

Cannabis Compliance Board Regulatory Workshop

Meeting Minutes – November 10, 2021

The Cannabis Compliance Board (CCB) held a public meeting via remote technology system Zoom on November 10, 2021, beginning at 10:00 a.m.

Cannabis Compliance Board Members present:

Michael Douglas, Chair
Jerrie Merritt
Riana Durrett

Tyler Klimas, Executive Director, called the meeting to order at 10:02 a.m.

Director Klimas provided introductory remarks regarding the regulations to be discussed at the workshop which were regarding diversity certification. The CCB is required by NRS 678B.280 to consider diversity on the basis of race, ethnicity, or gender during any application and licensing process. The regulations being workshopped would provide for a third-party certification on diversity for a minority or woman-owned business. This is something used by the State of Nevada and other organizations across the country. They were being considered now in order to allow time for applicants to obtain the certification which may be considered in the consumption lounge application process. This is not the social equity applicant process. The definition of a social equity applicant is still being worked on and will be a part of another workshop.

I. Public Comment

There was no public comment.

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

Deputy Director Michael Miles presented the proposed changes to the regulations. Deputy Miles stated that diversity would be considered on the basis of race, ethnicity, gender, and, for medical establishments, veteran status.

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

There were two proposed additions to Regulation 1. NCCR 1.082 was added to define “diversity applicant.” NCCR 1.083 was added to define “diversity certifying entity.”

B. Regulation 4. Disciplinary and Other Proceedings Before the Board

The proposed changes to Regulation 4 added violations specifically to address the requirement of complete honesty for applicants’ dealings with a diversity certifying entity. NCCR 4.035 added that intentionally concealing evidence from the Board, Board Agents, and/or a diversity certifying entity and intentionally providing false and/or misleading and/or incomplete information and/or documents to a diversity certifying entity was a Category I violation. NCCR 4.040 added that unintentionally concealing evidence from the Board, Board Agents, and/or a diversity certifying entity and unintentionally providing false and/or misleading and/or incomplete information and/or documents to a diversity certifying entity was a Category II violation.

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

NCCR 5.045 was updated to require certification to qualify as a diversity applicant. The update required certification from a third-party diversity certifying entity on the basis of race, ethnicity, gender, or veteran status for an applicant to qualify as a diversity applicant. Third-party organizations are identified. Previously, the regulations stated that the Board will promulgate regulations on the ranking of applications. This update removed the subjectivity involved with ranking and clarified the process for consideration as a diversity applicant.

Chair Douglas asked for any questions from the Board Members. Member Durrett asked for clarification that the definition of diversity applicant would be applied to any licensing going forward and how much weight the diversity applicant will have was not yet known. Director Klimas responded that was correct. Something the Board can consider would be a percentage, for example a percentage of licenses granted could be distributed to diversity applicants.

Member Durrett asked what was required of the applicants for the certification from the diversity certifying entity, including fees and the timeline. CCB Compliance Audit Investigator Jane Maurer responded that the fee structure varies depending on the certifying entity. To certify a business with under 1 million in gross annual revenue, ranges from \$350

to \$400. The highest fee charge is \$1,250 for businesses with greater than 50 million in annual gross revenue. All three organizations may take up to 90 days to certify, but basically takes 30 to 45 days and mainly depends on the application submitted.

There were no further questions from the Board and public comment was requested. Timothy Eli Addo provided public comment that he was disappointed. Minorities or people of color were not business savvy to run an MME operation. He was hoping to be an applicant. In most states, there was not social equity and he felt the process was heading toward corruption and would repeat what the Department of Taxation did. He felt that he had a lot to contribute to the industry and that if people of color received licenses, then they would be able to raise the capital needed.

Chair Douglas commented that the regulations put forward at this workshop were not social equity. The proposed regulations take the Board out of the certification process. An independent third-party that does not grant licenses will be making that distinction for diversity applicants. To date, social equity has not been defined nor its use has not been clarified. The Board will receive recommendations from the Commission which it may or may not use and accept. The legislation for consumption lounges was specific on who would be initially licensed.

III. Public Comment

There was no public comment.

IV. Adjournment

Meeting adjourned at 10:22 a.m.