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SECOND REPRINT

S.B. 195

SENATE BILL NO. 195—SENATORS NGUYEN, SPEARMAN, D. HARRIS, STONE, BUCK; DONATE, DONDERO LOOP, PAZINA AND SCHEIBLE

FEBRUARY 23, 2023

JOINT SPONSORS: ASSEMBLYMEN YEAGER, WATTS; BILBRAY-AXELROD, CARTER, DURAN, GONZÁLEZ, HAFEN, KOENIG AND PETERS

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions related to cannabis. (BDR 56-452)

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

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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 cannabis; revising provisions relating to disciplinary action taken by the Cannabis Compliance Board against the holder of a license or registration card issued by the Board; requiring the Board to adopt regulations governing the transfer of an ownership interest in a cannabis establishment; revising provisions governing the fees the Board is authorized to charge; requiring the Board to adopt regulations governing the charging and collecting of certain fees; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law sets forth the procedures by which the Cannabis Compliance
2 Board may take disciplinary action against a licensee or registrant who violates a
3 provision of existing law governing the cannabis industry in this State or any
4 regulation adopted by the Board. (NRS 678A.500-678A.600) **Sections 2 and 4** of
5 this bill authorize the Board to resolve any matter concerning a licensee or
6 registrant who has allegedly committed such a violation by entering into a consent
7 or settlement agreement with the licensee or registrant so long as the Board
8 discusses and approves the terms of the agreement, and any modification of those
9 terms, at a meeting of the Board. **Section 3** of this bill sets forth certain mitigating
10 circumstances concerning a violation. **Section 2** requires the Board to consider



11 whether any of those mitigating circumstances exist in determining whether to
12 approve or modify the terms of a consent or settlement agreement.

13 If the Board elects to proceed with disciplinary action against a licensee or
14 registrant, existing law requires the Board or the Executive Director of the Board to
15 serve upon the licensee or registrant a complaint setting forth the acts or omissions
16 for which the licensee or registrant is charged and certain other information. (NRS
17 678A.520) **Section 5** of this bill requires the complaint to charge multiple alleged
18 violations as a single alleged violation under certain circumstances. **Section 5** also
19 requires the complaint to include the penalties being sought against the licensee or
20 registrant.

21 If the Board determines that a licensee or registrant has violated a provision of
22 existing law governing the cannabis industry in this State or any regulation adopted
23 by the Board, existing law authorizes the Board to: (1) limit, condition, suspend or
24 revoke the license or registration card of the licensee or registrant; (2) impose a
25 civil penalty in an amount established by the Board by regulation; or (3) take both
26 of those actions. (NRS 678A.600) **Section 7** of this bill: (1) requires the Board, in
27 determining the appropriate action to be taken against such a licensee or registrant,
28 to consider whether any of the mitigating circumstances set forth in **section 3** exist;
29 (2) limits the amount of a civil penalty the Board is authorized to impose for a
30 single violation to \$20,000; and (3) authorizes the Board to take certain additional
31 actions. **Section 6** of this bill requires that certain information concerning the
32 mitigating factors considered by the Board pursuant to **section 7** be included in the
33 written decision of the Board following a disciplinary hearing in certain
34 circumstances.

35 Existing law requires an applicant for a license to pay to the Board the actual
36 costs incurred by the Board in processing the application, including, without
37 limitation, conducting background checks. (NRS 678B.390) **Section 11** of this bill
38 revises that requirement to instead require an applicant to pay the actual costs paid
39 by the Board to a law enforcement agency or other person who is not an employee
40 of the Board to conduct any background checks in connection with the application.

41 Existing regulations of the Board require the Board to charge each cannabis
42 establishment, at an hourly rate established by the Board, an assessment for the
43 costs of various ongoing activities of the Board relating to the oversight of the
44 cannabis establishment, including, without limitation routine inspections and audits,
45 the investigation of certain complaints and investigations based on any type of
46 requested transfer of interest. (Nev. Cannabis Compliance Bd. Regs. § 6.025)
47 **Section 11** prohibits the Board from charging a licensee, registrant or applicant for
48 a license or registration card any fee, cost, fine or other charge that is not expressly
49 authorized by the provisions of existing law governing the cannabis industry in this
50 State, including, with certain exceptions set forth in **section 11**, any charge for the
51 costs of ongoing activities of the Board relating to the oversight of a cannabis
52 establishment.

53 Existing regulations of the Board set forth various requirements for the transfer
54 of an ownership interest in a cannabis establishment. (Nev. Cannabis Compliance
55 Bd. Regs. § 5.110) **Section 10** of this bill specifically requires the Board to adopt
56 regulations by which the holder of an ownership interest in a cannabis
57 establishment may transfer all or any portion of the ownership interest to another
58 qualified person. **Section 11** authorizes the Board to charge a cannabis
59 establishment for the actual costs paid by the Board to a law enforcement agency or
60 other person who is not an employee of the Board to conduct any background
61 checks in connection with a transfer of ownership interest in the cannabis
62 establishment.

63 In addition to any other applicable fees, **section 11** also authorizes the Board to
64 charge a licensee or an applicant for a license certain amounts for the costs incurred
65 by the Board in conducting an investigation in connection with: (1) a transfer of an



66 ownership interest in a cannabis establishment; (2) an application for the initial
67 issuance of a license; (3) a request to obtain any approval that may be required by
68 the Board to enter into an agreement to provide management services to a cannabis
69 establishment; and (4) any waiver that is requested pursuant to the provisions of
70 existing law governing cannabis. **Section 11** limits the amounts that may be
71 charged to a reasonable hourly fee for each hour spent by agents of the Board in
72 conducting the investigation and travel expenses and per diem allowances for such
73 agents. **Section 9.5** of this bill requires the Board to adopt regulations establishing
74 certain procedures and requirements for the charging and collecting of such
75 amounts.

76 **Section 12** of this bill makes a conforming change to refer to provisions that
77 have been renumbered in **section 11**.

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

1 **Section 1.** Chapter 678A of NRS is hereby amended by
2 adding thereto the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2. 1. *The Board may, at any time, resolve a matter***
4 ***involving a licensee or registrant who has allegedly violated a***
5 ***provision of this title or any regulation adopted pursuant thereto***
6 ***by entering into a consent or settlement agreement with the***
7 ***licensee or registrant so long as the terms of the agreement, and***
8 ***any modification of those terms, are discussed and approved at a***
9 ***meeting of the Board.***

10 **2. *In determining whether to approve or modify the terms of a***
11 ***consent or settlement agreement pursuant to subsection 1, the***
12 ***Board shall consider whether any of the mitigating circumstances***
13 ***set forth in section 3 of this act exist.***

14 **3. *The Board shall state on the record in any meeting in***
15 ***which the terms of a consent or settlement agreement are***
16 ***approved or modified pursuant to subsection 1:***

17 ***(a) The determination of the Board as to whether any of the***
18 ***mitigating circumstances set forth in section 3 of this act exist;***
19 ***and***

20 ***(b) If the Board determines that any of the mitigating***
21 ***circumstances exist, the weight given by the Board to each***
22 ***mitigating circumstance in determining whether to approve or***
23 ***modify the terms of the agreement.***

24 **4. *If the terms of a consent or settlement agreement impose a***
25 ***civil penalty, the statement required by paragraph (b) of***
26 ***subsection 3 must specify the weight given by the Board to each***
27 ***mitigating circumstance in determining whether to approve or***
28 ***modify the amount of the civil penalty.***



1 **Sec. 3. 1.** *A violation of any provision of this title or any*
2 *regulation adopted pursuant thereto may be mitigated by any of*
3 *the following circumstances:*

4 **(a)** *The licensee or registrant self-reported the violation to the*
5 *Board or an agent of the Board.*

6 **(b)** *For a violation committed by a licensee, the licensee has:*

7 **(1)** *Submitted to the Board a plan to correct the violation*
8 *which has been approved by the Board or deemed approved*
9 *pursuant to subsection 2; and*

10 **(2)** *Taken action to correct the violation.*

11 **(c)** *The licensee or registrant has made a good faith effort to*
12 *prevent violations from occurring, including, without limitation,*
13 *by:*

14 **(1)** *Providing regular training to the employees of the*
15 *licensee or registrant which has been documented and which was*
16 *provided before the commencement of an investigation by the*
17 *Board concerning the violation; or*

18 **(2)** *Establishing, before the commencement of an*
19 *investigation by the Board concerning the violation, standard*
20 *operating procedures that include procedures which directly*
21 *address the conduct constituting the violation.*

22 **(d)** *The licensee or registrant has cooperated in the*
23 *investigation of the violation in such a manner as to demonstrate*
24 *that the licensee or registrant accepts responsibility for the*
25 *violation.*

26 **(e)** *Any other mitigating circumstance established by the*
27 *Board by regulation exists.*

28 **2.** *For the purposes of subparagraph (1) of paragraph (b) of*
29 *subsection 1, if a licensee has submitted a plan to correct a*
30 *violation and the Board does not take action to approve or reject*
31 *the plan within 30 days after the date on which the plan was*
32 *submitted, the plan shall be deemed to be approved by the*
33 *appropriate agent of the Board.*

34 **Sec. 4.** *NRS 678A.510 is hereby amended to read as follows:*

35 678A.510 1. *If the Executive Director transmits the details of*
36 *a suspected violation to the Attorney General pursuant to NRS*
37 *678A.500, the Attorney General shall conduct an investigation of*
38 *the suspected violation to determine whether it warrants proceedings*
39 *for disciplinary action of the licensee or registrant. If the Attorney*
40 *General determines that further proceedings are warranted, he or she*
41 *shall report the results of the investigation together with a*
42 *recommendation to the Executive Director in a manner which does*
43 *not violate the right of the person charged in the complaint to due*
44 *process in any later hearing on the complaint. The Executive*



1 Director shall transmit the recommendation and other information
2 received from the Attorney General to the Board.

3 2. The Board shall promptly make a determination with respect
4 to each complaint resulting in an investigation by the Attorney
5 General. The Board shall:

6 (a) Dismiss the complaint; ~~for~~

7 (b) *Enter into a consent or settlement agreement with the*
8 *licensee or registrant pursuant to section 2 of this act; or*

9 (c) Proceed with appropriate disciplinary action in accordance
10 with NRS 678A.520 to 678A.600, inclusive, and the regulations
11 adopted by the Board. *In determining the disciplinary action to*
12 *impose the Board shall consider mitigating factors pursuant to*
13 *section 3 of this act.*

14 **Sec. 5.** NRS 678A.520 is hereby amended to read as follows:

15 678A.520 1. If the Board proceeds with disciplinary action
16 pursuant to NRS 678A.510, the Board or the Executive Director
17 shall serve a complaint upon the respondent either personally, or by
18 registered or certified mail at the address of the respondent that is on
19 file with the Board. Such complaint must ~~be~~ :

20 (a) *Be* a written statement of charges ~~and must set~~ ;

21 (b) *Set* forth in ordinary and concise language the acts or
22 omissions with which the respondent is charged ~~. The complaint~~
23 ~~must specify~~ ;

24 (c) *Specify* the statutes and regulations which the respondent is
25 alleged to have violated ~~, but must not~~ ;

26 (d) *Not* consist merely of charges raised in the language of the
27 statutes or regulations ~~. The complaint must provide~~ *which the*
28 *respondent is alleged to have violated*;

29 (e) *If the respondent is alleged to have committed multiple*
30 *violations consisting of the same or a similar act, omission or*
31 *course of conduct, charge those violations as a single alleged*
32 *violation if the violations:*

33 (1) *Are closely related in time, place and circumstance; and*

34 (2) *Were all discovered in the course of a single audit,*
35 *inspection or investigation;*

36 (f) *Specify the penalty being sought against the respondent;*
37 *and*

38 (g) *Provide* notice of the right of the respondent to request a
39 hearing. ~~[The Chair of the Board may grant an extension to respond~~
40 ~~to the complaint for good cause.]~~

41 2. *The Chair of the Board may grant an extension to respond*
42 *to the complaint for good cause.* Unless granted *such* an extension,
43 the respondent must answer within 20 days after the service of the
44 complaint. In the answer the respondent:



1 (a) Must state in short and plain terms the defenses to each claim
2 asserted.

3 (b) Must admit or deny the facts alleged in the complaint.

4 (c) Must state which allegations the respondent is without
5 knowledge or information to form a belief as to their truth. Such
6 allegations shall be deemed denied.

7 (d) Must affirmatively set forth any matter which constitutes an
8 avoidance or affirmative defense.

9 (e) May demand a hearing. Failure to demand a hearing
10 constitutes a waiver of the right to a hearing and to judicial review
11 of any decision or order of the Board, but the Board may order a
12 hearing even if the respondent so waives his or her right.

13 3. Failure to answer or to appear at the hearing constitutes an
14 admission by the respondent of all facts alleged in the complaint.
15 The Board may take action based on such an admission and on other
16 evidence without further notice to the respondent. If the Board takes
17 action based on such an admission, the Board shall include in the
18 record which evidence was the basis for the action.

19 4. The Board shall determine the time and place of the hearing
20 as soon as is reasonably practical after receiving the respondent's
21 answer. The Board shall deliver or send by registered or certified
22 mail a notice of hearing to all parties at least 10 days before the
23 hearing. The hearing must be held within 45 days after receiving the
24 respondent's answer unless an expedited hearing is determined to be
25 appropriate by the Board, in which event the hearing must be held as
26 soon as practicable. The Chair of the Board may grant one or more
27 extensions to the 45-day requirement pursuant to a request of a party
28 or an agreement by both parties.

29 **Sec. 6.** NRS 678A.590 is hereby amended to read as follows:

30 678A.590 1. Within 60 days after the hearing of a contested
31 matter, the Board shall render a written decision on the merits which
32 must contain findings of fact, a determination of the issues presented
33 and the penalty to be imposed, if any. *If the Board determines that*
34 *the licensee or registrant has violated any provision of this title or*
35 *any regulation adopted pursuant thereto, the written decision must*
36 *set forth the determination of the Board as to whether any of the*
37 *mitigating circumstances required to be considered by the Board*
38 *pursuant to NRS 678A.600 exist and, if so, the weight given to*
39 *each mitigating circumstance in determining the appropriate*
40 *action to be taken pursuant to that section.* The Board shall
41 thereafter make and enter its written order in conformity to its
42 decision. No member of the Board who did not hear the evidence
43 may vote on the decision. The affirmative votes of a majority of the
44 whole Board are required to impose any penalty. Copies of the
45 decision and order must be served on the parties personally or sent



1 to them by registered or certified mail. The decision is effective
2 upon such service, unless the Board orders otherwise.

3 2. The Board may, upon motion made within 10 days after
4 service of a decision and order, order a rehearing before the Board
5 upon such terms and conditions as it may deem just and proper if a
6 petition for judicial review of the decision and order has not been
7 filed. The motion must not be granted except upon a showing that
8 there is additional evidence which is material and necessary and
9 reasonably calculated to change the decision of the Board, and that
10 sufficient reason existed for failure to present the evidence at the
11 hearing of the Board. The motion must be supported by an affidavit
12 of the moving party or his or her counsel showing with particularity
13 the materiality and necessity of the additional evidence and the
14 reason why it was not introduced at the hearing. Upon rehearing,
15 rebuttal evidence to the additional evidence must be permitted. After
16 rehearing, the Board may modify its decision and order as the
17 additional evidence may warrant.

18 **Sec. 7.** NRS 678A.600 is hereby amended to read as follows:

19 678A.600 *1.* If the Board finds that a licensee or registrant
20 has violated a provision of this title or any regulation adopted
21 pursuant thereto, the Board may ~~take any or all of the following~~
22 ~~actions:~~

23 ~~—1.] :~~

24 (a) Limit, condition, suspend or revoke the license or
25 registration card of the licensee or registrant ~~;~~

26 ~~—2.] ;~~

27 (b) Impose a civil penalty in an amount established by
28 regulation, *not to exceed \$20,000* for ~~each] a single~~ violation ~~];~~

29 (c) *Take any combination of the actions authorized by*
30 *paragraphs (a) and (b);*

31 (d) *Issue a warning to the licensee or registrant; or*

32 (e) *Take no action against the licensee or registrant.*

33 *2. In determining the appropriate action to be taken against a*
34 *licensee or registrant pursuant to this section, including, without*
35 *limitation, the amount of any civil penalty imposed, the Board*
36 *shall consider whether any of the mitigating circumstances set*
37 *forth in section 3 of this act exist.*

38 **Sec. 8.** (Deleted by amendment.)

39 **Sec. 9.** (Deleted by amendment.)

40 **Sec. 9.5.** Chapter 678B of NRS is hereby amended by adding
41 thereto a new section to read as follows:

42 *1. The Board shall adopt regulations governing the charging*
43 *and collecting of costs incurred in connection with a specified*
44 *investigation pursuant to subsection 5 of NRS 678B.390. The*
45 *regulations must:*



1 (a) *Require the Board, before the commencement of the*
2 *investigation, to provide a licensee or an applicant an estimate of*
3 *the anticipated costs of the investigation;*

4 (b) *Require the Board to provide to a licensee or an applicant*
5 *an itemized list of the costs incurred in the investigation and set*
6 *forth timelines for the provision of such an itemized list;*

7 (c) *Establish procedures by which a licensee or an applicant*
8 *may request from the Board documentation prepared by any agent*
9 *of the Board conducting the investigation relating to the costs of*
10 *the investigation; and*

11 (d) *Establish a process by which a licensee or an applicant*
12 *may appeal to the Board and request a reduction of the total*
13 *amount charged for the investigation if the total amount charged*
14 *exceeds the estimate of the anticipated costs provided to the*
15 *licensee or applicant by 25 percent or more.*

16 2. *Failure of a licensee or an applicant to pay the costs*
17 *charged by the Board pursuant to subsection 5 of NRS 678B.390*
18 *when due is grounds for disciplinary action, except that the Board*
19 *may not refuse to issue or renew a license or deny a request for a*
20 *transfer of interest, approval or waiver for the failure to pay such*
21 *costs.*

22 **Sec. 10.** NRS 678B.380 is hereby amended to read as follows:

23 678B.380 1. Except as otherwise provided by regulations
24 adopted by the Board pursuant to subsection 2, the following are
25 nontransferable:

26 (a) A cannabis establishment agent registration card.

27 (b) A cannabis establishment agent registration card for a
28 cannabis executive.

29 (c) A cannabis establishment agent registration card for a
30 cannabis receiver.

31 (d) A medical cannabis establishment license.

32 (e) An adult-use cannabis establishment license.

33 2. The Board shall adopt regulations which prescribe
34 procedures and requirements by which a holder of [a] :

35 (a) A license may transfer the license to another party who is
36 qualified to hold such a license pursuant to the provisions of this
37 chapter. [Such]

38 (b) *An ownership interest in a cannabis establishment may*
39 *transfer all or any portion of the ownership interest to another*
40 *party who is qualified to hold an ownership interest in a cannabis*
41 *establishment pursuant to the provisions of this chapter.*

42 3. The regulations *adopted pursuant to subsection 2* may give
43 priority in the processing of transfers of licenses to a transfer in
44 which the transferor is:

45 (a) Subject to a receivership;



- 1 (b) Involved in a recapitalization; or
- 2 (c) A party to a court proceeding involving financial distress.

3 ~~3~~ 4. The regulations adopted pursuant to subsection 2 must:

4 (a) Prohibit the holder of an adult-use cannabis establishment
 5 license for an independent cannabis consumption lounge from
 6 transferring the license until at least 2 years from the date on which
 7 the independent cannabis consumption lounge for which the license
 8 was issued became operational;

9 (b) Require the holder of an adult-use cannabis establishment
 10 license for an independent cannabis consumption lounge who
 11 wishes to cease operations before the independent cannabis
 12 consumption lounge for which the license was issued has been
 13 operational for at least 2 years to surrender the license to the Board;
 14 and

15 (c) Require the Board to hold a license surrendered pursuant to
 16 paragraph (b) in reserve for issuance to an applicant for such a
 17 license in the future.

18 **Sec. 11.** NRS 678B.390 is hereby amended to read as follows:

19 678B.390 1. Except as otherwise provided in subsection 3,
 20 the Board shall collect not more than the following maximum fees:

21		
22	For the initial issuance of a medical cannabis	
23	establishment license for a medical cannabis	
24	dispensary.....	\$30,000
25	For the renewal of a medical cannabis	
26	establishment license for a medical cannabis	
27	dispensary.....	5,000
28	For the initial issuance of a medical cannabis	
29	establishment license for a medical cannabis	
30	cultivation facility	3,000
31	For the renewal of a medical cannabis	
32	establishment license for a medical cannabis	
33	cultivation facility	1,000
34	For the initial issuance of a medical cannabis	
35	establishment license for a medical cannabis	
36	production facility	3,000
37	For the renewal of a medical cannabis	
38	establishment license for a medical cannabis	
39	production facility	1,000
40	For the initial issuance of a medical cannabis	
41	establishment license for a medical cannabis	
42	independent testing laboratory	5,000
43	For the renewal of a medical cannabis	
44	establishment license for a medical cannabis	
45	independent testing laboratory	3,000



1	For the initial issuance of an adult-use cannabis	
2	establishment license for an adult-use	
3	cannabis retail store.....	\$20,000
4	For the renewal of an adult-use cannabis	
5	establishment license for an adult-use	
6	cannabis retail store.....	6,600
7	For the initial issuance of an adult-use cannabis	
8	establishment license for an adult-use	
9	cannabis cultivation facility	30,000
10	For the renewal of an adult-use cannabis	
11	establishment license for an adult-use	
12	cannabis cultivation facility	10,000
13	For the initial issuance of an adult-use cannabis	
14	establishment license for an adult-use	
15	cannabis production facility	10,000
16	For the renewal of an adult-use cannabis	
17	establishment license for an adult-use	
18	cannabis production facility	3,300
19	For the initial issuance of an adult-use cannabis	
20	establishment license for an adult-use	
21	cannabis independent testing laboratory	15,000
22	For the renewal of an adult-use cannabis	
23	establishment license for an adult-use	
24	cannabis independent testing laboratory	5,000
25	For the initial issuance of an adult-use cannabis	
26	establishment license for a retail cannabis	
27	consumption lounge	10,000
28	For the renewal of an adult-use cannabis	
29	establishment license for a retail cannabis	
30	consumption lounge	10,000
31	For the initial issuance of an adult-use cannabis	
32	establishment license for an independent	
33	cannabis consumption lounge	10,000
34	For the renewal of an adult-use cannabis	
35	establishment license for an independent	
36	cannabis consumption lounge	10,000
37	For the initial issuance of an adult-use cannabis	
38	establishment license for an adult-use	
39	cannabis distributor	15,000
40	For the renewal of an adult-use cannabis	
41	establishment license for an adult-use	
42	cannabis distributor	5,000
43	For each person identified in an application for	
44	the initial issuance of a cannabis	
45	establishment agent registration card	150



1 For each person identified in an application for
2 the renewal of a cannabis establishment agent
3 registration card..... \$150
4

5 2. The Board may by regulation establish reduced fees for:

6 (a) The initial issuance and renewal of an adult-use cannabis
7 establishment license for an independent cannabis consumption
8 lounge; and

9 (b) The application fee set forth in subsection 3,
10 ↪ for a social equity applicant. Such a reduction must not reduce
11 the fee paid by a social equity applicant by more than 75 percent of
12 the fee paid by an applicant who is not a social equity applicant.

13 3. Except as otherwise provided in subsection 2, in addition to
14 the fees described in subsection 1, each applicant for a medical
15 cannabis establishment license or adult-use cannabis establishment
16 license must pay to the Board:

17 (a) For an application for a license other than an adult-use
18 cannabis establishment license for a retail cannabis consumption
19 lounge or independent cannabis consumption lounge, a one-time,
20 nonrefundable application fee of \$5,000;

21 (b) For an application for an adult-use cannabis establishment
22 license for a retail cannabis consumption lounge, a one-time,
23 nonrefundable application fee of \$100,000;

24 (c) For an application for an adult-use cannabis establishment
25 license for an independent cannabis consumption lounge, a one-
26 time, nonrefundable application fee of \$10,000; and

27 (d) The actual costs ~~incurred~~ paid by the Board ~~in processing~~
28 ~~the application, including, without limitation, conducting~~ to a law
29 ~~enforcement agency or other person who is not an employee of the~~
30 ~~Board to conduct any~~ background checks ~~[-] in connection with the~~
31 ~~application.~~

32 4. *The Board may charge a cannabis establishment for the*
33 *actual costs paid by the Board to a law enforcement agency or*
34 *other person who is not an employee of the Board to conduct any*
35 *background checks in connection with a transfer of ownership*
36 *interest in the cannabis establishment pursuant to the regulations*
37 *adopted by the Board pursuant to NRS 678B.380.*

38 5. *In addition to any other applicable fees described in*
39 *subsections 1, 3 and 4, the Board may charge a licensee or an*
40 *applicant for a license the amounts specified in subsection 6 for*
41 *the costs incurred by the Board and its staff for an investigation*
42 *conducted in connection with:*

43 (a) *A transfer of ownership interest in a cannabis*
44 *establishment pursuant to the regulations adopted by the Board*
45 *pursuant to NRS 678B.380;*



1 (b) *An application for the initial issuance of a license;*
2 (c) *A request to obtain any approval that may be required by*
3 *the Board to enter into an agreement to provide management*
4 *services to a cannabis establishment; or*

5 (d) *A waiver that is requested pursuant to the provisions of this*
6 *title or the regulations adopted pursuant thereto.*

7 6. *The charges authorized by subsection 5 must be limited to:*

8 (a) *A reasonable hourly fee at a rate established by the Board*
9 *by regulation for each hour spent by agents of the Board in*
10 *conducting the investigation; and*

11 (b) *Costs for the travel expenses and per diem allowances of*
12 *the agents of the Board conducting the investigation. The per diem*
13 *allowances and travel expenses must be assessed at the rate*
14 *established by the State Board of Examiners for state officers and*
15 *employees generally.*

16 7. Any revenue generated from the fees imposed pursuant to
17 this section:

18 (a) Must be expended first to pay the costs of the Board in
19 carrying out the provisions of this title; and

20 (b) If any excess revenue remains after paying the costs
21 described in paragraph (a), such excess revenue must be paid over to
22 the State Treasurer to be deposited to the credit of the State
23 Education Fund.

24 8. *The Board shall not charge a licensee, registrant or*
25 *applicant for a license or registration card any fee, cost, fine or*
26 *other charge that is not expressly authorized by the provisions of*
27 *this title. Such prohibited charges include, without limitation, any*
28 *charge for the costs of ongoing activities of the Board relating to*
29 *the oversight of a cannabis establishment, including, without*
30 *limitation, any charge for costs relating to:*

31 (a) *Except as otherwise provided in subsection 5, travel or*
32 *lodging for an agent of the Board;*

33 (b) *Any routine inspection or audit;*

34 (c) *The preparation for and attendance at a hearing by an*
35 *agent of the Board;*

36 (d) *An investigation of a complaint submitted to the Board by a*
37 *person who is not associated with the Board; or*

38 (e) *Except as otherwise provided in subsections 3, 4 and 5, any*
39 *other type of inspection, audit or investigation.*

40 **Sec. 12.** NRS 387.1212 is hereby amended to read as follows:

41 387.1212 1. The State Education Fund is hereby created as a
42 special revenue fund to be administered by the Superintendent of
43 Public Instruction for the purpose of supporting the operation of the
44 public schools in this State. The interest and income earned on the
45 money in the Fund, excluding the direct legislative appropriation



1 from the State General Fund required by subsection 3, must, after
2 deducting any applicable charges, be credited to the Fund.

3 2. Money which must be deposited for credit to the State
4 Education Fund includes, without limitation:

5 (a) All money derived from interest on the State Permanent
6 School Fund, as provided in NRS 387.030;

7 (b) The proceeds of the tax imposed pursuant to NRS 244.33561
8 and any applicable penalty or interest, less any amount retained by
9 the county treasurer for the actual cost of collecting and
10 administering the tax;

11 (c) The proceeds of the tax imposed pursuant to subsection 1 of
12 NRS 387.195;

13 (d) The money identified in subsection 8 of NRS 120A.610;

14 (e) The portion of the money in each special account created
15 pursuant to subsection 1 of NRS 179.1187 which is identified in
16 paragraph (d) of subsection 2 of NRS 179.1187;

17 (f) The money identified in paragraph (d) of subsection 6 of
18 NRS 278C.250;

19 (g) The money identified in subsection 1 of NRS 328.450;

20 (h) The money identified in subsection 1 of NRS 328.460;

21 (i) The money identified in paragraph (a) of subsection 2 of
22 NRS 360.850;

23 (j) The money identified in paragraph (a) of subsection 2 of
24 NRS 360.855;

25 (k) The money required to be transferred to the State Education
26 Fund pursuant to NRS 362.100;

27 (l) The money required to be paid over to the State Treasurer for
28 deposit to the credit of the State Education Fund pursuant to
29 subsection 4 of NRS 362.170;

30 (m) The portion of the proceeds of the tax imposed pursuant to
31 subsection 1 of NRS 372A.290 identified in paragraph (b) of
32 subsection 4 of NRS 372A.290;

33 (n) The proceeds of the tax imposed pursuant to subsection 3 of
34 NRS 372A.290;

35 (o) The proceeds of the fees, taxes, interest and penalties
36 imposed pursuant to chapter 374 of NRS, as transferred pursuant to
37 subsection 3 of NRS 374.785;

38 (p) The money identified in subsection 5 of NRS 445B.640;

39 (q) The money identified in paragraph (b) of subsection ~~4~~ 7 of
40 NRS 678B.390;

41 (r) The portion of the proceeds of the excise tax imposed
42 pursuant to subsection 1 of NRS 463.385 identified in paragraph (c)
43 of subsection 5 of NRS 463.385;

44 (s) The money required to be distributed to the State Education
45 Fund pursuant to subsection 3 of NRS 482.181;



1 (t) The portion of the proceeds of the fee imposed pursuant to
2 NRS 488.075 identified in subsection 2 of NRS 488.075;

3 (u) The portion of the net profits of the grantee of a franchise,
4 right or privilege identified in NRS 709.110;

5 (v) The portion of the net profits of the grantee of a franchise
6 identified in NRS 709.230;

7 (w) The portion of the net profits of the grantee of a franchise
8 identified in NRS 709.270;

9 (x) The money required to be distributed to the State Education
10 Fund pursuant to NRS 363D.290; and

11 (y) The direct legislative appropriation from the State General
12 Fund required by subsection 3.

13 3. In addition to money from any other source provided by law,
14 support for the State Education Fund must be provided by direct
15 legislative appropriation from the State General Fund in an amount
16 determined by the Legislature to be sufficient to fund the operation
17 of the public schools in this State for kindergarten through grade 12
18 for the next ensuing biennium for the population reasonably
19 estimated for that biennium. Money in the State Education Fund
20 does not revert to the State General Fund at the end of a fiscal year,
21 and the balance in the State Education Fund must be carried forward
22 to the next fiscal year.

23 4. Money in the Fund must be paid out on claims as other
24 claims against the State are paid.

25 **Sec. 13.** This act becomes effective upon passage and
26 approval.



