

# Nevada Cannabis Advisory Commission

## Market Participation Subcommittee

Meeting Minutes April 12, 2024

The Nevada Cannabis Advisory Commission's Subcommittee on Federal Rescheduling/Descheduling held a meeting in Las Vegas on April 12, 2024, at 1:00pm

### Members Present:

**Shane Terry, Chair**

**Nicole Buffong**

**Braly Joy**

**Chair Terry called the meeting to order at 1:01 p.m. and took roll.** Members Terry, Buffong, and Joy were present in Las Vegas. Members Carrafield and Spirtos were absent.

Instructions to join the meeting via Zoom for public comment were read into the record.

### I. **Public Comment**

Ed Alexander, founder of SoL Cannabis, stated they are working on language to be sent to every regulated state, and they hope for the endorsement of the Attorney General and CCB, identifying the threat of THC-A. He stated the Nevada Dept. of Agriculture has done a beautiful job identifying total potential THC in their hemp regulations, but the same consideration has not been given in other states and that has led to direct delivery of high potency THC-A produces, which is not within the intent of the Farm Bill. Mr. Alexander wants those in the industry to come together to ask the CCB to participate in the process and for Nevada to take the lead and inform other heads of state agencies and attorneys general. He concluded by stressing the importance of industry's need to get in front of this issue and thanked the committee for their work.

Timothy Eli Addo played a recording that was not clearly intelligible. He discussed questioning Chandler about their violation of NRS 281. He stated that people came in with an agenda and referenced Social Equity, Diversity, and Inclusion chairperson A'Esha Goins. He stated that the recent demographic information released from the CCB has the same issues that are trying to be mitigated and addressed. He stated the ownership of marginalized group needs to be addressed and voices are still being silenced during Market Participation.

Denise Mejia, a member of the ICBWA, said she participated in A'Esha Goins' program. Ms. Mejia opined that the social equity community running needs to be given equal advantages to qualify and have the capacity to do the same things as everyone else, which cannot be accomplished if resources are not provided. She stated that some people attempting to enter the cannabis industry do not have the business capacity, so they're set up to lose. She believes there were a lot of changes to the required qualifications and costs and said the system is not going to work if the structure to properly provide resources is not available. Ms. Mejia believes the people who provide the resources should not have any conflicts of interest. Although she was one of the first people selected, she is still facing administrative and internal challenges.

She wants equal education for all. She said she is a self-made Latina entrepreneur from Colombia, and she believes that the way business is done in Nevada is setting people up for a loss.

Alyssa Lloyd, the owner of DADiRRi, provided comment as a person currently operating as a woman of color in the industry wanted to offer potential solution. She proposed for a current operator to share their space to help emerging businesses enter the market. These businesses could create their brand and partner with retailers in shared facility with a management team or intermediary advocacy group to ensure compliance and transparency. She believes this could provide a significant opportunity for the CCB to address some of the concerns of the community in a swift fashion without needing legislative change or a new licensing round. It does not have to show favoritism to those that have capital and will allow minority and other group's voices to be heard. She proposed a warehouse space where vendors would have the opportunity to enter the industry and not be silenced.

Katree Saunders, a long-time part of the industry and patient advocate, stated that she helped protect over 800 patients, and was indicted under Operation Chronic Problem in 2010. She opened Nevada Compassionate Care to help patients get access to small amounts of medicine and was set up by an undercover agent. She received three years' probation, and during that time she took prescription pills because she was unable to use cannabis. She violated her probation by using synthetic THC and ended up in prison for four months. After her release, she worked for multiple cannabis business before a law changed to excluder her from working in the industry. Ms. Saunders believes the State created the CCB to help "their friends" and not really help the schools while also criminalizing the legacy market. She feels that legalization has excluded those without access to capital and is perpetuating another drug war. Ms. Saunders said the petition process to get an agent card was traumatic because she had to rehash what she had been through. She noted other factors preventing women and minorities entering the cannabis business. She also expressed her concern with using radiation to treat cannabis and that more accountability is needed.

Chair Terry read written public comments from Dan Steele into the record.

Roz McCarthy, founder and CEO of Minorities for Medical Marijuana, advised that she will provide a document to the subcommittee to facilitate and support their purpose. She wants to show that a pathway is possible using qualifiable opportunity and ownership. Her organization sent a survey to Nevada minorities and women-owned businesses to get their input and share current issues and conducted a town hall meeting where business owners shared their challenges and possible solutions to create opportunities. The focus was on establishment of a dedicated equity fund because access to capital is the number one barrier to entry to business, development of a mentorship and training program, enhancement of licensing assistance programs, promotion of market access for small brands, collection of data and additional research, education awareness and public facing campaigns. Ms. McCarthy would like to see Nevada be the first state to adopt and focus on a cannabis supplier diversity initiative. She would love to sit down with the subcommittee in the future to dive deeper into these topics.

II. **Introduction of Members**

This item was removed from the agenda.

III. **Welcome from Executive Director James Humm**

Chair Terry thanked Executive Director James Humm for joining the subcommittee and provided a brief introduction.

Director Humm thanked the subcommittee for their work and said he was looking forward to what the group will accomplish and bring forth to the larger Cannabis Advisory Commission to see what they can potentially change help expand access to the market. He once again thanked the Subcommittee for their dedication and time.

IV. **Consideration for Approval of the January 12, 2024, Market Participation Subcommittee Meeting Minutes**

Member Joy moved to approve the minutes. Member Buffong seconded. Minutes approved unanimously.

V. **Discussion and Interpretation of NRS 678A.310 and NRS 678A.450**

Chair Terry noted that during previous discussions regarding NRS 678A.450, the Subcommittee limited their scope to current licensees. He stated that they should expand their scope to ancillary businesses as well.

VI. **Discussion of Identified Challenges, Existing Resources and Programs, and Regulatory/Legislative Resources**

Chair Terry recounted that each member was responsible for researching various subtopics related to the Subcommittee's mission.

Member Joy spoke with smaller in-State operators and non-vertically integrated businesses about their current struggles. He stated financial struggles remain a persistent issue and said that a potential licensing round for additional distribution licenses within the State would be beneficial and expand the market by providing a low cost to entry. Member Joy further emphasized the low margins in the industry, regardless of business size. He also noted positive and negative feedback on the new tax schedule and how it affects business. Member Joy stated that he'll continue to look at other states.

Chair Terry discussed ties between local agriculture, distribution licenses, and rural communities. Member Joy opined that rural stores do not do a lot of volume, so it can be hindering to send a small order and pay large fees to ship product and additional fees to receive funds. This leads to rural communities having less access to cannabis and creates stress on the retailers.

Chair Terry continued: a lack of medical licenses in these rural communities led to a limited supply for patients. Member Buffong referred to written public comment which mentioned a co-op type program. She also stressed the importance of allowing people to grow their own cannabis to get familiar with produce and suggested this as an alternate pathway into the industry. She suggested a micro-license option to allow trainees to have a space and plants in a licensed cultivation facility which would allow for training within a regulated space, while also

providing tax incentives for businesses that participate. Member Terry responded that those options may be technically available and not too different from licensing agreements but believes an incentive is necessary because it is a big risk for the licenses. Member Buffong expanded her suggestion and said there would be regulation and training to avert those risks.

Member Joy noted plenty of conditional licenses in rural areas could use assistance to get up and running so they could serve their communities. He re-emphasized that there needs to be an increase in distribution to create more revenue and job opportunities.

Chair Terry discussed the threat of THC-A from hemp farmers and said the cannabis industry needs to choose how they will deal with it and if there is a possibility to work together. He raised concerns about products being illegally imported into Nevada. He acknowledged the hemp operators who put in a lot of money and are operating fairly but are still marginalized and questioned whether they should be incorporated into the legal system. Member Joy argued the THC-A problem is a current issue, not an imminent one. Member Buffong agreed and stated that hemp producers must be under the same regulations as cannabis and cannot slip into the market under undefined terms, even if federal government does not recognize hemp-derived products as a Schedule I narcotic. Member Buffong acknowledged the validity of some of those products, but felt people needed to understand the difference between tested and untested products. Chair Terry agreed and said he has spoken to hemp farmers who are looking for a pathway into cannabis. Although that industry is regulated under the Department of Agriculture, he looks forward to discussing a pathway for hemp in future meetings.

Member Buffong spoke to minority and women-owned businesses, hosted a town hall, and created a survey to get a better understanding of what people need to participate in the industry. She stated they'd like to expand their reach in the future. As a result of these efforts, they received a broad spectrum of ideas and concepts for cannabis related businesses. Member Buffong proposed a hosting social equity workshop pilot program to eliminate some costs involved in getting started in the cannabis industry. Some of the ideas presented at her town hall provided opportunities for the legacy market and those from the medical side, training and certification programs, mobile consumption licenses, space for trainees in cultivation facilities, farmers' market concepts, etc. She stated the survey is ongoing, and better distribution is needed to collect more data, perhaps by partnering with other organizations. She said these opportunities could also aid in the lack of access to capital and create opportunities for social equity applicants and alternative pathways to the industry. Member Buffong hopes the subcommittee can present three or four ideas to the legislature with the legislative session approaching.

Chair Terry suggested looking at event permits and necessary qualifications rather than considering a "mobile consumption lounge" since the framework is in place and ready for discussion. Member Buffong agreed that revisiting this would be beneficial.

Chair Terry opened the discussion focused on veteran and LGBTQ owned businesses. He said that there was a surprising absence of other states who use LGBTQ identification in licensing and financially distressed, veteran, women or minority owned businesses have official state certifications, including zip code or income-based, but LGBTQ is self-identified. He said that there is a criterion in Nevada for LGBTQ and self-identification that would allow it to be incorporated in diversity and social equity programs.

Chair Terry clarified that the legislature does not seem to require proof, but simply self-identification. He said his research focused on how to incorporate the existing benefits that may extend to married couples to LGBTQ domestic partnerships. Continuing, he explained that veteran benefits were straightforward and cited New York state where licenses are allocated to veterans or points awarded to service -disabled veterans as part of the licensing structure.

## VII. Discussion of Target Areas for Market Participation Efforts

Chair Terry referred to printed materials provided to the committee *Mapping Cannabis Social Equity: Understanding How Ohio Compares to Other States' Post-Legalization Policies to Redress Past Harms* and suggested the committee review. He discussed *Industry Participation* and opined that it is similar to Nevada's market participation, to include license assistance and equity license allocations and preferences. Chair Terry said that license assistance is needed in Nevada and will break down barriers to entering the market. He noted that Arizona offers fee waivers, Connecticut gives loans and provided additional examples of assistance provided by other states. He suggested that the committee review the document for discussion.

Member Buffong noted that Arizona did not cover the social equity licenses and are no longer in social equity applicants' hands, and there is no social equity program in Arizona. She said that fee waivers do not get social equity applicants any closer to opening a business due to the additional financial requirements needed.

Member Joy said that once a social equity applicant is in the industry and learns how difficult it is, they should not be prevented from leaving the industry and being made whole.

Chair Terry said if a social equity licensee is in the business and decides to sell in a couple of years after experiencing challenges, it is okay; they had a shot at the business.

Member Buffong noted that a pathway to inclusion may not be being a license holder, but someone who is in the supply chain businesses such as lighting or soil companies.

Member Joy concurred that a low barrier to entry and doing something that may be lower risk that can create a business that will support employees and families is important.

Chair Terry discussed pre- and post-licensing loans, fee structures, tax breaks and credits, and how to support small businesses, but entering the business is the challenge. Cultivation tax is large for example, but what can Nevada and CCB control? License fees and structure. Regarding pre-application: formal training for license holders with CCB will create a bridge between regulators and operators and will benefit both. A cannabis "university" that will include ancillary businesses would benefit all and could be part of minimum qualifications for licensing. Member Buffong agreed on the importance of training and preparation for the application process and said information on predatory practices should be included. Ms. Buffong said that education and outreach on the supply chain is also needed for those who support the cannabis space.

## VIII. **Future Meetings & Deliverables**

Chair Terry would like to create recommendations prior to the legislative session even if there is no formal path to present them. He asked the committee to consider items in this subcommittee's purview that are important that should be introduced and discussed during the legislative session.

Member Buffong added that the social justice component should be considered in the language that is presented to legislators.

Chair Terry said that the standards of expectation apply prior to licensing, and this includes everyone who is part of the industry. He asked the subcommittee to consider the topics discussed in the document he provided and asked for event permits to be further researched. He said he will research training programs, and the next meeting will have presentations on ideas to affect the legislative session and ideas that may not require legislative change.

Member Buffong suggested an October or November meeting date.

## IX. **Public Comment**

Timothy Eli Addo spoke about education and current operators, fair market value of plants and below average yields caused by plant issues. Mr. Eli Addo expressed concern about these issues and the need for CCB to address them. He said expertise is necessary for those who work in the industry and issues must be addressed.

Ed Alexander said there is an existing training program in place – get an agent card and get trained on the job. He said there may not be a real problem; he said that the barrier is not whether or not there is training but that more people want to get out of the industry than those want to get in, and understanding why people have trouble accessing capital is needed, regardless of affiliation or identification. Mr. Alexander said he believes the industry is failing and the legacy market vs. regulated market is the problem.

Denise Mejia said she is surprised that tax money received by CCB cannot be allocated to funding an institutional program to provide services and collaborate toward a certification process.

Katree Saunders spoke on co-op models and her experience until the dispensary model came out and legislation was changed. She explained she does not work with black social justice groups because she believes they are on the side of corporate cannabis. Ms. Saunders expressed her belief that building generational wealth should look like ownership and include cultivations, dispensaries, laboratories, production, distribution, and consumption lounges. All of this should be opened to social equity applicants.

Chandler Cooks expressed appreciation for the discussion and his hope that CCB will consider partnership with the Department of Health and Human Services regarding hemp. Mr. Cooks said that hemp and THC presents a big problem and commented about proposals, grant programs for cannabis businesses doing research with veterans, and the cannabis business acceleration program. He stated that there may be great alignment with the cities and chambers of commerce. Mr. Cooks said that the nursery license and genetic preservation is important, and a certified education program can be innovative way to destigmatize cannabis.

Alyssa Lloyd operates in the regulated industry, not the legacy market. Expertise and business ownership exists, but the opportunity to exist in a co-op shared marketplace allows operations to participate with CCB and educate the market and work together. She agreed with Ed Alexander that businesses are willing to support this but it needs to be figured out how to come together.

Abad Piza said that a lot of great ideas were presented, but bringing in the legacy market will not make things fair. Allowing people to fail will make things fair. Mr. Piza cited James Parsons v State of Nevada and said that if a person starts a business and fails, they should be allowed to fail.

There was no additional Public Comment.

X. **Adjournment**

Meeting adjourned at 1:59 p.m.