

Amendment No. 751

Senate Amendment to Senate Bill No. 195 First Reprint	(BDR 56-452)
Proposed by: Senate Committee on Finance	
Amends: Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION			Initial and Date	SENATE ACTION			Initial and Date		
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.



SENATE BILL NO. 195—SENATORS NGUYEN, SPEARMAN, D. HARRIS, STONE, BUCK;
DONATE, DONDERO LOOP, PAZINA AND SCHEIBLE

FEBRUARY 23, 2023

JOINT SPONSORS: ASSEMBLYMEN YEAGER, WATTS; BILBRAY-AXELROD, CARTER,
DURAN, GONZÁLEZ, HAFEN, KOENIG AND PETERS

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions related to cannabis. (BDR 56-452)

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

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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; revising provisions relating to disciplinary action taken by the Cannabis Compliance Board against the holder of a license or registration card issued by the Board; requiring the Board to adopt regulations governing the transfer of an ownership interest in a cannabis establishment; revising provisions governing the fees the Board is authorized to charge; requiring the Board to adopt regulations governing the charging and collecting of certain fees; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law sets forth the procedures by which the Cannabis Compliance Board may take disciplinary action against a licensee or registrant who violates a provision of existing law governing the cannabis industry in this State or any regulation adopted by the Board. (NRS 678A.500-678A.600) **Sections 2 and 4** of this bill authorize the Board to resolve any matter concerning a licensee or registrant who has allegedly committed such a violation by entering into a consent or settlement agreement with the licensee or registrant so long as the Board discusses and approves the terms of the agreement, and any modification of those terms, at a meeting of the Board. **Section 3** of this bill sets forth certain mitigating circumstances concerning a violation. **Section 2** requires the Board to consider whether any of those mitigating circumstances exist in determining whether to approve or modify the terms of a consent or settlement agreement.

If the Board elects to proceed with disciplinary action against a licensee or registrant, existing law requires the Board or the Executive Director of the Board to serve upon the licensee or registrant a complaint setting forth the acts or omissions for which the licensee or registrant is charged and certain other information. (NRS 678A.520) **Section 5** of this bill requires the complaint to charge multiple alleged violations as a single alleged violation under certain circumstances. **Section 5** also requires the complaint to include the penalties being sought against the licensee or registrant.

If the Board determines that a licensee or registrant has violated a provision of existing law governing the cannabis industry in this State or any regulation adopted by the Board,

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21 existing law authorizes the Board to: (1) limit, condition, suspend or revoke the license or
22 registration card of the licensee or registrant; (2) impose a civil penalty in an amount
23 established by the Board by regulation; or (3) take both of those actions. (NRS 678A.600)
24 **Section 7** of this bill: (1) requires the Board, in determining the appropriate action to be taken
25 against such a licensee or registrant, to consider whether any of the mitigating circumstances
26 set forth in **section 3** exist; (2) limits the amount of a civil penalty the Board is authorized to
27 impose for a single violation to \$20,000; and (3) authorizes the Board to take certain
28 additional actions. **Section 6** of this bill requires that certain information concerning the
29 mitigating factors considered by the Board pursuant to **section 7** be included in the written
30 decision of the Board following a disciplinary hearing in certain circumstances.

31 Existing law requires an applicant for a license to pay to the Board the actual costs
32 incurred by the Board in processing the application, including, without limitation, conducting
33 background checks. (NRS 678B.390) **Section 11** of this bill ~~[eliminates the]~~ revises that
34 requirement [that an applicant for a license pay such costs. Section 11] to instead [requires]
35 require an applicant to pay the actual costs paid by the Board to a law enforcement agency or
36 other person who is not an employee of the Board to conduct any background checks in
37 connection with the application.

38 Existing regulations of the Board require the Board to charge each cannabis
39 establishment, at an hourly rate established by the Board, an assessment for the costs of
40 various ongoing activities of the Board relating to the oversight of the cannabis establishment,
41 including, without limitation routine inspections and audits, the investigation of certain
42 complaints and investigations based on any type of requested transfer of interest. (Nev.
43 Cannabis Compliance Bd. Regs. § 6.025) **Section 11** prohibits the Board from charging a
44 licensee, registrant or applicant for a license or registration card any fee, cost, fine or other
45 charge that is not expressly authorized by the provisions of existing law governing the
46 cannabis industry in this State, including, with certain exceptions ~~[]~~ set forth in section 11,
47 any charge for the costs of ongoing activities of the Board relating to the oversight of a
48 cannabis establishment.

49 Existing regulations of the Board set forth various requirements for the transfer of an
50 ownership interest in a cannabis establishment. (Nev. Cannabis Compliance Bd. Regs. §
51 5.110) **Section 10** of this bill specifically requires the Board to adopt regulations by which the
52 holder of an ownership interest in a cannabis establishment may transfer all or any portion of
53 the ownership interest to another qualified person. **Section 11** authorizes the Board to charge a
54 cannabis establishment for the actual costs paid by the Board to a law enforcement agency or
55 other person who is not an employee of the Board to conduct any background checks in
56 connection with a transfer of ownership interest in the cannabis establishment.

57 In addition to any other applicable fees, section 11 also authorizes the Board to
58 charge a licensee or an applicant for a license certain amounts for the costs incurred by
59 the Board in conducting an investigation in connection with: (1) a transfer of an
60 ownership interest in a cannabis establishment; (2) an application for the initial issuance
61 of a license; (3) a request to obtain any approval that may be required by the Board to
62 enter into an agreement to provide management services to a cannabis establishment;
63 and (4) any waiver that is requested pursuant to the provisions of existing law governing
64 cannabis. Section 11 limits the amounts that may be charged to a reasonable hourly fee
65 for each hour spent by agents of the Board in conducting the investigation and travel
66 expenses and per diem allowances for such agents. Section 9.5 of this bill requires the
67 Board to adopt regulations establishing certain procedures and requirements for the
68 charging and collecting of such amounts.

69 Section 12 of this bill makes a conforming change to refer to provisions that have been
70 renumbered in **section 11**.

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

1 **Section 1.** Chapter 678A of NRS is hereby amended by adding thereto the
2 provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2. 1.** *The Board may, at any time, resolve a matter involving a*
4 *licensee or registrant who has allegedly violated a provision of this title or any*
5 *regulation adopted pursuant thereto by entering into a consent or settlement*
6 *agreement with the licensee or registrant so long as the terms of the agreement,*
7 *and any modification of those terms, are discussed and approved at a meeting of*
8 *the Board.*

9 **2.** *In determining whether to approve or modify the terms of a consent or*
10 *settlement agreement pursuant to subsection 1, the Board shall consider whether*
11 *any of the mitigating circumstances set forth in section 3 of this act exist.*

12 **3.** *The Board shall state on the record in any meeting in which the terms of*
13 *a consent or settlement agreement are approved or modified pursuant to*
14 *subsection 1:*

15 **(a)** *The determination of the Board as to whether any of the mitigating*
16 *circumstances set forth in section 3 of this act exist; and*

17 **(b)** *If the Board determines that any of the mitigating circumstances exist,*
18 *the weight given by the Board to each mitigating circumstance in determining*
19 *whether to approve or modify the terms of the agreement.*

20 **4.** *If the terms of a consent or settlement agreement impose a civil penalty,*
21 *the statement required by paragraph (b) of subsection 3 must specify the weight*
22 *given by the Board to each mitigating circumstance in determining whether to*
23 *approve or modify the amount of the civil penalty.*

24 **Sec. 3. 1.** *A violation of any provision of this title or any regulation*
25 *adopted pursuant thereto may be mitigated by any of the following*
26 *circumstances:*

27 **(a)** *The licensee or registrant self-reported the violation to the Board or an*
28 *agent of the Board.*

29 **(b)** *For a violation committed by a licensee, the licensee has:*

30 **(1)** *Submitted to the Board a plan to correct the violation which has been*
31 *approved by the Board or deemed approved pursuant to subsection 2; and*

32 **(2)** *Taken action to correct the violation.*

33 **(c)** *The licensee or registrant has made a good faith effort to prevent*
34 *violations from occurring, including, without limitation, by:*

35 **(1)** *Providing regular training to the employees of the licensee or*
36 *registrant which has been documented and which was provided before the*
37 *commencement of an investigation by the Board concerning the violation; or*

38 **(2)** *Establishing, before the commencement of an investigation by the*
39 *Board concerning the violation, standard operating procedures that include*
40 *procedures which directly address the conduct constituting the violation.*

41 **(d)** *The licensee or registrant has cooperated in the investigation of the*
42 *violation in such a manner as to demonstrate that the licensee or registrant*
43 *accepts responsibility for the violation.*

44 **(e)** *Any other mitigating circumstance established by the Board by regulation*
45 *exists.*

46 **2.** *For the purposes of subparagraph (1) of paragraph (b) of subsection 1, if*
47 *a licensee has submitted a plan to correct a violation and the Board does not take*
48 *action to approve or reject the plan within 30 days after the date on which the*

1 *plan was submitted, the plan shall be deemed to be approved by the appropriate*
2 *agent of the Board.*

3 **Sec. 4.** NRS 678A.510 is hereby amended to read as follows:

4 678A.510 1. If the Executive Director transmits the details of a suspected
5 violation to the Attorney General pursuant to NRS 678A.500, the Attorney General
6 shall conduct an investigation of the suspected violation to determine whether it
7 warrants proceedings for disciplinary action of the licensee or registrant. If the
8 Attorney General determines that further proceedings are warranted, he or she shall
9 report the results of the investigation together with a recommendation to the
10 Executive Director in a manner which does not violate the right of the person
11 charged in the complaint to due process in any later hearing on the complaint. The
12 Executive Director shall transmit the recommendation and other information
13 received from the Attorney General to the Board.

14 2. The Board shall promptly make a determination with respect to each
15 complaint resulting in an investigation by the Attorney General. The Board shall:

16 (a) Dismiss the complaint; ~~for~~

17 (b) *Enter into a consent or settlement agreement with the licensee or*
18 *registrant pursuant to section 2 of this act; or*

19 (c) Proceed with appropriate disciplinary action in accordance with NRS
20 678A.520 to 678A.600, inclusive, and the regulations adopted by the Board. *In*
21 *determining the disciplinary action to impose the Board shall consider mitigating*
22 *factors pursuant to section 3 of this act.*

23 **Sec. 5.** NRS 678A.520 is hereby amended to read as follows:

24 678A.520 1. If the Board proceeds with disciplinary action pursuant to NRS
25 678A.510, the Board or the Executive Director shall serve a complaint upon the
26 respondent either personally, or by registered or certified mail at the address of the
27 respondent that is on file with the Board. Such complaint must ~~be~~ :

28 (a) *Be* a written statement of charges ~~and must set~~ ;

29 (b) *Set* forth in ordinary and concise language the acts or omissions with which
30 the respondent is charged ~~The complaint must specify~~ ;

31 (c) *Specify* the statutes and regulations which the respondent is alleged to have
32 violated ~~but must not~~ ;

33 (d) *Not* consist merely of charges raised in the language of the statutes or
34 regulations ~~The complaint must provide~~ *which the respondent is alleged to have*
35 *violated;*

36 (e) *If the respondent is alleged to have committed multiple violations*
37 *consisting of the same or a similar act, omission or course of conduct, charge*
38 *those violations as a single alleged violation if the violations:*

39 (1) *Are closely related in time, place and circumstance; and*

40 (2) *Were all discovered in the course of a single audit, inspection or*
41 *investigation;*

42 (f) *Specify the penalty being sought against the respondent; and*

43 (g) *Provide* notice of the right of the respondent to request a hearing. ~~The~~
44 ~~Chair of the Board may grant an extension to respond to the complaint for good~~
45 ~~cause.~~

46 2. *The Chair of the Board may grant an extension to respond to the*
47 *complaint for good cause.* Unless granted *such* an extension, the respondent must
48 answer within 20 days after the service of the complaint. In the answer the
49 respondent:

50 (a) Must state in short and plain terms the defenses to each claim asserted.

51 (b) Must admit or deny the facts alleged in the complaint.

1 (c) Must state which allegations the respondent is without knowledge or
2 information to form a belief as to their truth. Such allegations shall be deemed
3 denied.

4 (d) Must affirmatively set forth any matter which constitutes an avoidance or
5 affirmative defense.

6 (e) May demand a hearing. Failure to demand a hearing constitutes a waiver of
7 the right to a hearing and to judicial review of any decision or order of the Board,
8 but the Board may order a hearing even if the respondent so waives his or her right.

9 3. Failure to answer or to appear at the hearing constitutes an admission by
10 the respondent of all facts alleged in the complaint. The Board may take action
11 based on such an admission and on other evidence without further notice to the
12 respondent. If the Board takes action based on such an admission, the Board shall
13 include in the record which evidence was the basis for the action.

14 4. The Board shall determine the time and place of the hearing as soon as is
15 reasonably practical after receiving the respondent's answer. The Board shall
16 deliver or send by registered or certified mail a notice of hearing to all parties at
17 least 10 days before the hearing. The hearing must be held within 45 days after
18 receiving the respondent's answer unless an expedited hearing is determined to be
19 appropriate by the Board, in which event the hearing must be held as soon as
20 practicable. The Chair of the Board may grant one or more extensions to the 45-day
21 requirement pursuant to a request of a party or an agreement by both parties.

22 **Sec. 6.** NRS 678A.590 is hereby amended to read as follows:

23 678A.590 1. Within 60 days after the hearing of a contested matter, the
24 Board shall render a written decision on the merits which must contain findings of
25 fact, a determination of the issues presented and the penalty to be imposed, if any.
26 *If the Board determines that the licensee or registrant has violated any provision*
27 *of this title or any regulation adopted pursuant thereto, the written decision must*
28 *set forth the determination of the Board as to whether any of the mitigating*
29 *circumstances required to be considered by the Board pursuant to NRS 678A.600*
30 *exist and, if so, the weight given to each mitigating circumstance in determining*
31 *the appropriate action to be taken pursuant to that section.* The Board shall
32 thereafter make and enter its written order in conformity to its decision. No member
33 of the Board who did not hear the evidence may vote on the decision. The
34 affirmative votes of a majority of the whole Board are required to impose any
35 penalty. Copies of the decision and order must be served on the parties personally
36 or sent to them by registered or certified mail. The decision is effective upon such
37 service, unless the Board orders otherwise.

38 2. The Board may, upon motion made within 10 days after service of a
39 decision and order, order a rehearing before the Board upon such terms and
40 conditions as it may deem just and proper if a petition for judicial review of the
41 decision and order has not been filed. The motion must not be granted except upon
42 a showing that there is additional evidence which is material and necessary and
43 reasonably calculated to change the decision of the Board, and that sufficient reason
44 existed for failure to present the evidence at the hearing of the Board. The motion
45 must be supported by an affidavit of the moving party or his or her counsel showing
46 with particularity the materiality and necessity of the additional evidence and the
47 reason why it was not introduced at the hearing. Upon rehearing, rebuttal evidence
48 to the additional evidence must be permitted. After rehearing, the Board may
49 modify its decision and order as the additional evidence may warrant.

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

51 678A.600 1. If the Board finds that a licensee or registrant has violated a
52 provision of this title or any regulation adopted pursuant thereto, the Board may
53 ~~take any or all of the following actions:~~

1 ~~1.1~~ :

2 (a) Limit, condition, suspend or revoke the license or registration card of the
3 licensee or registrant ~~1~~;

4 ~~2.1~~ ;

5 (b) Impose a civil penalty in an amount established by regulation , *not to*
6 *exceed \$20,000* for ~~each~~ *a single* violation ~~1~~;

7 (c) *Take any combination of the actions authorized by paragraphs (a) and*
8 *(b);*

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

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

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

15 Sec. 8. (Deleted by amendment.)

16 Sec. 9. (Deleted by amendment.)

17 Sec. 9.5. Chapter 678B of NRS is hereby amended by adding thereto a
18 new section to read as follows:

19 1. The Board shall adopt regulations governing the charging and collecting
20 of costs incurred in connection with a specified investigation pursuant to
21 subsection 5 of NRS 678B.390. The regulations must:

22 (a) Require the Board, before the commencement of the investigation, to
23 provide a licensee or an applicant an estimate of the anticipated costs of the
24 investigation;

25 (b) Require the Board to provide to a licensee or an applicant an itemized list
26 of the costs incurred in the investigation and set forth timelines for the provision
27 of such an itemized list;

28 (c) Establish procedures by which a licensee or an applicant may request
29 from the Board documentation prepared by any agent of the Board conducting
30 the investigation relating to the costs of the investigation; and

31 (d) Establish a process by which a licensee or an applicant may appeal to the
32 Board and request a reduction of the total amount charged for the investigation if
33 the total amount charged exceeds the estimate of the anticipated costs provided to
34 the licensee or applicant by 25 percent or more.

35 2. Failure of a licensee or an applicant to pay the costs charged by the
36 Board pursuant to subsection 5 of NRS 678B.390 when due is grounds for
37 disciplinary action, except that the Board may not refuse to issue or renew a
38 license or deny a request for a transfer of interest, approval or waiver for the
39 failure to pay such costs.

40 Sec. 10. NRS 678B.380 is hereby amended to read as follows:

41 678B.380 1. Except as otherwise provided by regulations adopted by the
42 Board pursuant to subsection 2, the following are nontransferable:

43 (a) A cannabis establishment agent registration card.

44 (b) A cannabis establishment agent registration card for a cannabis executive.

45 (c) A cannabis establishment agent registration card for a cannabis receiver.

46 (d) A medical cannabis establishment license.

47 (e) An adult-use cannabis establishment license.

48 2. The Board shall adopt regulations which prescribe procedures and
49 requirements by which a holder of ~~1a~~ :

50 (a) A license may transfer the license to another party who is qualified to hold
51 such a license pursuant to the provisions of this chapter. ~~Such~~

52 (b) *An ownership interest in a cannabis establishment may transfer all or*
53 *any portion of the ownership interest to another party who is qualified to hold an*

1 *ownership interest in a cannabis establishment pursuant to the provisions of this*
 2 *chapter.*

3 **3.** The regulations *adopted pursuant to subsection 2* may give priority in the
 4 processing of transfers of licenses to a transfer in which the transferor is:

- 5 (a) Subject to a receivership;
- 6 (b) Involved in a recapitalization; or
- 7 (c) A party to a court proceeding involving financial distress.

8 ~~3.~~ **4.** The regulations adopted pursuant to subsection 2 must:

9 (a) Prohibit the holder of an adult-use cannabis establishment license for an
 10 independent cannabis consumption lounge from transferring the license until at
 11 least 2 years from the date on which the independent cannabis consumption lounge
 12 for which the license was issued became operational;

13 (b) Require the holder of an adult-use cannabis establishment license for an
 14 independent cannabis consumption lounge who wishes to cease operations before
 15 the independent cannabis consumption lounge for which the license was issued has
 16 been operational for at least 2 years to surrender the license to the Board; and

17 (c) Require the Board to hold a license surrendered pursuant to paragraph (b)
 18 in reserve for issuance to an applicant for such a license in the future.

19 **Sec. 11.** NRS 678B.390 is hereby amended to read as follows:

20 678B.390 1. Except as otherwise provided in subsection 3, the Board shall
 21 collect not more than the following maximum fees:

22		
23	For the initial issuance of a medical cannabis establishment	
24	license for a medical cannabis dispensary	\$30,000
25	For the renewal of a medical cannabis establishment license	
26	for a medical cannabis dispensary	5,000
27	For the initial issuance of a medical cannabis establishment	
28	license for a medical cannabis cultivation facility	3,000
29	For the renewal of a medical cannabis establishment license	
30	for a medical cannabis cultivation facility	1,000
31	For the initial issuance of a medical cannabis establishment	
32	license for a medical cannabis production facility	3,000
33	For the renewal of a medical cannabis establishment license	
34	for a medical cannabis production facility	1,000
35	For the initial issuance of a medical cannabis establishment	
36	license for a medical cannabis independent testing	
37	laboratory.....	\$5,000
38	For the renewal of a medical cannabis establishment license	
39	for a medical cannabis independent testing laboratory	3,000
40	For the initial issuance of an adult-use cannabis	
41	establishment license for an adult-use cannabis retail	
42	store	20,000
43	For the renewal of an adult-use cannabis establishment	
44	license for an adult-use cannabis retail store	6,600
45	For the initial issuance of an adult-use cannabis	
46	establishment license for an adult-use cannabis	
47	cultivation facility.....	30,000
48	For the renewal of an adult-use cannabis establishment	
49	license for an adult-use cannabis cultivation facility	10,000
50	For the initial issuance of an adult-use cannabis	
51	establishment license for an adult-use cannabis	
52	production facility	10,000

1	For the renewal of an adult-use cannabis establishment	
2	license for an adult-use cannabis production facility	3,300
3	For the initial issuance of an adult-use cannabis	
4	establishment license for an adult-use cannabis	
5	independent testing laboratory.....	15,000
6	For the renewal of an adult-use cannabis establishment	
7	license for an adult-use cannabis independent testing	
8	laboratory.....	5,000
9	For the initial issuance of an adult-use cannabis	
10	establishment license for a retail cannabis consumption	
11	lounge.....	10,000
12	For the renewal of an adult-use cannabis establishment	
13	license for a retail cannabis consumption lounge	10,000
14	For the initial issuance of an adult-use cannabis	
15	establishment license for an independent cannabis	
16	consumption lounge.....	10,000
17	For the renewal of an adult-use cannabis establishment	
18	license for an independent cannabis consumption	
19	lounge.....	10,000
20	For the initial issuance of an adult-use cannabis	
21	establishment license for an adult-use cannabis	
22	distributor	15,000
23	For the renewal of an adult-use cannabis establishment	
24	license for an adult-use cannabis distributor.....	\$5,000
25	For each person identified in an application for the initial	
26	issuance of a cannabis establishment agent registration	
27	card.....	150
28	For each person identified in an application for the renewal	
29	of a cannabis establishment agent registration card	150

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

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

34 (b) The application fee set forth in subsection 3,
35 ↪ for a social equity applicant. Such a reduction must not reduce the fee paid by a
36 social equity applicant by more than 75 percent of the fee paid by an applicant who
37 is not a social equity applicant.

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

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

44 (b) For an application for an adult-use cannabis establishment license for a
45 retail cannabis consumption lounge, a one-time, nonrefundable application fee of
46 \$100,000;

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

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

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

6 5. *In addition to any other applicable fees described in subsections 1, 3 and*
 7 *4, the Board may charge a licensee or an applicant for a license the amounts*
 8 *specified in subsection 6 for the costs incurred by the Board and its staff for an*
 9 *investigation conducted in connection with:*

10 (a) *A transfer of ownership interest in a cannabis establishment pursuant to*
 11 *the regulations adopted by the Board pursuant to NRS 678B.380;*

12 (b) *An application for the initial issuance of a license;*

13 (c) *A request to obtain any approval that may be required by the Board to*
 14 *enter into an agreement to provide management services to a cannabis*
 15 *establishment; or*

16 (d) *A waiver that is requested pursuant to the provisions of this title or the*
 17 *regulations adopted pursuant thereto.*

18 6. *The charges authorized by subsection 5 must be limited to:*

19 (a) *A reasonable hourly fee at a rate established by the Board by regulation*
 20 *for each hour spent by agents of the Board in conducting the investigation; and*

21 (b) *Costs for the travel expenses and per diem allowances of the agents of the*
 22 *Board conducting the investigation. The per diem allowances and travel expenses*
 23 *must be assessed at the rate established by the State Board of Examiners for state*
 24 *officers and employees generally.*

25 7. Any revenue generated from the fees imposed pursuant to this section:

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

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

31 ~~6.~~ 8. *The Board shall not charge a licensee, registrant or applicant for a*
 32 *license or registration card any fee, cost, fine or other charge that is not expressly*
 33 *authorized by the provisions of this title. Such prohibited charges include,*
 34 *without limitation, any charge for the costs of ongoing activities of the Board*
 35 *relating to the oversight of a cannabis establishment, including, without*
 36 *limitation, any charge for costs relating to:*

37 (a) ~~Travel~~ *Except as otherwise provided in subsection 5, travel or lodging*
 38 *for an agent of the Board;*

39 (b) *Any routine inspection or audit;*

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

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

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

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

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

51 ~~(h) Any~~ *subsections 3, 4 and 5, any other type of inspection, audit or*
 52 *investigation.*

1 **Sec. 12.** NRS 387.1212 is hereby amended to read as follows:

2 387.1212 1. The State Education Fund is hereby created as a special
3 revenue fund to be administered by the Superintendent of Public Instruction for the
4 purpose of supporting the operation of the public schools in this State. The interest
5 and income earned on the money in the Fund, excluding the direct legislative
6 appropriation from the State General Fund required by subsection 3, must, after
7 deducting any applicable charges, be credited to the Fund.

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

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

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

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

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

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

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

21 (g) The money identified in subsection 1 of NRS 328.450;

22 (h) The money identified in subsection 1 of NRS 328.460;

23 (i) The money identified in paragraph (a) of subsection 2 of NRS 360.850;

24 (j) The money identified in paragraph (a) of subsection 2 of NRS 360.855;

25 (k) The money required to be transferred to the State Education Fund pursuant
26 to NRS 362.100;

27 (l) The money required to be paid over to the State Treasurer for deposit to the
28 credit of the State Education Fund pursuant to subsection 4 of NRS 362.170;

29 (m) The portion of the proceeds of the tax imposed pursuant to subsection 1 of
30 NRS 372A.290 identified in paragraph (b) of subsection 4 of NRS 372A.290;

31 (n) The proceeds of the tax imposed pursuant to subsection 3 of NRS
32 372A.290;

33 (o) The proceeds of the fees, taxes, interest and penalties imposed pursuant to
34 chapter 374 of NRS, as transferred pursuant to subsection 3 of NRS 374.785;

35 (p) The money identified in subsection 5 of NRS 445B.640;

36 (q) The money identified in paragraph (b) of subsection ~~4-5~~ 7 of NRS
37 678B.390;

38 (r) The portion of the proceeds of the excise tax imposed pursuant to
39 subsection 1 of NRS 463.385 identified in paragraph (c) of subsection 5 of NRS
40 463.385;

41 (s) The money required to be distributed to the State Education Fund pursuant
42 to subsection 3 of NRS 482.181;

43 (t) The portion of the proceeds of the fee imposed pursuant to NRS 488.075
44 identified in subsection 2 of NRS 488.075;

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

47 (v) The portion of the net profits of the grantee of a franchise identified in NRS
48 709.230;

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

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

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

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

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

13 **Sec. 13.** This act becomes effective upon passage and approval.