

SENATE BILL NO. 278—SENATOR SETTELMAYER

MARCH 18, 2021

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions relating to taxation of cannabis.
(BDR 32-660)

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 taxation; defining “wholesale sale” for the purposes of provisions imposing a tax on wholesale sales of cannabis to exclude certain transfers of cannabis between cannabis cultivation facilities that share identical ownership; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law imposes an excise tax at the rate of 15 percent of the fair market
2 value at wholesale upon each wholesale sale of cannabis by a medical cannabis
3 cultivation facility or an adult-use cannabis cultivation facility to another cannabis
4 establishment. (NRS 372A.290) This bill defines “wholesale sale” for the purposes
5 of the provisions imposing such a tax to mean a sale or transfer of cannabis by a
6 cannabis cultivation facility to another cannabis establishment. This bill excludes
7 from the definition of “wholesale sale” a transfer of cannabis by a cannabis
8 cultivation facility to another cannabis cultivation facility when both cannabis
9 cultivation facilities share identical ownership.

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

1 **Section 1.** NRS 372A.290 is hereby amended to read as
2 follows:

3 372A.290 1. An excise tax is hereby imposed on each
4 wholesale sale in this State of cannabis by a medical cannabis
5 cultivation facility to another cannabis establishment at the rate of
6 15 percent of the fair market value at wholesale of the cannabis. The



1 excise tax imposed pursuant to this subsection is the obligation of
2 the medical cannabis cultivation facility.

3 2. An excise tax is hereby imposed on each wholesale sale in
4 this State of cannabis by an adult-use cannabis cultivation facility to
5 another cannabis establishment at the rate of 15 percent of the fair
6 market value at wholesale of the cannabis. The excise tax imposed
7 pursuant to this subsection is the obligation of the adult-use
8 cannabis cultivation facility.

9 3. An excise tax is hereby imposed on each retail sale in this
10 State of cannabis or cannabis products by an adult-use cannabis
11 retail store at the rate of 10 percent of the sales price of the cannabis
12 or cannabis products. The excise tax imposed pursuant to this
13 subsection:

14 (a) Is the obligation of the adult-use cannabis retail store.

15 (b) Is separate from and in addition to any general state and
16 local sales and use taxes that apply to retail sales of tangible
17 personal property.

18 4. The revenues collected from the excise tax imposed pursuant
19 to subsection 1 must be distributed:

20 (a) To the Cannabis Compliance Board and to local
21 governments in an amount determined to be necessary by the Board
22 to pay the costs of the Board and local governments in carrying out
23 the provisions of chapter 678C of NRS; and

24 (b) If any money remains after the revenues are distributed
25 pursuant to paragraph (a), to the State Treasurer to be deposited to
26 the credit of the State Education Fund.

27 5. The revenues collected from the excise tax imposed pursuant
28 to subsection 2 must be distributed:

29 (a) To the Cannabis Compliance Board and to local
30 governments in an amount determined to be necessary by the Board
31 to pay the costs of the Board and local governments in carrying out
32 the provisions of chapter 678D of NRS; and

33 (b) If any money remains after the revenues are distributed
34 pursuant to paragraph (a), to the State Treasurer to be deposited to
35 the credit of the State Education Fund.

36 6. For the purpose of subsections 4 and 5, a total amount of
37 \$5,000,000 of the revenues collected from the excise tax imposed
38 pursuant to subsection 1 and the excise tax imposed pursuant to
39 subsection 2 in each fiscal year shall be deemed sufficient to pay the
40 costs of all local governments to carry out the provisions of chapters
41 678C and 678D of NRS. The Board shall, by regulation, determine
42 the manner in which local governments may be reimbursed for the
43 costs of carrying out the provisions of chapters 678C and 678D of
44 NRS.



1 7. The revenues collected from the excise tax imposed pursuant
2 to subsection 3 must be paid over as collected to the State Treasurer
3 to be deposited to the credit of the State Education Fund.

4 8. As used in this section:

5 (a) "Adult-use cannabis cultivation facility" has the meaning
6 ascribed to it in NRS 678A.025.

7 (b) "Adult-use cannabis retail store" has the meaning ascribed to
8 it in NRS 678A.065.

9 (c) "Cannabis product" has the meaning ascribed to it in
10 NRS 678A.120.

11 (d) "Local government" has the meaning ascribed to it in
12 NRS 360.640.

13 (e) "Medical cannabis cultivation facility" has the meaning
14 ascribed to it in NRS 678A.170.

15 (f) "Medical cannabis establishment" has the meaning ascribed
16 to it in NRS 678A.180.

17 (g) *"Wholesale sale" means a sale or transfer of cannabis by a*
18 *cannabis cultivation facility to another cannabis establishment.*
19 *The term does not include a transfer of cannabis by a cannabis*
20 *cultivation facility to another cannabis cultivation facility when*
21 *both cannabis cultivation facilities share identical ownership.*

22 **Sec. 2.** This act becomes effective on July 1, 2021.



