

ASSEMBLY BILL NO. 3—COMMITTEE ON
HEALTH AND HUMAN SERVICES

(ON BEHALF OF THE NEVADA LEAGUE OF
CITIES AND MUNICIPALITIES

PREFILED NOVEMBER 15, 2018

Referred to Committee on Health and Human Services

SUMMARY—Authorizes the Department of Taxation to issue additional licenses for retail marijuana stores and certificates for medical marijuana dispensaries upon the request of a city. (BDR 40-431)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to marijuana; authorizing the Department of Taxation to issue additional medical marijuana establishment registration certificates for medical marijuana dispensaries located in an incorporated city upon the request of the governing body of the incorporated city; authorizing the Department of Taxation to issue additional licenses to operate a retail marijuana store located in an incorporated city upon the request of the governing body of the incorporated city; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law establishes certain limits on the number of medical marijuana
2 establishment registration certificates issued by the Department of Taxation for the
3 operation of medical marijuana dispensaries in each county or incorporated city.
4 (NRS 453A.324) **Section 1** of this bill authorizes the Department to issue, upon the
5 request of the governing body of an incorporated city, additional medical marijuana
6 establishment registration certificates for the operation of a medical marijuana
7 dispensary within the incorporated city. Similarly, existing law establishes certain
8 limits on the number of licenses issued by the Department of Taxation for the
9 operation of retail marijuana stores in each county unless the county government
10 requests the issuance of additional licenses for the operation of retail marijuana
11 stores. (NRS 453D.210) **Section 3** of this bill similarly authorizes the Department



12 to issue, upon the request of the governing body of an incorporated city, additional
13 licenses for the operation of a retail marijuana store within the incorporated city.

14 Existing law prohibits any one local government in a county whose population
15 is 100,000 or more (currently Clark and Washoe Counties) from containing more
16 than 25 percent of the total number of medical marijuana dispensaries certified in
17 the county unless the board of county commissioners for the county adopts a higher
18 limit. (NRS 453A.326) **Section 2** of this bill exempts medical marijuana
19 establishment registration certificates issued at the request of the governing body of
20 an incorporated city from this limitation.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 453A.324 is hereby amended to read as
2 follows:

3 453A.324 1. Except as otherwise provided in this section and
4 NRS 453A.326, the Department shall issue medical marijuana
5 establishment registration certificates for medical marijuana
6 dispensaries in the following quantities for applicants who qualify
7 pursuant to NRS 453A.322:

8 (a) In a county whose population is 700,000 or more, 40
9 certificates;

10 (b) In a county whose population is 100,000 or more but less
11 than 700,000, ten certificates;

12 (c) In a county whose population is 55,000 or more but less than
13 100,000, two certificates;

14 (d) In each other county, one certificate; and

15 (e) For each incorporated city in a county whose population is
16 less than 100,000, one certificate.

17 2. Notwithstanding the provisions of subsection 1, the
18 Department:

19 (a) ~~[Shall]~~ *Except as otherwise provided in this paragraph or*
20 *paragraph (c), shall* not issue medical marijuana establishment
21 registration certificates for medical marijuana dispensaries in such a
22 quantity as to cause the existence within the applicable county of
23 more than one medical marijuana dispensary for every ten
24 pharmacies that have been licensed in the county pursuant to chapter
25 639 of NRS. The Department may issue medical marijuana
26 establishment registration certificates for medical marijuana
27 dispensaries in excess of the ratio otherwise allowed pursuant to this
28 paragraph if to do so is necessary to ensure that the Department
29 issues at least one medical marijuana establishment registration
30 certificate in each county of this State and, pursuant to paragraph (e)
31 of subsection 1, each incorporated city of this State in which the
32 Department has approved an application for such an establishment
33 to operate.



1 (b) Shall, for any county for which no applicants qualify
2 pursuant to NRS 453A.322, within 2 months after the end of the
3 period during which the Department accepts applications pursuant
4 to subsection 5, reallocate the certificates provided for that county
5 pursuant to subsection 1 to the other counties specified in subsection
6 1 in the same proportion as provided in subsection 1.

7 *(c) May, upon the request of the governing body of an*
8 *incorporated city and in addition to any medical marijuana*
9 *establishment registration certificates required to be issued*
10 *pursuant to subsection 1, issue one or more medical marijuana*
11 *establishment registration certificates for the operation of a*
12 *medical marijuana dispensary located within the incorporated city.*

13 3. The Department:

14 (a) Shall not accept an application for the issuance of a medical
15 marijuana establishment registration certificate pursuant to
16 paragraph (e) of subsection 1 unless the application is accompanied
17 by a letter from the incorporated city in which the proposed medical
18 marijuana dispensary will be located endorsing the issuance of the
19 medical marijuana establishment registration certificate;

20 (b) May accept such an application at any time if no medical
21 marijuana establishment registration certificate has been issued to a
22 medical marijuana dispensary located in the incorporated city
23 pursuant to paragraph (e) of subsection 1; and

24 (c) May accept such an application on or before December 31,
25 2018, only from an applicant who holds a medical marijuana
26 establishment registration certificate.

27 4. With respect to medical marijuana establishments that are
28 not medical marijuana dispensaries, the Department shall:

29 (a) Issue a medical marijuana establishment registration
30 certificate to at least one cultivation facility and at least one facility
31 for the production of edible marijuana products or marijuana-
32 infused products in each county; and

33 (b) Determine the appropriate number of additional such
34 establishments in each county as are necessary to serve and supply
35 the medical marijuana dispensaries to which the Department has
36 granted medical marijuana establishment registration certificates
37 and issue such a number of medical marijuana establishment
38 registration certificates for such establishments in each county.

39 5. Except as otherwise provided in subsection 3, the
40 Department shall not, for more than a total of 10 business days in
41 any 1 calendar year, accept applications to operate medical
42 marijuana establishments.

43 **Sec. 2.** NRS 453A.326 is hereby amended to read as follows:

44 453A.326 1. Except as otherwise provided in this subsection,
45 in a county whose population is 100,000 or more, the Department



1 shall ensure that not more than 25 percent of the total number of
2 medical marijuana dispensaries that may be certified in the county,
3 ~~as set forth in~~ *pursuant to subsection 1 of* NRS 453A.324, are
4 located in any one local governmental jurisdiction within the
5 county. The board of county commissioners of the county may
6 increase the percentage described in this subsection if it determines
7 that to do so is necessary to ensure that the more populous areas of
8 the county have access to sufficient distribution of marijuana for
9 medical use. *The provisions of this subsection do not apply to*
10 *medical marijuana establishment registration certificates issued*
11 *pursuant to paragraph (c) of subsection 2 of NRS 453A.324.*

12 2. To prevent monopolistic practices, the Department shall
13 ensure, in a county whose population is 100,000 or more, that it
14 does not issue, to any one person, group of persons or entity, the
15 greater of:

16 (a) One medical marijuana establishment registration certificate;
17 or

18 (b) More than 10 percent of the medical marijuana establishment
19 registration certificates otherwise allocable in the county.

20 3. In a local governmental jurisdiction that issues business
21 licenses, the issuance by the Department of a medical marijuana
22 establishment registration certificate shall be deemed to be
23 provisional until such time as:

24 (a) The establishment is in compliance with all applicable local
25 governmental ordinances or rules; and

26 (b) The local government has issued a business license for the
27 operation of the establishment.

28 4. As used in this section, "local governmental jurisdiction"
29 means a city, town, township or unincorporated area within a
30 county.

31 **Sec. 3.** NRS 453D.210 is hereby amended to read as follows:

32 453D.210 1. No later than 12 months after January 1, 2017,
33 the Department shall begin receiving applications for marijuana
34 establishments.

35 2. For 18 months after the Department begins to receive
36 applications for marijuana establishments, the Department shall only
37 accept applications for licenses for retail marijuana stores, marijuana
38 product manufacturing facilities, and marijuana cultivation facilities
39 pursuant to this chapter from persons holding a medical marijuana
40 establishment registration certificate pursuant to chapter 453A of
41 NRS.

42 3. For 18 months after the Department begins to receive
43 applications for marijuana establishments, the Department shall
44 issue licenses for marijuana distributors pursuant to this chapter only
45 to persons holding a wholesale dealer license pursuant to chapter



1 369 of NRS, unless the Department determines that an insufficient
2 number of marijuana distributors will result from this limitation.

3 4. Upon receipt of a complete marijuana establishment license
4 application, the Department shall, within 90 days:

5 (a) Issue the appropriate license if the license application is
6 approved; or

7 (b) Send a notice of rejection setting forth the reasons why the
8 Department did not approve the license application.

9 5. The Department shall approve a license application if:

10 (a) The prospective marijuana establishment has submitted an
11 application in compliance with regulations adopted by the
12 Department and the application fee required pursuant to
13 NRS 453D.230;

14 (b) The physical address where the proposed marijuana
15 establishment will operate is owned by the applicant or the applicant
16 has the written permission of the property owner to operate the
17 proposed marijuana establishment on that property;

18 (c) The property is not located within:

19 (1) One thousand feet of a public or private school that
20 provides formal education traditionally associated with preschool or
21 kindergarten through grade 12 and that existed on the date on which
22 the application for the proposed marijuana establishment was
23 submitted to the Department; or

24 (2) Three hundred feet of a community facility that existed
25 on the date on which the application for the proposed marijuana
26 establishment was submitted to the Department;

27 (d) ~~The~~ *Except as otherwise provided in subsection 6, the*
28 proposed marijuana establishment is a proposed retail marijuana
29 store and there are not more than:

30 (1) Eighty licenses already issued in a county with a
31 population greater than 700,000;

32 (2) Twenty licenses already issued in a county with a
33 population that is less than 700,000 but more than 100,000;

34 (3) Four licenses already issued in a county with a population
35 that is less than 100,000 but more than 55,000; *and*

36 (4) Two licenses already issued in a county with a population
37 that is less than 55,000;

38 ~~[(5) Upon request of a county government, the Department~~
39 ~~may issue retail marijuana store licenses in that county in addition to~~
40 ~~the number otherwise allowed pursuant to this paragraph.];~~

41 (e) The locality in which the proposed marijuana establishment
42 will be located does not affirm to the Department that the proposed
43 marijuana establishment will be in violation of zoning or land use
44 rules adopted by the locality; and



1 (f) The persons who are proposed to be owners, officers, or
2 board members of the proposed marijuana establishment:

3 (1) Have not been convicted of an excluded felony offense;
4 and

5 (2) Have not served as an owner, officer, or board member
6 for a medical marijuana establishment or a marijuana establishment
7 that has had its registration certificate or license revoked.

8 6. *Notwithstanding the provisions of paragraph (d) of*
9 *subsection 5, the Department may, upon the request of the*
10 *governing body of a county or an incorporated city and in addition*
11 *to any license applications required to be approved pursuant to*
12 *paragraph (d) of subsection 5, issue one or more licenses for the*
13 *operation of a retail marijuana store located within the county or*
14 *the incorporated city, as applicable.*

15 7. When competing applications are submitted for a proposed
16 retail marijuana store within a single county, the Department shall
17 use an impartial and numerically scored competitive bidding process
18 to determine which application or applications among those
19 competing will be approved.

20 **Sec. 4.** 1. This section and sections 1 and 2 of this act
21 become effective on July 1, 2019.

22 2. Section 3 of this act becomes effective on November 23,
23 2019.



