



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: July 20, 2017

Staff Contact: Susan Pansky, Special Projects Planner

Agenda Title: For Possible Action: To adopt Bill No. 117, on second reading, Ordinance No. 2017-____ relating to Business Licensing; amending Title 4, Licenses and Business Regulations, Chapter 4.04, Business License, by adding thereto a new Section 4.04.125 establishing provisions for the issuance of a Temporary Business License to operate as a Marijuana Cultivation Facility, Marijuana Product Manufacturing Facility or Marijuana Distributor. (Susan Pansky, spansky@carson.org)

Staff Summary: The proposed ordinance would implement temporary business license categories and fees for Marijuana Cultivation Facilities, Marijuana Product Manufacturing Facilities and Marijuana Distributors, as well as circumstances and regulations under which temporary licenses may be obtained. These categories and regulations will allow qualified Marijuana Cultivation Facilities, Marijuana Product Manufacturing Facilities and Marijuana Distributors to begin operation to serve the recreational marijuana market, consistent with temporary provisions adopted by the Nevada Tax Commission on May 8, 2017. No licensing or fees are proposed to allow the sale of recreational marijuana to the public in retail stores at this time.

Agenda Action: Ordinance - Second Reading

Time Requested: 5 minutes

Proposed Motion

I move to adopt Bill No. 117, on second reading, Ordinance No. 2017-____, an ordinance relating to Business Licensing; amending Title 4, Licenses and Business Regulations, Chapter 4.04, Business License, as published on the agenda.

Board's Strategic Goal

N/A

Previous Action

The Board of Supervisors introduced the ordinance on July 6, 2017 by a vote of 5 ayes and 0 nays.

Background/Issues & Analysis

The Nevada Tax Commission adopted temporary regulations on May 8, 2017 that allow Medical Marijuana Establishments currently operating in good standing to apply for temporary licenses to sell marijuana recreationally starting on July 1, 2017. These regulations also allow wholesale liquor distributors to apply for temporary licenses to distribute wholesale marijuana products to retail marijuana stores. The proposed ordinance amendment creates temporary business license categories in Carson City for Marijuana Cultivation Facilities, Marijuana Product Manufacturing Facilities and Marijuana Distributors; and establishes circumstances and regulations under which qualified operators could apply for a temporary license consistent with the temporary regulations adopted by the Nevada Tax Commission. These licenses will allow wholesale marijuana businesses in Carson City to distribute their product to other jurisdictions in Nevada that have adopted regulations to allow for the retail sale of marijuana to the public. In conjunction with the temporary license categories, temporary business license fees are proposed in the amount of three percent (3%) of gross

revenue for Marijuana Cultivation Facilities, Marijuana Product Manufacturing Facilities and Marijuana Distributors, which is the maximum allowable amount local jurisdictions may charge under regulations adopted with Senate Bill 487. The amendment will not create a temporary license category for Retail Marijuana stores in Carson City, thus not allowing the retail sale of marijuana at this time.

Applicable Statute, Code, Policy, Rule or Regulation

CCMC Section 4.04, NRS 453D, SB 487, LCB File No. T002-17

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: N/A

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: Based on annual revenue projections from the existing, operating Cultivation and Product Manufacturing facilities in Carson City (two Cultivation and one Product Manufacturing facility), the projected annual licensing fee revenues would be approximately \$200,000. This would apply to the existing businesses that would be licensed with the State under the State's temporary regulations and does not include potential revenues from additional Cultivation or Product Manufacturing facilities that may be approved in future years. A Business Impact Statement has been prepared in accordance with NRS 237 to address the proposed business license fees.

Alternatives

- 1) Modify the proposed ordinance amendment
- 2) Do not adopt the proposed ordinance amendment

Attachments

- 1) Proposed Ordinance

Board Action Taken:

Motion: _____

- 1) _____
- 2) _____

Aye/Nay

(Vote Recorded By)

Summary: An ordinance establishing provisions for the issuance of a temporary business license to operate as a marijuana cultivation facility, marijuana product manufacturing facility or marijuana distributor.

BILL NO. 117

ORDINANCE NO. 2017-_____

AN ORDINANCE RELATING TO BUSINESS LICENSING; AMENDING TITLE 4, LICENSES AND BUSINESS REGULATIONS, CHAPTER 4.04, BUSINESS LICENSE, BY ADDING THERETO A NEW SECTION 4.04.125 ESTABLISHING PROVISIONS FOR THE ISSUANCE OF A TEMPORARY BUSINESS LICENSE TO OPERATE AS A MARIJUANA CULTIVATION FACILITY, MARIJUANA PRODUCT MANUFACTURING FACILITY OR MARIJUANA DISTRIBUTOR; AND PROVIDING OTHER MATTERS PROPERLY RELATED THERETO.

The Board of Supervisors of Carson City do ordain:

SECTION I:

That Title 4 (Licenses and Business Regulations), Chapter 4.04 (Business Licenses), is hereby amended by adding thereto a new section as follows (**bold, underlined** text is added, ~~stricken~~ text is deleted):

4.04.125 – Temporary business license to operate as a marijuana cultivation facility, marijuana product manufacturing facility or marijuana distributor.

1. A medical marijuana establishment that is the holder of a medical marijuana establishment registration certificate may, on a form and in the manner prescribed by the Business License Division, apply for a temporary business license to operate as a marijuana cultivation facility or marijuana product manufacturing facility if the medical marijuana establishment:

a. Provides proof satisfactory to the Business Licensing Division that it has submitted an application to the Department of Taxation for a license to operate as a marijuana establishment, the approval of which is pending and has not been denied by the Department of Taxation;

b. Is not in violation of any applicable provision of NRS, NAC or CCMC; and

c. Is in good standing as a medical marijuana establishment pursuant to regulations adopted by the Nevada Tax Commission.

2. A person may, on a form and in the manner prescribed by the Business License Division, apply for a temporary business license to operate as a marijuana distributor if the person:

a. Provides proof satisfactory to the Business Licensing Division that it has submitted an application to the Department of Taxation for a license to operate as a marijuana distributor, the approval of which is pending and has not been denied by the Department of Taxation; and

b. Is not in violation of any applicable provision of NRS, NAC or CCMC.

3. Notwithstanding any other provision of CCMC, the Business License Division will:

a. Charge to and collect from the holder of a temporary business license to operate as a marijuana cultivation facility, marijuana product manufacturing facility or marijuana distributor issued pursuant to this section a fee of three percent (3.0%) of the gross revenue of the facility or distributor, due and payable not later than ten (10) days after the last day of each calendar quarter. For the purposes of verifying the gross revenue of a facility or distributor pursuant to this subsection, written documentation of such revenue must be submitted to the Business License Division every calendar quarter and:

(1) Be in the form of a financial statement that is signed by a certified public accountant and which indicates the gross revenue of the immediately preceding calendar quarter; and

(2) Include a complete and accurate copy of any written documentation relating to verification of revenue for purposes of state taxation that the facility or distributor is required to provide to the Department of Taxation in compliance with regulations adopted by the Nevada Tax Commission.

b. Charge and collect any other fee that is prescribed by this chapter and which is applicable to the holder of a temporary business license issued pursuant to this section.

c. Exempt from the square footage fees set forth in CCMC 4.04.031 and the fees for employees set forth in CCMC 4.04.04 the holder of a temporary business license issued pursuant to this section.

4. The Business License Division may:

a. Prorate the fees described in subsection 3 by subtracting from those fees, as applicable, the amount the holder of a temporary business license issued pursuant to this section has previously paid for a license as a medical marijuana establishment within the same period of time for which a fee required by this section is due and payable.

b. Enter the premises of a marijuana cultivation facility, marijuana product manufacturing facility or marijuana distributor at any time during regular business hours and without notice to examine, audit and inspect books and records maintained by such a facility or distributor for the purposes of determining the proper payment of any fees required by this chapter and compliance with any applicable provision of NRS, NAC or CCMC. The holder of a temporary business

license issued pursuant to this section shall maintain at its business location adequate and accurate books and records at all times.

5. A temporary business license issued pursuant to this section:

a. Expires by limitation on April 1, 2018; and

b. Is a revocable privilege and the holder of such a license does not acquire thereby any vested right.

6. As used in this section:

a. "Marijuana" has the meaning ascribed to it in subsection 8 of NRS 453D.030 and means all parts of any plant of the genus *Cannabis*, whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. The term does not include:

(1) The mature stems of the plant, fiber produced from the stems, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture or preparation of the mature stems except the resin extracted therefrom, fiber, oil or cake, the sterilized seed of the plant which is incapable of germination; or

(2) The weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink or other products.

b. "Marijuana cultivation facility" has the meaning ascribed to it in subsection 9 of NRS 453D.030 and means an entity licensed to cultivate, process and package marijuana, to have marijuana tested by a marijuana testing facility as that term is defined in subsection 15 of NRS 453D.030 and to sell marijuana to a retail marijuana store as that term is defined in subsection 18 of NRS 453D.030, to a marijuana product manufacturing facility and to other marijuana cultivation facilities, but not to consumers.

c. "Marijuana distributor" has the meaning ascribed to it in subsection 10 of NRS 453D.030 and means a person licensed to transport marijuana from a marijuana establishment to another marijuana establishment.

d. "Marijuana establishment" has the meaning ascribed to it in subsection 11 of NRS 453.030D and means a marijuana cultivation facility, marijuana testing facility as that term is defined in subsection 15 of NRS 453D.030, marijuana product manufacturing facility, marijuana distributor or retail marijuana store as that term is defined in subsection 18 of NRS 453D.030.

e. "Marijuana product manufacturing facility" has the meaning ascribed to it subsection 12 of NRS 453D.030 and means an entity licensed to purchase marijuana, manufacture, process and package marijuana and marijuana products as that term is defined in subsection 13 of NRS 453D.030, and sell marijuana and marijuana products to other marijuana product manufacturing facilities and to

retail marijuana stores as that term is defined in subsection 18 of NRS 453D.030, but not to consumers.

f. "Medical marijuana establishment" has the meaning ascribed to it in NRS 453A.116 and means:

- 1. An independent testing laboratory;**
- 2. A cultivation facility;**
- 3. A facility for the production of edible marijuana products or marijuana-infused products; or**
- 4. A medical marijuana dispensary.**

g. "Medical marijuana establishment registration certificate" has the meaning ascribed to it in NRS 453A.119 and means a registration certificate that is issued by the Division of Public and Behavioral Health of the Department of Health and Human Services pursuant to NRS 453A.322 to authorize the operation of a medical marijuana establishment.

SECTION II:

That no other provisions of Title 4 of the Carson City Municipal Code are affected by this ordinance.

PROPOSED on _____, 2017.

PROPOSED BY Supervisor _____

PASSED _____, 2017.

VOTE:

AYES:

NAYS:

ABSENT:

ROBERT L. CROWELL, Mayor

ATTEST:

SUSAN MERRIWETHER, Clerk-Recorder

This ordinance shall be in force and effect from and after the _____ day of the month of _____ of the year 2017.