

## Senate Bill 195 – Proposed Amendment

Proposed by: Nevada Cannabis Association

### Intent of the Amendment:

- Reconcile Section 7 of SB 195 with SB 328 which, if passed, will apply NRS 233B to the adjudication of contested cases.
- Add language to Section 11 to allow for certain billing solely for application-driven investigations.

Sec. 7. NRS 678A.600 is hereby amended to read as follows:

678A.600 **1.** If the Board finds that a licensee or registrant has violated a provision of this title or any regulation adopted pursuant thereto, the Board may, consistent with the provisions set forth in NRS 233B.127 ~~take any or all of the following actions:~~

~~1.~~:

(a) Limit, condition, suspend or revoke the license or registration card of the licensee or registrant ~~;~~

~~2.~~;

(b) Impose a civil penalty in an amount established by regulation, *not to exceed \$20,000* for ~~each~~ *a single* violation ~~;~~;

(c) *Take any combination of the actions authorized by paragraphs (a) and (b) consistent with NRS 233B.127;*

(d) *Issue a warning to the licensee or registrant; or*

(e) *Take no action against the licensee or registrant.*

**2.** *In determining the appropriate action to be taken against a licensee or registrant pursuant to this section, including, without limitation, the amount of any civil penalty imposed, the Board shall consider whether any of the mitigating circumstances set forth in section 3 of this act exist.*

### Sec. 11

3. 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<sup>32</sup> time, nonrefundable application fee of \$10,000; and

(d) The actual costs ~~[incurred]~~ *paid* by the Board ~~[in processing the application, including, without limitation, conducting]~~ *to a law enforcement agency or other person who is not an employee of the Board* to conduct any background checks ~~[.]~~ *in connection with the application.*

*4. The Board may charge a cannabis establishment for the actual costs paid by the Board to a law enforcement agency or other person who is not an employee of the Board to conduct any background checks in connection with a transfer of ownership interest in the cannabis establishment pursuant to the regulations adopted by the Board pursuant to NRS 678B.380.*

5. The Board may charge a licensee or applicant for a license for reasonable costs incurred by the Board and its staff during the investigation of a transfer of interest application, a new license application, an application for approval of a management services agreement, or a request for waiver or withdrawal of any of the foregoing.

Costs are limited to the reasonable hourly rate for Board agents as established by regulation, and lodging, transportation costs, and per diem at the rate and under the circumstances permitted for state employees.

The Board shall establish by regulation:

Procedures for the Board agent to provide the licensee or applicant for a license an estimate for the anticipated costs of the investigation prior to the commencement of any investigation;

Procedures and timelines for the submission of itemized costs for reimbursement to a licensee or applicant for license;

A process whereby a licensee or applicant for license may request documentation of costs submitted by the Board agent; and

A process whereby a licensee or applicant for license may appeal to the Board for a reduction in the total amount of costs when total costs exceed the estimated costs by more than 25%.

Failure of a licensee or applicant for license to pay costs of the Board shall not be a basis for non-issuance, nonrenewal, or denial of a license, transfer of interest, application, agreement, request for waiver, or any regulatory process available to licensees. Failure to pay costs may result in disciplinary action by the Board.

~~5.~~ 6. 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.

~~6-7~~. *The Board shall not charge a licensee, registrant or applicant for a license or registration card any fee, cost, fine or other charge that is not expressly authorized by the provisions of this title. Such prohibited charges include, without limitation, any charge for the costs of ongoing activities of the Board relating to the oversight of a cannabis establishment, including, without limitation, any charge for costs relating to:*

*(a) Travel or lodging for an agent of the Board;*

*(b) Any routine inspection or audit;*

*(c) The preparation for and attendance at a hearing by an agent of the Board;*

*(d) An investigation of a complaint submitted to the Board by a person who is not associated with the Board;*

*(e) Except as otherwise provided in subsection 4, an investigation conducted in connection with a transfer of an ownership interest;*

*(f) An investigation conducted in connection with any type of waiver that is requested pursuant to the provisions of this title or the regulations adopted pursuant thereto;*

*(g) Except as otherwise provided in subsection 3, an investigation conducted in connection with the initial issuance of a license; or*

*(h) Any other type of inspection, audit or investigation.*