

Cannabis Compliance Board Regulatory Workshop

Meeting Minutes – December 14, 2021

The Cannabis Compliance Board (CCB) held a public meeting at 555 E. Washington Ave, Room 2450, Las Vegas, Nevada and 1919 College Parkway Room 100, Carson City, Nevada on December 14, 2021, beginning at 1:15 p.m.

Cannabis Compliance Board Members present:

Jerrie Merritt
Riana Durrett
Bryan Young

Tyler Klimas, Executive Director, called the meeting to order at 1:15 p.m. Director Klimas provided an introduction to the workshop and the regulations for discussion. Director Klimas stated that written public comment that was received has been posted online. If additional written public comment is received, it will also be posted online.

I. Public Comment

Amanda Connor thanked staff and the Board for their work on the regulations. Ms. Connor commented that the regulations still need a lot of work. There is a lot that has not been addressed in the regulations and encouraged industry to provide feedback.

Scot Rutledge with Argentum Partners on behalf of Chamber of Cannabis thanked the CCB for the work on the regulations, and specifically the diversity component for lounges. Mr. Rutledge appreciated the opportunity to provide comments at the workshop.

Layke Martin on behalf of the Nevada Dispensary Association (NDA) thanked the Board, the Advisory Commission and Board staff for the work on the regulations. The NDA provided extensive written comments and conducted a survey of consumers at Assemblyman Yeager's request. The survey results were provided. Ms. Martin stated that the sweeping proposed changes to application process did not need to be rushed. The Cannabis Advisory Committee subcommittee on market diversity could be tasked with recommending changes to the application process.

Chris Anderson on behalf of Planet 13 Holdings stated written public comment was submitted. Mr. Anderson stated he hoped that the CCB approached the regulations as the opportunity to provide for jobs in the industry and allow for world-class entertainment concepts. They will continue to provide feedback during the process.

Comiesha Monica with the Las Vegas Tribune stated Rolando Larraz tasked her with understanding what is going on with marijuana and where it is going. She hopes to be of help to the public in writing about the issues.

Will Adler on behalf of White Pine County through Silver State Government Relations stated they appreciated the CCB looking into doing new licensing rounds. White Pine and other counties are in a current moratorium since they did not participate in previous licensing rounds and have a desire for cannabis licenses. White Pine has had applications and interest from cultivation, production, and dispensary candidates. White Pine recently changed their regulations to allow operation. White Pine will submit a petition to the CCB for licensing round.

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

Deputy Director Michael Miles presented the changes to the application regulations.

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

Definitions were added to the Regulations for address, Board Member, Officer, and Owner. An address will be required. The CCB will be looking for the local jurisdiction, and there will be no way to change the local jurisdiction based on statute.

Marla McDade Williams provided public comment. Ms. Williams stated that she believed the regulations violate NRS 678B.280 which required the Board to enact regulations on the basis of merit.

There were no questions from the Board.

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

The first changes were to the titles only of NCCR 5.040, 5.050, 5.055, and 5.060. NCCR 5.040 details the requirements on submitting the application, how the application is to be submitted, the number of applications that can be submitted, the importance of filing timely, instructions on how to solicit answers to questions regarding the licensing process, the random number generator process, requirements to be submitted initially as part of an application, clarification on the intent of AB341 in limiting number of lounge licenses to one per person that owns over 5% of any one entity, and information surrounding diversity applicants. Deputy Miles provided a description of the proposed licensing process which will entail a prospective, conditional, and then final license.

Member Durrett asked what factors are used to determine suitability. Deputy Miles responded there was an entire list of documents, investigative interviews background checks. It is listed under section 2(a).

Scot Rutledge with Argentum Partners on behalf of Chamber of Cannabis highlighted comments that were previously submitted, including the time to respond back to the Board be changed to 48 hours and applied to business days; the 30-day window from prospective to conditional status to provide documentation be changed to 90 days; waive the \$200,000 for social equity applicants; applicants may not know who their key personnel will be and management services agreements may be a component.

Jim Lewis, attorney for the City of Las Vegas, commented on 5.040(3)(a) and wanted to have further discussion with the CCB. Mr. Lewis was concerned there would be arguments with the applicants on whether they are in compliance with the City's rules or whether they have received the appropriate approvals from the City or a jurisdiction.

Marla McDade Williams with Strategies 360 stated it appeared the CCB was repealing provisions of 5.040 through 5.060, and in doing so making substantial changes to the rest of the licensing process. There was concern where the 30% measure comes from and how it was determined; in 5.040(3), 12 months is too tight of a window; the language appeared to prevent applicants in future licensing rounds from applying for any more than one license. It should be limited to consumption lounges or one application for license type per jurisdiction. The adoption of these regulations should not be rushed to apply to all licensing rounds.

Deputy Miles commented that some of the requirements were included because they were statutorily required. NCCR 5.050 was a new requirement to require the Board to issue 30% of all licensing rounds to minority-owned or female-owned businesses. Director Klimas added that this was a companion regulation to the proposed changes to the regulations that were discussed at the December 14 Board Meeting regarding diversity applicants and certification. The reason for a certifying entity is to protect and maintain a high level of diversity, and to protect against individuals who may misrepresent the status of their business. There are costs involved, but Member Durrett suggested finding a mechanism to reduce the licensing fee on the back end for that. The 30% ensures that there is diversity.

Member Durrett agreed with the comments that licensing other than consumption lounges should be dealt with separately from the consumption lounge discussion. There needs to be a more thorough policy discussion on licensing.

Director Klimas presented the changes to NCCR 5.055 regarding selection of social equity applicants and highlighted the use of census tracts instead of zip codes as was discussed in the Cannabis Advisory Commission subcommittee meetings. Some of the zip code areas were so large that they included areas that would not be considered as a social equity applicant. Utilizing census tracts allows for more specifics on neighborhoods as it pertains to the residency requirements for social equity applicants. The methodology the CCB used was provided and posted online.

Comiesha Monica with the Las Vegas Tribune asked if only the census tracts were used for the social equity applicants and not demographics. Demographics would provide a general idea of who is unable to get into this type of program, and who wants to get in.

Scot Rutledge with Argentum Partners on behalf of Chamber of Cannabis commented that in regard to NCCR 5.050, if it would allow the consumption lounge licensing to move forward, they would be fine with a delay in looking at this for the standard for all future cannabis establishment licenses. The Chamber of Cannabis had recommended 50% for diversity applicants. For 5.055, if there were not enough applicants that met the requirements, had the CCB looked at other states with social equity defined to see if those out of state applicants could meet the rigorous requirements and apply.

Katree Saunders, a long time medical marijuana patient, advocate, and activist in Nevada, provided her history in regard to social equity, including prison time. The changes in laws for felons have excluded her from working in the industry. Ms. Saunders would not be able to prove residency as she has been homeless. Ms. Saunders asked the Board to include those people affected at the federal level as well to provide for social justice and social equity. There is still a disparity in ownership for women and minorities that needs to be addressed. People affected by the war on drugs do not have \$200,000 in liquid assets as required. The CCB should ask the people that have been affected by the war on drugs what they would need to get into the industry.

Chris Anderson on behalf of Planet 13 Holdings commented on NCCR 5.050 and asked for clarification if it would be applied to application periods moving forward and not retroactive. Mr. Anderson hoped to exclude consumption lounges attached to sales facilities from the standard since we should not relitigate who should have a sales facility license.

Will Adler representing White Pine County in regard to NCCR 5.050 that there needs to be two separate application processes. Legislature put requirements in place for consumption lounge applications, but not for all applications going forward.

Deputy Miles commented that since the CCB has formed, there have been no regulations set aside for application process for any type of licenses. This is the first application process being put forward under the CCB.

III. Proposed Amendments and Additions to the Nevada Cannabis Compliance Board Regulations – Consumption Lounges

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

Deputy Miles stated that a lot of the changes were housekeeping in nature, adding consumption lounges to the existing regulations. Updates to Regulation 1 included adding definitions for “ready-to-consume cannabis product” and “single-use cannabis product.”

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

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

Updates to NCCR included adding Category III, IV, and V Violations for consumption lounges. There were no questions from the Board.

Scot Rutledge with Argentum Partners on behalf of Chamber of Cannabis provided one comment on regulation 1 for the single-use cannabis product definition, and recommended that it be changed to 1 gram, in particular for flower products. Most of the pre-rolls and product in the market today contain more than 0.5 gram of flower. For Regulation 4, Mr. Rutledge recommended changing “intoxication” to “over-consumption.” Anyone that consumes any amount of cannabis, which is an intoxicant, would be considered intoxicated. Section 32 addressed failing to maintain a separate room in a cannabis consumption lounge for smoking. In the Legislative Session, there was no mention of bifurcating smoking of cannabis and was not mentioned in AB341. The Subcommittee looked at separating smoking from the rest of the venue. Mr. Rutledge felt that separation should not be a requirement but rather a business choice.

Layke Martin on behalf of the NDA commented on subsection 29 regarding the removal of single-use cannabis products from the lounge, and that there is the potential for consumers to hide a product. Ms. Martin recommended the violation be to not have a policy to prevent the removal of any single-use cannabis product, versus anytime a customer sneaked out with a single-use product, the lounge would be in violation. Ms. Martin echoed the comments regarding the change to over-consumption and a separate smoking room.

Chris Anderson on behalf of Planet 13 Holdings suggested a change to NCCR 4.060(10) regarding water service and recommended a change to “offer” rather than “provide” drinking water. This would provide clarity and reduce waste.

Marla McDade Williams with Strategies 360 agreed with the previous comment in regard to NCCR 1.222 that 0.5 grams was too low and it should be changed to 1.0 gram. In NCCR 4.050 recommended eliminating language about separate rooms for smoking, vaping, and inhalation and suggested the regulations mirror the Clean Indoor Air Act. In NCCR 4.050(30), Ms. Williams recommended alignment with liquor over consumption in bars and hotels.

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

Deputy Miles stated this was a housekeeping change and adding consumption lounge to the existing regulations. It also added an establishment agent card for a receiver. Director Klimas added that in NCCR 5.100(3)(j) was brought about by

concern from the Board for possible lapses in local requirements, zoning, and approvals.

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

D. Regulation 6. Production and Distribution of Cannabis

Deputy Miles stated that the term consumption lounges was added to various places. NCCR 6.072 was an update to the required training for lounges. NCCR 6.080(3) was taken directly from AB341 which required lounges to buy products directly from a dispensary. This was a statutory requirement. NCCR 6.085 was an update to the security regulations which extended to all license types and would not be effective until August 2022.

There were no questions from the Board.

Chris Anderson on behalf of Planet 13 Holdings requested a change to NCCR 6.085(3)(VI) for method of storage of recordings and recommended deletion of the last line that a blank, portable, external drive must be available due to impracticality of having such a large amount of data stored in an external drive.

PaulMichael Burgess provided comment regarding the requirement for lounges to buy only from dispensaries. Mr. Burgess stated there is technology that would allow for the tracking of all products sold.

Marla McDade Williams from Strategies 360 on behalf of Thrive, the Source, and others, in regard to NCCR 6.072(7)(d) felt that language requiring seizing of all business operations because law enforcement, firefighters, or EMS arrive on site was excessive. For NCCR 6.075(1)(a)(6), it seemed that cannabis was being singled out to disclose health risks that are present in other occupations. In NCCR 6.085(1)(3)(III), “upon request” was removed but it was not removed from 6.085(1)(3)(IV). In NCCR 6.085(1)(3)(VI), Ms. Williams also felt that the blank portable external hard drive was unreasonable. In NCCR 6.085(10) left too much room for interpretation. In NCCR 6.085(11), Ms. Williams felt the language is excessive and may have unintended consequences of causing establishments to not call for emergency services when needed.

E. Regulation 10. Minimum Good Manufacturing Practices for Cultivation and Preparation of Cannabis and Cannabis Products for Administration to Humans

Deputy Miles stated the changes to Regulation 10 and Regulation 11 were housekeeping in nature, adding “consumption lounge” to be included in those regulations.

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

F. Regulation 11. Cannabis Independent Testing Laboratory

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

G. Regulation 12. Packaging and Labeling of Cannabis Products

Deputy Miles stated the updates to Regulation 12 included adding “consumption lounge” to sections. It included the ability to submit labels in an electronic format instead of on paper and updated the warning language that must be included on all labels. Director Klimas added that “electronic format” could potentially be an email or text message.

There were no questions from the Board.

Chris Anderson on behalf of Planet 13 Holdings thanked the Board for adding the provisions about electronic means.

Andy Hidalgo with Aether Gardens commented about the single serving. In working with concentrates, the weight of the concentrate can change depending on the environment and how long it may sit. Can the product be weighed at the point of consumption or sale, so that accurate dosing is given to consumers.

H. Regulation 15. Cannabis Consumption Lounge

Deputy Miles stated that Regulation 15 is a completely new regulation defining the requirements that will govern consumption lounges. Deputy Miles added that a very important part of these regulations was the prevention of over-consumption, which was why training requirements for lounge agents was stressed and pushing patrons to make purchases in a way that required more interaction with lounge agents. In addition, NCCR 15.075 does not allow patrons to leave the lounge with unused product.

NCCR 15.010 was requirements for operation and posting of hours of operation.
NCCR 15.015 was duties of cannabis establishment agent before sale to consumer.
NCCR 15.020 was valid proof of identification of age of consumer.
NCCR 15.025 was prohibition on sale that exceeds maximum usable quantity of cannabis. Repeated purchases are allowed.
NCCR 15.030 was products offered for sale, restrictions on sale of other products, and restrictions on advertising.
NCCR 15.035 was 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.
NCCR 15.040 was on-site requirements to operate a cannabis consumption lounge.
NCCR 15.045 was employee training and consumer education.
NCCR 15.050 was for separate room for cannabis smoking, vaping, and dabbing. This was proposed by the subcommittee on health mostly to protect the employees and those who don't wish to smoke.
NCCR 15.055 was for ventilation of the cannabis consumption lounge.
NCCR 15.060 was health notices and additional label disclosures.
NCCR 15.065 was the prohibition of tobacco and nicotine products.
NCCR 15.070 was about required reporting of medical incidents.
NCCR 15.075 was about leaving with unused product.
NCCR 15.080 discussed impaired driving.
NCCR 15.085 was about law enforcement temporary suspension of licensed operations.
NCCR 15.090 limits the visibility of consumption.
NCCR 15.095 was about water service.
NCCR 15.100 was about lounge licenses attached to sales facilities.
NCCR 15.105 discussed the requirements for ready-to-consume cannabis products.

Director Klimas added that Clark County submitted comments on ventilation that will be discussed further. 80% of cannabis sales are to first time users, and the purchase limits in place allow for some kind of protection. Some of the regulations have been aligned with the food service and the FDA requirements.

There were no questions from the Board on Regulation 15.

Christopher LaPorte from Reset Management commented that in regard to the Clean Indoor Air Act, the intention was for families and children under 21 years to be away from the exposure of second-hand smoke. Five years after the Act was passed, an amendment was signed to allow bars and taverns to do what they do today. This is being set up in the same way. There are things to be done with ventilation now to make a safe environment.

Deputy Miles commented that smoking rooms were not "fish bowls" but there could be 75% of the facility set as the smoking room for example. The subcommittee intended for the employees to have a place to be where they weren't in second-hand smoke their entire shift.

Scot Rutledge from Argentum Partners on behalf of the Chamber of Cannabis appreciated the clarification on smoking rooms. One of the concerns as related to smoking indoors is the idea that there was a requirement that employees wear a mask or respirators. It is anticipated that post-COVID, masks will not be required to be worn by employees in places where smoke is consumed from tobacco products. It should be the employee's choice to wear a mask. When people apply to work at a cannabis lounge, presumably they understand that cannabis will be smoked at the lounge, and they are making the choice to work there. This is treating cannabis second-hand smoke differently than how tobacco smoke is treated in places where it is allowed. Mr. Rutledge appreciated all of the work that went into drafting the regulations and additional written comments were submitted.

Tim Lewis on behalf of the City of Las Vegas provided a clarification and a couple of areas of interest from their business licensing division. NCCR 15.015(3)(d) deals with the destruction of unconsumed cannabis in the lounge. They were concerned with diversion of that which is left over. They request a clarification on the method of destruction. NCCR 15.030(1) may be the first time the CCB has addressed industrial hemp in its regulations. In regard to industrial hemp, there are no regulations for packaging, labeling, and testing of THC levels. Regulations surrounding hemp should be considered if those products are allowed to be sold. There have been consumer complaints about hemp where they thought they were buying marijuana. Business licensing would like to have further discussions with the CCB about vaping and NCCR 15.030(3) which is the prohibition of nicotine.

Comiesha Monica with the Las Vegas Tribune stated she felt it was important for the employees to have a break away from cannabis, especially considering intoxication. Wearing a mask is for the employee's protection while at work, and for when they get in their car after work. This would protect the public on the roads.

Chris Anderson on behalf of Planet 13 Holdings requested a change to NCCR 15.015(2)(b) and would like further conversation about destruction of products that are sold but not entirely consumed. Weighing product is not practical. In NCCR 15.055(6), Mr. Anderson suggested changing "eliminate" odor to "mitigate" since elimination of odor may not be possible. In NCCR 15.085, Mr. Anderson felt that the CCB should retain ultimate authority to close a facility in the case of an emergency. Law enforcement should be able to contact the CCB in a such a situation. In NCCR 15.090(b), Mr. Anderson requested an addition to clarify that obscuring wall to prevent cannabis from being transferred only applied to areas that are within 8 vertical feet of the surrounding area.

Scot Rutledge of Argentum Partners on behalf of the Chamber of Cannabis commented on the importance of low-dose products being made available for first-time consumers, for example there are 2 milligram beverages on the market.

Gerardo Gonzales, representing himself and cannabis users, commented that for persons that want to work in a consumption lounge knowing that there will be cannabis consumption but are nervous about inhaling second hand smoke, they should not work there. It would not be fair to require everybody who works there to wear a mask. For minorities to acquire \$200,000 would be difficult and that should be looked at.

Amber Jansen commented that the requirement that lounges can only purchase product from a dispensary made sense for the first set of lounges that are attached, however why does an independent lounge need to purchase from a dispensary. A restaurant does not shop at the grocery store but uses a wholesaler. They should be able to go directly to the cultivator or production.

Marisa Bermudez stated that the finalization of the licenses for the site would be 12 months. Considering COVID and how long it is taking dispensaries to open, 12 months is too short of a time frame. Food handler permits are taking 6 months.

Comiesha Monica with the Las Vegas Tribune commented that even if a person chooses to work in a consumption lounge, they may be unaware of the health implications. A six or eight hour shift may be a health hazard but those effects are not yet known. The regulations should protect the general public from employees who may be intoxicated after working a shift.

Katree Saunders stated that she emailed some recommendations and thanked the Board for their time.

Marla McDade Williams with Strategies 360 stated NCCR 15.015(3) would benefit from being split up. It could be revised so that it is clear what is required before patrons enter and what is required after they enter. NCCR 15.025 seemed to set up an operational nightmare for establishments if they have to require individual transactions for each individual serving. Some lounges may want to run a tab, or how do customers share a purchase. Does NCCR 15.030(5) apply to every consumer every time they purchase; it seems they would have to consult with the consumer before every single transaction. In NCCR 15.030(6), how will a person know if a woman is pregnant; do they need to ask every woman that comes in if she is pregnant before selling? In NCCR 15.040, is the illness law required for complaints after the fact or only when something occurs inside the lounge. If the person does not cooperate in giving the information, is the lounge held responsible for not getting the information. In NCCR 15.050, Ms. Williams recommended mirroring the Clean Indoor Air Act. NCCR 15.055(5) and (6) seemed like a high bar to meet and echoed earlier comment of odor mitigation plan. In NCCR 15.075, what happens if a customer hides an item on the way out. Ms. Williams did not think the intent of Legislature was to hold the lounge responsible for individual consumer behavior. It seemed unreasonable to penalize the lounge if someone violates those policies. NCCR 15.100 does not reflect the statutory language that allows for a lounge in close proximity and not directly attached to a sales facility. Ms. Williams thanked the Board for the time and opportunity to comment.

IV. Public Comment

Scot Rutledge from Argentum Partners on behalf of The Chamber of Cannabis stated there should be a conversation about sanitization of equipment that is reusable such as bongs or other devices. For the lounges that serve non-infused food and beverages where the health district would inspect facilities, there was some reticence about being in a venue where consumption is taking place. If there is both infused and non-infused food at a venue, how would those inspections be handled in regard to food safety and cannabis safety?

PaulMichael Burgess stated he sent in a petition to the Board and was awaiting a response. He wanted to make sure it was received. Mr. Burgess stated in November 2021 there was an overdose from marijuana that was laced with fentanyl. Mr. Burgess is a software designer and would like to work with the Board to protect consumers.

Member Young thanked everyone for their participation, comments, and appreciated their time.

Member Merritt thanked the public and the staff for their work.

Member Durrett thanked everyone.

V. Adjournment.

The meeting adjourned at 3:03pm.