September 3, 2026

Cannabis Advisory Commission, Subcommittee on Taxation
Submitted via email to CACmeetings@ccb.nv.gov

RE: Public Comment for the September 4, 2026 Meeting

To the Chair and Members of the Subcommittee on Taxation:

My name is Charles Watson, and I work in Nevada's licensed cannabis industry. I'm writing in my personal capacity; these views are my own and don't represent my employer.

I want to start by saying I recognize this is not an easy assignment. Recommending a tax structure change means building on a long chain of assumptions, including consumer behavior, price elasticity, and how the legal and illicit markets will respond, and getting any one of them wrong can throw off the whole picture. I don't envy the position you're in, and I appreciate the care this subcommittee has clearly put into the work.

I do want to flag what happened in Michigan as a caution. Michigan layered a new 24% wholesale excise tax on top of its existing 10% excise and 6% sales tax, effective January 1, 2026. By February, statewide licensed dispensary revenue had fallen roughly 3% year-over-year to $234.6 million, even as flower volume rose 3.2% and average prices fell 8.2%. People kept buying; they just paid less, and the tax base eroded under them. That gap between projected and actual revenue is now driving bipartisan repeal legislation (Senate Bill 810, filed by eight senators in February 2026) and a lawsuit from the state's cannabis industry association, with the tax still in effect and businesses reportedly closing as of this writing.

I raise this because I understand the direction under discussion here, eliminating the wholesale excise tax and raising the retail excise tax, and I know the CCB's own estimate treats this as close to revenue-neutral. But that estimate assumes stable buying behavior, and there is a structural reason to doubt it: a wholesale tax is folded into the shelf price before a customer ever sees it, while a retail tax shows up as its own line on the receipt. Taxes that are visible at the register tend to move purchasing decisions more than taxes hidden inside the price, so this shift could make demand more price sensitive, not less, at the exact moment Nevada is trying to keep customers in the legal market. Michigan shows how far actual behavior can miss a revenue projection once pricing changes; a more visible tax gives Nevada less room for error, not more.

I don't say this to discourage the work, only to ask that whatever you recommend build in real room for the numbers to be wrong.

Thank you for your time and for taking on this work.

Charles Watson

References:

- Michigan Dept. of Treasury: guidance on the 24% wholesale marijuana tax (eff. Jan. 1, 2026) and the Marijuana Retailers Excise Tax (10% excise plus 6% sales tax)
- Michigan Cannabis Regulatory Agency, Monthly Statistical Reports for February 2026 and February 2025 (michigan.gov/cra)
- Cannabis Business Times, "8 Michigan Senators Plan to Repeal State's 24% Cannabis Tax" (SB 810, filed Feb. 26, 2026; 5 Republican, 3 Democratic sponsors)
- Detroit Metro Times, "Michigan lawmakers want to repeal the 24% cannabis tax, but don't hold your breath" (Aug. 2026)