

SENATE BILL NO. 41—COMMITTEE ON
REVENUE AND ECONOMIC DEVELOPMENT

(ON BEHALF OF THE DEPARTMENT OF TAXATION)

PREFILED NOVEMBER 18, 2024

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions relating to the taxation of
cannabis establishments. (BDR 32-284)

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 taxation; defining certain terms relating to the
taxation of the sale of cannabis; requiring a cannabis tax
permit to engage in the sale of cannabis; providing for the
revocation and suspension of a cannabis tax permit;
requiring the suspension of a cannabis license under
certain circumstances; and providing other matters
properly relating thereto.

Legislative Counsel’s Digest:

Existing law imposes an excise tax on the wholesale and retail sale of cannabis
by certain licensed cannabis establishments. (NRS 372A.290) Existing law also
requires any person engaged in the business of selling tangible personal property,
which includes adult-use cannabis retail stores and cannabis consumption lounges,
to register or file an application for a permit for each place of business from the
Department of Taxation. (NRS 360.5971)

Sections 3-5 of this bill define certain terms relating to the taxation of the sale
of cannabis. **Section 6** of this bill: (1) requires, in addition to any other permit
required by law, every person who holds a license from the Cannabis Compliance
Board who desires to engage in the sale of cannabis of any kind to apply for a
cannabis tax permit issued by the Department for each place of business; and (2)
establishes requirements for the application.

Section 7 of this bill requires the Department to grant and issue to an applicant
a separate cannabis tax permit for each place of business and provide the applicant
with a full written explanation of the liability for the collection and payment of any
applicable taxes. **Section 7** also provides that a cannabis tax permit is not



17 assignable and is only valid for the transaction of business at the place of business
18 designated in the permit.

19 **Section 8** of this bill: (1) authorizes the Department to, after notice and a
20 hearing, revoke or suspend a cannabis tax permit for failure to comply with any
21 applicable provision of state law or regulation of the Department governing
22 taxation; (2) provides for an appeal to the Nevada Tax Commission; and (3)
23 requires the Department to send a copy of a final decision to revoke or suspend a
24 permit to the Cannabis Compliance Board.

25 **Section 9** of this bill requires an aggrieved person to pay the amount of the tax
26 liability, or to enter into an agreement to pay the liability, before the person may
27 seek judicial review of a final decision of the Commission. **Sections 10-12** of this
28 bill make conforming changes to: (1) indicate the proper placement of **sections 2-9**
29 in the Nevada Revised Statutes; and (2) clarify that certain provisions of existing
30 law apply to **sections 2-9**.

31 Existing law prohibits a person from engaging in business as a cannabis
32 establishment, which includes the sale of cannabis or cannabis products, unless the
33 person holds a license from the Cannabis Compliance Board. (NRS 678B.210,
34 678B.250, 678B.530) **Section 13** of this bill requires the Board, upon receipt of a
35 copy of a final decision provided pursuant to **section 8**, to suspend the
36 corresponding cannabis license of the cannabis establishment until the tax liability
37 is paid in full.

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

1 **Section 1.** Chapter 372A of NRS is hereby amended by
2 adding thereto the provisions set forth as sections 2 to 9, inclusive,
3 of this act.

4 **Sec. 2.** *As used in sections 2 to 9, inclusive, of this act, unless*
5 *the context otherwise requires, the words and terms defined in*
6 *sections 3, 4 and 5 of this act have the meanings ascribed to them*
7 *in those sections.*

8 **Sec. 3.** *“Business” includes any activity engaged in by any*
9 *person or caused to be engaged in by any person with the object of*
10 *gain, benefit or advantage, either direct or indirect.*

11 **Sec. 4.** *“Person” includes any individual, firm,*
12 *copartnership, joint venture, association, social club, fraternal*
13 *organization, corporation, estate, trust, business trust, receiver,*
14 *trustee, syndicate, cooperative, assignee or any other group or*
15 *combination acting as a unit, but does not include the United*
16 *States, this State or any agency thereof, or any city, county, district*
17 *or other political subdivision of this State.*

18 **Sec. 5.** *“Seller” includes every person who holds a license*
19 *from the Cannabis Compliance Board who engages in the*
20 *business of selling cannabis of any kind.*

21 **Sec. 6.** 1. *In addition to any other permit required by law,*
22 *every person desiring to engage in or conduct business as a seller*



1 *within this State must file with the Department an application for*
2 *a cannabis tax permit for each place of business.*

3 2. *Every application for a cannabis tax permit must:*

4 (a) *Be made upon a form prescribed by the Department.*

5 (b) *Set forth the name under which the applicant transacts or*
6 *intends to transact business and the location of the applicant's*
7 *place or places of business.*

8 (c) *Set forth any other information which the Department may*
9 *require.*

10 (d) *Be signed by:*

11 (1) *The owner if he or she is a natural person;*

12 (2) *A member or partner if the seller is an association or*
13 *partnership; or*

14 (3) *An executive officer or some person specifically*
15 *authorized to sign the application if the seller is a corporation.*
16 *Written evidence of the signer's authority must be attached to the*
17 *application.*

18 **Sec. 7.** 1. *Except as otherwise provided in NRS 360.205*
19 *and section 8 of this act, after compliance with section 6 of this act*
20 *by an applicant for a cannabis tax permit, the Department shall:*

21 (a) *Grant and issue to the applicant a separate cannabis tax*
22 *permit for each place of business within the county.*

23 (b) *Provide the applicant with a full written explanation of the*
24 *liability of the applicant for the collection and payment of any*
25 *applicable taxes imposed by this title.*

26 2. *A cannabis tax permit is not assignable and is valid only*
27 *for the person in whose name it is issued and for the transaction*
28 *of business at the place designated therein. A cannabis tax permit*
29 *must at all times be conspicuously displayed at the place for which*
30 *it is issued.*

31 **Sec. 8.** 1. *Whenever any person fails to comply with any*
32 *applicable provision of this title relating to the taxes imposed by*
33 *this title or regulation of the Department relating to the taxes*
34 *imposed by this title, the Department, after a hearing of which the*
35 *person was given prior notice of at least 10 days in writing*
36 *specifying the time and place of the hearing and requiring the*
37 *person to show cause as to why his or her cannabis tax permit*
38 *should not be revoked or suspended, may revoke or suspend any*
39 *one or more of the permits held by the person.*

40 2. *The Department shall serve any decision regarding the*
41 *suspension or revocation of a cannabis tax permit on the person in*
42 *writing.*

43 3. *The Department shall serve the decision required pursuant*
44 *to subsection 2 by personal service or by certified mail, or, if the*
45 *person provided consent to receiving electronic mail, in the*



1 manner prescribed for service of notice of a deficiency
2 determination.

3 4. The Department shall not issue a new cannabis tax permit
4 to any person who has previously had a permit revoked, unless the
5 Department is satisfied that the person will comply with the
6 provisions of this title relating to the taxes imposed by this title and
7 the associated regulations of the Department.

8 5. Within 30 days after the date of service of a decision
9 pursuant to subsection 2, a person who is aggrieved by the
10 decision may file an appeal with the Nevada Tax Commission. A
11 decision of the Commission on appeal is a final decision for the
12 purposes of judicial review pursuant to chapter 233B of NRS.
13 Parties must be notified of the final decision of the Commission
14 either personally or by certified mail pursuant to NRS 233B.125.

15 6. If the final decision of the hearing officer or Nevada Tax
16 Commission, as applicable, supports revocation or suspension of
17 the cannabis tax permit, the Department shall send a copy of the
18 final decision to the Cannabis Compliance Board.

19 7. The Department shall, within 5 days after a person who is
20 subject to a final decision pays the liability in full or the liability is
21 transferred and paid in full with the proceeds from the transfer,
22 provide the person a letter stating that the person has satisfied the
23 arrearage. The Department shall also mail a copy of that letter to
24 the Cannabis Compliance Board.

25 **Sec. 9. 1.** Before a person may seek judicial review
26 pursuant to NRS 233B.130 from a final decision of the Nevada
27 Tax Commission pursuant to this chapter, the person must:

28 (a) Pay the amount of any outstanding liability as set forth in
29 the final decision; or

30 (b) Enter into a written agreement with the Department
31 establishing a later date by which he or she must pay the amount
32 of the outstanding tax liability.

33 2. If a court determines that the amount of any outstanding
34 tax liability set forth in the final decision should be reduced or that
35 the person does not owe any taxes, the Department shall credit or
36 refund any amount paid by the person that exceeds the amount
37 owed, with interest determined in accordance with NRS 360.2935.

38 **Sec. 10.** NRS 372A.200 is hereby amended to read as follows:

39 372A.200 As used in NRS 372A.200 to 372A.380, inclusive,
40 and sections 2 to 9, inclusive, of this act, unless the context
41 otherwise requires, the words and terms defined in NRS 372A.205
42 to 372A.250, inclusive, have the meanings ascribed to them in those
43 sections.



1 **Sec. 11.** NRS 372A.260 is hereby amended to read as follows:
2 372A.260 The provisions of chapter 360 of NRS relating to the
3 payment, collection, administration and enforcement of taxes,
4 including, without limitation, any provisions relating to the
5 imposition of penalties and interest, shall be deemed to apply to the
6 payment, collection, administration and enforcement of the excise
7 tax on cannabis to the extent that those provisions do not conflict
8 with the provisions of NRS 372A.200 to 372A.380, inclusive ~~[]~~ *and*
9 *sections 2 to 9, inclusive, of this act.*

10 **Sec. 12.** NRS 372A.380 is hereby amended to read as follows:
11 372A.380 The remedies of the State provided for in NRS
12 372A.200 to 372A.380, inclusive, *and sections 2 to 9, inclusive, of*
13 *this act* are cumulative, and no action taken by the Department or
14 the Attorney General constitutes an election by the State to pursue
15 any remedy to the exclusion of any other remedy for which
16 provision is made in those sections.

17 **Sec. 13.** Chapter 678B of NRS is hereby amended by adding
18 thereto a new section to read as follows:

19 1. *If the Board receives a copy of a final decision issued*
20 *pursuant to section 8 of this act that provides for the revocation or*
21 *suspension of a cannabis tax permit issued to a person who is the*
22 *holder of a license, the Board shall deem the applicable license*
23 *issued to that person to be suspended on the day on which the*
24 *final decision was issued.*

25 2. *The Board shall reinstate a license that has been*
26 *suspended pursuant to subsection 1 if the Board receives a letter*
27 *from the Department of Taxation stating that the person whose*
28 *license was suspended has paid the liability in full or the license*
29 *was transferred and the liability has been paid in full with the*
30 *proceeds from the transfer.*



