



October 21, 2026

Joint Interim Standing Committee on Revenue

Re: Agenda Item 5, Overview and Discussion of the Taxation of Cannabis and the Study Required Pursuant to Section 54.7 of Assembly Bill 76 of the 83rd (2025) Legislative Session.

Dear Chair and Members of the Committee,

Deep Roots Harvest opposes the potential shift in cannabis taxes described in the Report and Recommendation of the Subcommittee on Taxation of Cannabis to the Cannabis Advisory Commission (the “Report”), related to item five on today’s agenda.

Deep Roots Harvest is a vertically integrated cannabis operator, licensed in Nevada since 2014 and operating since 2016. Deep Roots Harvest owns and operates fourteen cannabis dispensaries across Clark, Nye, Elko, Lyon, and Washoe Counties. We oppose this shift because, under the Report’s own assumptions, consumers would face higher overall costs at the register, and the Report acknowledges that it did not model the risk of pushing sales to the illicit market, or the intoxicating hemp market.¹ The shift could also worsen oversupply and price compression, and damage the long-term health of an industry coming off two consecutive years of 8% market contraction.

The Report assesses eliminating the current wholesale tax and replacing it with a higher excise tax at the point of sale. It makes no recommendation, but states that “if the elimination of wholesale cannabis tax with an increase of retail tax is pursued, the rate at which the retail tax shall be increased to is between 12 percent and 15 percent to be revenue neutral to the State Education Fund.”² The Report then models an increase to 12 percent as reducing taxable sales by 1.8 to 2.8 percent, and an increase to 15 percent as reducing taxable sales by 4.3 to 6.8 percent, depending on the elasticity assumed.³

This proposal was first brought forward in A.B. 307 of the 83rd (2025) Legislative Session, which we opposed because a tax shift could raise consumer prices, reduce transactions and unit sales, and drive customers to competing markets, including the illicit market and the unregulated intoxicating hemp market.⁴ We maintain this opposition. Because the Report assumes wholesale prices will not fall, we believe costs at the register to consumers would rise, and the effects would ripple across an already fragile industry. Cost-conscious consumers making discretionary purchases in a tightening economy would buy less, shrinking baskets and ticket averages. Reduced demand against constant supply would deepen price compression below sustainable levels for many operators.

¹ Report and Recommendation of the Subcommittee on Taxation of Cannabis to the Cannabis Advisory Commission, Page 29.

² *Id.* at 9.

³ *Id.* at 26.

⁴ A.B. 307 failed to pass, but the concept was added to A.B. 76, section 54.7, requiring the Cannabis Advisory Commission to create a subcommittee to conduct the study referenced in the Report.

The Report models a “decrease in licensed cannabis taxable sales” under higher retail taxes, and explains that the decrease reflects multiple possible scenarios: consumers turning to the illicit market, purchasing less cannabis, or leaving the market entirely.⁵ We believe each of these scenarios is plausible, and the Legislature should reject proposals that risk throttling legal sales, particularly since retail excise tax collections, which track taxable sales at an unchanged 10 percent rate, have fallen every year since fiscal year 2021, from \$92.1 million to \$70.4 million.

We do not believe the tax shift described in the Report will benefit the industry or consumers, but we will remain engaged in discussions with proponents to better understand their perspective. However, if the tax shift is enacted and lowers costs for consumers, we would be happy to be proven wrong.

Respectfully,

Jon Marshall
Chief Operating Officer, Deep Roots Harvest


⁵ Report and Recommendation of the Subcommittee on Taxation of Cannabis to the Cannabis Advisory Commission, Page 7.