



May 19, 2023

Cannabis Compliance Board
700 Warm Springs Road, Suite 100
Las Vegas, NV 89119
Via email to: regulations@ccb.nv.gov

Subject: Proposed Changes to NCCR 5

Dear Cannabis Compliance Board Members and Director Klimas,

On behalf of the Nevada Cannabis Association, we are submitting this public comment on the proposed changes to the NCCR Regulation 5 set for hearing on May 23, 2023.

NCCR 5.047

As addressed in our letter and comments at the December CCB meeting and the April workshop, the proposed changes to the licensing regulations are directly contrary to statute.

NCCR 5.047 would authorize the use of a lottery to eliminate applications. However, as set forth below, for licenses other than lounges, NRS 678B.250 and 678B.280 require that the Board use criteria of merit to evaluate applications and adopt regulations to determine the relative weight of each criteria. If the Board eliminated non-lounge applications via a random number generator, the Board would not be following the statutorily required process for evaluating license applications. The criteria of merit must be considered for applications for licenses other than lounge licenses, and the regulations cannot circumvent this requirement.

NRS 678B.250(6) requires that when issuing licenses the Board “shall consider the criteria of merit and scoring guidelines set forth in NRS 678B.280 or 678B.324, as applicable.” The statute specifically exempts lounge applications but does not exempt other types of license applications.

NRS 678B.280

1. In determining whether to issue an adult-use cannabis establishment license pursuant to NRS 678B.250, *other than an adult-use cannabis establishment license for a retail cannabis consumption lounge or an independent cannabis consumption lounge*, the Board shall, in addition to the factors set forth in that section, consider criteria of merit established by regulation of the Board. (Emphasis added.)

That statute goes on to enumerate what may constitute criteria of merit, such as the prior experience of the owners and key personnel, a plan for safekeeping of products and seed-to-sale tracking, and diversity. Further, the statute requires the Board to “adopt regulations for determining the relative weight of each criteria of merit established by the Board pursuant to subsection 1.”



With respect to lounges only, Assembly Bill 341 did specify that a lottery could take place if there were more applications than available licenses. However, this lottery does not extend to other types of licenses. For licenses other than lounges, the Board cannot eliminate applications without considering merit.

Thank you for your consideration of these comments.

Respectfully,

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

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

Travis Godon, Chairman
Laurie L. Carson, Vice Chairman
Commissioner Richard Howe
Commissioner Shane Bybee
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Nichole Baldwin, Ex-officio Clerk of the Board

White Pine County
Board of County Commissioners

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May 22, 2023

Nevada Cannabis Compliance Board

Tyler Klimas, Executive Director
Hon. Michael Douglas, Chair
700 E. Warm Springs Rd. 1st floor
Las Vegas, Nevada 89119

RE: For Public Comment CCB Meeting May 23, 2023

Director Klimas, Chairman Douglas;

Michael A. Wheable, Esq. for the Record:

I am making a public record and comment on behalf of White Pine County, as its appointed County Manager.

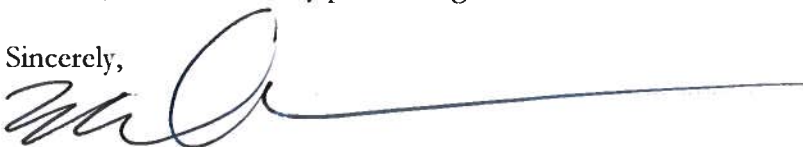
I have been heard many times on White Pine County's pending Petition demanding the Board issue of White Pine County its First Medical Marijuana Establishment license as required by statute. I attended and spoke to the Board as recently as the CCB's last regulation drafting workshop. I voiced concern over following a lottery system for the issuance of licensure as the luck of the draw may favor an underqualified or under-invested business. After giving the issue additional thought and analysis, I remain committed against a lottery system as it only serves to protect the Agency from speculative liability but poses a real threat to the rural communities.

Leaving the issuance of a license to luck, may hand over an economic opportunity to a business that has no intention on developing a real business, but only sitting on the license and speculating on its value over time, as is the case currently with license holders across the State. Further, a company that is not sufficiently funded or lacks a proven track record may be issued a license when other well-funded and professionally organized companies of professionals who have spent years investing and building relationships with rural communities are foreclosed.

If the Board insists on proceeding with the proposed lottery language in Regulation 5, then I strongly suggest the **Board add a lottery exemption for rural counties under 15,000 residents**, or *grandfather* the County under the current regulation rubric dating back to when the County filed its Petition. (February 2022) Simply open a limited rural county application period for Medical Establishments Only. I imagine you'd get few applicants if any, thus the burden of evaluating the applicants on merit (not luck) would be easily achieved, and well within this Board's experience.

Nothing in black-letter law prohibits the Board from immediately opening a limited round of Medical Establishment licensure in only rural Counties Please consider exempting or *grandfathering* our Medical Establishment Petition, and immediately proceeding with a licensure round for White Pine County.

Sincerely,



Michael A. Wheable, Esq.
White Pine County Manager
801 Clark St. Ely, NV 89301
wheable@whitepinecountynv.gov



Abby Kaufmann
Board of Directors, Secretary
abigailkaufmann94@gmail.com
919.757.4185

Nevada Cannabis Control Board

Public Comment for May 23, 2023 Board Meeting

Good morning and thank you for the opportunity to speak today. For the record, my name is Abigail Kaufmann (A-B-I-G-A-I-L K-A-U-F-M-A-N-N) and I am the Secretary for the Board of Directors of the Chamber of Cannabis.

I am here today to follow up on the outcome of [Executive Order 2023-003](#) which required agencies across the state of Nevada to review existing regulations.

After Governor Lombardo issued this Executive Order, 13 members of the Chamber of Cannabis presented the CCB with regulations and related statutes that we feel are unnecessarily onerous or poorly executed.

I applaud the CCB for following through with the [April workshop](#) to solicit input from industry stakeholders pursuant to the Order and I am pleased to see that the [NCA's proposed repeal of NCCR 15.055](#) is being heard next month.

The Executive Order stated that each department must provide the Governor's office with a report containing a ranked list of not less than 10 regulations for removal by May 1, 2023.

The Order also stated that it is in the best interest of the state that its regulatory environment be concise, **transparent**, stable, balanced, predictable and thoughtfully constructed.

In the name of transparency and in the best interest of our industry, I would like to request that the CCB publicly post the list of regulations that were submitted to the Governor's office.



Abby Kaufmann
Board of Directors, Secretary
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The materials provided ahead of the April workshop listed [5 proposed NCCRs for repeal](#) — 2 of these 5 were simply repealing NCCRs that were definitions. I have not located any other CCB materials related to the executive order since then.

Per the Executive Order, state regulations should protect workers, consumers and the environment, while promoting entrepreneurship and economic growth. All of these are incredibly important to the stakeholders of Nevada's cannabis industry and we deserve to know which regulations our regulatory body is repealing in an effort to accomplish this.

I have submitted my comment and contact information in advance of the meeting and look forward to hearing from you.

Thank you.

Abigail (Abby) Kaufmann
abigailkaufmann94@gmail.com
919.757.4185

From: Erika Sandstrom <erikasandstrom353@gmail.com>
Sent: Monday, May 22, 2023 10:55 PM
To: CCB Regulations
Subject: Updates

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

Hello,

I was curious to learn more from our leaders at CCB how they plan on implementing cannabis establishment/social lounges with stated need 200k in liquid assets AND diversity inclusion plan to include disenfranchised/underrepresented groups who often by definition lack capital or ability to raise large amounts of money? What does that look like in practice? If banks/lenders are also less likely to loan money to people/groups without means - how will this program be successful? Is it socialism cannabis program, where established cannabis proprietors loan money to groups in need? Who is ultimate authority in deciding who is in need? Scoring system only? Are large operators and/or outside influences able to lobby through back channels? How will we know the system is fair?

Playing devils advocate... Do we need federal legalization prior to implementing diversity clause for social lounges at state level, in order to lower the overall risk to operators and increase chances of potential profitability? In theory if banking was allowed, small business loans would be offered which is the main basis for growing wealth for middle class besides home ownership.

Ventilation - cannabis has a VERY DISTINCTIVE smell, undeniable. Rather than focus on the smell as negative, maybe consider the tax money and local businesses with increased foot traffic? The plant is medicine, it does smell. If cannabis establishments are going to be fined based on provision related to smell, would it be equally as likely to levy fines against casinos for cigarette related smell - also causes cancer?

Why do consumers have to eat edibles and smoke in separate areas? Who is this protecting? If they're on premises, 21 and over... people do consume both in one sitting, trying to separate it is 100% arbitrary if the main reason is to limit cross over... Wouldn't that mean all employees have risk of being too high from inhalation, if logically group of friends can't sit next to each other while someone eats edible and others smoke? In theory, just based on exposure over time someone who works 8 hours may well indeed be completely intoxicated - unable to work or drive. Should we wait for federal legislation for lounge experience so large hotellers will see the overall benefit of having cannabis establishment at ex. Resort World, if person working 8 hour shift automatically is eligible for free room for night? As of now, who pays for that? Some smaller businesses intended to benefit from new lounge opportunity will not be able to afford unforeseen expenses.

Wouldn't it make more sense to have personal devices that pump smoke to user - think bubble oxygen bar the mall kiosk? Instead of oxygen, cannabis smoke? Maybe we do prerolls outside only unless machine can burn preroll?

Thank you

Best,
Erika



April 13, 2023

Cannabis Compliance Board
700 E. Warm Springs Rd. #100
Las Vegas, NV 89119
BY EMAIL: regulations@ccb.nv.gov

Re. Regulation Workshop NCCR 1-15

Dear Chairman Douglas and Members of the Board:

Thank you for considering input regarding changes to regulations governing cannabis licensing and registration. We are concerned that some of the proposed changes do not reflect the Legislature's express intent to adhere to a merit-based system of awarding cannabis establishment licenses. Specifically, the change to Regulation 5, Licensing, Background Check, and Registration Card. Throughout the proposed revisions, the regulation proposes changing the regulation that governs "cannabis lounges" to "cannabis establishment," effectively changing the merit-based licensing approach used to award licenses for dispensaries, cultivations, and productions, to a random/lottery style approach used by the CCB to award licenses for cannabis lounges.

It is our belief that a merit-based system of awarding cannabis licenses in Nevada is far superior to a random or lottery-based system. In his remarks concerning Senate Bill 374 of the 77th Session of the Legislature on June 1, 2013, Senator Tick Segerblom stated, "When considering applicants, the criteria includes a background check, how the applicant has been in Nevada, financial resources, experience, medical background, et cetera. These criteria will be used by the state in making the selections." This merit-based approach differed in intent from the approach used in licensing cannabis lounges. Legislators enacted a path for cannabis consumption lounges to be awarded to qualifying social equity applicants but has not done so for other license types. This diversion from the previously enumerated criteria of merit applies only to consumption lounge licensing.

First and foremost, a merit-based system ensures that licenses are awarded to those who are most qualified and capable of performing the tasks associated with a Nevada cannabis license. This means that the public can have greater confidence in the abilities of those who are granted licenses, which in turn can improve safety and quality across a range of industries. In contrast, a random or lottery-based system would essentially be a game of chance, with no guarantee that the best candidates would be selected, regardless of an initial screening. Additionally, a merit-based system incentivizes individuals and organizations to invest in developing the skills and capabilities needed to qualify for a license. This creates a culture of excellence that can drive innovation, foster competition, and ultimately benefit consumers and society. A random or lottery-based system, on the other hand, would provide no such incentives, and could potentially reward those who are less committed to excellence or who lack the necessary skills and qualifications.

The recent licensing process for cannabis lounges are an example of how, regardless of an initial application screening, when the time for granting a license came, many of the screened applicants were unable to deliver on the financing requirement as well as other required criteria. If the State seeks to increase diversity, social equity, or inclusion, then a lottery is at odds with their goals. A lottery, by definition, would not further the goal to afford licenses to a particular population. Whereas the merit-based system already in place requires the State to consider diversity under 678B.240(1)(i). If the lottery's purpose is to avoid litigation to the exclusion of prioritizing criteria of merit, that is not a public policy goal that has been expressed by the Nevada legislature as it relates to awarding cannabis establishment licenses.

In conclusion, we strongly urge the CCB to withdraw the change to Regulation 5 and any amendment that extends the random/lottery based system used for cannabis lounges to all current cannabis establishments. Should future licensing be needed, the current merit based system ensures that licenses are awarded to the most qualified and capable candidates, incentivize excellence and innovation, and promote transparency and accountability. These are all critical factors in creating a regulatory environment that can effectively serve the public interest.

Thank you for considering our perspective on this important issue.

David Goldwater
Inyo Fine Cannabis

Bonnie Chu
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