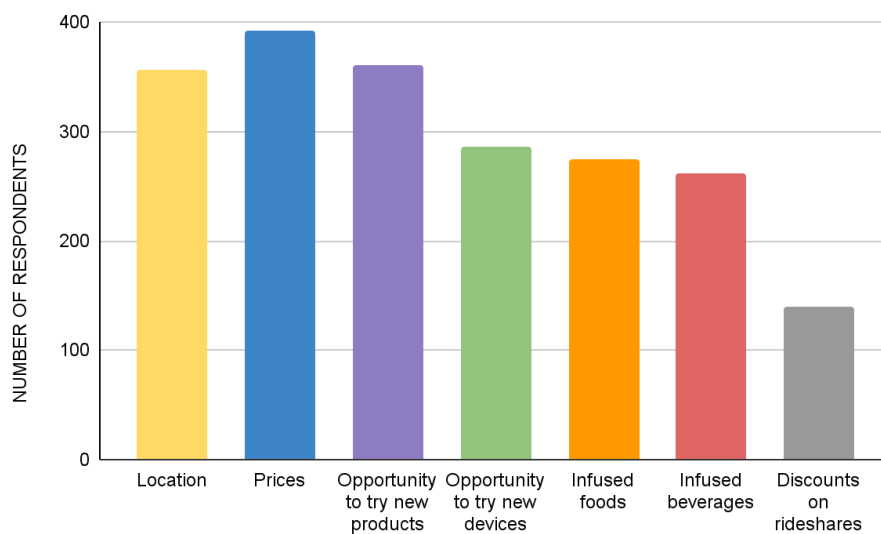
## EXPERIENCE PREFERENCES

If smoking in cannabis lounges was required to take place in a sealed off smoking room with ventilation, would you be more likely to visit, less likely to visit, or about the same?



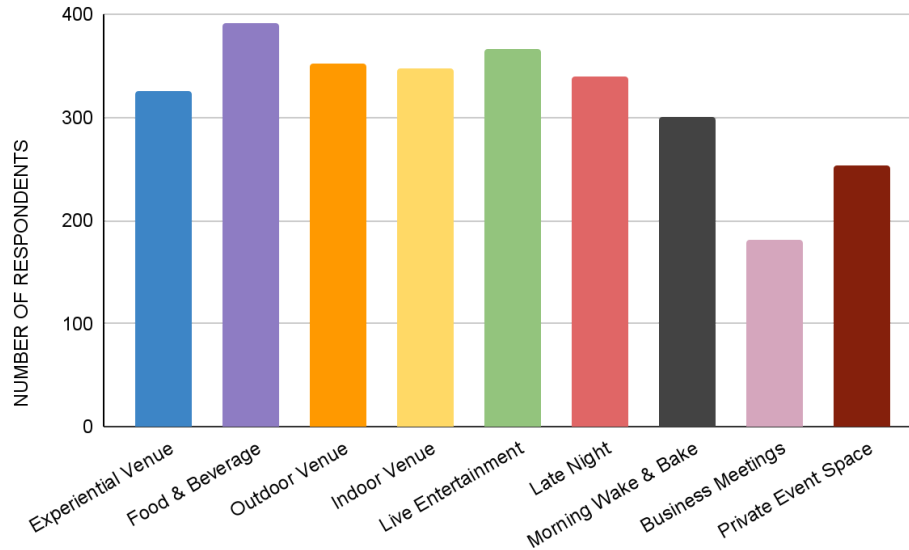
Which factors would influence your decision to visit a lounge?

*In addition to responding to the provided options, respondents were encouraged to input "other" options not included on the survey. Those additional, "other" options provided by respondents included a vast array of suggestions, ranging from varied entertainment to exceptionally educated staff.*



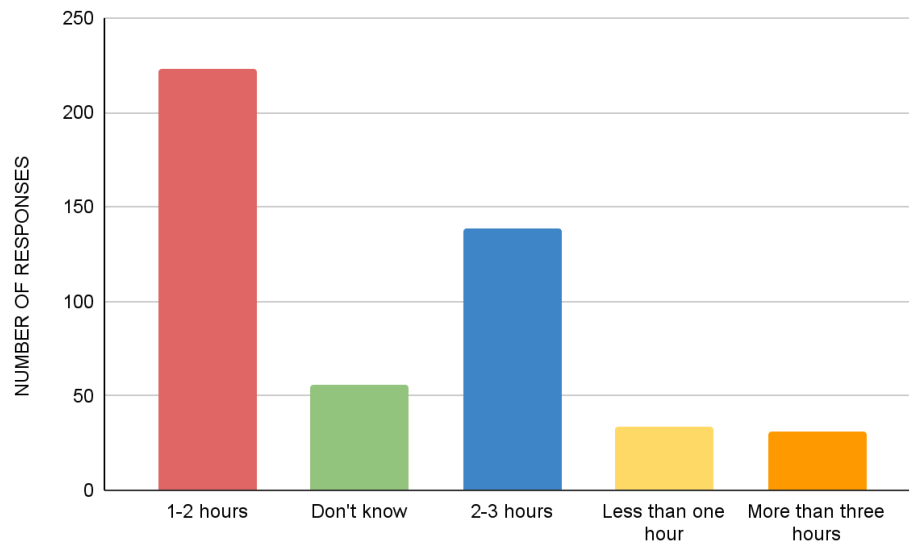
### What types of experiences or atmosphere would you like to see in a lounge?

Respondents were asked to select as many options as applied. In addition to responding to the provided options, respondents were encouraged to input “other” options not included on the survey. Those additional, “other” responses have not been logged below.

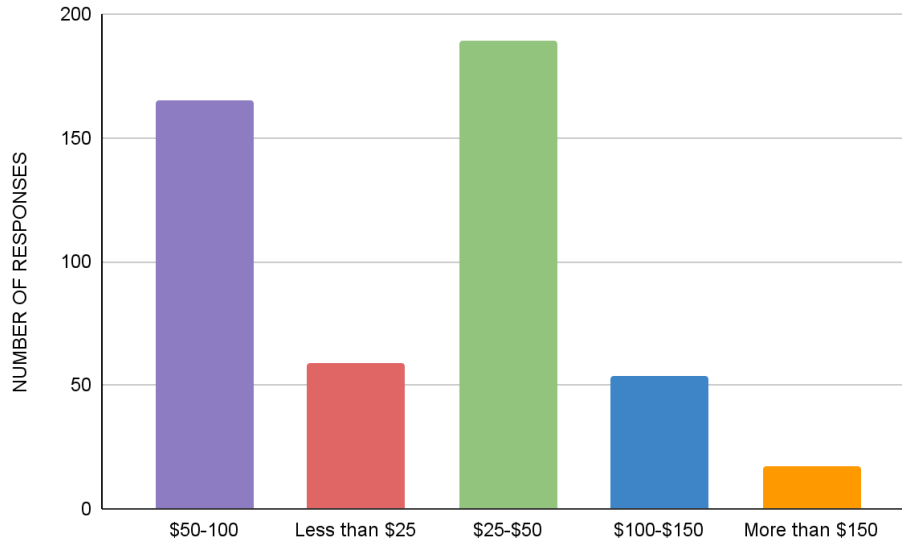


### TIME AND MONETARY COMMITMENT

How long would you expect to spend in a consumption lounge?



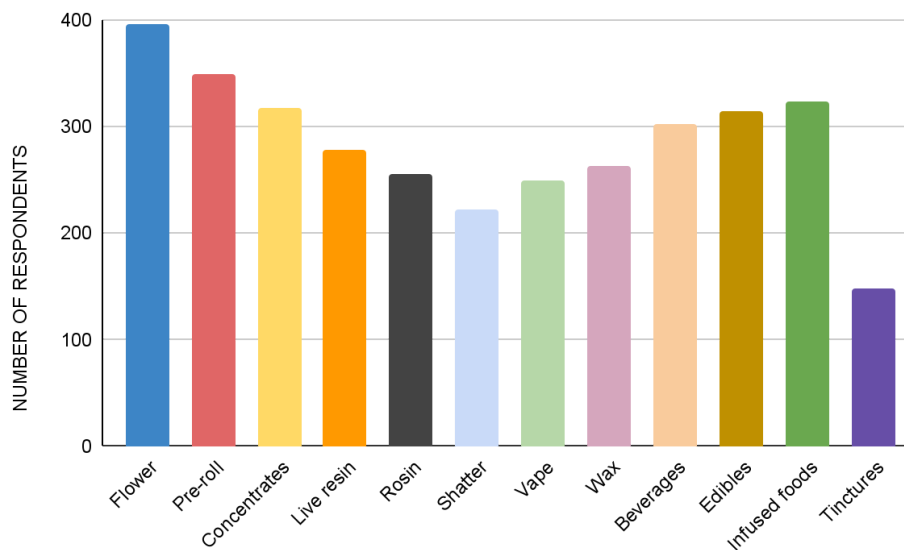
How much money would you expect to spend during a visit to a lounge?



## PRODUCT PREFERENCES

What type of product would you like to consume in a lounge?

*Respondents were asked to select as many options as applied. In addition to responding to the provided options, respondents were encouraged to input "other" options not included on the survey. Those "other" responses have not been logged below.*



# SOCIAL CONSUMPTION SUMMARY

*Social Consumption Marijuana Establishments/Onsite Marijuana Retailers in Nevada*

*Prepared by: Katree Darriel Saunders*

*Contact: KatreeKonsulting@gmail.com*

## **Objective:**

This document is a summary of ideas I created for the State of Nevada and Local Level Legislators to consider crafting into their legislation for implementation. I have thoughtfully considered what Social Consumption Establishments/Onsite Marijuana Retailers' Rules and Regulations would look like in Nevada under a system that is carefully crafted to support persons most harmed by the war on drugs while ensuring the highest possible standards for Public Health and Public Safety.

## **Minority and Women Owned Opportunities for Disenfranchised Communities:**

Communities which have been negatively impacted by the war on drugs should have access to programs and grants that ensure they have access to start-up capital to start new cannabis businesses. Programs for women reentering society or being displaced from homelessness due to the impact of being arrested or imprisoned should have access to specialized programs to receive support.

## **Establish a Reinvestment Fund for Impacted Entrepreneurs and Job Seekers:**

Set aside a portion of funds accumulated through taxes for programs and grants for purposes such as educational resources and job development training or any programs that will improve the quality of life for persons re-entering society such as former prisoners, homeless, victims of domestic violence, expungement clinics, and food drives.

## **Establish a Protocol to Screen Patrons' Age and Identification:**

Upon entry of Social Consumption Marijuana Establishments that only adult patrons 21+ are allowed into the establishment; similar to alcohol establishments. Registered

patients would be admitted into Onsite Consumption Clinics with their Medical Registration Card or accompanied by their Caregiver if under the age of 18.

### **Designated Driver/Safe Transportation:**

Create a system where servers can assist patrons finding designated drivers so they can safely return home or their next destination. This can be facilitated through ride-hailing apps such as Uber.

### **Separate Social Consumption Licenses for Medical and Recreational/Adult-Use:**

Patients may prefer a more clinical environment during the time they are seeking healthcare. Also, medicine that is available to patients may be more potent than what might be available in an Adult-Use Lounge setting for which its environment has been set up for entertainment, recreation, or creative exploration.

Adult-Use Lounges may be set up to enjoy music, more interesting and dramatic lighting, performance art, and other entertaining elements such as painting parties.

### **Event Licenses/Short Term Event Licensing at Indoor/Outdoor Locations:**

Develop a framework for State Legislators and Local Level Licensing Authorities to develop Short Term Event Licenses that allow the sale of marijuana and/or marijuana products/infusions by an event licensee.

### **Local Craft Choice:**

Developing Social Consumption Establishment Licenses creates a pathway for diversity of marijuana establishments that will retail marijuana to consumers and marijuana products/infusions including clubs, hotels, restaurants, veterans organizations, yoga studios, massage studios and more to fulfill the municipality's required number of marijuana establishments. Local Craft Choice will organically develop similarly as it has with Local Craft Choice in Local Craft Beer Establishments.

### Onsite Marijuana Infusions:

Develop a pathway for Onsite Consumption Marijuana Retailers to combine neutral food and beverages with marijuana such as a juice bar, coffee shop, restaurant, or other business that requires onsite infusion.

### Mixed-Use/51% Rule:

Because of the wide range of businesses and onsite services possible combining with marijuana retail, the draft regulations propose that businesses can apply to become an onsite consumption marijuana retailer in cases where at least 51% of the business will be marijuana sales. This will ensure the state has a significant revenue stake in any Social Consumption Marijuana Establishments and that a wide range of businesses can apply to become an onsite marijuana retailer including bar style establishments to yoga studios and massage therapy studios.

### 0.35 Ounces Daily Limit:

This concept of the daily purchase limits is derived from the maximum allowable daily exposure limitations put forth in the Massachusetts Medical Marijuana Program's Laboratory Testing Protocols. Safe exposure limits per day include; 10 grams for flower, 2 grams of concentrate, and 1400mg of either edible or non-edible marijuana infused products or any combination thereof.

### Serving Size Limits:

Limitations on serving sizes for onsite consumption marijuana retailers are suggested including 10mg for edible marijuana infused products, 50mg for non-edible infused products, 1/10 of a gram for concentrates, and 0.25 gram for flower.

### Tracking Sales through a Lockbox Point-of-Sale:

All transactions will be tracked and taxes recorded through a secure Point-of-Sale system only accessible by the Commission during inspections and auditing procedures. The Lockbox Point-of-Sale will not collect any personal information, but will warn Onsite Retail Agents if a consumer is approaching their daily purchase limit and will not let them exceed such daily purchase limits.

### **Environmental Protection and Reusable/Sustainable Packaging:**

In order to prevent environmental concerns as well as unnecessary exposure to marijuana packaging for children and pets my proposal calls for reusable packaging that can be cleaned according to developed standards and reused by the following consumer.

**From:** Kristy McLean  
**Sent:** Tuesday, December 14, 2021 11:07:59 AM  
**To:** [CCBmeetings@ccb.nv.gov](mailto:CCBmeetings@ccb.nv.gov) <[CCBmeetings@ccb.nv.gov](mailto:CCBmeetings@ccb.nv.gov)>  
**Subject:** Public comment for board meeting and workshop

Is it possible to participate in today's 1pm workshop via zoom? If not, I would like to submit the following for public comment:

My name is Kristy McLean. I am a potential new female and veteran owned minority business applicant in Sparks, Nevada. I am currently working with partners and investors to take the steps necessary to establish a minority owned cannabis consumption lounge when licensing opens in 2022. I have been viewing live stream meetings but have not been able to determine if possible to actually participate in meetings remotely so I have unable to share in comment that I agree with the sentiments of the gentleman who gave public comment this morning at the CCB meeting. By having an additional minority certification process and associated fees, you are creating an additional barrier to entry as compared to white male business owners. As a potential applicant, we have already had a considerable amount of time and attention to this minority certification process to ensure that we don't miss a deadline/fee that is not being imposed on non-minority applicants. Please take this into consideration as you workshop this item. It seems that race, gender, and veteran status as indicated in application should be sufficient for minority business consideration. My question is why is an additional certification process necessary - seems that it just offers an unnecessary level of bureaucracy and barrier to entry for minority businesses. And if there will be a certification process, I would like specific guidelines for becoming a certifying body because it seems only fair that a minority owned business should also be involved in the certifying process.

Thank you for your consideration. This is an exciting time for the Cannabis industry in Nevada and we are honored to participate in the process.

Kristy McLean  
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Cell: 949.300.2171

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