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**Nevada Cannabis Advisory Commission
Subcommittee on Taxation
Meeting Minutes May 14th, 2026**

The Nevada Cannabis Advisory Commission Subcommittee on Taxation held a meeting via Zoom on **May 14th, 2026**, at 10:00a.m.

Members' Present:

Chair – Erica Scott

Frederick Steinman

Mitchell Britten

Mauricio Solorio Arteaga – arrived 10:05am

David Goldwater – arrived 10:50am

Member's Absent:

Chair Scott called the meeting to order at 10:00a.m.

- I. Public Comment
 - a. There was no one online to provide public comment.
- II. Consideration of Approval of the CAC Subcommittee on Taxation April 14th, 2026, Meeting Minutes (for possible action)
 - a. Member Britten and Member Steinman were not at the previous meeting and stated they did not have the ability to approve the minutes. Member Steinman moved to table the approval of the April 14th meeting minutes until the next meeting.
- III. Research and Data Update (for discussion only)
 - a. Cannabis Data: Chair Scott stated that Department of Taxation has access to the cannabis transaction data in the seed-to-sale tracking system and data has been compiled through the end of calendar year 2025 with Member Solorio.
 - i. Observations from the data show that affiliate versus non-affiliate transactions trends are approximately 65-70% non-affiliate and 30-35% affiliate. This data is similar to previous year's trends.
 - ii. The analysis for demand for cannabis products is ongoing.
 - b. Consumable Hemp Data: Chair Scott stated that she has reached out to local governments regarding taxable sales data and trying to delineate between hemp and other products but because they are not recorded separately from sales of other products it is difficult to get Nevada-specific data.
 - i. Chair Scott reached out to the Cannabis department of Minnesota as they have the most robust hemp data available. Minnesota's hemp data may be used as the

foundation of a model for Nevada hemp data, depending on the similarities and proportion of gross state product and population.

- ii. Member Britten stated that the relevant piece of any hemp data used is to think of intoxicating hemp and consumable hemp as one full subset of the market and to create a tax parity system for Nevada-sold hemp as the immediate concern is that intoxicating hemp sales have overtaken the legal cannabis market. Chair Scott stated that it is likely that intoxicating hemp would not be included in the consumable hemp study due to changes coming from the federal government in November 2026 and it's unknown if that is a continuing market with the new regulations. Intoxicating hemp would be addressed, but analysis of tax revenue from the state comes from compliant taxpayers and not necessarily from illicit intoxicating hemp.
- iii. Clark County recently passed ordinances surrounding licensing for hemp products and have roughly 150 brick and mortar businesses selling consumable hemp. Minnesota's data had roughly \$130M in sales from 1800 businesses that were registered to sell low-potency hemp products, not including topicals. These differences would be applied in the data model if Minnesota's data is used for a Nevada-specific taxation model.
- iv. Member Solorio stated that he did not see consumable hemp sales in Nevada being larger than \$1M. Chair Scott agreed but stated that the illicit market is the big unknown.
- v. Chair Scott will request further information from Minnesota regarding their low-potency hemp sales data knowing that there are significant differences between Minnesota and Nevada's markets. Furthermore, Minnesota's tax rate on consumable hemp is 10%, the same as Nevada's retail tax on cannabis.
- vi. Member Solorio asked how low potency is defined and Chair Scott answered that Minnesota follows the federal regulation of .3% THC per package and no more than 5mg of THC per serving.
- vii. The goal is to analyze the impact of taxing Nevada's consumable hemp on the State Education Fund.
- viii. Member Steinmann asked if there is an estimation of the total value of the illicit market in Nevada is. Chair Scott responded that the CCB did a study on whether the illicit market is increasing or decreasing, but opinions differ and it is incredibly difficult to quantify. Minnesota had done research using customer surveys on where they got their cannabis and a large percentage responded they had gotten cannabis from a family member, but that data was inconclusive whether these responses included illicit cannabis or not.
 1. Member Britten responded that approximately 4-5 years ago the Industry Trade Association hired a contractor to do an economic impact study that estimated the illicit market to be at \$600M a year. The sentiment is that "soft-on-crime" states are not disincentivizing the legal market to move to the illicit market because the penalties are minimal and that this may correlate to the downward trend in taxes collected from legal cannabis licenses. Member Steinmann expressed intrigue in seeing the study and the data methodology used to come to the \$600M a year number and if data from county sheriffs could be used to replicate that model in Nevada. Member Britten included

that much of the data came from the Colorado task force responsible for monitoring inter-state trafficking.

2. Chair Scott cited the recent CCB study surveying cannabis consumers and that approximately 14-16% of respondents had used cannabis from an illicit source. Similarly, the Equio by New Frontier data produced annual reports that the 2023 market projection of estimated illicit sales was \$242M or approximately 21% of the Nevada market. Projections look to be decreasing in ratio and Chair Scott commented that studies are producing differing results, as is the nature of the illicit market.
3. Member Britten mentioned an individual who may be helpful is John Restrepo. Chair Scott was able to find the study Member Britten mentioned and stated the study was in 2021 and could possibly be skewed due to the COVID-19 pandemic.

- ix. Member Britten brought up the recent Federal Rescheduling of medical cannabis could significantly impact Nevada's industry because there is a requirement that the product must be sold to the DEA before being released to the market. The sale to the DEA is taxed at Fair Market Value (FMV) of \$125 a pound which would reduce the tax income on medical cannabis in Nevada dramatically. Chair Scott asked if the DEA FMV is publicly available and Member Britten responded that yes but is subject to change. Further clarification of this process is needed.

IV. Questions for Cannabis Industry (for discussion only)

- a. Category Sales Trends: Chair Scott requested Member Britten to discuss observations on the industry of category sales trend that has affected product pricing.
 - i. Member Britten stated that [Thrive] did just over one million sales transactions in the calendar year 2025. Member Solorio clarified that the data they have available to them shows trends, but not what has made the industry evolve to inform those trends and that's the insight they're looking for.
 - ii. Member Britten stated that as the industry evolved and companies innovated new SKUs, they began to provide products other than standard flower and became focused on customer demand. From 2017 to now, [Thrive's] customer sales shifted from 70% to 50% purchasing flower. The 20% did not leave the market, it just migrated to different SKUs at different prices.
 - iii. Chair Scott asked if the federal rescheduling is factoring into the stabilization of wholesale pricing throughout the industry. Member Britten responded that although there is not a good answer, the incentive to register with the DEA comes from removing the 280E tax burden on licenses. The caveat though is that registered DEA licenses could not purchase products from non-registered licenses, so could drastically change Nevada's current wholesale selling process.
- b. Advancements in the Industry: Chair Scott requested Member Britten to discuss observations on the industry of advancements in the industry that has affected product pricing.
 - i. Member Britten stated that before 2017 the extraction methods used were modeled after perfume manufacturers, or other similar industries, and over the years more companies were fine-tuning in Canada. Those advancements from Canada to our legal market included more efficient pumps and shared best practices.

- ii. Member Solorio asked about manufacturing advancements and Member Britten responded with a specific example from Thrive. During the recreational legalization process that changed the tax structure from previously untaxed product to a FMV of 15%, Thrive purchased and began using a “multi-head scale” that Frito-Lay uses for packaging their chips which stream-lined operations significantly. Similarly, one employee packaging pre-rolls at 800 units a shift could operate a packaging machine that could produce 8000 units in a shift. These machines are costly, but industry has started implementing more of these large machines in their manufacturing.
- iii. Cultivation has had advancements in grow lighting and environmental control which led to increased yield.
- iv. Member Britten offered to provide a heat map of industry advancements on a timeline for the other members to visualize changes and stated that these advancements caused an overproduction of cannabis in Nevada which affected the price of all products. As industry became more efficient, products grew to exceed demand, which drove prices down. With that, licenses are experiencing a state of attrition due to price reductions (too many licenses providing too much product) and the industry is hoping to level out once less operators are providing product.

V. Future Meetings (for discussion only)

- a. Chair Scott stated that the subcommittee will likely not meet again until the first or second week of June.
- b. Chair Scott brought back agenda item II for approval of April 14th meeting minutes and requested Member Goldwater or Member Solorio to make a motion to approve the previous meeting minutes as they were both in attendance of the prior meeting. Member Goldwater motioned to approve and Member Solorio seconded.

VI. Public Comment

- a. There was no one online to provide public comment.

VII. Adjournment

- a. Chair Scott adjourned the meeting at 11:03am.