

CHAPTER.....

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:**

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

8. As used in this section:

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

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

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

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



(e) “Medical cannabis cultivation facility” has the meaning ascribed to it in NRS 678A.170.

(f) “Medical cannabis establishment” has the meaning ascribed to it in NRS 678A.180.

*(g) “Wholesale sale” means a sale or transfer of cannabis by a cannabis cultivation facility to another cannabis establishment. The term does not include a transfer of cannabis by a cannabis cultivation facility to another cannabis cultivation facility when both cannabis cultivation facilities share identical ownership.*

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



