

SENATE BILL NO. 49—COMMITTEE ON
HEALTH AND HUMAN SERVICES

(ON BEHALF OF THE CANNABIS COMPLIANCE BOARD)

PREFILED NOVEMBER 18, 2020

Referred to Committee on Health and Human Services

SUMMARY—Revises provisions relating to cannabis.
(BDR 56-268)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to cannabis; removing authorization for the Cannabis Compliance Board to take testimony by deposition in hearings before the Board; revising provisions governing a regulatory waiver to the registration requirement for holders of an ownership interest of less than 5 percent in a cannabis establishment; changing the labeling requirement for cannabis products; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law allows for testimony provided by witnesses appearing at a hearing
2 before the Cannabis Compliance Board to be taken by deposition in the manner
3 provided by the Nevada Rules of Civil Procedure. (NRS 678A.530) **Section 1** of
4 this bill removes the authorization for the Board to take the testimony of a witness
5 by deposition in hearings before the Board.

6 Existing law requires a person who owns an ownership interest in a cannabis
7 establishment of less than 5 percent to register with the Board. (NRS 678B.340)
8 Existing law authorizes the Board to waive the registration requirement for such
9 persons pursuant to policies and procedures adopted by regulation. (NRS
10 678A.450) Existing regulations of the Board establish the policies and procedures
11 for waiving this requirement. (Nevada Cannabis Compliance Regulation 5.125)
12 **Section 2** of this bill clarifies existing law to reflect the authority of the Board to
13 adopt policies and procedures that waive the registration requirement.
14 (NRS 678A.450)

15 Existing law requires each cannabis establishment to ensure that all cannabis
16 products offered for sale are labeled with the words “THIS IS A
17 MEDICAL CANNABIS PRODUCT” or “THIS IS A CANNABIS PRODUCT.”



18 (NRS 678B.520) **Section 3** of this bill changes the labeling requirement to ensure
19 that all cannabis products offered for sale are labeled with the words "THIS
20 PRODUCT CONTAINS CANNABIS."

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

1 **Section 1.** NRS 678A.530 is hereby amended to read as
2 follows:

3 678A.530 ~~[[]~~ Before a hearing before the Board, and during
4 a hearing upon reasonable cause shown, the Board shall issue
5 subpoenas and subpoenas duces tecum at the request of a party. All
6 witnesses appearing pursuant to subpoena, other than parties,
7 officers or employees of the State of Nevada or any political
8 subdivision thereof, are entitled to receive fees and mileage in the
9 same amounts and under the same circumstances as provided by law
10 for witnesses in civil actions in the district courts. Witnesses entitled
11 to fees or mileage who attend hearings at points so far removed
12 from their residences as to prohibit return thereto from day to day
13 are entitled, in addition to witness fees and in lieu of mileage, to the
14 per diem compensation for subsistence and transportation authorized
15 for state officers and employees for each day of actual attendance
16 and for each day necessarily occupied in traveling to and from the
17 hearings. Fees, subsistence and transportation expenses must be paid
18 by the party at whose request the witness is subpoenaed. The Board
19 may award as costs the amount of all such expenses to the
20 prevailing party.

21 ~~[[2.—The testimony of any material witness residing within or~~
22 ~~without the State of Nevada may be taken by deposition in the~~
23 ~~manner provided by the Nevada Rules of Civil Procedure.]]~~

24 **Sec. 2.** NRS 678B.340 is hereby amended to read as follows:

25 678B.340 1. Except as otherwise provided in ~~[[this section,]]~~
26 *any policies and procedures adopted by the Board pursuant to*
27 *paragraph (e) of subsection 1 of NRS 678A.450*, a person shall not
28 hold an ownership interest in a cannabis establishment of less than 5
29 percent, volunteer or work at, contract to provide labor to or be
30 employed by an independent contractor to provide labor to a
31 cannabis establishment as a cannabis establishment agent unless the
32 person is registered with the Board pursuant to this section.

33 2. A person who wishes to volunteer or work at a cannabis
34 establishment shall submit to the Board an application on a form
35 prescribed by the Board. The application must be accompanied by:

36 (a) The name, address and date of birth of the prospective
37 cannabis establishment agent;



1 (b) A statement signed by the prospective cannabis
2 establishment agent pledging not to dispense or otherwise divert
3 cannabis to any person who is not authorized to possess cannabis in
4 accordance with the provisions of this title;

5 (c) A statement signed by the prospective cannabis
6 establishment agent asserting that he or she has not previously had a
7 cannabis establishment agent registration card revoked;

8 (d) The application fee, as set forth in NRS 678B.390; and

9 (e) Such other information as the Board may require by
10 regulation.

11 3. A person who wishes to contract to provide labor to or be
12 employed by an independent contractor to provide labor to a
13 cannabis establishment shall submit to the Board an application on a
14 form prescribed by the Board for the registration of the independent
15 contractor and each employee of the independent contractor who
16 will provide labor as a cannabis establishment agent. The
17 application must be accompanied by:

18 (a) The name, address and, if the prospective cannabis
19 establishment agent has a state business license, the business
20 identification number assigned by the Secretary of State upon
21 compliance with the provisions of chapter 76 of NRS;

22 (b) The name, address and date of birth of each employee of the
23 prospective cannabis establishment agent who will provide labor as
24 a cannabis establishment agent;

25 (c) A statement signed by the prospective cannabis
26 establishment agent pledging not to dispense or otherwise divert
27 cannabis to, or allow any of its employees to dispense or otherwise
28 divert cannabis to, any person who is not authorized to possess
29 cannabis in accordance with the provisions of this title;

30 (d) A statement signed by the prospective cannabis
31 establishment agent asserting that it has not previously had a
32 cannabis establishment agent registration card revoked and that
33 none of its employees who will provide labor as a cannabis
34 establishment agent have previously had a cannabis establishment
35 agent registration card revoked;

36 (e) The application fee, as set forth in NRS 678B.390; and

37 (f) Such other information as the Board may require by
38 regulation.

39 4. ~~[A]~~ *Except as otherwise provided in any policies and*
40 *procedures adopted by the Board pursuant to paragraph (e) of*
41 *subsection 1 of NRS 678A.450, a person who wishes to hold an*
42 *ownership interest in a cannabis establishment of less than 5 percent*
43 *shall submit to the Board an application on a form prescribed by the*
44 *Board. The application must be accompanied by:*



1 (a) The name, address and date of birth of the prospective
2 cannabis establishment agent;

3 (b) A statement signed by the prospective cannabis
4 establishment agent pledging not to dispense or otherwise divert
5 cannabis to any person who is not authorized to possess cannabis in
6 accordance with the provisions of this title;

7 (c) A statement signed by the prospective cannabis
8 establishment agent asserting that he or she has not previously had a
9 cannabis establishment agent registration card revoked;

10 (d) Any information required by the Board to complete an
11 investigation into the background of the prospective cannabis
12 establishment agent, including, without limitation, financial records
13 and other information relating to the business affairs of the
14 prospective cannabis establishment agent;

15 (e) The application fee, as set forth in NRS 678B.390; and

16 (f) Such other information as the Board may require by
17 regulation.

18 5. The Board may conduct any investigation of a prospective
19 cannabis establishment agent and, for an independent contractor,
20 each employee of the prospective cannabis establishment agent who
21 will provide labor as a cannabis establishment agent, that the Board
22 deems appropriate. In connection with such an investigation, the
23 Board may:

24 (a) Conduct or accept any background check the Board
25 determines to be reliable and expedient to determine the criminal
26 history of the prospective cannabis establishment agent or the
27 employee;

28 (b) Require a prospective cannabis establishment agent, if a
29 natural person, and each employee of a prospective cannabis
30 establishment agent who will provide labor as a cannabis
31 establishment agent to submit to the Board a complete set of
32 fingerprints and written permission authorizing the Board to forward
33 the fingerprints to the Central Repository for Nevada Records of
34 Criminal History for submission to the Federal Bureau of
35 Investigation for its report; and

36 (c) If the Board imposes the requirement described in paragraph
37 (b), submit the fingerprints of the prospective cannabis
38 establishment agent and each employee of the prospective
39 cannabis establishment agent who will provide labor as a cannabis
40 establishment agent to the Central Repository for Nevada Records
41 of Criminal History for submission to the Federal Bureau of
42 Investigation for its report.

43 6. A cannabis establishment shall notify the Board within 10
44 business days after a cannabis establishment agent ceases to hold an
45 ownership interest in the cannabis establishment of less than



1 5 percent, be employed by, volunteer at or provide labor as a
2 cannabis establishment agent to the cannabis establishment.

3 7. A person who:

4 (a) Has been convicted of an excluded felony offense;

5 (b) Is less than 21 years of age; or

6 (c) Is not qualified, in the determination of the Board pursuant to
7 NRS 678B.200,

8 ↪ shall not serve as a cannabis establishment agent.

9 8. The provisions of this section do not require a person who is
10 an owner, officer or board member of a cannabis establishment to
11 resubmit information already furnished to the Board at the time the
12 establishment was licensed with the Board.

13 9. If an applicant for registration as a cannabis establishment
14 agent satisfies the requirements of this section, is found to be
15 qualified by the Board pursuant to NRS 678B.200 and is not
16 disqualified from serving as such an agent pursuant to this section or
17 any other applicable law, the Board shall issue to the person and, for
18 an independent contractor, to each person identified in the
19 independent contractor's application for registration as an employee
20 who will provide labor as a cannabis establishment agent, a cannabis
21 establishment agent registration card. If the Board does not act upon
22 an application for a cannabis establishment agent registration card
23 within 45 days after the date on which the application is received,
24 the application shall be deemed conditionally approved until such
25 time as the Board acts upon the application. A cannabis
26 establishment agent registration card expires 2 years after the date of
27 issuance and may be renewed upon:

28 (a) Resubmission of the information set forth in this section; and

29 (b) Payment of the renewal fee set forth in NRS 678B.390.

30 10. A person to whom a cannabis establishment agent
31 registration card is issued or for whom such a registration card is
32 renewed shall submit to the Board on the date of the first
33 anniversary of the issuance or renewal an affidavit attesting that in
34 the preceding year there has been no change in the information
35 previously provided to the Board which would subject the person to
36 disciplinary action by the Board.

37 11. A cannabis establishment agent registration card issued
38 pursuant to this section to an independent contractor or an employee
39 of an independent contractor authorizes the independent contractor
40 or employee to provide labor to any cannabis establishment in this
41 State.

42 12. A cannabis establishment agent registration card issued
43 pursuant to this section to a person who wishes to volunteer or work
44 at a medical cannabis establishment authorizes the person to
45 volunteer or work at any cannabis establishment in this State for



1 which the category of the cannabis establishment agent registration
2 card authorizes the person to volunteer or work.

3 13. Except as otherwise prescribed by regulation of the Board,
4 an applicant for registration or renewal of registration as a cannabis
5 establishment agent is deemed temporarily registered as a cannabis
6 establishment agent on the date on which a complete application for
7 registration or renewal of registration is submitted to the Board. A
8 temporary registration as a cannabis establishment agent expires 45
9 days after the date upon which the application is received.

10 **Sec. 3.** NRS 678B.520 is hereby amended to read as follows:

11 678B.520 1. Each cannabis establishment shall, in
12 consultation with the Board, cooperate to ensure that all cannabis
13 products offered for sale:

14 (a) Are labeled clearly and unambiguously:

15 (1) As cannabis ~~[or medical cannabis]~~ with the words ~~["THIS~~
16 ~~IS A MEDICAL CANNABIS PRODUCT"]~~ or ~~"THIS IS A~~
17 ~~CANNABIS PRODUCT,"~~ as applicable, **"THIS PRODUCT**
18 **CONTAINS CANNABIS"** in bold type; and

19 (2) As required by the provisions of this chapter and chapters
20 678C and 678D of NRS.

21 (b) Are not presented in packaging that contains an image of a
22 cartoon character, mascot, action figure, balloon or toy, except that
23 such an item may appear in the logo of the cannabis production
24 facility which produced the product.

25 (c) Are regulated and sold on the basis of the concentration of
26 THC in the products and not by weight.

27 (d) Are packaged and labeled in such a manner as to allow
28 tracking by way of an inventory control system.

29 (e) Are not packaged and labeled in a manner which is modeled
30 after a brand of products primarily consumed by or marketed to
31 children.

32 (f) Are labeled in a manner which indicates the amount of THC
33 in the product, measured in milligrams, and includes a statement
34 that the product contains cannabis and its potency was tested with an
35 allowable variance of the amount determined by the Board by
36 regulation.

37 (g) Are not labeled or marketed as candy.

38 2. A cannabis production facility shall not produce cannabis
39 products in any form that:

40 (a) Is or appears to be a lollipop.

41 (b) Bears the likeness or contains characteristics of a real or
42 fictional person, animal or fruit, including, without limitation, a
43 caricature, cartoon or artistic rendering.

44 (c) Is modeled after a brand of products primarily consumed by
45 or marketed to children.



1 (d) Is made by applying concentrated cannabis, as defined in
2 NRS 453.042, to a commercially available candy or snack food item
3 other than dried fruit, nuts or granola.

4 3. A cannabis production facility shall:

5 (a) Seal any cannabis product that consists of cookies or
6 brownies in a bag or other container which is not transparent.

7 (b) Affix a label to each cannabis product which includes
8 without limitation, in a manner which must not mislead consumers,
9 the following information:

10 (1) The words "Keep out of reach of children";

11 (2) A list of all ingredients used in the cannabis product;

12 (3) A list of all allergens in the cannabis product; and

13 (4) The total content of THC measured in milligrams.

14 (c) Maintain a hand washing area with hot water, soap and
15 disposable towels which is located away from any area in which
16 cannabis products are cooked or otherwise prepared.

17 (d) Require each person who handles cannabis products to
18 restrain his or her hair, wear clean clothing and keep his or her
19 fingernails neatly trimmed.

20 (e) Package all cannabis products produced by the cannabis
21 production facility on the premises of the cannabis production
22 facility.

23 4. A cannabis establishment shall not engage in advertising that
24 in any way makes cannabis or cannabis products appeal to children,
25 including, without limitation, advertising which uses an image of a
26 cartoon character, mascot, action figure, balloon, fruit or toy.

27 5. Each cannabis sales facility shall offer for sale containers for
28 the storage of cannabis and cannabis products which lock and are
29 designed to prohibit children from unlocking and opening the
30 container.

31 6. A cannabis sales facility shall:

32 (a) Include a written notification with each sale of cannabis or
33 cannabis products which advises the purchaser:

34 (1) To keep cannabis and cannabis products out of the reach
35 of children;

36 (2) That cannabis products can cause severe illness in
37 children;

38 (3) That allowing children to ingest cannabis or cannabis
39 products or storing cannabis or cannabis products in a location
40 which is accessible to children may result in an investigation by an
41 agency which provides child welfare services or criminal
42 prosecution for child abuse or neglect;

43 (4) That the intoxicating effects of edible cannabis products
44 may be delayed by 2 hours or more and users of edible cannabis
45 products should initially ingest a small amount of the product, then



1 wait at least 120 minutes before ingesting any additional amount of
2 the product;

3 (5) That pregnant women should consult with a physician
4 before ingesting cannabis or cannabis products;

5 (6) That ingesting cannabis or cannabis products with
6 alcohol or other drugs, including prescription medication, may result
7 in unpredictable levels of impairment and that a person should
8 consult with a physician before doing so;

9 (7) That cannabis or cannabis products can impair
10 concentration, coordination and judgment and a person should not
11 operate a motor vehicle while under the influence of cannabis or
12 cannabis products; and

13 (8) That ingestion of any amount of cannabis or cannabis
14 products before driving may result in criminal prosecution for
15 driving under the influence.

16 (b) Enclose all cannabis and cannabis products in opaque, child-
17 resistant packaging upon sale.

18 7. A cannabis sales facility shall allow any person who is at
19 least 21 years of age to enter the premises of the cannabis sales
20 facility.

21 8. If the health authority, as defined in NRS 446.050, where a
22 cannabis production facility or cannabis sales facility which sells
23 edible cannabis products is located requires persons who handle
24 food at a food establishment to obtain certification, the cannabis
25 production facility or cannabis sales facility shall ensure that at least
26 one employee maintains such certification.

27 9. A cannabis production facility may sell a commodity or
28 product made using hemp, as defined in NRS 557.160, or containing
29 cannabidiol to a cannabis sales facility.

30 10. In addition to any other product authorized by the
31 provisions of this title, a cannabis sales facility may sell:

32 (a) Any commodity or product made using hemp, as defined in
33 NRS 557.160;

34 (b) Any commodity or product containing cannabidiol with a
35 THC concentration of not more than 0.3 percent; and

36 (c) Any other product specified by regulation of the Board.

37 11. A cannabis establishment:

38 (a) Shall not engage in advertising which contains any statement
39 or illustration that:

40 (1) Is false or misleading;

41 (2) Promotes overconsumption of cannabis or cannabis
42 products;

43 (3) Depicts the actual consumption of cannabis or cannabis
44 products; or



1 (4) Depicts a child or other person who is less than 21 years
2 of age consuming cannabis or cannabis products or objects
3 suggesting the presence of a child, including, without limitation,
4 toys, characters or cartoons, or contains any other depiction which is
5 designed in any manner to be appealing to or encourage
6 consumption of cannabis or cannabis products by a person who is
7 less than 21 years of age.

8 (b) Shall not advertise in any publication or on radio, television
9 or any other medium if 30 percent or more of the audience of that
10 medium is reasonably expected to be persons who are less than 21
11 years of age.

12 (c) Shall not place an advertisement:

13 (1) Within 1,000 feet of a public or private school,
14 playground, public park or library, but may maintain such an
15 advertisement if it was initially placed before the school,
16 playground, public park or library was located within 1,000 feet of
17 the location of the advertisement;

18 (2) On or inside of a motor vehicle used for public
19 transportation or any shelter for public transportation;

20 (3) At a sports event to which persons who are less than 21
21 years of age are allowed entry; or

22 (4) At an entertainment event if it is reasonably estimated
23 that 30 percent or more of the persons who will attend that event are
24 less than 21 years of age.

25 (d) Shall not advertise or offer any cannabis or cannabis product
26 as “free” or “donated” without a purchase.

27 (e) Shall ensure that all advertising by the cannabis
28 establishment contains such warnings as may be prescribed by the
29 Board, which must include, without limitation, the following words:

30 (1) “Keep out of reach of children”; and

31 (2) “For use only by adults 21 years of age and older.”

32 12. Nothing in subsection 11 shall be construed to prohibit a
33 local government, pursuant to chapter 244, 268 or 278 of NRS, from
34 adopting an ordinance for the regulation of advertising relating to
35 cannabis which is more restrictive than the provisions of subsection
36 11 relating to:

37 (a) The number, location and size of signs, including, without
38 limitation, any signs carried or displayed by a natural person;

39 (b) Handbills, pamphlets, cards or other types of advertisements
40 that are distributed, excluding an advertisement placed in a
41 newspaper of general circulation, trade publication or other form of
42 print media;

43 (c) Any stationary or moving display that is located on or near
44 the premises of a cannabis establishment; and



1 (d) The content of any advertisement used by a cannabis
2 establishment if the ordinance sets forth specific prohibited content
3 for such an advertisement.

4 13. If a cannabis establishment engages in advertising for
5 which it is required to determine the percentage of persons who are
6 less than 21 years of age and who may reasonably be expected to
7 view or hear the advertisement, the cannabis establishment shall
8 maintain documentation for not less than 5 years after the date on
9 which the advertisement is first broadcasted, published or otherwise
10 displayed that demonstrates the manner in which the cannabis
11 establishment determined the reasonably expected age of the
12 audience for that advertisement.

13 14. In addition to any other penalties provided for by law, the
14 Board may impose a civil penalty upon a cannabis establishment
15 that violates the provisions of subsection 11 or 13 as follows:

16 (a) For the first violation in the immediately preceding 2 years, a
17 civil penalty not to exceed \$1,250.

18 (b) For the second violation in the immediately preceding 2
19 years, a civil penalty not to exceed \$2,500.

20 (c) For the third violation in the immediately preceding 2 years,
21 a civil penalty not to exceed \$5,000.

22 (d) For the fourth violation in the immediately preceding 2
23 years, a civil penalty not to exceed \$10,000.

24 15. As used in this section, "motor vehicle used for public
25 transportation" does not include a taxicab, as defined in
26 NRS 706.124.

27 **Sec. 4.** This act becomes effective upon passage and approval.

