

LEGISLATIVE REVIEW OF ADOPTED REGULATIONS--NRS 233B.066
Informational Statement
LCB File No. R026-19

1. A clear and concise explanation of the need for the adopted regulation.

The need and purpose of the LCB File No. R026-19 is to clarify the distribution of \$3,500,000.00 to localities. Specifically, the regulation clarifies that the distribution is to each local government in which a marijuana establishment or medical marijuana establishment has been established and received a license. This regulation also clarifies how population will be defined for distribution and revises the distribution date.

2. Description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

The Department used informed, reasonable judgment in determining that there will not be a negative impact on small businesses due to the nature of the regulation changes. The Department conducted its own analysis by considering the extent of the regulatory provisions contained in Local Distribution of Marijuana Excise Tax and if the provisions impacted small businesses. Because the provisions only impact governmental entities, the Department determined there is no impact on small businesses.

The Department submitted a Proposed Regulation R026-19 dated July 30, 2019 which mirrored the Temporary Regulation T002-18 that was adopted by the Nevada Tax Commission on October 1, 2018. A workshop was conducted on September 14, 2018, No testimony neither positive nor negative was provided at the Nevada Tax Commission Meeting and the workshop. No written comment was provided at either meeting. Two (2) comments were received prior to the adoption of the proposed regulation and identified under section #5 “Summary of public responses.”

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by sending notice of workshops and hearings by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/ Hearing</u>	<u>Date of Workshop</u>	<u>Number Notified</u>
08/29/2018	Workshop	09/14/2018	851
08/07/2019	Adoption Hearing	09/09/2019	3211

The mailing list included the Department’s general interested parties list and the Department’s Marijuana interested parties list. Notices were also posted at the Nevada State Library; Department of Taxation locations throughout the state; and at the Main Public Libraries in counties where an office of the Department of Taxation

is not located. Comments were also solicited by direct email to other interested parties list maintained by the Department.

No testimony was provided during the Adoption Hearing.

A copy of the audio taped may be obtained by calling the Nevada Department of Taxation at (775) 684-2030 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at beatrisr@tax.state.nv.us

3. The number of persons who:

- (a) **Attended the hearing: Five (5)** people attended the Adoption Hearing.
- (b) **Testified at each hearing: Zero (0)** people testified at the Adoption Hearing.
- (c) **Submitted written comments:** None of the attendees at the Adoption Hearing submitted written comments.

4. For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:

Testified at Adoption Hearing:

There was no testimony at the public hearing but there was public comment before and after the consideration of the Adoption of LCB Draft of Proposed Regulation LCB File No. R026-19

5. A description of how comment was solicited from affected businesses, a summary of their response and an explanation of how other interested persons may obtain a copy of the summary.

See response to #2 for description of how comments were solicited from affected businesses and an explanation on how interested persons may obtain a copy of the summary.

Summary of public responses:

The following two (2) public comments were received prior to the Adoption Hearing. These public comments involved issues not related to the regulation.

1. The taxpayer is requesting that cannabis consumers get factual assurance regarding both product and environmental safety.
2. The second written response is in reference to a request to the Department to make a decision to determine that the Incline Village General Improvement District is an Enterprise District.

Summary of workshop discussion

No public comment was received at the workshop.

6. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The regulation was adopted as, LCB Draft of Proposed Regulation R026-19, with removing the word “town” from the regulation.

The reason for removing the word town from the regulation is because currently, there are not any towns that issue business licenses for and approve the operation of establishments. And, with the recent passage of AB 533 section 198, effective July 1, 2020, a town will lose this ability all together since the bill provides that a board of county commissioners has the authority to fix, impose and collect a license tax on a marijuana establishment located in a town. Thus, removing the word town from the language should have no impact.

7. The estimated economic effect of the regulation on the business which it is to regulate and on the public.

(a) Estimated economic effect on the businesses which they are to regulate.

The proposed permanent regulation presents no reasonably foreseeable or anticipated adverse economic effects. The benefits of this regulation are that it provides clarity for the distribution, as well as the distribution date, of \$3,500,000.00 to localities.

(b) Estimated economic effect on the public which they are to regulate.

The proposed permanent regulation presents no reasonably foreseeable or anticipated adverse economic effects to the public. The benefits of this regulation are that it provides clarity for the distribution, as well as the distribution date, of \$3,500,000.00 to localities.

8. The estimated cost to the agency for enforcement of the proposed regulation:

The proposed regulation presents no significant foreseeable or anticipated cost or decrease in costs.

9. A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

The proposed regulation does not overlap or duplicate any regulation of other state or local governmental entities.

10. If the regulation includes provisions that are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.

The Department is not aware of any similar federal regulations of the same activity in which the state regulation is more stringent.

- 11. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The proposed regulation does not include new or increases in existing fees.