AN ACT relating to public safety; creating the Account for the Treatment of Substance Abusers; providing that money in the Account must be distributed for programs relating to the treatment of certain offenders who are abusers of alcohol or drugs; requiring the appointment of a Deputy Director for Substance Abuser Programs within the Department of Corrections; increasing the taxes imposed on intoxicating liquor, cigarettes and gaming; requiring the Division of Public and Behavioral Health of the Department of Health and Human Services to establish a pilot program for the treatment of certain heroin-dependent persons; making appropriations; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires the Director of the Department of Corrections, in conjunction with the Division of Public and Behavioral Health of the Department of Health and Human Services and the Board of State Prison Commissioners, to establish one or more therapeutic communities, and programs of aftercare, to determine whether an offender is a substance abuser and to provide treatment. (NRS 209.4236-209.4238) Existing law also requires the Director, with approval of the Board, to establish a program for the treatment of an abuser of alcohol or drugs who is imprisoned for certain offenses related to driving under the influence of an intoxicating liquor or controlled substance. (NRS 209.425) Finally, existing law requires the Director to assign certain offenders who are abusers of alcohol or drugs to a term of residential confinement. (NRS 209.429)

Section 2 of this bill creates the Account for the Treatment of Substance Abusers in the State General Fund. The Account is to be administered by the
Director of the Department of Corrections and the money in the Account is to be
used only for programs for the treatment of certain offenders who are abusers of
alcohol or drugs. Section 4 of this bill requires the Director to appoint a Deputy
Director for Substance Abuser Programs to oversee programs governing the
treatment of offenders who are abusers of alcohol or drugs.

Existing law imposes a tax on intoxicating liquor in this State at a variable rate
which depends upon the form and alcohol content of the liquor. (NRS 369.330)
Section 6 of this bill increases the tax on: (1) malt beverages from 16 cents to 24
cents per gallon; (2) liquor containing 14 percent or less of alcohol from 70 cents to
$1.05 per gallon; (3) liquor containing more than 14 percent but not more than 22
percent of alcohol from $1.30 to $1.95 per gallon; and (4) liquor containing more
than 22 percent of alcohol from $3.60 to $5.40 per gallon. Section 5 of this bill
accordingly maintains the current portion of the proceeds of the tax on liquor
containing more than 22 percent of alcohol which is deposited in the Tax on Liquor
Program Account in the State General Fund.

Existing law imposes a tax on cigarettes at the rate of $1.80 per pack. (NRS
370.165, 370.350) Sections 7 and 9 of this bill increase that rate to $2.40 per pack.
Section 8 of this bill provides that the money collected from the increase in the
cigarette tax must be credited to the Account for the Treatment of Substance
Abusers.

Existing law requires the Nevada Gaming Commission to charge and collect a
license fee charged to a gaming licensee based upon all the gross revenue of the
licensee. (NRS 463.370) Section 10 of this bill increases the license fee by one-
quarter of 1 percent.

Sections 11-20 of this bill require the Division of Public and Behavioral Health
of the Department of Health and Human Services to establish a 4-year pilot
program for heroin-assisted treatment. The pilot program must provide treatment to
certain heroin-dependent persons who are identified based on the best available
evidence, for treatment and continuity of care. The Division is also required to
submit: (1) a report to the Legislative Commission if the pilot program is not
operational before January 1, 2019; and (2) a report to the Legislature detailing its
findings and recommendations on or before January 1, 2023.

Section 21 of this bill makes an appropriation of $65,000,000 each year of the
biennium to the Account for the Treatment of Substance Abusers. Section 22 of
this bill makes an appropriation of $10,000,000 each year of the biennium to fund
the pilot program for heroin-assisted treatment.

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

Section 1. Chapter 209 of NRS is hereby amended by adding
thereo the provisions set forth as sections 2 and 3 of this act.

Sec. 2. 1. The Account for the Treatment of Substance
Abusers is hereby created in the State General Fund. The Director
shall administer the Account.
2. Money in the Account that is received pursuant to NRS
370.260 or section 3 of this act or by direct legislative
appropriation from the State General Fund must only be used to
fund the treatment of abusers of alcohol or drugs pursuant to NRS
209.4231 to 209.429, inclusive.
3. The money in the Account does not revert to the State General Fund at the end of a fiscal year. The interest and income earned on the money in the Account, after deducting any applicable charges, must be credited to the Account.

4. All claims against the Account must be approved by the Director before they are paid.

Sec. 3. The Department may:

1. Accept money appropriated and made available by any act of Congress for any program for the treatment of abusers of alcohol or drugs administered by the Department.

2. Accept money appropriated and made available by the State or by a county, a city, a public district or any political subdivision of this State for any program for the treatment of abusers of alcohol or drugs administered by the Department.

3. Apply for and accept any gift, donation, bequest, grant or other source of money.

Sec. 4. NRS 209.151 is hereby amended to read as follows:

209.151 1. The Director shall appoint a Deputy Director for Industrial Programs who:

(a) Is responsible to the Director for the administration of all industrial, vocational and agricultural programs for the employment of offenders, except conservation camps and centers for the purpose of making restitution; and

(b) Shall enforce all policies and regulations of the Department relating to industrial, vocational and agricultural programs.

2. The Director shall appoint a Deputy Director for Substance Abuser Programs who:

(a) Is responsible to the Director for the administration of programs for the treatment of abusers of alcohol or drugs pursuant to NRS 209.4231 to 209.429, inclusive.

(b) Shall enforce all policies and regulations of the Department relating to the treatment of abusers of alcohol or drugs.

3. In addition to the Deputy Directors appointed pursuant to subsections 1 and 2, the Director shall appoint such other deputy directors as are necessary.

4. During any absence of the Director, the Director shall designate a deputy director or a warden to act as Director of the Department without increase in salary.

5. The deputy directors shall carry out such administrative duties as may be assigned to them by the Director and shall not engage in any other gainful employment or occupation.

Sec. 5. NRS 369.174 is hereby amended to read as follows:

369.174  Each month, the State Controller shall transfer to the Tax on Liquor Program Account in the State General Fund, from the
tax on liquor containing more than 22 percent of alcohol by volume,  
the portion of the tax which exceeds [\$3.45] $5.25 per wine gallon.

Sec. 6. NRS 369.330 is hereby amended to read as follows:

369.330 Except as otherwise provided in this chapter, an excise  
tax is hereby levied and must be collected respecting all liquor and  
upon the privilege of importing, possessing, storing or selling liquor,  
according to the following rates and classifications:

1. On liquor containing more than 22 percent of alcohol by  
volume, [\$3.60] $5.40 per wine gallon or proportionate part thereof.

2. On liquor containing more than 14 percent up to and  
including 22 percent of alcohol by volume, [\$1.30] $1.95 per wine  
gallon or proportionate part thereof.

3. On liquor containing from one-half of 1 percent up to and  
including 14 percent of alcohol by volume, [70 cents] $1.05 per  
wine gallon or proportionate part thereof.

4. On all malt beverage liquor brewed or fermented and bottled  
in or outside this state, [16] 24 cents per gallon.

Sec. 7. NRS 370.165 is hereby amended to read as follows:

370.165 There is hereby levied a tax upon the purchase or  
possession of cigarettes by a consumer in the State of Nevada at the  
rate of [90] 120 mills per cigarette. The tax may be represented and  
precollected by the affixing of a revenue stamp or other approved  
evidence of payment to each package, packet or container in which  
cigarettes are sold. The tax must be precollected by the wholesale or  
retail dealer, and must be recovered from the consumer by adding  
the amount of the tax to the selling price. Each person who sells  
cigarettes at retail shall prominently display on the premises a notice  
that the tax is included in the selling price and is payable under the  
provisions of this chapter.

Sec. 8. NRS 370.260 is hereby amended to read as follows:

370.260 1. All taxes and license fees imposed by the  
provisions of NRS 370.001 to 370.430, inclusive, less any refunds  
granted as provided by law, must be paid to the Department in the  
form of remittances payable to the Department.

2. The Department shall:

(a) As compensation to the State for the costs of collecting the  
taxes and license fees, transmit each month the sum the Legislature  
specifies from the remittances made to it pursuant to subsection 1  
during the preceding month to the State Treasurer for deposit to the  
credit of the Department. The deposited money must be expended  
by the Department in accordance with its work program.

(b) From the remittances made to it pursuant to subsection 1  
during the preceding month, less the amount transmitted pursuant to  
paragraph (a), transmit each month the portion of the tax which is  
equivalent to [85] :
(1) Eighty-five mills per cigarette to the State Treasurer for deposit to the credit of the Account for the Tax on Cigarettes in the State General Fund.

(2) Thirty mills per cigarette to the State Treasurer for deposit to the credit of the Account for the Treatment of Substance Abusers created by section 2 of this act.

(c) Transmit the balance of the payments each month to the State Treasurer for deposit in the Local Government Tax Distribution Account created by NRS 360.660.

(d) Report to the State Controller monthly the amount of collections.

3. The money deposited pursuant to paragraph (c) of subsection 2 in the Local Government Tax Distribution Account is hereby appropriated to Carson City and to each of the counties in proportion to their respective populations and must be credited to the respective accounts of Carson City and each county.

Sec. 9. NRS 370.350 is hereby amended to read as follows:

370.350 1. Except as otherwise provided in subsection 3, a tax is hereby levied and imposed upon the use of cigarettes in this state.

2. The amount of the use tax is [90] 120 mills per cigarette.

3. The use tax does not apply where:

(a) Nevada cigarette revenue stamps have been affixed to cigarette packages as required by law.

(b) Tax exemption is provided for in this chapter.

Sec. 10. NRS 463.370 is hereby amended to read as follows:

463.370 1. Except as otherwise provided in NRS 463.373, the Commission shall charge and collect from each licensee a license fee based upon all the gross revenue of the licensee as follows:

(a) Three and [one-half] three-quarters percent of all the gross revenue of the licensee which does not exceed $50,000 per calendar month;

(b) Four and [one-half] three-quarters percent of all the gross revenue of the licensee which exceeds $50,000 per calendar month and does not exceed $134,000 per calendar month; and

(c) [Six and three-quarters] Seven percent of all the gross revenue of the licensee which exceeds $134,000 per calendar month.

2. Unless the licensee has been operating for less than a full calendar month, the Commission shall charge and collect the fee prescribed in subsection 1, based upon the gross revenue for the preceding calendar month, on or before the 15th day of the following month. Except for the fee based on the first full month of operation, the fee is an estimated payment of the license fee for the
third month following the month whose gross revenue is used as its basis.

3. When a licensee has been operating for less than a full calendar month, the Commission shall charge and collect the fee prescribed in subsection 1, based on the gross revenue received during that month, on or before the 15th day of the following calendar month of operation. After the first full calendar month of operation, the Commission shall charge and collect the fee based on the gross revenue received during that month, on or before the 15th day of the following calendar month. The payment of the fee due for the first full calendar month of operation must be accompanied by the payment of a fee equal to three times the fee for the first full calendar month. This additional amount is an estimated payment of the license fees for the next 3 calendar months. Thereafter, each license fee must be paid in the manner described in subsection 2. Any deposit held by the Commission on July 1, 1969, must be treated as an advance estimated payment.

4. All revenue received from any game or gaming device which is operated on the premises of a licensee, regardless of whether any portion of the revenue is shared with any other person, must be attributed to the licensee for the purposes of this section and counted as part of the gross revenue of the licensee. Any other person, including, without limitation, an operator of an inter-casino linked system, who is authorized to receive a share of the revenue from any game, gaming device or inter-casino linked system that is operated on the premises of a licensee is liable to the licensee for that person’s proportionate share of the license fees paid by the licensee pursuant to this section and shall remit or credit the full proportionate share to the licensee on or before the 15th day of each calendar month. The proportionate share of an operator of an inter-casino linked system must be based on all compensation and other consideration received by the operator of the inter-casino linked system, including, without limitation, amounts that accrue to the meter of the primary progressive jackpot of the inter-casino linked system and amounts that fund the reserves of such a jackpot, subject to all appropriate adjustments for deductions, credits, offsets and exclusions that the licensee is entitled to take or receive pursuant to the provisions of this chapter. A licensee is not liable to any other person authorized to receive a share of the licensee’s revenue from any game, gaming device or inter-casino linked system that is operated on the premises of the licensee for that person’s proportionate share of the license fees to be remitted or credited to the licensee by that person pursuant to this section.

5. An operator of an inter-casino linked system shall not enter into any agreement or arrangement with a licensee that provides for
the operator of the inter-casino linked system to be liable to the
licensee for less than its full proportionate share of the license fees
paid by the licensee pursuant to this section, whether accomplished
through a rebate, refund, charge-back or otherwise.

6. Any person required to pay a fee pursuant to this section
shall file with the Commission, on or before the 15th day of each
calendar month, a report showing the amount of all gross revenue
received during the preceding calendar month. Each report must be
accompanied by:

(a) The fee due based on the revenue of the month covered by
   the report; and
(b) An adjustment for the difference between the estimated fee
   previously paid for the month covered by the report, if any, and
   the fee due for the actual gross revenue earned in that month. If the
   adjustment is less than zero, a credit must be applied to the
   estimated fee due with that report.

7. If the amount of license fees required to be reported and paid
pursuant to this section is later determined to be greater or less than
the amount actually reported and paid, the Commission shall:

(a) Charge and collect the additional license fees determined to
   be due, with interest thereon until paid; or
(b) Refund any overpayment to the person entitled thereto
   pursuant to this chapter, with interest thereon.

Interest pursuant to paragraph (a) must be computed at the rate
prescribed in NRS 17.130 from the first day of the first month
following the due date of the additional license fees until paid.
Interest pursuant to paragraph (b) must be computed at one-half the
rate prescribed in NRS 17.130 from the first day of the first month
following the date of overpayment until paid.

8. Failure to pay the fees provided for in this section shall be
deemed a surrender of the license at the expiration of the period for
which the estimated payment of fees has been made, as established
in subsection 2.

9. Except as otherwise provided in NRS 463.386, the amount
of the fee prescribed in subsection 1 must not be prorated.

10. Except as otherwise provided in NRS 463.386, if a licensee
ceases operation, the Commission shall:

(a) Charge and collect the additional license fees determined to
   be due with interest computed pursuant to paragraph (a) of
   subsection 7; or
(b) Refund any overpayment to the licensee with interest
   computed pursuant to paragraph (b) of subsection 7,
   based upon the gross revenue of the licensee during the last 3
   months immediately preceding the cessation of operation, or
   portions of those last 3 months.
11. If in any month, the amount of gross revenue is less than zero, the licensee may offset the loss against gross revenue in succeeding months until the loss has been fully offset.

12. If in any month, the amount of the license fee due is less than zero, the licensee is entitled to receive a credit against any license fees due in succeeding months until the credit has been fully offset.

Sec. 11. 1. The Legislature declares that it is the purpose of sections 11 to 20, inclusive, of this act to permit, fund and implement a 4-year pilot project which will research and evaluate the effectiveness and potential benefits of heroin-assisted treatment for persons with long-term heroin addiction. 2. Evaluations of heroin-assisted treatment in other countries have demonstrated that it is a highly cost-effective intervention that dramatically reduces illicit drug use, crime, disease and overdose while improving health, well-being, social reintegration and treatment retention among heroin-dependent persons who failed prior treatment. Every clinical trial of heroin-assisted treatment conducted to date has demonstrated a marked decrease in illicit heroin use among participants. Results of the Canadian trials, published in the New England Journal of Medicine, for example, showed a 67 percent reduction in illicit drug use or other illegal activity among participants in heroin-assisted treatment. Similarly, large reductions in illicit heroin use have been found in heroin-assisted treatment trials in other countries, including the United Kingdom which showed a 72 percent reduction as reported in The Lancet and Germany which showed a 69 percent reduction as reported in the British Journal of Psychiatry. Retention rates in heroin-assisted treatment programs dwarf those of conventional treatments. Further, because participants in heroin-assisted treatment programs are much less likely to commit acquisitive crimes and other offenses not including drugs, such programs have also been shown to decrease crime in areas where they are situated, which also leads to cost savings.

3. The Nevada heroin-assisted treatment pilot project must accordingly be:
   (a) Modeled on successful clinical trials and treatment programs in Switzerland, the Netherlands, the United Kingdom, Spain, Denmark, Germany, Belgium, Luxembourg and Canada; and
   (b) Appropriately tailored to best improve the safety, health and well-being of residents of this State.

Sec. 12. As used in sections 11 to 20, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 13 to 17, inclusive, of this act have the meanings ascribed to them in those sections.
Sec. 13. “Division” means the Division of Public and Behavioral Health of the Department of Health and Human Services.

Sec. 14. “Heroin-assisted treatment” means the administering or dispensing of pharmaceutical-grade heroin by medical practitioners to select heroin-dependent persons.

Sec. 15. “Heroin-dependent” has the meaning ascribed to the term “opioid dependence” in the Diagnostic and Statistical Manual of Mental Disorders, 4th Edition, published by the American Psychiatric Association, and includes a maladaptive pattern of substance use leading to clinically significant impairment or distress and a combination of several of the following signs and symptoms:
1. Increasing drug tolerance.
2. Withdrawal signs and symptoms.
3. A desire or unsuccessful efforts to cut down or control substance use.
4. Loss of social, occupational or recreational activities because of substance use.
5. Continuing substance use despite consequences.

Sec. 16. “Pharmaceutical-grade heroin” means diacetylmorphine or its equivalent.

Sec. 17. “Pilot project” means the heroin-assisted treatment pilot project developed pursuant to section 18 of this act.

Sec. 18. 1. The Division, with input and assistance from any other agency of this State or local government, or any other party where appropriate, shall:
(a) Develop and implement a 4-year pilot project.
(b) Before July 1, 2018, conduct research and due diligence and adopt any necessary rules, regulations, guidelines or protocols to carry out the pilot project, including, without limitation:
(1) Ascertaining numbers, trends, patterns, risk factors and demographic data related to heroin dependence within this State.
(2) Reviewing the heroin-assisted treatment studies and programs implemented in other countries and determining best practices.
(3) Conducting a study to determine the appropriate location of the pilot project within this State. In determining such location, the Division shall take into consideration the population to be served, the accessibility of the location and the nuisance concerns of the community.
(4) Establishing participant screening and eligibility criteria based on the best available evidence.
(5) Developing an effective recruitment strategy for participants in the pilot project.
(6) Establishing assessment and treatment protocols based on the best available evidence.

(7) Establishing best clinical practices, based on the best available evidence, for continuity of care as well as acute care for unmet or urgent medical and psychiatric needs of a participant in the pilot project.

(8) Coordinating with the Federal Government as may be necessary to obtain pharmaceutical-grade heroin for the pilot project or, to the extent the Division is unable to obtain pharmaceutical-grade heroin in coordination with the Federal Government, conducting an inventory of available sources of pharmaceutical-grade heroin and contracting with the best available source for the receipt of pharmaceutical-grade heroin for use in the pilot project.

(9) Developing a broad-based evaluation, based on the best available evidence, that measures impacts on a number of different outcomes, including, without limitation, retention in treatment, morbidity and mortality, continuing or new illicit drug use, costs, property and other crime and societal outcomes, including a comparison to other treatment methods and criminal interventions such as drug courts, as well as developing data collection procedures.

(c) Employ or contract with such personnel as may be necessary to carry out the pilot project.

2. The Division may develop:

(a) Registration requirements and procedures for medical practitioners who will dispense pharmaceutical-grade heroin or conduct research with respect to pharmaceutical-grade heroin.

(b) Requirements, based on the best available evidence and practices, for the storage and administration of pharmaceutical-grade heroin.

3. The pilot project must be operational and patients must be receiving heroin-assisted treatment on or before January 1, 2019.

4. If the pilot project is not operational on or before January 1, 2019, the Division shall submit a report to the Director of the Legislative Counsel Bureau for distribution to the Legislative Commission within 30 days. The report must outline the barriers to implementation of the pilot project and the proposed steps for implementation. Thereafter, the Division shall submit a report to the Director every 6 months until the pilot project is operational.

5. In addition to any other reports required pursuant to sections 11 to 20, inclusive, of this act, the Division shall publish publicly annual reports and a publicly available evaluation at the conclusion of the pilot project.
6. The pilot project must be implemented and operated in accordance with the provisions of sections 11 to 20, inclusive, of this act, notwithstanding any other provision of law or regulation.

7. A state or local governmental agency shall not develop rules, regulations or protocols that undermine the implementation or operation of the pilot project.

**Sec. 19.** 1. Every practitioner who dispenses pharmaceutical-grade heroin or conducts research with respect to pharmaceutical-grade heroin as part of the pilot project is exempt from the registration requirements and other requirements for registrants pursuant to NRS 453.221 to 453.257, inclusive, and any related rules, regulations or protocols.

2. The pilot project is exempt from the administrative inspections and injunctions authorized pursuant to NRS 453.261 to 453.286, inclusive.

3. Notwithstanding any other provision of law:
   (a) Any actions or conduct by a person that is permitted by the pilot project must not be a basis for the seizure or forfeiture of any products, materials, equipment, property or assets under state or local law.
   (b) A state or local criminal, civil or administrative penalty must not be imposed on any person solely for actions or conduct permitted pursuant to the pilot project.

**Sec. 20.** The Division shall, on or before January 1, 2023, submit a written report to the Director of the Legislative Counsel Bureau for distribution to the next regular session of the Legislature that includes, without limitation:

1. An analysis of the pilot project evaluation data.

2. A determination whether the pilot project directly results in health risks which outweigh the benefits to the participants in the pilot project or significant safety consequences to the public.

3. An assessment of the statewide need for heroin-assisted treatment.

4. Any recommendations and conclusions concerning the desirability of transitioning the pilot program into a permanent heroin-assisted treatment program.

5. An evaluation of the need to expand the pilot project locations or to additional eligible participants.

6. A determination whether any modifications or additions to the rules, regulations, guidelines or protocols governing the pilot project are necessary to transition the pilot project into a permanent heroin-assisted treatment program.

7. A recommendation as to whether patients who have benefited from participation in the pilot program, as medically determined by a physician, should have compassionate access to
heroin-assisted treatment following the conclusion of the pilot project.

**Sec. 21.** 1. There is hereby appropriated from the State General Fund to the Account for the Treatment of Substance Abusers created by section 2 of this act:
   - For the Fiscal Year 2017-2018: $65,000,000
   - For the Fiscal Year 2018-2019: $65,000,000

2. The sums appropriated by subsection 1 are available for either fiscal year. Any remaining balance of those sums must not be committed for expenditure after June 30, 2019, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 20, 2019, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 20, 2019.

**Sec. 22.** 1. There is hereby appropriated from the State General Fund to the Division of Public and Behavioral Health of the Department of Health and Human Services for the treatment of persons who are committed to the heroin-assisted treatment pilot program pursuant to sections 11 to 20, inclusive, of this act:
   - For the Fiscal Year 2017-2018: $10,000,000
   - For the Fiscal Year 2018-2019: $10,000,000

2. The sums appropriated by subsection 1 are available for either fiscal year. Any remaining balance of those sums must not be committed for expenditure after June 30, 2023, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 15, 2023, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 15, 2023.

**Sec. 23.** 1. This act becomes effective upon passage and approval for the purposes of adopting regulations, entering into contracts for the provision of services and taking any other preparatory actions to carry out the provisions of this act, and on July 1, 2017, for all other purposes.

2. Sections 11 to 20, inclusive, of this act expire by limitation on June 30, 2023.