

# Silver State Government Relations



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Chair Douglas and members of the Cannabis Compliance Board,

On behalf of the Sierra Cannabis Coalition, I present a petition that is written to preserve the long-term prosperity of Nevada's cannabis industry. I request that the Cannabis Compliance Board refer this petition to a public workshop for deliberation and amendment of NCCRs 1, 6, and 11.

The proposed regulatory changes that follow have been crafted after months of fact-finding and deliberation around what are the core economic issues with Nevada's current cannabis regulatory structure. The Sierra Cannabis Coalition is requesting changes to Nevada's cannabis testing regulations to update and modernize them to better reflect what is becoming the norm across states with legal cannabis programs. These changes are targeted at creating efficiencies within the cultivation and production process without lowering the safety standards Nevada's cannabis customers expect.

The changes we are requesting the CCB make to NCCR include:

- Adjusting lot sizes upwards from the current five pounds for flower and 15 pounds for trim to 50 pounds for each. In speaking with licensees, between 5% and 10% of the final retail cost of cannabis can be traced back to laboratory testing expenses. In reviewing other western states, nearly all have either a higher testing threshold or test an entire harvest similar to our batch. California and Oregon have a limit of 50 pounds, whereas Colorado tests by the total harvest. Earlier this year, Washington removed their five pound lot limit for testing and, instead, based their testing samples on harvest size through a sliding scale of up to 50 pounds. Having five and 15 pounds lot sizes definitions restricts operators into breaking down single batches into multiple lots. This means additional labor costs related to separating the batches into multiple lots, separately bagging each lot, test each lot and in many instances recombining each lot when the final cannabis product is ultimately sold. All of this creates an additional burden on the licensee requesting the test and, ultimately, an additional cost accounted for in the final retail price.
- Revise the definition of a "production run" to not include a specific amount of concentrated cannabis, but instead indicate. Similar to the lot size for flower and trim, this current definition requires cannabis extracts to be tested in 2.2 pound increments, a threshold not





found in any other state. This results in a process where, again, single production runs have to be separated into 2.2 pound increments, each tested, and again usually recombined for the creation of any final cannabis product.

- Change when cannabis products must be sent to testing. Currently, a cannabis product will need to be sent to testing at every step of the process. We believe this is redundant. Instead of requiring testing along the many steps of the process, testing for cannabis products should be done once the end cannabis product has reached it's final form as ultimately that final test is the one protecting the consumer.
- Adjust the process for research and development to no longer require approval from the CCB to begin investigating new products and processes. Currently, in order for research and development to begin the CCB needs to not only review any and R&D request applications but also grant approval to such a request. We believe this amendment will help expedite the process for a quickly evolving industry to better innovate and meet consumer demands.

This petition is primarily focused on streamlining the cannabis testing process. These changes will allow Nevada's cannabis cultivation and production facilities to simplify their procedures, reduce the number of manual steps, and clarify what gets tested and when. As these changes are designed to streamline operations, a positive impact on the operations of Nevada's cultivation and production licenses can be expected. Cannabis distribution and retail cannabis store licenses will likely see no tangible changes to their operations from this proposed regulatory change. Cannabis testing laboratories may need to change operations around testing cannabis products and may need to increase sample sizes in conjunction with any change in testing practice.

As the Sierra Cannabis Coalition has presented this year, Nevada's cannabis licenses are having their most difficult year yet. Many businesses have reported they are not sure if they can make it another year. With inflation, workforce issues, the struggles with 280E, and the increase in interest rates Nevada's cannabis operators need a change to bring economic relief. This petition was crafted with the economic concerns of the members of the Sierra Cannabis Coalition, please take those concerns to heart as you discuss and consider the needed changes to the NCCR.

Sincerely,

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## **REGULATION 1**

### **ISSUANCE OF REGULATIONS; CONSTRUCTION; DEFINITIONS**

1.125 "Lot" defined.

1.165 "Production run" defined.

#### **1.125 "Lot" defined. "Lot" means:**

1. The flowers from one or more cannabis plants of the same batch, in a quantity that weighs ~~{5}~~ 50 pounds (~~{2,268}~~ 22,680 grams) or less;
2. The leaves or other plant matter from one or more cannabis plants of the same batch, other than full female flowers, in a quantity that weighs ~~{15}~~ 50 pounds (~~{6,804}~~ 22,680 grams) or less; or
3. The wet flower, leaves or other plant matter from one or more cannabis plants of the same batch used only for extraction, in a quantity that weighs 125 pounds (56,700 grams) or less within 2 hours of harvest.

#### **1.165 "Production run" defined.**

"Production run" means:

1. For the extraction of concentrated cannabis by a cannabis establishment, the combination of one or more lots used to make the same product in one homogenous mixture produced using the same method ~~{which results in not more than 2.2 pounds (997.90 grams) of concentrated cannabis}~~.
2. For the production of cannabis products by a cannabis production facility, one homogenous mixture produced at the same time using the same method and which may include a combination of concentrated cannabis and other materials for the production of cannabis products.



## **REGULATION 6** **PRODUCTION AND DISTRIBUTION OF CANNABIS**

6.100 Quality assurance testing required before sale or transfer of products.

### **6.100 Quality assurance testing required before sale or transfer of products.**

A cannabis establishment shall not sell or transfer ~~[a lot of usable cannabis, concentrated cannabis or]~~ cannabis products until all required quality assurance testing has been completed.





## **REGULATION 11** **CANNABIS INDEPENDENT TESTING LABORATORY**

11.045 Limited testing for research and development purposes.

### **11.045 Limited testing for research and development purposes.**

1. A cannabis cultivation facility or a cannabis production facility may conduct operations and request limited laboratory testing by a cannabis independent testing laboratory for research and development purposes.
2. A cannabis cultivation facility or cannabis production facility described in subsection 1 shall:
  - (a) Notify the appropriate Board Agent of its intent to conduct research and development on a form prescribed by the Board by electronic mail before sending a sample to a cannabis independent testing laboratory;
  - (b) ~~Receive approval from the appropriate Board Agent for the requested research and development studies.~~
  - ~~(e)~~ (d) Quarantine each batch, lot or production run in a separate quarantine area and label each batch, lot or production run with a distinctive label containing "R&D QUARANTINE" as a header and footer in 20-point white font and a red background;
  - ~~(d)~~ (c) Account for all cannabis subject to quarantine pursuant to paragraph (b) in the seed-to-sale tracking system;
  - ~~(e)~~ (d) Limit all research and development operations to clearly segregated and designated areas or rooms marked "R&D CULTIVATION AREA" or "R&D PRODUCTION AREA" on 8 1/2 by 11-inch signs with a red background and white lettering, posted at the entrance to the area or room and along the walls of the area or room, with a minimum of one sign for every 300 square feet of the area or room; and
  - ~~(d)~~ (e) Perform research and development operations in a grow room only if the plants used for such operations are designated and separated from other plants.
3. A cannabis cultivation facility or cannabis production facility operating as described in subsection 1 may request limited testing protocols from a cannabis independent testing laboratory for research and development purposes. A cannabis independent testing laboratory shall not perform any laboratory tests on research and development samples which were not specifically indicated as part of the ~~approved~~ study.
4. A cannabis independent testing laboratory that performs testing for a cannabis cultivation facility or cannabis production facility described in subsection 1 shall report the results of the testing to the cannabis establishment and to the Board by electronic mail. The cannabis independent testing laboratory shall clearly mark the test results with "R&D TESTING ONLY -- NOT FOR RESALE" on the top of each page of the report in 20-point white font and a red background.
5. A batch, lot or production run produced for research and development purposes pursuant to this section which fails quality assurance testing need not be destroyed.
6. A batch, lot or production run originally produced for research and development purposes pursuant to this section may not be sold to a cannabis sales facility until the batch, lot or production run has undergone and passed all testing required by NCCR 6.100.