



February 21, 2022

Cannabis Compliance Board
700 Warm Springs Road, Suite 100
Las Vegas, NV 89119

Subject: Comment on Agenda Item VII - Petition from White Pine County

Dear Members of the Cannabis Compliance Board and Director Klimas,

On behalf of the Nevada Cannabis Association, formerly the Nevada Dispensary Association, thank you for considering our comments on Agenda Item VII, the Petition to the Cannabis Compliance Board (CCB) from the White Pine County Board of County Commissioners requesting to amend NCCR 5 to allow counties to require the CCB to issue licenses upon the written request of a county commission.

The integrity of the statewide cannabis market depends on the careful calibration of supply and demand. All future licensing rounds should be driven by market data. White Pine's proposed amendment would allow any county to force the CCB to issue additional cultivation, production, and distribution licenses, regardless of whether the statewide market could sustain them. As a policy, this would be detrimental in the long term because it limits the CCB's ability to manage supply and demand statewide.

Currently, the retail market in Nevada is not under supplied. To the contrary, dispensary sales are down and flower production is up, causing an oversupply of flower and compression of wholesale prices. Retail sales are down 10-15% month over month, and down nearly 25% compared to last year, resulting in a decrease in excise tax revenue collected by the state.

The stability of the existing market must be a consideration. It is not currently anticipated, in Nevada or elsewhere, that consumer demand will significantly increase anytime soon. As reported in the Oregon Liquor Control Commission's 2021 Recreational Supply and Demand Legislative Report, "The growth trajectory of cannabis demand in 2021 and beyond is highly uncertain. If not for COVID, growth in demand in 2020 would have almost certainly been flatter." This uncertainty identified by Oregon's regulator has in fact played out in Nevada. This is particularly the case in the second half of 2021 and Q1 of 2022, where sales have been flat or declining.

Separate from White Pine County's broader request for an amendment to the NCCRs, the County points to NRS 678B.220(3)(a), which it argues is a statutory requirement to



issue licenses to “at least one medical cannabis cultivation and at least one medical cannabis production facility in each county.” This appears to be a statutory interpretation issue, and this determination with respect to medical-only licenses could be made without touching on the broader regulatory change requested by the County.

Thank you for the opportunity to provide comment and for your consideration.

Respectfully,

A handwritten signature in black ink that reads "L. Martin". The signature is written in a cursive, flowing style.

Layke A. Martin, Esq.
Executive Director
Nevada Cannabis Association