

AMMENDMENT TO SB 402

~~Deleted by amendment~~

Added by amendment

SUMMARY—Creates the Cannabis Mentorship Pilot Program. (BDR 56-1064)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.

Effect on the State: Yes.

AN ACT relating to cannabis; establishing the Cannabis Mentorship Pilot Program; setting forth various requirements for the Program; authorizing the Cannabis Compliance Board to approve and issue a certificate of transferable tax credits to a licensee that participates in the Program as a sponsor; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law provides for the licensure and regulation of persons and establishments involved in the cannabis industry in this State by the Cannabis Compliance Board. (Title 56 of NRS) **Section 7** of this bill creates the 4-year Cannabis Mentorship Pilot Program for the purpose of providing persons who have been adversely affected by provisions of previous laws which criminalized activity relating to cannabis the opportunity to receive training, experience and mentorship in the cannabis industry in this State. **Section 7** requires the Program to provide for, in general, the placement of a participant as a full-time employee with a sponsor who holds a license issued by the Board for a 2-year period during which the participant works for the sponsor in a variety of aspects of the business operations of the sponsor. **Section 7** requires a person to have been adversely affected by previous laws which criminalized activity relating to cannabis in order to be

eligible to participate in the Program. Finally, **section 7** requires the Board to adopt regulations governing the Program.

Section 8 of this bill requires a person who wishes to participate in the Program to submit to the Board an application and a fee. **Section 14** of this bill requires the amount of the fee to be established by the Board by regulation. **Section 21** of this bill makes a conforming change to reflect the addition of the provisions of **section 14**. **Section 9** of this bill requires an applicant whose application is conditionally approved to enter into a written mentorship agreement with a proposed sponsor, which must be approved by the Board for participation in the Program.

~~**Section 10** of this bill provides that a sponsor is not subject to disciplinary action for any violation of the provisions of existing law governing cannabis that is committed by a participant during the mentorship period.~~

Section 11 of this bill requires the Board to conduct monitoring of a participant and sponsor throughout the mentorship period. If, at the ~~termination~~ completion of the mentorship period, a participant has satisfied the goals, benchmarks and performance metrics for the Program established by the Board by regulation, **section 11** requires the Board to issue the participant a certificate indicating that the participant has successfully completed the Program.

Existing law sets forth various requirements for the issuance of an adult-use cannabis establishment license. (NRS 678B.250) **Section 12** of this bill requires the Board, not later than October 1, 2027, to accept applications for a period of 10 business days for the issuance of an adult-use cannabis establishment license for a cannabis production facility from participants who have successfully completed the Program. **Section 12** requires the Board to issue not more than 10

such licenses to qualified participants who submit an application. **Section 12** requires the applications for such licenses to be submitted and the licenses to be issued in accordance with the procedures and requirements set forth under existing law for the issuance of any other adult-use cannabis establishment license. **Section 13** of this bill provides an exception from provisions prohibiting the Board from accepting applications to operate a cannabis establishment for more than 10 business days in any 1 year for the acceptance of applications pursuant to **section 12**.

Existing law imposes a 10 percent excise tax on each retail sale of cannabis or cannabis products by an adult-use cannabis retail store or cannabis consumption lounge and a 15 percent excise tax on 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) **Section 16** of this bill authorizes a sponsor in the Program to apply for a transferable tax credit that may be applied to the excise taxes on cannabis. **Section 16** authorizes such an application to be made: (1) at the commencement of the mentorship period in the amount equal to the costs of employing a participant for 2 years; and (2) at the ~~termination~~ completion of the mentorship period, in the amount of 3 percent of the tax owed for the 1 year after the ~~termination~~ completion of the mentorship period. Upon approval of an application, **section 16** requires the Board to issue a certificate of eligibility for transferable tax credits. Under **section 16**, the amount of the transferable tax credits that the Board is authorized to approve in any fiscal year must not exceed \$10,000,000 for the duration of the 4-year Program. **Section 17** of this bill requires a person who has received transferable tax credits pursuant to **section 16** to repay to the Department of Taxation any portion of the transferable tax credits to which the person is not entitled if the person becomes ineligible for the tax credits after receiving

the tax credits. **Section 18** of this bill requires the Board to submit an annual report to the Governor and the Legislature or Legislative Commission concerning the transferable tax credits issued pursuant to **section 16**. **Sections 19 and 20** of this bill make conforming changes to indicate the proper placement of **sections 16-18**.

Sections 3-6 of this bill define words and terms applicable to the provisions of this bill. **Section 22** of this bill requires the Board, on or before October 31, 2024, to submit to the Director of the Legislative Counsel Bureau for transmittal to the Legislative Commission a report on the progress of the Board in carrying out its duties with respect to the Program. **Section 23** of this bill requires the Board to adopt regulations governing the Program on or before May 31, 2024. **Section 25** of this bill expires the provisions of this bill on December 31, 2027.

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

Section 1. Chapter 678B of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 12, inclusive, of this act.

Sec. 2. *As used in sections 2 to 12, inclusive, of this act, the words and terms defined in sections 3 to 6, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Mentorship period” means the period commencing on the date a participant begins his or her employment for the sponsor with whom the participant has been placed under*

the Program and ending on the date on which that ~~employment terminates~~ mentorship is completed, as set forth in the written mentorship agreement approved by the Board pursuant to section 9 of this act.

Sec. 4. "Participant" means a person who has been approved as a participant in the Program pursuant to section 9 of this act.

Sec. 5. "Program" means the Cannabis Mentorship Pilot Program created by section 7 of this act.

Sec. 6. "Sponsor" means a licensee who has been approved as a sponsor in the Program pursuant to section 9 of this act.

Sec. 7. 1. The Cannabis Mentorship Pilot Program is hereby created for the purpose of providing persons who have been adversely affected by provisions of previous laws which criminalized activity relating to cannabis pursuant to NRS 678B.323 the opportunity to receive training, experience and mentorship in the cannabis industry in this State.

2. The Board shall administer the Program. The Program must:

(a) Provide for the placement of a participant as a full-time employee with a sponsor selected by the participant for a period of 2 years;

(b) Require the participant, during the mentorship period, to actively work for the sponsor in a variety of aspects of the business operations of the sponsor;

(c) Provide for one-on-one training and mentoring of the participant by the owners, officers, managers or other persons in charge of the business operations of the sponsor; and

(d) Require periodic reviews and evaluations of the performance of the participant during the mentorship period.

3. *To be eligible to participate in the Program, a person must have been adversely affected by provisions of previous laws which criminalized activity relating to cannabis, as determined by the Board in accordance with the regulations adopted pursuant to ~~this section~~ [NRS 678B.323](#).*

4. *The Board shall adopt regulations necessary to establish and administer the Program. The regulations must, without limitation:*

(a) Establish criteria to be used by the Board for determining whether an applicant is eligible to participate in the Program pursuant to subsection 3;

(b) Set forth any additional requirements for a person to be eligible to participate in the Program;

(c) Set forth requirements for a licensee to serve as a sponsor in the Program;

(d) Establish goals, benchmarks and performance metrics to measure whether a participant has successfully completed the Program;

(e) Prescribe the form and any additional required content of an application to participate in the Program;

(f) Establish requirements for the required content of a written mentorship agreement, as described in section 9 of this act; and

(g) Address such other matters as the Board deems necessary to carry out the provisions of sections 2 to 12, inclusive, of this act.

Sec. 8. 1. *A person who wishes to participate in the Program must submit to the Board the application fee, as set forth in NRS 678B.390, and an application on a form prescribed by the Board.*

2. *If the Board determines that an applicant who has submitted an application and the fee required by subsection 1 meets the requirements for eligibility to participate in the Program, the Board shall conditionally approve the applicant as a participant in the Program and provide written notice to the applicant of that conditional approval.*

Sec. 9. 1. *Not later than 90 days after the date on which an applicant receives written notice of his or her conditional approval pursuant to section 8 of this act, the applicant must:*

(a) Select a licensee to serve as his or her sponsor in the Program;

(b) Enter into a written mentorship agreement with the proposed sponsor that meets the requirements set forth in this section and the regulations adopted pursuant to section 7 of this act; and

(c) If the applicant does not hold a cannabis establishment agent registration card, obtain such a registration card.

2. *An applicant and a proposed sponsor who have entered into a written mentorship agreement pursuant to subsection 1 shall submit the agreement to the Board for approval. The Board shall not approve a written mentorship agreement unless the agreement includes, without limitation, provisions setting forth:*

(a) The date on which the applicant will commence employment with the proposed sponsor and the date on which the ~~employment~~ mentorship will ~~terminate~~ conclude, the duration of which must be 2 years;

(b) The rate of pay and any benefits, including, without limitation, health insurance, that the applicant will be entitled to receive during the mentorship period;

(c) The duties and responsibilities of the applicant and the proposed sponsor during the mentorship period; and

(d) Such other matters that the Board may require by regulation.

3. If the Board approves the written mentorship agreement of the applicant and proposed sponsor, the Board shall provide written notice to applicant and proposed sponsor that they have been approved as a participant and sponsor in the Program, under the conditions set forth in the written mentorship agreement.

4. An applicant who has been conditionally approved as a participant pursuant to section 8 of this act and who fails to meet the requirements set forth in subsection 1 within the period prescribed in that subsection must submit a new application pursuant to section 8 of this act if the person wishes to participate in the Program.

~~*Sec. 10. A sponsor is not subject to disciplinary action for any violation of the provisions of this title or the regulations adopted pursuant thereto committed by a participant during the mentorship period.*~~

Sec. 11. 1. The Board shall conduct such monitoring of a participant and sponsor throughout a mentorship period as may be necessary to ensure that the participant is meeting the goals, benchmarks and performance metrics established by the Board by regulation and that the participant and sponsor are in compliance with the provisions of sections 2 to 12, inclusive, of this act and the regulations adopted pursuant thereto. In connection with such monitoring, the Board may require the submission of reports from a participant or sponsor concerning the progress of the participant.

2. If, at the ~~termination~~ completion of the mentorship period, a participant has met the goals, benchmarks and performance metrics established by the Board by regulation to determine whether a participant has successfully completed the Program, the Board shall issue to the participant a certificate indicating that the participant has successfully completed the Program.

Sec. 12. *1. Not later than October 1, 2027, the Board shall, for a period of 10 business days, accept applications for the issuance of an adult-use cannabis establishment license for a cannabis production facility from participants who have been issued a certificate pursuant to section 11 of this act. From among the participants who submit an application during that period, the Board shall issue not more than 10 adult-use cannabis establishment licenses for a cannabis production facility to participants who qualify for such a license.*

2. An application for the issuance of an adult-use cannabis establishment license for a cannabis production facility submitted to the Board by a participant during the period described in subsection 1 must be submitted in accordance with NRS 678B.250 and the Board shall issue such licenses to qualified applicants pursuant to that section.

Sec. 13. NRS 678B.300 is hereby amended to read as follows:

678B.300 Except as otherwise provided in this section and subsection 3 of NRS 678B.220 ~~§~~ *and section 12 of this act*, the Board shall not, for more than a total of 10 business days in any 1 calendar year, accept applications to operate a cannabis establishment. The Board may by regulation prescribe longer periods in which it will accept applications to operate a cannabis establishment.

Sec. 14. NRS 678B.390 is hereby amended to read as follows:

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678B.390 1. Except as otherwise provided in subsection ~~3~~ 4, the Board shall collect not more than the following maximum fees:

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| For the initial issuance of a medical cannabis establishment license for a medical cannabis dispensary | \$30,000 |
| For the renewal of a medical cannabis establishment license for a medical cannabis dispensary | 5,000 |
| For the initial issuance of a medical cannabis establishment license for a medical cannabis cultivation facility | 3,000 |
| For the renewal of a medical cannabis establishment license for a medical cannabis cultivation facility | 1,000 |
| For the initial issuance of a medical cannabis establishment license for a medical cannabis production facility..... | 3,000 |
| For the renewal of a medical cannabis establishment license for a medical cannabis production facility..... | 1,000 |
| For the initial issuance of a medical cannabis establishment license for a medical cannabis independent testing laboratory | 5,000 |
| For the renewal of a medical cannabis establishment license for a medical cannabis independent testing laboratory | 3,000 |
| For the initial issuance of an adult-use cannabis establishment license for an adult-use cannabis retail store..... | 20,000 |



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| For the renewal of an adult-use cannabis establishment license for an adult-use cannabis retail store | 6,600 |
| For the initial issuance of an adult-use cannabis establishment license for an adult-use cannabis cultivation facility | 30,000 |
| For the renewal of an adult-use cannabis establishment license for an adult-use cannabis cultivation facility | 10,000 |
| For the initial issuance of an adult-use cannabis establishment license for an adult-use cannabis production facility | 10,000 |
| For the renewal of an adult-use cannabis establishment license for an adult-use cannabis production facility | 3,300 |
| For the initial issuance of an adult-use cannabis establishment license for an adult-use cannabis independent testing laboratory | 15,000 |
| For the renewal of an adult-use cannabis establishment license for an adult-use cannabis independent testing laboratory | 5,000 |
| For the initial issuance of an adult-use cannabis establishment license for a retail cannabis consumption lounge | 10,000 |
| For the renewal of an adult-use cannabis establishment license for a retail cannabis consumption lounge | 10,000 |
| For the initial issuance of an adult-use cannabis establishment license for an independent cannabis consumption lounge | 10,0 |



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| For the renewal of an adult-use cannabis establishment license for an independent cannabis consumption lounge | 10,000 |
| For the initial issuance of an adult-use cannabis establishment license for an adult-use cannabis distributor | 15,000 |
| For the renewal of an adult-use cannabis establishment license for an adult-use cannabis distributor | 5,000 |
| For each person identified in an application for the initial issuance of a cannabis establishment agent registration card | 150 |
| For each person identified in an application for the renewal of a cannabis establishment agent registration card | 150 |

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

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

(b) The application fee set forth in subsection ~~3,~~ 4,

↳ for a social equity applicant. Such a reduction must not reduce the fee paid by a social equity applicant by more than 75 percent of the fee paid by an applicant who is not a social equity applicant.

3. *The Board shall establish by regulation the amount of the application fee to participate in the Cannabis Mentorship Pilot Program created by section 7 of this act.*

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

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

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

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

(d) The actual costs incurred by the Board in processing the application, including, without limitation, conducting background checks.

~~4.~~ 5. Any revenue generated from the fees imposed pursuant to this section:

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

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

Sec. 15. Chapter 372A of NRS is hereby amended by adding thereto the provisions set forth as sections 16, 17 and 18 of this act.

Sec. 16. 1. *A sponsor in the Program may apply to the Cannabis Compliance Board for a certificate of eligibility for transferable tax credits which may be applied to the excise tax on cannabis. Such an application may be made:*

(a) At the commencement of the mentorship period, in the amount equal to the costs of employing the participant in the Program for a 2-year period.

(b) At the ~~termination~~ completion of the mentorship period, in the amount of 3 percent of the tax owed for the 1 year after the ~~termination~~ completion of the mentorship period.

2. *Except as otherwise provided in subsection 3, the Cannabis Compliance Board shall approve an application submitted pursuant to subsection 1 and issue to the applicant a certificate of eligibility for transferable tax credits if the applicant, as applicable, has:*

(a) Entered into a written mentorship agreement with a participant in the Program approved by the Cannabis Compliance Board pursuant to section 9 of this act; and

(b) Served as a sponsor to a participant for the 2-year period of the agreement.

3. *Except as otherwise provided in this subsection, the Cannabis Compliance Board shall not approve any application for transferable tax credits submitted pursuant to subsection 1:*

(a) If approval of the application would cause the total amount of transferable tax credits approved pursuant to subsection 2 for a fiscal year to exceed the sum of \$10,00,000. Any portion of the \$10,000,000 per fiscal year for which transferable tax credits have not previously been approved may be carried forward and made available for approval during the next or any future fiscal year.

(b) For a fiscal year beginning on or after July 1, 2027.

4. *The transferable tax credits issued to any person pursuant to subsection 2 expire 4 years after the date on which the transferable tax credits are issued to the person. A transferable tax credit issued pursuant to this section may be transferred only once.*

5. *If the Cannabis Compliance Board approves an application for a transferable tax credit pursuant to subsection 2, the Board shall forward a certificate of eligibility for the transferable tax credit immediately to the Department.*

6. *As used in this section, “Program” means the Cannabis Mentorship Pilot Program created by section 7 of this act.*

Sec. 17. *1. A person who is found to have submitted any false statement, representation or certification in any document submitted for the purpose of obtaining transferable tax credits or who otherwise becomes ineligible for transferable tax credits after receiving the transferable tax credits pursuant to section 16 of this act shall repay to the Department any portion of the transferable tax credits to which the person is not entitled.*

2. Transferable tax credits purchased in good faith are not subject to forfeiture or repayment by the transferee unless the transferee submitted fraudulent information in connection with the purchase.

Sec. 18. *The Cannabis Compliance Board shall, on or before October 1 of each year, prepare and submit to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the Legislature or, if the Legislature is not in session, to the Legislative Commission an annual report which includes, for the immediately preceding fiscal year:*

1. *The number of applications submitted for transferable tax credits pursuant to section 16 of this act;*
2. *The number of persons to whom transferable tax credits were approved;*
3. *The amount of transferable tax credits approved;*
4. *The amount of transferable tax credits used;*
5. *The amount of transferable tax credits transferred; and*
6. *The amount of transferable tax credits taken against the tax, including the actual amount used and outstanding, in total and for each person.*

Sec. 19. NRS 372A.200 is hereby amended to read as follows:

372A.200 As used in NRS 372A.200 to 372A.380, inclusive, *and sections 16, 17 and 18 of this act*, unless the context otherwise requires, the words and terms defined in NRS 372A.205 to 372A.250, inclusive, have the meanings ascribed to them in those sections.

Sec. 20. NRS 372A.270 is hereby amended to read as follows:

372A.270 1. Each person responsible for maintaining the records of a taxpayer shall:

(a) Keep such records as may be necessary to determine the amount of the liability of the taxpayer pursuant to the provisions of NRS 372A.200 to 372A.380, inclusive ~~§~~, *and sections 16, 17 and 18 of this act*;

(b) Preserve those records for 4 years or until any litigation or prosecution pursuant to NRS 372A.200 to 372A.380, inclusive, *and sections 16, 17 and 18 of this act* is finally determined, whichever is longer; and

(c) Make the records available for inspection by the Department upon demand at reasonable times during regular business hours.

2. Any person who violates the provisions of subsection 1 is guilty of a misdemeanor.

Sec. 21. NRS 387.1212 is hereby amended to read as follows:

387.1212 1. The State Education Fund is hereby created as a special revenue fund to be administered by the Superintendent of Public Instruction for the purpose of supporting the operation of the public schools in this State. The interest and income earned on the money in the Fund, excluding the direct legislative appropriation from the State General Fund required by subsection 3, must, after deducting any applicable charges, be credited to the Fund.

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

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

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

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

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

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

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

- (g) The money identified in subsection 1 of NRS 328.450;
- (h) The money identified in subsection 1 of NRS 328.460;
- (i) The money identified in paragraph (a) of subsection 2 of NRS 360.850;
- (j) The money identified in paragraph (a) of subsection 2 of NRS 360.855;
- (k) The money required to be transferred to the State Education Fund pursuant to NRS 362.100;
- (l) The money required to be paid over to the State Treasurer for deposit to the credit of the State Education Fund pursuant to subsection 4 of NRS 362.170;
- (m) The portion of the proceeds of the tax imposed pursuant to subsection 1 of NRS 372A.290 identified in paragraph (b) of subsection 4 of NRS 372A.290;
- (n) The proceeds of the tax imposed pursuant to subsection 3 of NRS 372A.290;
- (o) The proceeds of the fees, taxes, interest and penalties imposed pursuant to chapter 374 of NRS, as transferred pursuant to subsection 3 of NRS 374.785;
- (p) The money identified in subsection 5 of NRS 445B.640;
- (q) The money identified in paragraph (b) of subsection ~~4~~ 5 of NRS 678B.390;
- (r) The portion of the proceeds of the excise tax imposed pursuant to subsection 1 of NRS 463.385 identified in paragraph (c) of subsection 5 of NRS 463.385;
- (s) The money required to be distributed to the State Education Fund pursuant to subsection 3 of NRS 482.181;
- (t) The portion of the proceeds of the fee imposed pursuant to NRS 488.075 identified in subsection 2 of NRS 488.075;

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

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

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

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

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

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

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

Sec. 22. The Cannabis Compliance Board shall, on or before October 31, 2024, submit to the Director of the Legislative Counsel Bureau for transmittal to the Legislative Commission a report of its progress in carrying out its duties with respect to the Cannabis Mentorship Pilot Program set forth in sections 2 to 12, inclusive, of this act.

Sec. 23. The Cannabis Compliance Board shall adopt the regulations required by section 7 of this act on or before May 31, 2024.

Sec. 24. The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 25. 1. This section becomes effective upon passage and approval.

2. Sections 1 to 24, inclusive, of this act become effective upon passage and approval for the purpose of adopting any regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act, and on January 1, 2024, for all other purposes, and expire by limitation on December 31, 2027.