
INITIATIVE PETITION NO. 1

FEBRUARY 2, 2015

Referred to Committee on Judiciary

SUMMARY—Makes various changes relating to marijuana and marijuana establishments.

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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 marijuana; requiring the Department of Taxation to adopt regulations relating to the license to operate and operation of a marijuana establishment; providing for disciplinary action against a marijuana establishment which violates laws regulating the establishment; authorizing the possession, use, consumption, purchase, processing and transportation of certain quantities of marijuana by certain persons in this State; authorizing the possession, use, transportation and purchase of marijuana paraphernalia by certain persons in this State; authorizing certain other acts relating to marijuana; making contracts relating to the operation of marijuana establishments enforceable; providing for the licensure of marijuana distributors; providing for licensure of marijuana establishments; providing a fee for the application for a license to operate a marijuana establishment and for an annual licensing fee; establishing certain requirements for marijuana establishments; imposing an excise tax on wholesale sales of marijuana by a marijuana cultivation facility; providing penalties; and providing other matters properly relating thereto.

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

- 1 **Section 1. Short Title.** Sections 1 to 18, inclusive, of this
2 act may be cited as the Regulation and Taxation of Marijuana Act.



1 **Sec. 2. Preamble.**

2 In the interest of the public health and public safety, and in order
3 to better focus state and local law enforcement resources on crimes
4 involving violence and personal property, the People of the State of
5 Nevada find and declare that the use of marijuana should be legal
6 for persons 21 years of age or older, and its cultivation and sale
7 should be regulated similar to other legal businesses.

8 The People of the State of Nevada declare that the cultivation
9 and sale of marijuana should be taken from the domain of criminals
10 and be regulated under a controlled system, where businesses will
11 be taxed and the revenue will be dedicated to public education and
12 to the enforcement of the regulations in this act.

13 The People of the State of Nevada proclaim that marijuana
14 should be regulated in a manner similar to alcohol so that:

15 (a) Marijuana may only be purchased from a business that is
16 licensed by the State of Nevada;

17 (b) Business owners are subject to a review by the State of
18 Nevada to confirm that the business owners and the business
19 location are suitable to produce or sell marijuana;

20 (c) Cultivating, manufacturing, testing, transporting, and selling
21 marijuana will be strictly controlled through state licensing and
22 regulation;

23 (d) Selling or giving marijuana to persons under 21 years of age
24 shall remain illegal;

25 (e) Individuals will have to be 21 years of age or older to
26 purchase marijuana;

27 (f) Driving under the influence of marijuana will remain illegal;
28 and

29 (g) Marijuana sold in the state will be tested and labeled.

30 **Sec. 3. Definitions.** As used in sections 1 to 18, inclusive, of
31 this act, unless the context otherwise requires:

32 1. "Community facility" means a facility licensed to provide
33 day care to children, a public park, a public playground, a public
34 swimming pool, a center or facility the primary purpose of which is
35 to provide recreational opportunities or services to children or
36 adolescents, or a church, synagogue, or other building, structure, or
37 place used for religious worship or other religious purpose.

38 2. "Concentrated marijuana" means the separated resin,
39 whether crude or purified, obtained from marijuana.

40 3. "Consumer" means a person who is 21 years of age or older
41 who purchases marijuana or marijuana products for use by persons
42 21 years of age or older, but not for resale to others.

43 4. "Department" means the Department of Taxation.

44 5. "Dual Licensee" means a person or group of persons who
45 possess a current, valid registration certificate to operate a medical



1 marijuana establishment pursuant to Chapter 453A of NRS and a
2 license to operate a marijuana establishment under sections 1 to 18,
3 inclusive, of this act.

4 6. "Excluded felony offense" means a conviction of an offense
5 that would constitute a category A felony if committed in Nevada or
6 convictions for two or more offenses that would constitute felonies
7 if committed in Nevada. "Excluded felony offense" does not
8 include:

9 (a) A criminal offense for which the sentence, including any
10 term of probation, incarceration, or supervised release, was
11 completed more than 10 years ago; or

12 (b) An offense involving conduct that would be immune from
13 arrest, prosecution, or penalty pursuant to Chapter 453A of NRS,
14 except that the conduct occurred before the effective date of Chapter
15 453A of NRS, or was prosecuted by an authority other than the State
16 of Nevada.

17 7. "Locality" means a city or town, or, in reference to a
18 location outside the boundaries of a city or town, a county.

19 8. "Marijuana" means all parts of any plant of the genus
20 Cannabis, whether growing or not, the seeds thereof, the resin
21 extracted from any part of the plant, and every compound,
22 manufacture, salt, derivative, mixture, or preparation of the plant, its
23 seeds, or resin. "Marijuana" does not include:

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

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

33 9. "Marijuana cultivation facility" means an entity licensed to
34 cultivate, process, and package marijuana, to have marijuana tested
35 by a marijuana testing facility, and to sell marijuana to retail
36 marijuana stores, to marijuana product manufacturing facilities, and
37 to other marijuana cultivation facilities, but not to consumers.

38 10. "Marijuana distributor" means an entity licensed to
39 transport marijuana from a marijuana establishment to another
40 marijuana establishment.

41 11. "Marijuana establishment" means a marijuana cultivation
42 facility, a marijuana testing facility, a marijuana product
43 manufacturing facility, a marijuana distributor, or a retail marijuana
44 store.



1 12. “Marijuana product manufacturing facility” means an
2 entity licensed to purchase marijuana, manufacture, process, and
3 package marijuana and marijuana products, and sell marijuana and
4 marijuana products to other marijuana product manufacturing
5 facilities and to retail marijuana stores, but not to consumers.

6 13. “Marijuana products” means products comprised of
7 marijuana or concentrated marijuana and other ingredients that are
8 intended for use or consumption, such as, but not limited to, edible
9 products, ointments, and tinctures.

10 14. “Marijuana paraphernalia” means any equipment, products,
11 and materials of any kind which are used, intended for use, or
12 designed for use in planting, propagating, cultivating, growing,
13 harvesting, manufacturing, compounding, converting, producing,
14 preparing, testing, analyzing, packaging, repacking, storing, or
15 containing marijuana, or for ingesting, inhaling, or otherwise
16 introducing marijuana into the human body.

17 15. “Marijuana testing facility” means an entity licensed to test
18 marijuana and marijuana products, including for potency and
19 contaminants.

20 16. “Process” means to harvest, dry, cure, trim, and separate
21 parts of the marijuana plant by manual or mechanical means, such
22 as sieving or ice water separation, but not by chemical extraction or
23 chemical synthesis.

24 17. “Public place” means an area to which the public is invited
25 or in which the public is permitted regardless of age. “Public place”
26 does not include a retail marijuana store.

27 18. “Retail marijuana store” means an entity licensed to
28 purchase marijuana from marijuana cultivation facilities, to
29 purchase marijuana and marijuana products from marijuana product
30 manufacturing facilities and retail marijuana stores, and to sell
31 marijuana and marijuana products to consumers.

32 19. “Unreasonably Impracticable” means that the measures
33 necessary to comply with the regulations require such a high
34 investment of risk, money, time, or any other resource or asset that
35 the operation of a marijuana establishment is not worthy of being
36 carried out in practice by a reasonably prudent businessperson.

37 **Sec. 4. Limitations.** 1. Sections 1 to 18 do not permit any
38 person to engage in and do not prevent the imposition of any civil,
39 criminal, or other penalty for:

40 (a) Driving, operating, or being in actual physical control of a
41 vehicle, aircraft, or vessel under power or sail while under the
42 influence of marijuana or while impaired by marijuana;

43 (b) Knowingly delivering, giving, selling, administering, or
44 offering to sell, administer, give, or deliver marijuana to a person
45 under 21 years of age, unless:



1 (1) The recipient is permitted to possess marijuana pursuant
2 to Chapter 453A of NRS; or

3 (2) The person demanded and was shown bona fide
4 documentary evidence of the majority and identity of the recipient
5 issued by a federal, state, county, or municipal government, or
6 subdivision or agency thereof;

7 (c) Possession or use of marijuana or marijuana paraphernalia on
8 the grounds of, or within, any facility or institution under the
9 jurisdiction of the Nevada Department of Corrections;

10 (d) Possession or use of marijuana on the grounds of, or within,
11 a school providing instruction in preschool, kindergarten, or any
12 grades 1 through 12; or

13 (e) Undertaking any task under the influence of marijuana that
14 constitutes negligence or professional malpractice.

15 2. Sections 1 to 18 do not prohibit:

16 (a) A public or private employer from maintaining, enacting,
17 and enforcing a workplace policy prohibiting or restricting actions
18 or conduct otherwise permitted under sections 1 to 18, inclusive, of
19 this act;

20 (b) A state or local government agency that occupies, owns, or
21 controls a building from prohibiting or otherwise restricting the
22 consumption, cultivation, processing, manufacture, sale, delivery, or
23 transfer of marijuana in that building;

24 (c) A person who occupies, owns, or controls a privately owned
25 property from prohibiting or otherwise restricting the smoking,
26 cultivation, processing, manufacture, sale, delivery, or transfer of
27 marijuana on that property; or

28 (d) A locality from adopting and enforcing local marijuana
29 control measures pertaining to zoning and land use for marijuana
30 establishments.

31 3. Nothing in the provisions of sections 1 to 18, inclusive, of
32 this act shall be construed as in any manner affecting the provisions
33 of Chapter 453A of NRS relating to the medical use of marijuana.

34 **Sec. 5. Powers and duties of the Department.** 1. Not
35 later than 12 months after the effective date of this act, the
36 Department shall adopt all regulations necessary or convenient to
37 carry out the provisions of sections 1 to 18, inclusive, of this act.
38 The regulations must not prohibit the operation of marijuana
39 establishments, either expressly or through regulations that make
40 their operation unreasonably impracticable. The regulations shall
41 include:

42 (a) Procedures for the issuance, renewal, suspension, and
43 revocation of a license to operate a marijuana establishment;

44 (b) Qualifications for licensure that are directly and
45 demonstrably related to the operation of a marijuana establishment;



- 1 (c) Requirements for the security of marijuana establishments;
- 2 (d) Requirements to prevent the sale or diversion of marijuana
- 3 and marijuana products to persons under 21 years of age;
- 4 (e) Requirements for the packaging of marijuana and marijuana
- 5 products, including requirements for child-resistant packaging;
- 6 (f) Requirements for the testing and labeling of marijuana and
- 7 marijuana products sold by marijuana establishments including a
- 8 numerical indication of potency based on the ratio of THC to the
- 9 weight of a product intended for oral consumption;
- 10 (g) Requirements for record keeping by marijuana
- 11 establishments;
- 12 (h) Reasonable restrictions on signage, marketing, display, and
- 13 advertising;
- 14 (i) Procedures for the collection of taxes, fees, and penalties
- 15 imposed by sections 1 to 18, inclusive, of this act;
- 16 (j) Procedures and requirements to enable the transfer of a
- 17 license for a marijuana establishment to another qualified person
- 18 and to enable a licensee to move the location of its establishment to
- 19 another suitable location;
- 20 (k) Procedures and requirements to enable a dual licensee to
- 21 operate medical marijuana establishments and marijuana
- 22 establishments at the same location;
- 23 (l) Procedures to establish the fair market value at wholesale of
- 24 marijuana; and
- 25 (m) Civil penalties for the failure to comply with any regulation
- 26 adopted pursuant to this section or for any violation of the
- 27 provisions of section 13 of this act.
- 28 2. The Department shall approve or deny applications for
- 29 licenses pursuant to section 9 of this act.
- 30 3. The Department may by motion or on complaint, after
- 31 investigation, notice of the specific violation, and an opportunity for
- 32 a hearing, pursuant to the provisions of Chapter 233B of NRS,
- 33 suspend, revoke, or fine a licensee for the violation of sections 1 to
- 34 18, inclusive, of this act or for a violation of a regulation adopted by
- 35 the Department pursuant to this section.
- 36 4. The Department may immediately suspend the license of
- 37 any marijuana establishment if the marijuana establishment
- 38 knowingly sells, delivers, or otherwise transfers marijuana in
- 39 violation of sections 1 to 18, inclusive, of this act, or knowingly
- 40 purchases marijuana from any person not licensed pursuant to
- 41 sections 1 to 18, inclusive, of this act or to Chapter 453A of NRS.
- 42 The Department must provide an opportunity for a hearing pursuant
- 43 to the provisions of NRS 233B.121 within a reasonable time from a
- 44 suspension pursuant to this subsection.
- 45 5. To ensure that individual privacy is protected:



1 (a) The Department shall not require a consumer to provide a
2 retail marijuana store with identifying information other than
3 government-issued identification to determine the consumer's age;
4 and

5 (b) A retail marijuana store must not be required to acquire and
6 record personal information about consumers other than information
7 typically acquired in a financial transaction conducted at a retail
8 liquor store.

9 6. The Department shall conduct a background check of each
10 prospective owner, officer, and board member of a marijuana
11 establishment license applicant.

12 7. The Department shall inspect marijuana establishments as
13 necessary to enforce sections 1 to 18, inclusive, of this act or the
14 regulations adopted pursuant to this section.

15 **Sec. 6. Personal Use and Cultivation of Marijuana.**

16 Notwithstanding any other provision of Nevada law and the law of
17 any political subdivision of Nevada, except as otherwise provided in
18 sections 1 to 18, inclusive, of this act, it is lawful, in this State, and
19 must not be used as the basis for prosecution or penalty by this State
20 or a political subdivision of this State, and must not, in this State, be
21 a basis for seizure or forfeiture of assets for persons 21 years of age
22 or older to:

23 1. Possess, use, consume, purchase, obtain, process, or
24 transport marijuana paraphernalia, one ounce or less of marijuana
25 other than concentrated marijuana, or one-eighth of an ounce or less
26 of concentrated marijuana;

27 2. Possess, cultivate, process, or transport not more than six
28 marijuana plants for personal use and possess the marijuana
29 produced by the plants on the premises where the plants were
30 grown, provided that:

31 (a) Cultivation takes place within a closet, room, greenhouse, or
32 other enclosed area that is equipped with a lock or other security
33 device that allows access only to persons authorized to access the
34 area; and

35 (b) No more than 12 plants are possessed, cultivated, or
36 processed at a single residence, or upon the grounds of that
37 residence, at one time;

38 3. Give or otherwise deliver one ounce or less of marijuana,
39 other than concentrated marijuana, or one-eighth of an ounce or less
40 of concentrated marijuana without remuneration to a person
41 provided that the transaction is not advertised or promoted to the
42 public; or

43 4. Assist another person who is 21 years of age or older in any
44 of the acts described in this section.



1 **Sec. 7. Marijuana Paraphernalia Authorized.** Notwithstanding
2 any other provision of Nevada law and the law of any political
3 subdivision of Nevada, it is not unlawful and shall not be an offense
4 or be a basis for seizure or forfeiture of assets for persons 21 years
5 of age or older to manufacture, possess, use, transport, or purchase
6 marijuana paraphernalia, or to distribute or sell marijuana
7 paraphernalia to a person who is 21 years of age or older.

8 **Sec. 8. Lawful operation of marijuana establishments.**
9 Notwithstanding any other provision of Nevada law and the law of
10 any political subdivision of Nevada, except as otherwise provided in
11 sections 1 to 18, inclusive, of this act, or the regulations adopted
12 pursuant to section 5 of this act, it is lawful and must not, in this
13 State, be used as the basis for prosecution or penalty by this State or
14 a political subdivision of this State, and must not, in this State, be a
15 basis for seizure or forfeiture of assets for persons 21 years of age or
16 older to:

17 1. Possess marijuana and marijuana products, purchase
18 marijuana from a marijuana cultivation facility, purchase marijuana
19 and marijuana products from a marijuana product manufacturing
20 facility, return marijuana or marijuana products to a facility from
21 which they were purchased, transport marijuana and marijuana
22 products to or from a marijuana testing facility, use the services of a
23 marijuana distributor to transport marijuana or marijuana products
24 to or from marijuana establishments, or sell marijuana and
25 marijuana products to consumers, if the person conducting the
26 activities described in this subsection has a current, valid license to
27 operate a retail marijuana store or is acting in the person's capacity
28 as an agent of a retail marijuana store.

29 2. Cultivate, harvest, process, package, or possess marijuana,
30 sell marijuana to a marijuana cultivation facility, a marijuana
31 product manufacturing facility, or a retail marijuana store, transport
32 marijuana to or from a marijuana cultivation facility, a marijuana
33 product manufacturing facility, or a marijuana testing facility, use
34 the services of a marijuana distributor to transport marijuana to or
35 from marijuana establishments, or purchase marijuana from a
36 marijuana cultivation facility, if the person conducting the activities
37 described in this paragraph has a current, valid license to operate a
38 marijuana cultivation facility or is acting in his or her capacity as an
39 agent of a marijuana cultivation facility.

40 3. Package, process, manufacture, or possess marijuana and
41 marijuana products, transport marijuana and marijuana products to
42 or from a marijuana testing facility, a marijuana cultivation facility,
43 or a marijuana product manufacturing facility, use the services of a
44 marijuana distributor to transport marijuana or marijuana products
45 to or from marijuana establishments, sell marijuana and marijuana



1 products to a retail marijuana store or a marijuana product
2 manufacturing facility, purchase marijuana from a marijuana
3 cultivation facility, or purchase marijuana and marijuana products
4 from a marijuana product manufacturing facility, if the person
5 conducting the activities described in this paragraph has a current,
6 valid license to operate a marijuana product manufacturing facility
7 or is acting in his or her capacity as an agent of a marijuana product
8 manufacturing facility.

9 4. Possess marijuana and marijuana products and transfer and
10 transport marijuana and marijuana products between marijuana
11 establishments, if the person transporting the marijuana and
12 marijuana products has a current, valid license to operate as a
13 marijuana distributor or is acting in his or her capacity as an agent of
14 a marijuana distributor.

15 5. Possess, process, repack, transport, or test marijuana and
16 marijuana products if the person has a current, valid license to
17 operate a marijuana testing facility or is acting in his or her capacity
18 as an agent of a marijuana testing facility.

19 6. Lease or otherwise allow property owned, occupied, or
20 controlled by any person, corporation, or other entity to be used for
21 any of the activities conducted lawfully in accordance with this
22 section.

23 **Sec. 9. Contracts pertaining to marijuana enforceable.** It
24 is the public policy of the People of the State of Nevada that
25 contracts related to the operation of marijuana establishments under
26 sections 1 to 18, inclusive, of this act should be enforceable, and no
27 contract entered into by a licensee, its employees, or its agents as
28 permitted pursuant to a valid license issued by the Department, or
29 by those who allow property to be used by a licensee, its employees,
30 or its agents as permitted pursuant to a valid license issued by the
31 Department, shall be deemed unenforceable on the basis that the
32 actions or conduct permitted pursuant to the license are prohibited
33 by federal law.

34 **Sec. 10. Certification of marijuana establishments.** 1.
35 No later than 12 months after the effective date of this act, the
36 Department shall begin receiving applications for marijuana
37 establishments.

38 2. For 18 months after the Department begins to receive
39 applications for marijuana establishments, the Department shall only
40 accept applications for licenses for retail marijuana stores, marijuana
41 product manufacturing facilities, and marijuana cultivation facilities
42 pursuant to sections 1 to 18, inclusive, of this act, from persons
43 holding a medical marijuana establishment registration certificate
44 pursuant to Chapter 453A of NRS.



1 3. For 18 months after the Department begins to receive
2 applications for marijuana establishments, the Department shall
3 issue licenses for marijuana distributors pursuant to sections 1 to 18,
4 inclusive, of this act, only to persons holding a wholesale dealer
5 license pursuant to Chapter 369 of NRS, unless the Department
6 determines that an insufficient number of marijuana distributors will
7 result from this limitation.

8 4. Upon receipt of a complete marijuana establishment license
9 application, the Department shall, within 90 days:

10 (a) Issue the appropriate license if the license application is
11 approved; or

12 (b) Send a notice of rejection setting forth the reasons why the
13 Department did not approve the license application.

14 5. The Department shall approve a license application if:

15 (a) The prospective marijuana establishment has submitted an
16 application in compliance with regulations adopted by the
17 Department and the application fee required pursuant to section 12;

18 (b) The physical address where the proposed marijuana
19 establishment will operate is owned by the applicant or the applicant
20 has the written permission of the property owner to operate the
21 proposed marijuana establishment on that property;

22 (c) The property is not located within:

23 (1) 1,000 feet of a public or private school that provides
24 formal education traditionally associated with preschool or
25 kindergarten through grade 12 and that existed on the date on which
26 the application for the proposed marijuana establishment was
27 submitted to the Department; or

28 (2) 300 feet of a community facility that existed on the date
29 on which the application for the proposed marijuana establishment
30 was submitted to the Department;

31 (d) The proposed marijuana establishment is a proposed retail
32 marijuana store and there are not more than:

33 (1) 80 licenses already issued in a county with a population
34 greater than 700,000;

35 (2) 20 licenses already issued in a county with a population
36 that is less than 700,000 but more than 100,000;

37 (3) 4 licenses already issued in a county with a population
38 that is less than 100,000 but more than 55,000;

39 (4) 2 licenses already issued in a county with a population
40 that is less than 55,000;

41 (5) Upon request of a county government, the Department
42 may issue retail marijuana store licenses in that county in addition to
43 the number otherwise allowed pursuant to this paragraph;

44 (e) The locality in which the proposed marijuana establishment
45 will be located does not affirm to the Department that the proposed



1 marijuana establishment will be in violation of zoning or land use
2 rules adopted by the locality; and

3 (f) The persons who are proposed to be owners, officers, or
4 board members of the proposed marijuana establishment:

5 (1) Have not been convicted of an excluded felony offense;
6 and

7 (2) Have not served as an owner, officer, or board member
8 for a medical marijuana establishment or a marijuana establishment
9 that has had its registration certificate or license revoked.

10 6. Competing applications. When competing applications are
11 submitted for a proposed retail marijuana store within a single
12 county, the Department shall use an impartial and numerically
13 scored competitive bidding process to determine which application
14 or applications among those competing will be approved.

15 **Sec. 11. Expiration and renewal.** 1. All licenses expire
16 one year after the date of issue.

17 2. The Department shall issue a renewal license within 10 days
18 of receipt of the prescribed renewal application and renewal fee
19 from a marijuana establishment if its license is not under suspension
20 or has not been revoked.

21 **Sec. 12. Fee schedule.** 1. The Department shall require
22 each applicant for a marijuana establishment license to pay a one-
23 time application fee of \$5,000.

24 2. The Department may require payment of an annual licensing
25 fee not to exceed:

26	For the initial issuance of a license for a retail	
27	marijuana store	\$20,000
28	For a renewal license for a retail marijuana store.....	\$6,600
29	For the initial issuance of a license for a marijuana	
30	cultivation facility	\$30,000
31	For a renewal license for a marijuana cultivation	
32	facility	\$10,000
33	For the initial issuance of a license for a marijuana	
34	product manufacturing facility	\$10,000
35	For a renewal license for a marijuana product	
36	manufacturing facility	\$3,300
37	For the initial issuance of a license for a marijuana	
38	distributor	\$15,000
39	For a renewal license for a marijuana distributor	\$5,000
40	For the initial issuance of a license for a marijuana	
41	testing facility	\$15,000
42	For a renewal license for a marijuana testing	
43	facility	\$5,000



1 **Sec. 13. Marijuana establishment operating requirements.**

2 In addition to requirements established by rule pursuant to section 5
3 of this act:

4 1. Marijuana establishments shall:

5 (a) Secure every entrance to the establishment so that access to
6 areas containing marijuana is restricted to persons authorized to
7 possess marijuana;

8 (b) Secure the inventory and equipment of the marijuana
9 establishment during and after operating hours to deter and prevent
10 theft of marijuana;

11 (c) Determine the criminal history of any person before the
12 person works or volunteers at the marijuana establishment and
13 prevent any person who has been convicted of an excluded felony
14 offense or who is not 21 years of age or older from working or
15 volunteering for the marijuana establishment.

16 2. All cultivation, processing, and manufacture of marijuana
17 must take place at a physical address approved by the Department
18 and within an area that is enclosed and locked in a manner that
19 restricts access only to persons authorized to access the area. The
20 area may be uncovered only if it is enclosed with security fencing
21 that is designed to prevent unauthorized entry and that is at least 8
22 feet high.

23 3. All cultivation, processing, and manufacture of marijuana
24 must not be visible from a public place by normal unaided vision.

25 4. All cultivation, processing, and manufacture of marijuana
26 must take place on property in the marijuana establishment's lawful
27 possession or with the consent of the person in lawful physical
28 possession of the property.

29 5. A marijuana establishment is subject to reasonable
30 inspection by the Department, and a person who holds a marijuana
31 establishment license must make himself or herself, or an agent
32 thereof, available and present for any inspection required by the
33 Department. The Department shall make reasonable
34 accommodations so that ordinary business is not interrupted and
35 safety and security procedures are not compromised by the
36 inspection.

37 **Sec. 14. Penalties.** 1. Restrictions on personal cultivation.

38 (a) Except as otherwise provided in 453A of NRS, any person
39 who:

40 (1) Cultivates marijuana plants within 25 miles of a retail
41 marijuana store licensed pursuant to sections 1 to 18, inclusive, of
42 this act, unless the person is a marijuana cultivation facility or a
43 person acting in his or her capacity as an agent of a marijuana
44 cultivation facility;



1 (2) Cultivates marijuana plants where they are visible from a
2 public place by normal unaided vision; or

3 (3) Cultivates marijuana on property not in the cultivator's
4 lawful possession or without the consent of the person in lawful
5 physical possession of the property;

6 (b) Is guilty of:

7 (1) For a first violation, a misdemeanor punished by a fine of
8 not more than \$600.

9 (2) For a second violation, a misdemeanor punished by a fine
10 of not more than \$1,000.

11 (3) For a third violation, a gross misdemeanor.

12 (4) For a fourth or subsequent violation, a category E felony.

13 2. A person who smokes or otherwise consumes marijuana in a
14 public place, in a retail marijuana store, or in a moving vehicle is
15 guilty of a misdemeanor punished by a fine of not more than \$600.

16 3. A person under 21 years of age who falsely represents
17 himself or herself to be 21 years of age or older to obtain marijuana
18 is guilty of a misdemeanor.

19 4. A person under 21 years of age who knowingly enters,
20 loiters, or remains on the premises of a marijuana establishment
21 shall be punished by a fine of not more than \$500 unless the person
22 is authorized to possess marijuana pursuant to Chapter 453A NRS
23 and the marijuana establishment is a dual licensee.

24 5. A person who manufactures marijuana by chemical
25 extraction or chemical synthesis, unless done pursuant to a
26 marijuana product manufacturing license issued by the Department
27 or authorized by Chapter 453A of NRS, is guilty of a category E
28 felony.

29 6. A person who knowingly gives marijuana to any person
30 under 21 years of age, or who knowingly leaves or deposits any
31 marijuana in any place with the intent that it will be procured by any
32 person under 21 years of age is guilty of a misdemeanor.

33 7. A person who knowingly gives marijuana to any person
34 under 18 years of age, or who knowingly leaves or deposits any
35 marijuana in any place with the intent that it will be procured by any
36 person under 18 years of age is guilty of a gross misdemeanor.

37 8. Notwithstanding the provisions of sections 1 to 18,
38 inclusive, of this act, after the effective date of this act, the
39 legislature may amend provisions of this act to provide for the
40 conditions in which a locality may permit consumption of marijuana
41 in a retail marijuana store.

42 **Sec. 15. Marijuana excise tax.** 1. An excise tax is hereby
43 imposed and must be collected by the State respecting wholesale
44 sales of marijuana in this State by a marijuana cultivation facility at



1 a rate of 15 percent of the fair market value at wholesale of the
2 marijuana. The tax imposed pursuant to this subsection:

3 (a) Is the obligation of the marijuana cultivation facility; and

4 (b) Is separate from and in addition to any general state and
5 local sales and use taxes that apply to retail sales of tangible
6 personal property.

7 **Sec. 16.** Any tax revenues, fees, or penalties collected
8 pursuant to sections 1 to 18, inclusive, of this act, first must be
9 expended to pay the costs of the Department and of each locality in
10 carrying out sections 1 to 8, inclusive, of this act and the regulations
11 adopted pursuant thereto. The Department shall remit any remaining
12 money to the State Treasurer to be deposited to the credit of the
13 State Distributive School Account in the State General Fund.

14 **Sec. 17. Severability.** If any provision of this act, or the
15 application thereof to any person, thing, or circumstance is held
16 invalid or unconstitutional by a court of competent jurisdiction, such
17 invalidity or unconstitutionality shall not affect the validity or
18 constitutionality of this act as a whole or any provision or
19 application of this act which can be given effect without the invalid
20 or unconstitutional provision or application, and to this end the
21 provisions of this act are declared to be severable.

22 **Sec. 18. Effective Date.** This act shall become effective on
23 October 1, 2015 if approved by the legislature, or on January 1,
24 2017 if approved by the voters.



