

3rd Annual Cannabis Law Conference

November 5, 2024

4 CLE hours



3100 W. Charleston Blvd., Ste. 100 Las Vegas, NV 89102

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Tribal Judge Kostan Lathouris is an enrolled tribal member and elected Tribal Council Member of the Chemehuevi Indian Tribe. Judge Lathouris received his Juris Doctor from the William S. Boyd School of Law at the University of Nevada, Las Vegas (“UNLV”) in 2015 and his Bachelor of Arts in Political Science, as a University Honors Scholar, from UNLV in 2009.

Judge Lathouris is a member of both the State Bar of Nevada and the State Bar of California and is admitted to practice in the Supreme Court of the United States; the Ninth Circuit Court of Appeals; the United States District Courts for the District of Nevada, the Central District of California, and the Eastern District of California; and in various Tribal Courts. Judge Lathouris is the Chief Judge for the Las Vegas Paiute Tribal Court.

Judge Lathouris’s practice focuses on federal Indian law and tribal law, including rendering legal opinions; developing tribal policies and codes by reviewing and drafting tribal laws; representing tribal interests in tribal-state gaming compact negotiations; providing judicial services; and asserting and defending tribal sovereignty in tribal and federal court litigation for various tribes.

In addition, he was the former Senior Law and Governance Analyst, adjunct instructor, and consultant for Falmouth Institute Inc. As a contractor, he reviewed and developed law and governance curriculum, ensuring timely, accurate, and relevant information for the courses. Judge Lathouris provided consulting services and over 100 multiple-day training program instruction to various tribes and federal agencies around the country on federal Indian and tribal law, including federal consultation requirements under the U.S. Department of the Interior’s “Policy on Consultation with Indian Tribes”; working effectively in Indian country; tribal gaming law; employment law in Indian country, including how to create respectful workplaces that address sexual harassment; the roles and responsibilities of council and board members, including setting priorities and understanding decisions; the Indian Self-Determination and Education Assistance Act; ethics; leveraging ICWA and developing tribal child protection codes; and general tribal code and ordinance development.

In 2017, he was appointed to the Nevada Indian Commission (“NIC”), which effectively serves as the liaison between the State of Nevada and the federally recognized tribes in the state. He was re-appointed in 2020 and helped draft the NIC’s “Policy to Promote Collaboration Between State Agencies and Indian Tribes”. He completed my final term while serving as the NIC Chair.



Dave Colvin focuses his practice primarily in the areas of Native American Law as General Counsel for the Las Vegas Paiute Tribe. Mr. Colvin received his Juris Doctorate degree in 1990 from Brigham Young University, where he participated in Moot Court, served on the Moot Court Board of Directors and was a member of the American Inns of Court. He was admitted to practice in Nevada in 1990. During his practice, he also worked in the area of Debtor/Creditor rights, taught bankruptcy law as an adjunct professor at the College of Southern Nevada, and served as Tribal Prosecutor and, later, Tribal Judge in the Courts of the Las Vegas Paiute Tribe.



Brett Scolari has a proven track record of navigating complex regulatory frameworks through a blend of relationship building, legal knowledge, political savvy, and policy expertise. In his role as Senior Vice President of Government Relations for S360 Nevada, Brett advocates on behalf of clients to advance their interests in the Nevada Legislature and with key stakeholders at every level of government.

Brett previously served as General Counsel and Director of Government and Regulatory Affairs for Tryke Companies where he oversaw their day-to-day legal, regulatory, political and government affairs activities and strategies. As part of Tryke's founding Executive Team, he helped guide the company from a start-up to a pioneering 500+ employee organization. With over seven years of direct regulated cannabis experience and previous experience in land use, regulated liquor, gaming and privileged licensing markets, Brett successfully managed the legal and regulatory issues for the company and its multiple licensed operations in the states of Utah, Nevada and Arizona. This included overseeing Tryke's critically important interactions with government agencies and elected officials in the highly regulated cannabis industry and leading the organization through a recent acquisition.

After earning his law degree from Santa Clara University, Brett worked in private law practice in Nevada. He began his practice and was mentored at the Nevada based law firm Jones Vargas, focusing on state regulatory, land use, privileged licensing, gaming, taxation, redevelopment, clean energy and many

other state and local government issues. Later on in his career he helped build the government affairs practice for Gordon Silver LLP. He also represented the Reno-Sparks Convention and Visitor's Authority for over ten years as its outside general counsel.

A 5th generation Nevadan, Brett's family is steeped in the West. With great-grandparents who worked the land as ranchers, Brett values the unique landscapes and communities that make Nevada distinct.



John Ocegüera runs Strategies 360 Nevada's operations, overseeing a diverse mix of clients from corporations and nonprofits to campaigns and candidates.

John formerly served as Speaker of the Nevada Assembly and was an elected representative in the Nevada Legislature for 12 years. He held a variety of leadership positions and chaired numerous committees, including Commerce and Labor, and Transportation. As Speaker of the Assembly in 2011, John worked with his colleagues in both houses and parties to ensure the state budget was balanced, while providing additional funding for education and

other essential state services.

In addition to his legislative service, John had a 20-year career with the North Las Vegas Fire Department, working as firefighter, paramedic, engineer, captain, battalion chief and retiring as an assistant chief in 2011. As assistant chief, he developed and implemented a comprehensive emergency operations program and managed 220 personnel and a multi-million dollar budget.

John has also served on numerous boards and in many different leadership positions. He was named "Elected Official of the Year" by the American Heart Association and the National Association of Social Workers, Nevada Chapter. John received a "Top 40 Under 40" award from In Business Las Vegas and was named "Consumer Advocate of the Year" by the Nevada Trial Lawyers. John's most cherished honor was having his name placed on the Distinguished Service Wall at the Nevada Firefighters Memorial, joining only 17 other firefighters who have been so honored. Since leaving office, John has built a successful consulting practice.

A fourth generation Nevadan, John has a busy family life with three young children and enjoys time in the great outdoors on his ATV.

John has a bachelor's degree in fire science from Cogswell Polytechnic College and earned a master's in public administration and a law degree from the University of Nevada, Las Vegas.



Riana Durrett is a cannabis industry veteran who was appointed as the inaugural Director of UNLV's Cannabis Policy Institute in August 2023. She is also currently serving as the first Vice Chair of the Nevada Cannabis Compliance Board (CCB), which she initially joined in 2020 in the seat reserved for a member with industry expertise. Prior to her work with the CCB, Durrett served as the Executive Director of the Nevada Dispensary Association (NDA), now the Nevada Cannabis Association, where she established the association as the primary resource on best practices in Nevada's cannabis industry—developing the NDA into the primary regulatory and government affairs voice for Nevada's cannabis industry.

Durrett earned her B.A. in Political Science from the University of Nevada, Las Vegas and attended law school at UNLV's William Boyd School of Law—earning her J.D in 2008. While attending UNLV, she participated in several internship and externship programs, including a judicial internship for the Suquamish Tribe. Durrett completed her LL.M. in Gaming Law and Regulation from William S. Boyd School of Law in 2023, where she also currently teaches Cannabis Law & Regulation. In addition to her work at UNLV and with the CCB, Riana serves on the Boards of the Nevada Taxpayer Association and the Nevada Conservation League.



Adriana Guzmán Fralick was raised in northern Nevada attending Sparks High School and earning her Bachelor's degree from the University of Nevada, and her Juris Doctor degree from the William S. Boyd School of Law at the University of Nevada, Las Vegas. Adriana has dedicated her career to public service including as Legal Counsel to the Nevada Commission on Ethics, General Counsel to Governor Jim Gibbons, Assistant General Counsel to the Nevada Public Utilities Commission and Executive Secretary to the Nevada Gaming Control Board and Nevada Gaming Commission. Before being

appointed the Carson City Deputy City Manager, she served as the Chief Deputy District Attorney for Carson City. Her volunteer service includes serving as a member of the Nevada State Board of Education, the Commission on Post Secondary Education, and as Chairman of the Board of Directors for Nevada Health Centers. She currently serves as the Chairman of the Nevada Cannabis Compliance Board.



James Humm was appointed as the second Executive Director of the Nevada Cannabis Compliance Board by Governor Joe Lombardo in December of 2023. In this role, Humm oversees the regulatory framework and guidance of privileged licenses in a rapidly evolving industry. Guiding the industry and the agency through hurdles at both the Federal and State level, Humm leads the overall strategy of the CCB, including the legislative agenda and its coordination with industry to ensure a robust, growing, stable, and fair market to those involved in this sector. Growth, stability, and equity are cornerstones of the Director's Agenda, as

this market grows out of its infancy. As the Director, Humm oversees a team of 100 plus employees, Chairs the Cannabis Advisory Committee, and formulates and assembles the monthly Cannabis Compliance Board Meetings. Additionally, Humm is responsible for the general operations of the agency, including budgeting, facilities, HR, and constituent services.

Prior to his work at the CCB, Humm joined the Governor's Office of Economic Development team in September 2019 as the Director of Compliance and Regulatory Affairs and then served as the office's Director of Public Policy and Government Affairs. In this role, Humm coordinated all legislative matters, determined legislative and regulatory priorities, and facilitated interactions with State and Local Governments. Additionally, he was tasked with guiding GOED's public policy and affiliated programs with the end goal of generating equitable economic growth and job creation throughout the State, while also serving as the top confidential advisor to the agency's Executive Director. Over the course of the last two legislative sessions, in conjunction with the office, Humm successfully passed several economic development related bills, and contributed to the approval and signage of several others.

In addition to his work at GOED, in March of 2020, he was placed on special assignment within the Governor's Office for nearly a year to assist in the State's response to COVID-19. During this assignment, he was tasked with working on all things media related, drafting policy and guidance, and assisting in the State's

overall response to the crisis. Humm also was called upon to aid the Governor's office during the closing of the 81st Legislative Session.

Prior to joining the Governor's Office of Economic Development, Humm served as the Deputy Chief of Staff and Legislative Liaison for the Office of the Nevada Attorney General. Serving in this capacity for two and a half years, Humm managed legislative strategies, staff training, development, and administration, as well as case management, and several office programs to educate and protect Nevadans on key public safety issues. As the office's Legislative Liaison, he is honored to have made a lasting difference in the lives of Nevadans through the passage of 13 public safety and victim-centered bills in the 2019 Legislative Session.

During his time with the office of the Attorney General, Humm participated in several Attorney General-led statewide initiatives, including Nevada's Sexual Assault Kit Backlog Working Group seeking to eliminate the state's backlog of nearly 8,000 untested sexual assault kits; Nevada's Office of Military Legal Assistance providing free legal assistance to active duty military and veterans; the Attorney General's Substance Abuse

Working Group created to respond to Nevada's alarming opioid epidemic; and various events and initiatives aimed at combating instances of human trafficking and domestic violence throughout the State.

Before joining the Office of the Nevada Attorney General, Humm spent eight years at three Las Vegas law firms rising to the level of Director of Operations, the highest administrative position at his final two stops. Before his legal administration career, he worked as the Marketing Coordinator for the Orleans Arena and as a Consultant for Deloitte and Touche, based out of the Los Angeles Office.

Humm holds a Bachelor of Arts in Economics from the University of San Diego. He is a native Las Vegan and has spent the majority of his life in Southern Nevada.



Andrew Livingston is based in Vicente LLP's Denver office, where he serves a unique role as an economist, business analyst, and general cannabis policy wonk. As the firm's director of economics and research, he assists clients with developing and expanding their enterprises across cannabis markets nationally and internationally. A wide variety of marijuana and hemp businesses look to Andrew for help navigating the regulatory intricacies that influence market dynamics, as well as to create sophisticated revenue models and pro forma for investors and to guide strategic decision-making.

Andrew has spent his entire career studying cannabis markets, first working alongside the Vicente LLP team in 2012 on the historic campaign to pass Amendment 64, which legalized marijuana for adults in Colorado. Following implementation, he served as an inaugural member and policy committee chair of the Denver Cannabis Sustainability Working Group, where he helped coordinate government and business efforts to increase environmental stewardship within the cannabis industry. Andrew is a co-host of the popular cannabis policy podcast *Weed Wonks*, as well as a regular guest on *Marijuana Today*, the cannabis industry's top business and politics podcast. He appears frequently in the news discussing cannabis policy and economics, and he is often asked to speak at business and legal seminars around the country and internationally on the intersection of market dynamics and cannabis policy. He is also a partner at Vicente LLP's policy and public affairs consulting affiliate, VS Strategies. Before starting his career in cannabis policy and market analysis, Andrew focused his studies at Colgate University on the economics of illicit drug markets and the harms they create for societies around the world.



Jordan Wellington is a partner at Strategies 64, where he regularly advises government officials, businesses, trade associations, and other organizations around the U.S. and across the globe on the responsible regulation of cannabis. He is also host of S64's *Weed Wonks* podcast, which features conversations about timely cannabis policy issues with state cannabis regulators, policymakers, and industry leaders.

Jordan has played a key role in drafting cannabis legislation and regulations in Colorado and other states, and he has served on several public and private sector advisory boards and working groups dedicated to developing sensible cannabis policies.

He has co-authored white papers on behalf of cannabis industry organizations regarding cannabis packaging, labeling, and testing policies, and he often appears in the media discussing cannabis policy and business matters. He also served as an adjunct professor at the University of Denver Sturm College of Law, where he taught a class titled, "Regulating Cannabis."

Prior to arriving at S64, Jordan joined Vicente Sederberg LLP as compliance director in 2014 and helped launch the firm's regulatory compliance practice. He also co-founded Simplifya, a cannabis regulatory compliance software company.

Previously, Jordan was a legislative staffer in the Colorado House of Representatives, where he shepherded legislation through the General Assembly to implement the state's voter-approved legalization law, Amendment 64. He was then hired as a senior regulatory analyst for the Colorado Marijuana Enforcement Division in the state Department of Revenue, where he organized the division's stakeholder engagement process and drafted many of the state regulations governing retail and medical cannabis.

Lessons Learned in Tribal Cannabis

The Third Annual Cannabis Law Conference

November 5, 2024

Kostan R. Lathouris (law@lathouris.com)

- Enrolled Member of the Chemehuevi Indian Tribe
- Elected Tribal Council Member
- Managing member of Lathouris Law PLLC (www.lathouris.com)
- Chief Judge of the Las Vegas Paiute Tribal Court
- Chief Judge of the Duckwater Shoshone Tribal Court
- J.D., May 2015 (William S. Boyd School of Law)
- B.A. in Political Science, May 2009 (University of Nevada, Las Vegas)
- Former chair of the Nevada Indian Commission
- Former tribal gaming commissioner
- Previously served on board of directors for a Section 17 corporation
- Former chair of the Stewart Indian School Preservation Alliance (SISPA)

Dave Colvin (dcolvin@lvpaiute.com)

Mr. Colvin focuses his practice primarily in the area of Native American Law as General Counsel for the Las Vegas Paiute Tribe. Mr. Colvin received his Juris Doctorate degree in 1990 from Brigham Young University, where he participated in Moot Court, served on the Moot Court Board of Directors and was a member of the American Inns of Court. He was admitted to practice in Nevada in 1990. During his practice, he also worked in the area of Debtor/Creditor rights, taught bankruptcy law as an adjunct professor at the College of Southern Nevada, and served as Tribal Prosecutor and, later, Tribal Judge in the Courts of the Las Vegas Paiute Tribe.

General Questions

- What is the significance of cannabis in Indian country?
- What laws apply?
- How has it been done?

Why is cannabis significant in Indian country?

A potential form of economic development

- “From a strictly fiscal perspective, American Indians are both the most impoverished racial group in the United States [] and the least likely to be business owners.[] This is due in part to the forced resettlement of many indigenous people from their ancestral lands. The remote locations and fragmentation of many Indian reservations, far from potential customers and suppliers, has added to the difficulty of establishing successful tribal businesses.[] Further, federal policies of dealing with tribes and tribal businesses have often reflected capitalist values, which may conflict with tribal cultural practices and norms . . .”

Carter, Sam J. and Rotman, Robin M. (2023) “Burning Questions: Changing Legal Narratives on Cannabis in Indian Country,” *Mercer Law Review*. Vol. 74: No. 3, Article 7.

Common barriers to economic development

- Some reservations are rich in natural resources, some aren't
- Outside investors may be hesitant to partner with Tribes because of unfamiliarity with tribal laws or courts
- Resistance to sovereign immunity
- Double taxation

A way to address a lack of tax revenue

- Taxes are primary mechanism that governments use to fund their operations and provide essential public goods
- Tribes raise revenue primarily through federal programs and tribally-owned business enterprises
 - Tribal revenue streams can be unpredictable and vulnerable to national budgets
 - Public infrastructure and human services are chronically underfunded in large areas of Indian country
- Tribes face barriers to imposing taxes

A way to address a lack of tax revenue (cont'd)

- Judicial decisions have led to double taxation of non-Tribal member businesses on reservations
 - Both Tribe and state or local government are authorized to impose taxes on same person, entity, or transaction
 - Impedes economic development by increasing costs of running a business
- *White Mountain Apache Tribe v. Bracker*, 448 U.S. 136 (1980) ; *McClanahan v. Arizona State Tax Commission*, 411 U.S. 164 (1973); *Cotton Petroleum Corp. v. New Mexico*, 490 U.S. 163 (1989)
- Tribes must choose between:
 1. Imposing own tax and risk stifling business development; or
 2. Forgoing or decreasing their own taxes to maintain competitive business environment

A way to address a lack of tax revenue (cont'd)

- The power to tax is the power to destroy
- What does the Tribe need to raise revenue for?
- Will a tax raise that revenue?
- Can the market bear the tax?

TIP: Tribes can lease land for lease payments. Remember that Tribes can also be the taxing authority. What taxes does the Tribe have for these situations? (E.g., possessory interest, TERO, sales and use, etc.)

What laws apply?

Generally

- Remains illegal under federal law
- Question about enforcement and priorities
- Tribes are exempt from state jurisdiction, including taxation (unless authorized by Congress)
- Each tribe is a sovereign that has inherent authority to protect and promote the health and welfare of its citizens using methods most relevant for its community (unless limited by federal law)

How has it been done?

An arm's length lease

1. Tribe charters a tribally-owned corporation (“T-Corp”) and leases land to T-Corp
2. Tribe enters into joint venture agreement (“JVA”) with developer
3. Developer applies to the T-Corp for a subsidiary tribal corporation (“Sub-Corp”)
4. Sub-Corp leases land from T-Corp for development and improvements
5. Sub-Corp subdivides the leased land underlying the project into individual parcels of land, then finances, constructs, and operates a cannabis agricultural park that would sublet parcels of property within park to a cannabis enterprise (“Enterprise(s)”) for purpose of cultivating, distributing, and selling cannabis in accordance with the JVA
6. Tribe regulates in accordance with tribal law that establishes standards for operation

An arm's length lease (cont'd)

- Tribe and T-Corp own 50%, the Sub-Corp owns the other 50%
- Net revenues split 50%
- 20-year term with option to renew for 20 more years
- Initial lease for pilot project, with option(s) to expand
- Sub-Corp pays T-Corp certain lease fees, which T-Corp subsequently pays directly to Tribe (equals 50% of the net revenues)
- Sub-Corp pays the Tribe taxes
- Franchise fee for exclusive right to operate?

An arm's length lease (cont'd)

- Sublease from T-Corp to Sub-Corp has to meet requirements of:
 - 25 U.S.C. § 415
 - The Tribe's HEARTH Act ordinance
 - Terms of lease from Tribe to T-Corp (e.g., water and sewer services)
- Sub-Corp must submit to Council a detailed written plan for financing, construction, and operation of park and enterprise, including:
 - Construction budget
 - Subdivision map, site plan, specifications, and other construction documents for improvements
 - Plan of operations
 - Annual budget

An arm's length lease (cont'd)

- Should address:
 - Security clearance, background investigations, and licensing
 - Interruption in the operation of the enterprises (including legal prohibition option)
 - Management of revenues (collection and receipts, daily receipts, and bonding of employees)
 - Deposit of revenues
 - Accounting and audit
 - Revenues, expenses, and net profits
 - Insurance
 - Dispute resolution
 - Termination
 - Conflicts of interest/prohibition on interfering with Tribal affairs
 - Raids and cost of defense

Management contract

- For the operation and management of the enterprise/activity
- Signed by authorized tribal official and management contractor
- All operations shall be in accordance with applicable law

Management contract (cont'd)

- Recommend that it enumerate the responsibilities of each party concerning:
 - Maintenance and improvements
 - Operating capital
 - Operating days and hours
 - Maintenance of operation's books and records
 - Preparation of operation's financial statements and reports
 - Payment for services of independent auditor
 - Hiring and supervision of security personnel
 - Advertising budget and placing
 - Paying bills and expenses
 - Establishing and administering employment practices
 - Obtaining and maintaining insurance coverage
 - Management fees
 - Allocation of operating expenses or overhead expenses
 - Reporting requirements, etc.

Management contract (cont'd)

- Considerations:
 - Term of contract?
 - Percentage fee?
 - Maximum dollar amount for recoupment of development and construction costs?
 - Method of compensation and reimbursement for management contractor?
 - Grounds and mechanisms for modifying and terminating contract?
 - Dispute resolution mechanisms for:
 - Management and customers?
 - Management and tribe?
 - Management and employees?
 - Ability to subcontract or assign?

Management contract (cont'd)

- Concerns:
 - Does it provide for transfer or conveyance of any interest in land or other real property? If so, it requires specific statutory authority for transfer. (25 CFR § 531.2)
 - Does it encumber Indian lands for a period of seven (7) or more years? If so, requires secretarial approval. (25 U.S.C § 81(b))
 - Encumbrances include contracts that by their terms could give to a third party exclusive or nearly exclusive proprietary control over tribal land (25 CFR § 84.002)
 - May hinge on the amount of control a non-Indian has over a tribal business

Case study

- The Las Vegas Paiute Tribe

Questions?

Thank you!



U.S. Department of Justice

Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

August 29, 2013

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole 
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Enforcement

In October 2009 and June 2011, the Department issued guidance to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). This memorandum updates that guidance in light of state ballot initiatives that legalize under state law the possession of small amounts of marijuana and provide for the regulation of marijuana production, processing, and sale. The guidance set forth herein applies to all federal enforcement activity, including civil enforcement and criminal investigations and prosecutions, concerning marijuana in all states.

As the Department noted in its previous guidance, Congress has determined that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. The Department of Justice is committed to enforcement of the CSA consistent with those determinations. The Department is also committed to using its limited investigative and prosecutorial resources to address the most significant threats in the most effective, consistent, and rational way. In furtherance of those objectives, as several states enacted laws relating to the use of marijuana for medical purposes, the Department in recent years has focused its efforts on certain enforcement priorities that are particularly important to the federal government:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

These priorities will continue to guide the Department's enforcement of the CSA against marijuana-related conduct. Thus, this memorandum serves as guidance to Department attorneys and law enforcement to focus their enforcement resources and efforts, including prosecution, on persons or organizations whose conduct interferes with any one or more of these priorities, regardless of state law.¹

Outside of these enforcement priorities, the federal government has traditionally relied on states and local law enforcement agencies to address marijuana activity through enforcement of their own narcotics laws. For example, the Department of Justice has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of marijuana for personal use on private property. Instead, the Department has left such lower-level or localized activity to state and local authorities and has stepped in to enforce the CSA only when the use, possession, cultivation, or distribution of marijuana has threatened to cause one of the harms identified above.

The enactment of state laws that endeavor to authorize marijuana production, distribution, and possession by establishing a regulatory scheme for these purposes affects this traditional joint federal-state approach to narcotics enforcement. The Department's guidance in this memorandum rests on its expectation that states and local governments that have enacted laws authorizing marijuana-related conduct will implement strong and effective regulatory and enforcement systems that will address the threat those state laws could pose to public safety, public health, and other law enforcement interests. A system adequate to that task must not only contain robust controls and procedures on paper; it must also be effective in practice. Jurisdictions that have implemented systems that provide for regulation of marijuana activity

¹ These enforcement priorities are listed in general terms; each encompasses a variety of conduct that may merit civil or criminal enforcement of the CSA. By way of example only, the Department's interest in preventing the distribution of marijuana to minors would call for enforcement not just when an individual or entity sells or transfers marijuana to a minor, but also when marijuana trafficking takes place near an area associated with minors; when marijuana or marijuana-infused products are marketed in a manner to appeal to minors; or when marijuana is being diverted, directly or indirectly, and purposefully or otherwise, to minors.

must provide the necessary resources and demonstrate the willingness to enforce their laws and regulations in a manner that ensures they do not undermine federal enforcement priorities.

In jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of marijuana, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities set forth above. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of marijuana outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit marijuana trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing marijuana-related activity. If state enforcement efforts are not sufficiently robust to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

The Department's previous memoranda specifically addressed the exercise of prosecutorial discretion in states with laws authorizing marijuana cultivation and distribution for medical use. In those contexts, the Department advised that it likely was not an efficient use of federal resources to focus enforcement efforts on seriously ill individuals, or on their individual caregivers. In doing so, the previous guidance drew a distinction between the seriously ill and their caregivers, on the one hand, and large-scale, for-profit commercial enterprises, on the other, and advised that the latter continued to be appropriate targets for federal enforcement and prosecution. In drawing this distinction, the Department relied on the common-sense judgment that the size of a marijuana operation was a reasonable proxy for assessing whether marijuana trafficking implicates the federal enforcement priorities set forth above.

As explained above, however, both the existence of a strong and effective state regulatory system, and an operation's compliance with such a system, may allay the threat that an operation's size poses to federal enforcement interests. Accordingly, in exercising prosecutorial discretion, prosecutors should not consider the size or commercial nature of a marijuana operation alone as a proxy for assessing whether marijuana trafficking implicates the Department's enforcement priorities listed above. Rather, prosecutors should continue to review marijuana cases on a case-by-case basis and weigh all available information and evidence, including, but not limited to, whether the operation is demonstrably in compliance with a strong and effective state regulatory system. A marijuana operation's large scale or for-profit nature may be a relevant consideration for assessing the extent to which it undermines a particular federal enforcement priority. The primary question in all cases – and in all jurisdictions – should be whether the conduct at issue implicates one or more of the enforcement priorities listed above.

As with the Department's previous statements on this subject, this memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion. This memorandum does not alter in any way the Department's authority to enforce federal law, including federal laws relating to marijuana, regardless of state law. Neither the guidance herein nor any state or local law provides a legal defense to a violation of federal law, including any civil or criminal violation of the CSA. Even in jurisdictions with strong and effective regulatory systems, evidence that particular conduct threatens federal priorities will subject that person or entity to federal enforcement action, based on the circumstances. This memorandum is not intended to, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal. It applies prospectively to the exercise of prosecutorial discretion in future cases and does not provide defendants or subjects of enforcement action with a basis for reconsideration of any pending civil action or criminal prosecution. Finally, nothing herein precludes investigation or prosecution, even in the absence of any one of the factors listed above, in particular circumstances where investigation and prosecution otherwise serves an important federal interest.

cc: Mythili Raman
Acting Assistant Attorney General, Criminal Division

Loretta E. Lynch
United States Attorney
Eastern District of New York
Chair, Attorney General's Advisory Committee

Michele M. Leonhart
Administrator
Drug Enforcement Administration

H. Marshall Jarrett
Director
Executive Office for United States Attorneys

Ronald T. Hosko
Assistant Director
Criminal Investigative Division
Federal Bureau of Investigation

Congress of the United States

Washington, DC 20515

March 27, 2024

The Honorable Merrick Garland
Attorney General
U.S. Department of Justice
Washington, D.C.

Dear Attorney General Garland:

We write to share our frustration that the U.S. Department of Justice (DOJ) has not reissued overdue protections against federal interference in state-legal marijuana markets. We urge you to correct this oversight and reissue a memo making clear DOJ's limited resources will not be spent prosecuting those acting in accordance with state or Tribal law. The Cole¹ and Wilkinson² Memoranda provided this clear federal guidance until they were rescinded on January 4, 2018 by then-Attorney General Jeff Sessions. While we appreciate the historic steps the Biden-Harris Administration has taken to pardon federal simple possession marijuana offenses and begin the formal review of marijuana's schedule under the Controlled Substances Act, it is unacceptable that more than half of Americans living in jurisdictions with legal marijuana markets are left in limbo without public guidance to prevent unjust prosecution of those complying with their state's or Tribe's regulations.

Law enforcement, state regulators, small businesses, patients, and everyday Americans are caught in the ambiguity of the federal-state gap, made worse by the delay in reissuing the Cole and Wilkinson Memoranda protections. For years, we urged DOJ to act on this commonsense protection. We have been consistently disappointed in meetings with agency leadership and DOJ prosecutors on existing policies. It is especially concerning that this delay continues after you testified on March 1, 2023 that this public guidance was forthcoming.

As congressional allies in the work to undue the harms of the misguided war on drugs, we request answers on the delays in reissuing these protections:

- Given President Biden and Vice President Harris' public position that no one should be incarcerated for marijuana possession, what steps is DOJ taking to ensure state- or Tribe-legal actions are not prosecuted?
- What is the DOJ's specific timeline for reissuing the Cole and Wilkinson Memoranda protections?

¹ Cole, James. Memorandum for All United States Attorneys: Guidance Regarding Marijuana Enforcement. August 29, 2013. <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>

² Wilkinson, Monty. Memorandum: Policy Statement Regarding Marijuana Issues in Indian Country. October 28, 2014. <https://www.justice.gov/sites/default/files/tribal/pages/attachments/2014/12/11/policystatementregardingmarijuanaisuesinindiancountry2.pdf>

While Congress works to address the impacts of the federal-state gap on cannabis policy, the urgency of issuing public guidance addressing federal prosecution of those who comply with state and Tribe cannabis laws should inform DOJ's actions. We look forward to your response and to the long overdue reissuing of these critical, fiscally responsible, and common-sense protections.

Sincerely,



Earl Blumenauer
Member of Congress



Barbara Lee
Member of Congress



Nevada tribes a step closer to legally growing, selling marijuana



CHRIS KUDIALIS

Gov. Brian Sandoval signs Senate Bill 375, which opens the door for negotiations about the use and sale of medical marijuana on tribal lands in Nevada, Friday, June 2, 2017.

By **Chris Kudialis**

Friday, June 2, 2017 | 6:30 p.m.

CARSON CITY — Native American tribal governments in Nevada will now be able to negotiate directly with the governor's office on marijuana, thanks to legislation passed Friday.

Senate Bill 375, which opens the door for legal negotiations on the use and sale of marijuana on tribal lands, also allows the governor's office to bypass federal laws that limit commerce talks between tribes and Congress.

“The voters have spoken on marijuana and they’ve adopted this,” Nevada Gov. Brian Sandoval said just minutes before signing the bill. “It’s important that the Native American people can participate in this and for the state to work with all of you.”

Sandoval also touted the economic benefits of the bill to the tribes, calling SB375 “developing and enabling.”

Present at the bill signing, in the second floor of the Capitol Building, were nearly a dozen members of the Nevada Tribal Cannabis Alliance — which includes 14 tribes across the state, including the Las Vegas and Moapa Paiute tribes. All 27 federally recognized tribes in the state, which include an estimated 40,000 Native Americans, are eligible for negotiation under the terms of the new law.

Standing with her fingers interlocked in front of her, a smiling Yerington Paiute Chairwoman Laurie Thom thanked Sandoval and state Sen. Tick Segerblom for “supporting the tribes and listening to our needs.”

“This is key to the economic development of our tribes and also brings needed medicine to the reservation,” Thom said.

Sandoval also announced the passing of Senate Bill 396 on Friday, a bill to increase funds and permission for low-THC hemp research to extend beyond Nevada universities and select marijuana growers in the state.

According to the new law, hemp, which is made of seeds and stems of marijuana plants, could not contain more than 0.3 percent THC, the psychoactive ingredient found in marijuana. Less than 20 producers statewide currently grow hemp, according to the Nevada Department of Agriculture. A department spokesman did not say how many additional hemp growers would be added under the new law.

The passing of SB375 and SB396 were the third and fourth marijuana-related bills signed into law by Sandoval this session. Sandoval also vetoed two weed bills — one to establish state apprenticeships for marijuana and the other to include opioid addiction as a qualifying condition for a state medical marijuana card — earlier this week. As many as four weed bills, covering such issues as the price of medical marijuana cards to the size and shape of edibles for sale in the new recreational marijuana industry, are still outstanding in the Legislature.

Senate Bill No. 375–Senator Segerblom

CHAPTER.....

AN ACT relating to marijuana; authorizing the Governor or his or her designee to enter into agreements with Indian tribes in this State relating to the regulation of the use of marijuana; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

The United States Constitution reserves the power to regulate commerce with tribal governments to the United States Congress. (U.S. Const., Art. I, § 8) Congress has delegated limited authority relating to Indian tribes to the states, authorizing certain states to exercise broad criminal jurisdiction and limited civil jurisdiction over tribal lands within those states. (Pub. Law No. 83-280, 25 U.S.C. §§ 1321-1326; NRS 41.430) Subsequent decisions of the United States Supreme Court have clarified that this grant of jurisdiction to the states allows for jurisdiction over criminal matters and over private civil litigation, but not for the enforcement of general civil regulatory power on tribal lands. (*California v. Cabazon Band of Indians*, 480 U.S. 202 (1987) *superseded by statute in part*, Indian Gaming Regulatory Act, 25 U.S.C. §§ 2701 et seq., *as recognized in U.S. v. E.C. Investments, Inc.*, 77 F.3d 327, 330 (9th Cir. 1996))

Existing law exempts a person who holds a valid registry identification card, medical marijuana establishment registration certificate or medical marijuana establishment agent registration card from state prosecution for the possession, delivery, production, processing and use of marijuana and provides for the registration and regulation of medical marijuana establishments. (NRS 453A.200, 453A.320-453A.370) Existing law also generally prohibits prosecution of a person who possesses one ounce or less of marijuana or one-eighth of an ounce or less of concentrated marijuana or who holds a license as a marijuana establishment and engages in activities relating to marijuana which comply with state law. (NRS 453D.110, 453D.120) This bill authorizes the Governor or his or her designee to enter into agreements with tribal governments within this State to facilitate cooperation in the implementation of state laws and tribal laws governing the use of marijuana.

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

WHEREAS, Existing law in this State creates a limited exemption from state prosecution for persons who engage in the medical use of marijuana or who cultivate, produce or sell marijuana for medical use pursuant to a comprehensive program for the regulation of the medical use of marijuana; and

WHEREAS, Because states do not generally have regulatory power over tribal governments, the tribal governments within this State are not generally bound by the comprehensive program for the regulation of the medical use of marijuana created by the Nevada Legislature and may, subject to federal law, choose to create their own laws relating to the medical use of marijuana on tribal land; and



WHEREAS, A memorandum issued on August 29, 2013, by the Deputy Attorney General of the United States, James M. Cole, hereinafter referred to as the "Cole Memo," outlined eight priorities for federal law enforcement relating to marijuana and indicated that the Department of Justice will not devote law enforcement resources to prosecuting persons or businesses who comply with state or local laws relating to marijuana so long as those laws do not contradict the priorities outlined in the Cole Memo and are strongly enforced; and

WHEREAS, A subsequent memorandum issued on October 28, 2014, by Monty Wilkinson, the Director of the Executive Office for United States Attorneys of the United States Department of Justice, hereinafter referred to as the "Wilkinson Memo," provided that the enforcement priorities outlined in the Cole Memo will also guide enforcement efforts on tribal lands; and

WHEREAS, Tribal governments have begun to implement the guidance contained in the Cole Memo and the Wilkinson Memo to adopt their own programs for the regulation of marijuana on tribal lands, creating the potential for conflicts with the provisions governing the use of marijuana created by the Nevada Legislature which may threaten public health and safety and create uncertainty for businesses operating in this State; and

WHEREAS, The State of Washington, when confronted with similar issues regarding the regulation of marijuana, created a successful system for cooperation with the tribal governments in its state by authorizing its Governor to enter into agreements with tribal governments to address issues involving both state and tribal interests or affecting state-tribal relations; and

WHEREAS, A similar system in this State would mitigate threats to public health and safety posed by potential conflicts between state and tribal laws relating to marijuana and bolster commerce by reducing uncertainty and allowing for the more efficient conduct of business in this State and on tribal lands; now, therefore,

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

Section 1. Chapter 223 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The Governor or his or her designee may enter into one or more agreements with tribal governments in this State to efficiently coordinate the cross-jurisdictional administration of the laws of this State and the laws of tribal governments relating to the



use of marijuana. Such an agreement may include, without limitation, provisions relating to:

- (a) Criminal and civil law enforcement;*
- (b) Regulatory issues relating to the possession, delivery, production, processing or use of marijuana, edible marijuana products, marijuana-infused products and marijuana products;*
- (c) Medical and pharmaceutical research involving marijuana;*
- (d) The administration of laws relating to taxation;*
- (e) Any immunity, preemption or conflict of law relating to the possession, delivery, production, processing, transportation or use of marijuana, edible marijuana products, marijuana-infused products and marijuana products; and*
- (f) The resolution of any disputes between a tribal government and this State, which may include, without limitation, the use of mediation or other nonjudicial processes.*

2. An agreement entered into pursuant to this section must:

- (a) Provide for the preservation of public health and safety;*
- (b) Ensure the security of medical marijuana establishments and marijuana establishments and the corresponding facilities on tribal land; and*
- (c) Establish provisions regulating business involving marijuana which passes between tribal land and non-tribal land in this State.*

3. As used in this section:

- (a) "Edible marijuana products" has the meaning ascribed to it in NRS 453A.101.*
- (b) "Marijuana" has the meaning ascribed to it in NRS 453.096.*
- (c) "Marijuana establishment" has the meaning ascribed to it in NRS 453D.030.*
- (d) "Marijuana-infused products" has the meaning ascribed to it in NRS 453A.112.*
- (e) "Marijuana product" has the meaning ascribed to it in NRS 453D.030.*
- (f) "Tribal government" means a federally recognized American Indian tribe pursuant to 25 C.F.R. §§ 83.1 to 83.13, inclusive.*

Secs. 2 and 3. (Deleted by amendment.)

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





U.S. Department of Justice

Executive Office for United States Attorneys

Office of the Director

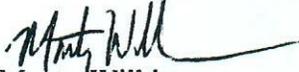
Room 2261, RFK Main Justice Building
950 Pennsylvania Avenue, NW
Washington, DC 20530

(202) 252-1000

MEMORANDUM - Sent via Electronic Mail

DATE: **OCT 28 2014**

TO: ALL UNITED STATES ATTORNEYS
ALL FIRST ASSISTANT UNITED STATES ATTORNEYS
ALL CRIMINAL CHIEFS
ALL APPELLATE CHIEFS
ALL OCDETF COORDINATORS
ALL TRIBAL LIAISONS

FROM: 
Monty Wilkinson
Director

SUBJECT: Policy Statement Regarding Marijuana Issues in Indian Country

ACTION REQUIRED: None. Information Only.

CONTACTS: Daniel Grooms
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Indian, Violent and Cyber Crime Staff
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Tracy.Toulou2@usdoj.gov

With a number of states legalizing marijuana for use and production, some tribes have requested guidance on the enforcement of the Controlled Substance Act (CSA) on tribal lands by

the United States Attorneys' offices. With these requests in mind, the Attorney General's Native American Issues Subcommittee has reviewed the Memorandum from the Deputy Attorney General, dated August 29, 2013, regarding marijuana enforcement ("Cole Memorandum") and considered its impact on Indian Country.

The Cole Memorandum provides guidance to United States Attorneys on the proper prioritization of marijuana enforcement in their districts given the number of states that have moved to legalize marijuana for medicinal, agricultural, or recreational use. Specifically, the Cole Memorandum lists eight federal law enforcement priorities where the Department will focus its limited investigative and prosecutorial resources in all states. These eight priorities are as follows:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as cover or pretext for the trafficking of other illegal drugs or illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

The Cole memorandum contains the additional directive that "nothing herein precludes investigation or prosecution, even in the absence of any one of the factors . . . , in particular circumstances where the investigation and prosecution otherwise serve an important federal interest."

Indian Country includes numerous reservations and tribal lands with diverse sovereign governments, many of which traverse state borders and federal districts. Given this, the United States Attorneys recognize that effective federal law enforcement in Indian Country, including marijuana enforcement, requires consultation with our tribal partners in the districts and flexibility to confront the particular, yet sometimes divergent, public safety issues that can exist on any single reservation.

Nothing in the Cole Memorandum alters the authority or jurisdiction of the United States to enforce federal law in Indian Country. Each United States Attorney must assess all of the threats present in his or her district, including those in Indian Country, and focus enforcement efforts based on that district-specific assessment. The eight priorities in the Cole Memorandum will guide United States Attorneys' marijuana enforcement efforts in Indian Country, including in the event that sovereign Indian Nations seek to legalize the cultivation or use of marijuana in Indian Country. Consistent with the Attorney General's 2010 Indian Country Initiative, in

evaluating marijuana enforcement activities in Indian Country, each United States Attorney should consult with the affected tribes on a government-to-government basis. When in the judgment of a United States Attorney, significant issues or enforcement decisions arise that may implicate this policy statement, each United States Attorney should keep the Executive Office for United States Attorneys, the Office of Tribal Justice, and the Office of the Deputy Attorney General informed of those matters, in advance of any determination on how to proceed, in order to keep the Department's leadership apprised of significant issues and to maintain consistency throughout the Department.

cc: All United States Attorneys' Secretaries



***2025 Nevada Legislative Session:
What You Should Know***

Cannabis Law Section - Nevada State Bar

**Presented by John Oceguela &
Brett Scolari**

ABOUT US

With people on the ground in 13 states, Washington D.C., and Vancouver B.C., we have a lens into the distinct regional character and unique business and political trends of each state, while our vast Western footprint gives us influence, perspective, and a reach you can't find anywhere else.



OUR SERVICES

Communications

- Crisis Communications
- Media Relations
- Public Relations
- Reputation Management

Creative Services

- Branding
- Design & Copy
- Digital Marketing
- Marketing & Advertising
- Media Strategy
- Videography
- Web Engineering

Cultura

- Cultural & Minority Engagement
Outreach and Advocacy

Government Relations

- Policy & Lobbying
- State, Federal and Local Strategy

Public Affairs

- Coalition Building
- Initiatives and Campaigns
- Bonds & Levies, Siting & Permitting

Research

- Campaign Polling
- Executive & Opinion Leader Research
- Message Development
- Targeting & Segmentation

S360 TEAM



John Oceguela
CHIEF STRATEGY OFFICER



Dan Musgrove
SR. VICE PRESIDENT



Brett Scolari
SR. VICE PRESIDENT



Izack Tenorio
VICE PRESIDENT



Michelle Van Geel
DIRECTOR

NEVADA LEGISLATURE

Previous Sessions

82nd Regular Session

February 6, 2023 - June 5, 2023

34th Special Session

June 6, 2023 - June 6, 2023

35th Special Session

June 7, 2023 - June 14, 2023



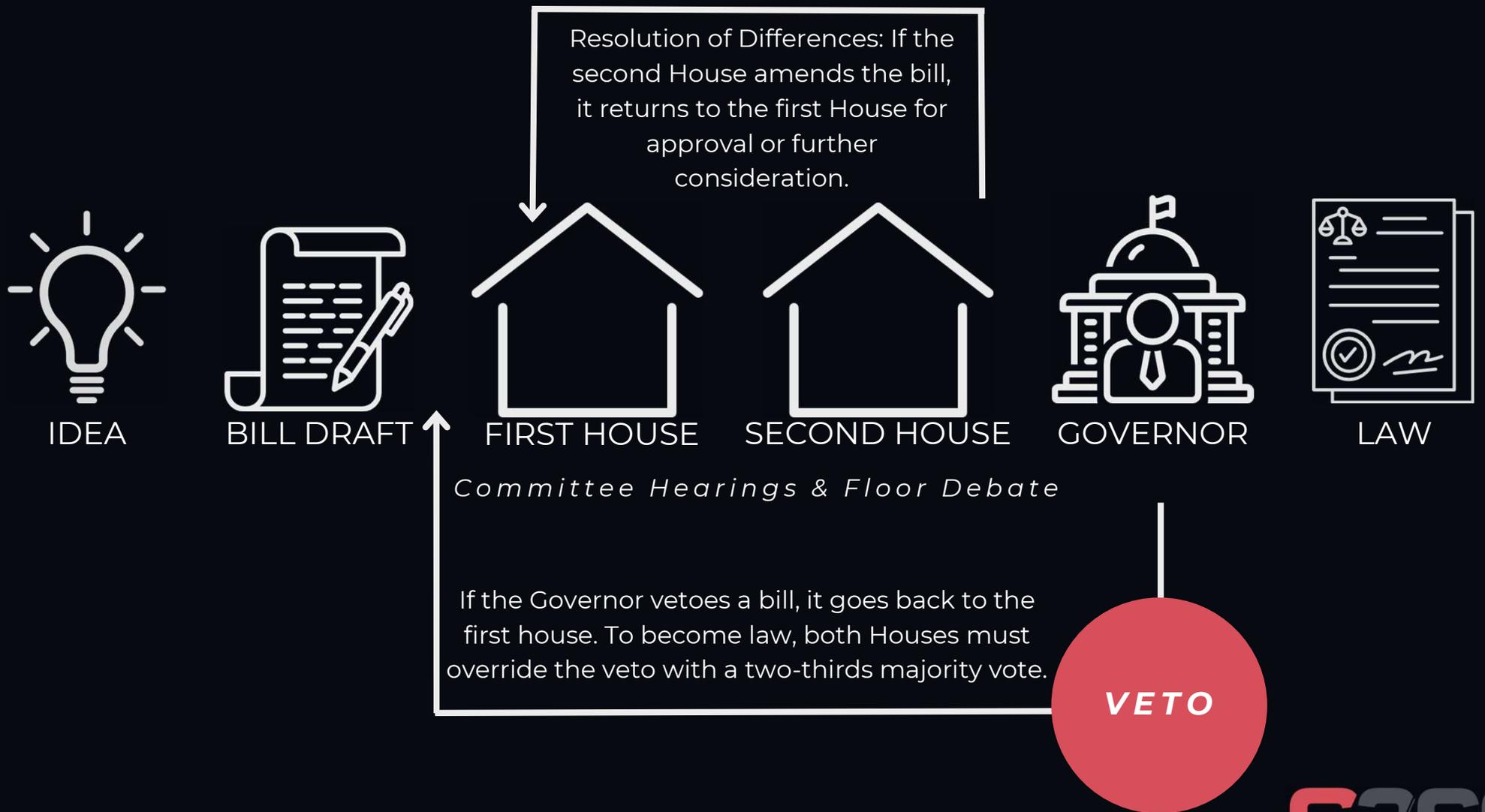
STATE OF NEVADA 2023 LEGISLATIVE SESSION 120-Day Calendar

| Date (Day of Session) | Date (Day of Session) | Date (Day of Session) |
|---|--|---|
| Feb. 6 (1) | Mar. 18 (41) | Apr. 27 (81) |
| Feb. 7 (2) | Mar. 19 (42) | Apr. 28 (82) |
| Feb. 8 (3) | Mar. 20 (43) Legislators' Bill Introductions | Apr. 29 (83) |
| Feb. 9 (4) <i>Subcommittees Start Meeting Jointly</i> | Mar. 21 (44) | Apr. 30 (84) |
| Feb. 10 (5) | Mar. 22 (45) | May 1 (85) <i>Economic Forum Report Due</i> |
| Feb. 11 (6) | Mar. 23 (46) | May 2 (86) |
| Feb. 12 (7) | Mar. 24 (47) | May 3 (87) |
| Feb. 13 (8) Legislators' BDR Requests | Mar. 25 (48) | May 4 (88) |
| Feb. 14 (9) | Mar. 26 (49) | May 5 (89) |
| Feb. 15 (10) | Mar. 27 (50) Joint Standing Rule No. 14 and Other Remaining Bill Introductions | May 6 (90) |
| Feb. 16 (11) | Mar. 28 (51) | May 7 (91) |
| Feb. 17 (12) | Mar. 29 (52) | May 8 (92) <i>Start Resolving Budget Differences</i> |
| Feb. 18 (13) | Mar. 30 (53) | May 9 (93) |
| Feb. 19 (14) | Mar. 31 (54) | May 10 (94) |
| Feb. 20 (15) Joint Standing Rule No. 14 BDR Requests | Apr. 1 (55) | May 11 (95) |
| Feb. 21 (16) | Apr. 2 (56) | May 12 (96) |
| Feb. 22 (17) | Apr. 3 (57) | May 13 (97) |
| Feb. 23 (18) | Apr. 4 (58) <i>Start Closing Budgets</i> | May 14 (98) |
| Feb. 24 (19) | Apr. 5 (59) | May 15 (99) |
| Feb. 25 (20) | Apr. 6 (60) | May 16 (100) |
| Feb. 26 (21) | Apr. 7 (61) | May 17 (101) |
| Feb. 27 (22) Joint Standing Rule No. 14 BDR Details | Apr. 8 (62) | May 18 (102) |
| Feb. 28 (23) | Apr. 9 (63) | May 19 (103) Committee Passage (Second House) |
| Mar. 1 (24) | Apr. 10 (64) | May 20 (104) <i>Finish Budget Differences</i> |
| Mar. 2 (25) | Apr. 11 (65) | May 21 (105) |
| Mar. 3 (26) | Apr. 12 (66) | May 22 (106) |
| Mar. 4 (27) | Apr. 13 (67) | May 23 (107) |
| Mar. 5 (28) | Apr. 14 (68) Committee Passage (First House) | May 24 (108) |
| Mar. 6 (29) | Apr. 15 (69) | May 25 (109) |
| Mar. 7 (30) | Apr. 16 (70) | May 26 (110) Second House Passage |
| Mar. 8 (31) | Apr. 17 (71) | May 27 (111) |
| Mar. 9 (32) | Apr. 18 (72) | May 28 (112) |
| Mar. 10 (33) | Apr. 19 (73) | May 29 (113) |
| Mar. 11 (34) | Apr. 20 (74) | May 30 (114) |
| Mar. 12 (35) | Apr. 21 (75) | May 31 (115) <i>Budget Bills Introduced Exempt Bills from Committee</i> |
| Mar. 13 (36) | Apr. 22 (76) | Jun. 1 (116) |
| Mar. 14 (37) | Apr. 23 (77) | Jun. 2 (117) |
| Mar. 15 (38) | Apr. 24 (78) | Jun. 3 (118) |
| Mar. 16 (39) | Apr. 25 (79) First House Passage | Jun. 4 (119) |
| Mar. 17 (40) | Apr. 26 (80) | Jun. 5 (120) |

Shaded days are Mondays.

Bolded and italicized items are budget related deadlines.

HOW A BILL BECOMES LAW



2023 MAKEUP

Legislature

42 Assembly Members

28 Democrats
14 Republicans

21 Senators

13 Democrats
8 Republicans

President of the Senate

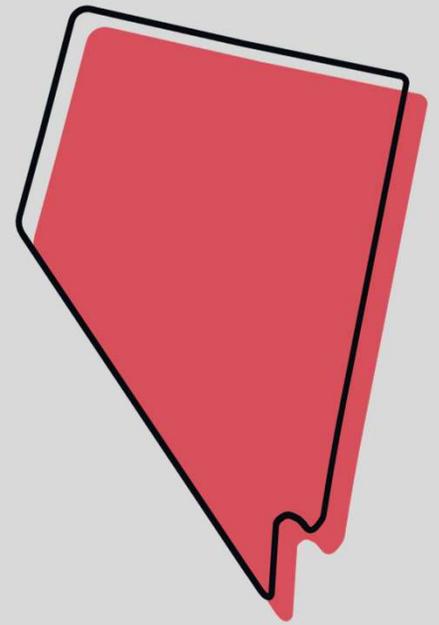
Lt. Gov. Stavros Anthony (R)

Governor's Office

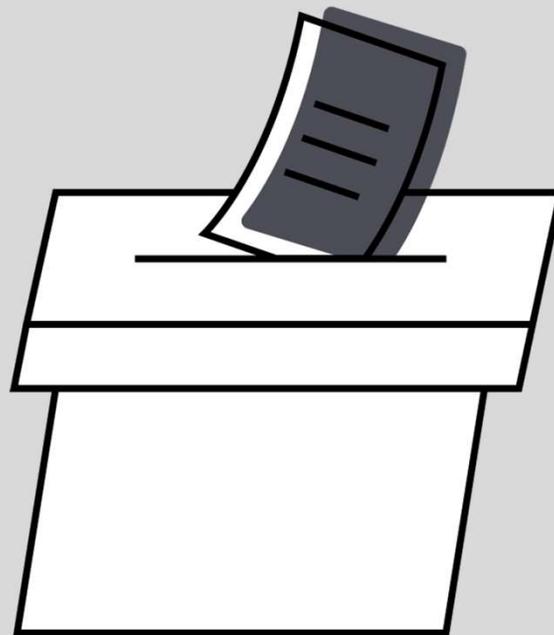
Governor

Joe Lombardo (R)





ELECTION DAY IS TODAY!



2025 LEGISLATIVE RACES

SENATE & ASSEMBLY

Senate

- 10 of the 21 seats are up for election this cycle. (They are 4-year staggered terms, so half of the seats are up each election cycle.)
- 6 incumbents are running for reelection.
- 4 seats are open, 2 of which have current or former members of the Assembly running.
- 1 incumbent does not have an opponent and is guaranteed to win.

Assembly

- All 42 seats are up for election. (They are 2-year terms, so they are all up each election cycle.)
- 31 incumbents are up for reelection.
- 11 seats are open.
- 6 incumbents do not have an opponent and are guaranteed to win. (2 other incumbents only have 3rd party candidates running against them, so they will likely win.)



WHAT'S AT STAKE?

Republicans must maintain their current seat count in the Senate or pick up just one seat in the Assembly to block a Democratic veto proof supermajority.

Magic Numbers for Super Majority
28 Assembly Seats; 14 Senate Seats.

What could a Super Majority in both houses mean for 2025?

The Return of Vetoed Bills:
Some of the 43 bills that were vetoed after sine die could be returned for further action.

Big blow to bipartisan goals?

Increased power to progressive organizations?

KEY RACES TO DETERMINE GOVERNOR'S VETO POWER

AD 4

Lisa Cole (R) v. Ryan Hampton (D)

Republicans with a 1% voter registration advantage

AD 37

David Brog (R) v. Shea Backus (D – Incumbent)

Democrats with a 3% voter registration advantage

AD 21

**April Arndt (R) v. Elaine Marzola
(D – Incumbent)**

Democrats with a 4% voter registration advantage

AD 41

**Rafael Arroyo (R) v. Sandra Jauregui
(D – Incumbent)**

Democrats with a 6% voter registration advantage

AD 25

**Diana Sande (R) v. Selena La Rue Hatch
(D – Incumbent)**

Democrats with a 2% voter registration advantage

SD 5

**Carrie Buck (R – Incumbent) v. Jennifer Atlas
(D)**

Republicans with a 0.3% voter registration advantage

AD 29

Annette Dawson Owens (R) v. Joe Dalia (D)

Democrats with a 6% voter registration advantage

SD 11

Lori Rogich (R) v. Dallas Harris (D – Incumbent)

Democrats with a 6% voter registration advantage
Rogich recently endorsed by Culinary Union

2025 LEGISLATIVE RACE

Membership by Party Stats

| YEAR | SENATE | | ASSEMBLY | |
|------|------------|------------|------------|------------|
| | Democratic | Republican | Democratic | Republican |
| 2025 | ? | ? | ? | ? |
| 2023 | 13 | 8 | 28 | 14 |
| 2021 | 12 | 9 | 26 | 16 |
| 2019 | 13 | 8 | 29 | 13 |

2025 LEGISLATIVE RACE

Women Stats

The first number is the minimum number of female legislators, and the second number is the likely number of female legislators. The likely number does NOT include the maximum potential number of female legislators.

| NUMBER OF FEMALE LEGISLATORS | | | | |
|------------------------------|-----------|-----------|-----------|----------------------------|
| HOUSE | 2019 | 2021 | 2023 | 2025 |
| SENATE | 9 | 10 | 13 | 9-13 |
| ASSEMBLY | 23 | 28 | 26 | 12-26 |
| TOTAL | 32 | 38 | 39 | 21 (33%) - 39 (62%) |

Guaranteed at least 21 female legislators (33%), with a possibility of up to 39 female legislators(62%).

2025 LEGISLATIVE RACE

Freshman Stats

| FRESHMAN STATS - BOTH HOUSES | | | | |
|------------------------------|------|------|------|------------------------------------|
| STATUS | 2019 | 2021 | 2023 | 2025 |
| New Legislator* | 17 | 15 | 14 | Guaranteed 13; potentially 14** |
| Moved to Other House | 5 | 1 | 5 | Guaranteed 1; potentially 2** |
| Gap in Legislative Service | 1 | 3 | 2 | 1 |

**New legislators are those without prior legislative service during a regular session.*

***In the 2019-2023 columns, the “moved to other house” number is not included in the “new legislator.” In the 2025 column, the “new legislator” number is the maximum number of freshmen based on open seats (assuming legislators moving from one house to the other do not win). Numbers assume all incumbents win.*

Senate Voter Registration Statistics

| SENATE | | | VOTER REGISTRATION STATISTICS | | | | | | |
|----------|-----------------------|-------|-------------------------------|------------|----------------------|-------------|--------------|-------|---------|
| DISTRICT | CANDIDATE NAME | PARTY | Democratic | Republican | Independent American | Libertarian | Non-Partisan | Other | Total |
| 1 | Shelly Crawford | D | 42,616 | 24,884 | 4,691 | 831 | 41,686 | 2,565 | 117,273 |
| | Patricia Brinkley | R | | | | | | | |
| 3 | Rochelle Nguyen | D | 35,744 | 21,210 | 4,123 | 810 | 36,184 | 2,288 | 100,359 |
| | Brent Howard | R | | | | | | | |
| | Keya Jones | NPP | | | | | | | |
| 4 | Dina Neal | D | 42,501 | 13,678 | 3,886 | 620 | 37,862 | 2,496 | 101,043 |
| 5 | Jennifer Atlas | D | 36,882 | 37,071 | 5,930 | 1,079 | 43,744 | 2,483 | 127,189 |
| | Carrie Buck | R | | | | | | | |
| 6 | Nicole Cannizzaro | D | 38,861 | 31,379 | 5,247 | 911 | 39,543 | 2,315 | 118,256 |
| | Jill Douglass | R | | | | | | | |
| | Brad Barnhill | IAP | | | | | | | |
| 7 | Roberta Lange | D | 38,065 | 20,277 | 4,596 | 869 | 41,295 | 2,505 | 107,607 |
| | Leonel Henderson, Jr. | R | | | | | | | |
| 11 | Dallas Harris | D | 36,454 | 29,774 | 5,152 | 958 | 45,868 | 2,861 | 121,067 |
| | Lori Rogich | R | | | | | | | |
| 15 | Angie Taylor | D | 36,445 | 30,611 | 5,125 | 1,252 | 34,405 | 2,691 | 110,529 |
| | Michael Ginsburg | R | | | | | | | |
| 18 | Ronald Bilodeau | D | 36,155 | 39,407 | 5,722 | 1,079 | 40,295 | 2,253 | 124,911 |
| | John Steinbeck | R | | | | | | | |
| 19 | John Ellison | R | 21,240 | 52,619 | 6,228 | 1,205 | 39,591 | 2,182 | 123,065 |

**Incumbents are highlighted green*

Assembly Voter Registration Statistics

| ASSEMBLY | | | VOTER REGISTRATION STATISTICS | | | | | | |
|----------|------------------------|-------|-------------------------------|------------|----------------------|-------------|--------------|-------|--------|
| DISTRICT | CANDIDATE NAME | PARTY | Democratic | Republican | Independent American | Libertarian | Non-Partisan | Other | Total |
| 1 | Daniele Monroe-Moreno | D | 21,221 | 15,172 | 2,484 | 448 | 19,802 | 1,217 | 60,344 |
| | Garland Brinkley | R | | | | | | | |
| 2 | Rondal Nelsen | D | 17,722 | 18,784 | 2,932 | 454 | 19,607 | 1,145 | 60,644 |
| | Heidi Kasama | R | | | | | | | |
| 3 | Selena Torres | D | 17,806 | 11,358 | 2,093 | 422 | 18,085 | 1,125 | 50,889 |
| | Michele Rizza | R | | | | | | | |
| 4 | Ryan Hampton | D | 18,080 | 18,983 | 2,822 | 514 | 19,716 | 1,132 | 61,247 |
| | Lisa Cole | R | | | | | | | |
| 5 | Brittney Miller | D | 18,086 | 14,166 | 2,501 | 449 | 20,550 | 1,243 | 56,995 |
| | Kelly Quinn | R | | | | | | | |
| | Ronald Morgan | LIB | | | | | | | |
| 6 | Jovan Jackson | D | 21,260 | 4,625 | 1,870 | 287 | 18,517 | 1,283 | 47,842 |
| | Nephi Oliva | R | | | | | | | |
| | Walter Jones "BOO" III | NPP | | | | | | | |
| 7 | Tanya Flanagan | D | 21,241 | 9,053 | 2,016 | 333 | 19,345 | 1,213 | 53,201 |
| 8 | Duy Nguyen | D | 18,852 | 13,262 | 2,408 | 469 | 23,692 | 1,414 | 60,097 |
| | Kelly Chapman | R | | | | | | | |
| 9 | Steve Yeager | D | 17,479 | 14,341 | 2,553 | 444 | 21,466 | 1,275 | 57,558 |
| | Erica Neely | R | | | | | | | |
| 10 | Venise Karris | D | 17,938 | 9,852 | 2,030 | 388 | 18,099 | 1,163 | 49,470 |
| | Sean Moore | LIB | | | | | | | |
| 11 | Cynthia Moore | D | 16,488 | 5,388 | 2,019 | 383 | 18,612 | 1,180 | 44,070 |
| | Jeffrey Lustick | R | | | | | | | |

**Incumbents are highlighted in green*

Assembly Voter Registration Statistics

| | | | | | | | | | |
|----|----------------------------------|-----|--------|--------|-------|-----|--------|-------|--------|
| 12 | Max Carter | D | 18,096 | 13,255 | 1,981 | 350 | 19,098 | 1,166 | 53,946 |
| | Nancy Roecker | R | | | | | | | |
| 13 | Daniel Andrews | D | 18,075 | 20,424 | 2,900 | 565 | 20,579 | 1,121 | 63,664 |
| | Brian Hibbetts | R | | | | | | | |
| 14 | Erica Mosca | D | 17,623 | 7,078 | 1,829 | 329 | 18,517 | 1,039 | 46,415 |
| 15 | Howard Watts | D | 18,276 | 8,365 | 2,503 | 555 | 22,101 | 1,347 | 53,147 |
| | Melissa Spence | R | | | | | | | |
| | Jordy de la Caridad Vicedo Prado | LIB | | | | | | | |
| 16 | Cecilia Gonzalez | D | 17,203 | 11,489 | 2,250 | 468 | 20,255 | 1,213 | 52,878 |
| | James Neville | R | | | | | | | |
| | Jose Pena | LIB | | | | | | | |
| 17 | Linda Hunt | D | 21,395 | 9,712 | 2,207 | 383 | 21,884 | 1,348 | 56,929 |
| | Robert Olson | R | | | | | | | |
| 18 | Venicia Considine | D | 18,896 | 10,167 | 2,231 | 416 | 20,789 | 1,271 | 53,770 |
| | Antario Brown | R | | | | | | | |
| 19 | Toby Yurek | R | 13,389 | 26,468 | 3,103 | 457 | 20,388 | 893 | 64,698 |
| 20 | David Orentlicher | D | 19,169 | 10,110 | 2,365 | 453 | 20,506 | 1,234 | 53,837 |
| | Stan Vaughan | R | | | | | | | |
| 21 | Elaine Marzola | D | 18,385 | 16,045 | 2,810 | 487 | 20,797 | 1,145 | 59,669 |
| | April Arndt | R | | | | | | | |
| 22 | Melissa Hardy | R | 18,300 | 21,954 | 3,336 | 531 | 22,062 | 1,221 | 67,404 |
| 23 | Danielle Gallant | R | 17,532 | 27,137 | 3,503 | 478 | 21,065 | 1,013 | 70,728 |
| 24 | Erica Roth | D | 17,765 | 10,227 | 2,574 | 639 | 18,899 | 1,632 | 51,736 |
| | Terisia Kolesnick | R | | | | | | | |
| 25 | Selena La Rue Hatch | D | 19,283 | 17,775 | 2,606 | 641 | 16,508 | 1,223 | 58,036 |
| | Diana Sande | R | | | | | | | |

**Incumbents are highlighted in green*

Assembly Voter Registration Statistics

| | | | | | | | | | |
|----|------------------------|-----|--------|--------|-------|-----|--------|-------|--------|
| 26 | Diane Sullivan | D | 17,762 | 25,415 | 3,228 | 828 | 18,564 | 1,283 | 67,080 |
| | Rich DeLong | R | | | | | | | |
| 27 | Heather Goulding | D | 17,162 | 12,836 | 2,519 | 611 | 17,897 | 1,468 | 52,493 |
| | Carmen Ortiz | R | | | | | | | |
| 28 | Reuben D'Silva | D | 15,447 | 5,240 | 1,465 | 288 | 16,910 | 989 | 40,339 |
| 29 | Joe Dalia | D | 18,582 | 15,117 | 2,594 | 548 | 21,682 | 1,262 | 59,785 |
| | Annette Owens | R | | | | | | | |
| 30 | Natha Anderson | D | 15,361 | 11,588 | 2,305 | 555 | 16,661 | 1,382 | 47,852 |
| | Morgan Kolvet | NPP | | | | | | | |
| 31 | Stuart MacKie | D | 15,768 | 24,205 | 3,181 | 744 | 17,268 | 1,353 | 62,519 |
| | Jill Dickman | R | | | | | | | |
| 32 | Arnold Thomas | D | 10,799 | 23,905 | 2,652 | 576 | 15,494 | 1042 | 54,468 |
| | Alexis Hansen | R | | | | | | | |
| | John Gerhardt | NPP | | | | | | | |
| 33 | Bert Gurr | R | 6,356 | 26,272 | 2,622 | 560 | 16,122 | 800 | 52,732 |
| | Darryl Baber | LIB | | | | | | | |
| 34 | Hanadi Nadeem | D | 18,829 | 12,686 | 2,361 | 434 | 19,534 | 1,197 | 55,041 |
| | Brandon Davis | R | | | | | | | |
| 35 | Sharifa Wahab | D | 17,602 | 16,512 | 2,744 | 489 | 22,176 | 1,447 | 60,970 |
| | Rebecca Edgeworth | R | | | | | | | |
| 36 | Marlene Drake | D | 14,884 | 26,347 | 3,606 | 645 | 23,469 | 1,382 | 70,333 |
| | Gregory Hafen | R | | | | | | | |
| 37 | Shea Backus | D | 20,032 | 18,693 | 2,886 | 477 | 20,009 | 1,118 | 63,215 |
| | David Brog | R | | | | | | | |
| 38 | Greg Koenig | R | 8,170 | 26,721 | 3,023 | 699 | 20,156 | 1047 | 59,816 |
| 39 | Erich Overmayr | D | 11,575 | 32,286 | 3,174 | 686 | 17,480 | 1005 | 66,206 |
| | Ken Gray | R | | | | | | | |
| 40 | Katherine Ramsey | D | 14,069 | 23,293 | 2,989 | 718 | 17,740 | 1044 | 59,853 |
| | PK O'Neill | R | | | | | | | |
| 41 | Sandra Jauregui | D | 18,615 | 15,437 | 2,720 | 530 | 22,419 | 1,468 | 61,189 |
| | Rafael Arroyo-Montalva | R | | | | | | | |
| 42 | Tracy Brown-May | D | 18,050 | 12,080 | 2,194 | 399 | 20,657 | 1,284 | 54,664 |
| | Kevin Child | R | | | | | | | |

**Incumbents are highlighted in green*

KEY CANNABIS BILLS OF THE 2023 LEGISLATIVE SESSION THAT BECAME LAW

Wholesale tax reform ([AB 430](#))

Urging Congress to deschedule cannabis ([AJR 8](#))

Disciplinary proceedings against license holders ([SB 195](#))

- Consider mitigating factors
- Sets max civil penalty for single violation (\$20,000)
- Eliminates time-and-effort billing for routine functions

Cannabis "Christmas Tree" Bill ([SB 277](#))

Cannabis Compliance Board (CCB) reforms ([SB 328](#))

- Places CCB under requirements of Nevada Administrative Procedures Act
- Preamble revisions
- Executive Director and Board Member Governance and Appointment Revisions
- Enhanced training for CCB Board Members and Agents
- Illicit market enforcement
- Revisions to Compliance and Disciplinary Functions

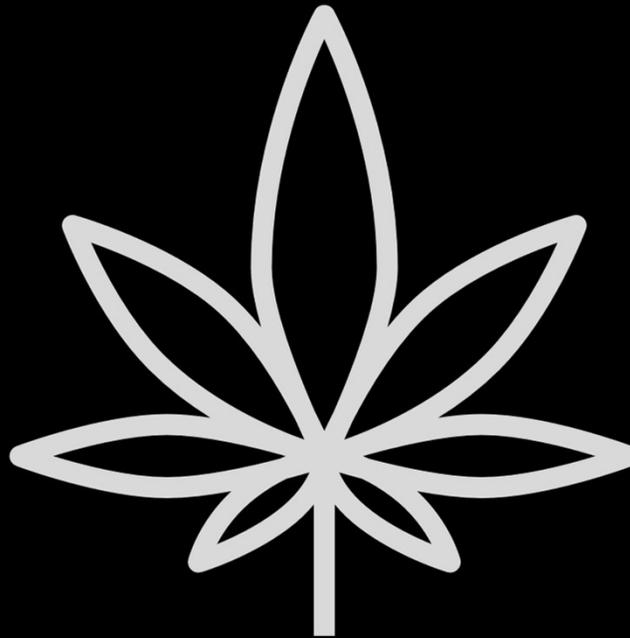


KEY CANNABIS BILLS THAT DIED AT THE 2023 LEGISLATIVE SESSION

- Cannabis concierge and temporary cannabis events ([AB 253](#))
- CCB bill that changed process for moving an establishment to a different jurisdiction ([SB 31](#))
- Another CCB bill ([SB 33](#))
 - Expand the power of the CCB
 - Further limit due process of licensees
 - Created vicarious liability for all actions and omissions of employees
- Final CCB bill ([SB 69](#))
 - Put more disciplinary control with CCB executive staff
 - Limited process for licensee to contest a disciplinary action
- Aimed to create the Cannabis Mentorship Pilot Program ([SB 402](#))

2025 Nevada Legislative Session

Anticipated Cannabis Topics



CANNABIS & GAMING

Can the two industries work together?

Assemblyman Max Carter's Bill Draft Request

Legalize cannabis deliveries to the Strip

Compete with illicit market deliveries

Force the discussion to remove commercial restrictions between Nevada's two "gold-standard" regulated industries

Safe, tested products for tourists

“These illicit delivery operations do a very good job of masking... of pretending that they're part of the legal cannabis trade.”

-Max Carter

[Bill Would Legalize Marijuana Deliveries to Las Vegas Strip \(casinos.com\)](#)

DISRUPT THE ILLICIT MARKET

Funding mechanism to investigate and prosecute high-level trafficking of illegal cannabis

Compliment civil enforcement measures granted to Cannabis Compliance Board

Law Enforcement and CCB cooperation

Public education campaigns



CLOSE LOOPHOLES ON THE HEMP GRAY MARKET

Products
manufactured and
sold by licensed
cannabis facilities

Testing for potency
and harmful
substances



SOCIAL EQUITY PROGRAMS

- Incentives for the industry to partner with minority owned businesses
- Access to capital and loans
- Reduce barriers to entry



CANNABIS AT SPECIAL EVENTS

Competition with brick and mortar

Regulatory enforcement difficulties

Limitations on event size, scope and attendance, age and demographics

REDUCE ADVERTISING RESTRICTIONS

Allow at sporting and other events attended by children

Logo and other benign advertising



IDEAS TO REFINE THE INDUSTRY

REGULATORY REFORMS AND CLEAN UP

Clarify wholesale tax fair market calculation

Increase “lot size” for testing

Streamline packaging and labeling requirements

Agent card reforms

Exempt dispensaries from OSHA requirements

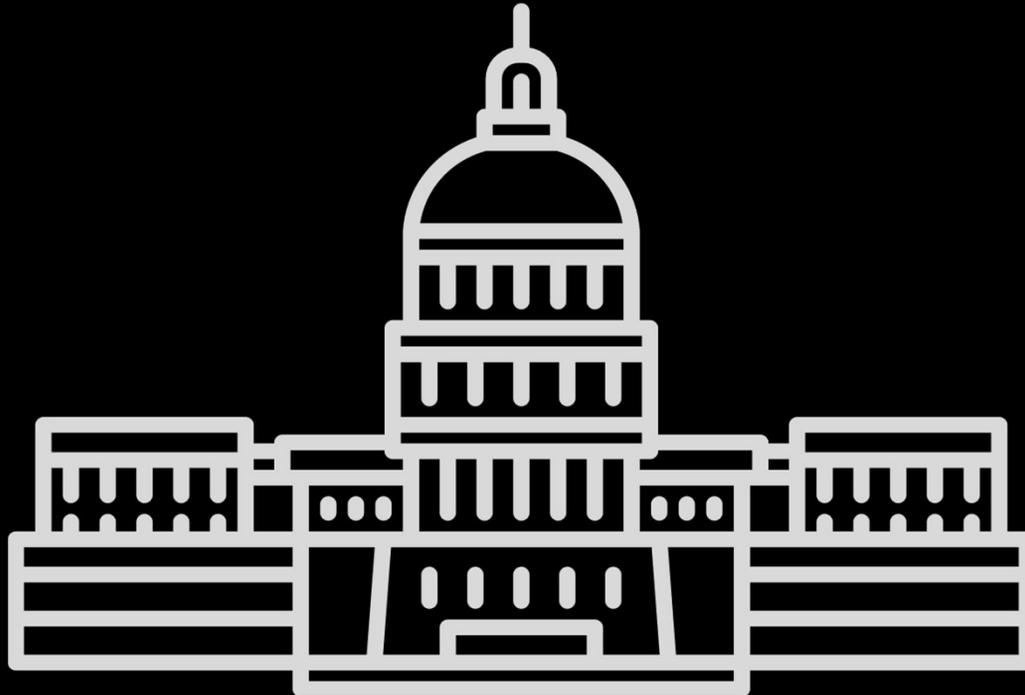
Increase packaging limits to coincide with possession limits increased by SB
277 in 2023

Remove "seeds" from the definition of usable cannabis

Fast-track certain transfers of interest

PREPARE FOR FEDERAL DEREGULATION OR RESCHEDULING

- Statutes to transition to federally legal market
- Interstate compacts for commerce across state lines
 - Remove barriers to banking access
- Food and Drug Administration Standards



QUESTIONS?

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THANK YOU

**CANNABIS COMPLIANCE BOARD
STATE OF NEVADA**



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Executive Director

MICHAEL MILES
Deputy Director

ADRIANA GUZMÁN FRALICK
Chair

Shelf-life Bulletin for Cannabis Establishments - 10/31/2024

Pursuant to NCCR 9.040, the Nevada Cannabis Compliance board is issuing the following updated guidance regarding cannabis product shelf-life and shelf-life testing effective November 14, 2024.

For additional guidance, please email CCB Laboratory Testing at LaboratoryTesting@ccb.nv.gov.

| INFUSED PRODUCT | SHELF-LIFE^{1,2} | INFUSED PRODUCT | SHELF-LIFE^{1,2} |
|--------------------------|---------------------------------|------------------------------------|---------------------------------|
| Chocolate bars | 1 year | Caramel | 6 months |
| Brownies | 2 months | Pretzels | 4 months |
| Cookies (soft) | 2 months | Beverages | 1 year |
| Cookies (crunchy) | 4 months | Gummy treats | 6 months |
| Macaroons | 2 months | Hard candies | 1 year |
| Cereal treats | 6 months | Coffee and tea (ground non-vacuum) | 1 year |
| Granola and granola bars | 6 months | Dried fruit | 6 months |
| Syrups | 1 year | Popcorn kernels | 1 year |

Enforcement Bullet Points^{3,4,5,6}

- Producers of edible products may use recommended shelf-life dates provided by the data gathered from federal food safety programs as described above. If producers would like to have a shelf-life longer than the one recommended by federally provided data, they must conduct a shelf-life study through a Nevada cannabis independent testing laboratory. All non-solvent based extracts of cannabis intended for consumption (infused dairy butter, mixtures of extracted products, oils or fats) must undergo a shelf-life study in addition to the compliance testing already required. Items not found in the federal guidelines must undergo a shelf-life study.
- Standard shelf-life studies will be acceptable for infused cooking fats due to their short shelf-life. Accelerated studies will be acceptable for shelf-stable items. The shelf-life studies will examine specifically the growth of microbes over time within the samples, in addition to changes in potency and water activity/pH.
- Maximum shelf-life extension will be limited to one year for all products due to the THC molecule’s known ability to degrade by 10% in a year’s time. This recommendation is in line with FDA pharmaceutical standards whereby shelf-life is determined when 10% of the active ingredient is lost to degradation.

- Shelf-life study design plans must be submitted to the Nevada CCB for review and approval through Accela as an R&D request prior to beginning the shelf-life study. The study plan must be based on ASTM D8309-21 *Standard Guide for Stability Testing of Cannabis-Based Products*, and must include full product information, study objectives, equipment to be used, amount of product to be sampled, sampling procedures, storage conditions, time points for testing, test methods, instructions for data handling and calculations, acceptance criteria for the results, instructions for documenting and evaluating deviations, and names/dates of personnel approving the study design plan.
- Sufficient product must be collected prior to beginning the study to enable all required testing at all time intervals until completion.
- All shelf-life testing must be performed on the cannabis-infused version of the final product as it is intended to be sold in licensed Nevada cannabis dispensaries.
- The final shelf-life study report must be submitted to the Nevada CCB for review and approval in Accela prior to the facility utilizing the updated expiration date. This final report must include a summary conclusion, tables with all data points, statistics, calculations, and formulas used, raw data from all testing stages including qPCR curves, pictures of culture plates, instrument data, calibration curves, chromatograms, and full quantitation reports. Supporting documentation for all sample preparation, testing, and QA/QC must be provided to the CCB upon request.

1. [FoodSafety.gov](https://www.foodsafety.gov/). (2024, October 15). [FoodSafety.gov](https://www.foodsafety.gov/). Retrieved from <https://www.foodsafety.gov/>
2. National Confectioners Association, <https://alwaysatreat.com/candy-storage-tips/>.
3. Fairbairn, J. W., Liebmann, J. A., & Rowan, M. G. (1976). The stability of cannabis and its preparations on storage. *Journal of Pharmacy and Pharmacology*, 28(1), 1-7. doi:10.1111/j.2042-7158.1976.tb04014.x
4. ASTM D8309-21 *Standard Guide for Stability Testing of Cannabis-Based Products*
5. FDA Guidance for Industry Q1A(R2) Stability Testing of New Drug Substances and Products, U.S. Department of Health and Human Services. Food and Drug Administration, ICH, Revision 2, November 2003
6. American Herbal Products Association (AHPA), *Shelf-life Dating of Botanical Supplement Ingredients and Products*, Silver Spring, MD, July 2011

If you have any questions, please reach out to LaboratoryTesting@ccb.nv.gov.

Cannabis Market Study

Nevada Cannabis Compliance Board



Executive Summary

The following cannabis market analysis, commissioned by the CCB who contracted TPMA, explores the current trends, and highlights the trends in sales, medical market contraction, and changing licensing landscape. The analysis also examines the implications of increasing cannabis supply, geographic and demographic insights regarding dispensary distribution and access disparities, and stakeholder perspectives on tourism regulation and the illicit market. Recommendations are provided to address these issues and perceptions, including strategies for market expansion, regulatory support, and combating the illicit market, aiming to stabilize and grow Nevada's cannabis industry amidst evolving challenges. The mixed methodology of collecting data from a variety of sources – academic literature, consumers, cannabis industry employees, and cannabis market research and data - assures that this report is free of actual or perceived bias. Neither TPMA nor any of its team members have vested interest in the conclusions drawn from this data and analysis provided herein.

In 2022 the Nevada cannabis industry generated \$862 million in sales, nearly all of it from the adult-use market. This overwhelmingly dominated the medical cannabis market which had \$1.6 million in sales in 2022. However, there has been a noticeable decline in sales since the industry's peak in 2021 affecting both the adult-use and the medical cannabis markets. The downturn is further marked by a reduction in the number of medical patients and cannabis licenses between 2022 and 2023. The demand for cannabis in Nevada remains inelastic, with a price elasticity estimate of -0.74, indicating that price increases lead to a proportionally smaller decrease in consumption. Even with these challenges, the overall supply of cannabis products available within the state has continued to rise, presenting a complex scenario of unequal supply and demand for stakeholders.

Despite the growth of the legal market, the illicit cannabis market in Nevada remains significant, estimated to be between \$242 million and \$370 million annually.¹ This underscores the challenge of fully transitioning consumers to the legal market.

To address market challenges and leverage opportunities, the following are recommendations for implementation.

- **Analyze underserved areas to identify licensing opportunities:** **Expansion:** A comprehensive approach to addressing rural and other underserved areas could encourage entrepreneurs to open dispensaries and cultivation facilities in locations with less of a cannabis market presence.
- **Partner with local universities and research institutes on cannabis research initiatives:** Findings from these research initiatives could provide evidence needed for legislative changes and regulatory reforms.
- **Conduct a public awareness campaign:** A targeted public awareness campaign would inform consumers that regulated dispensaries provide all the safety measures missing with the risk of consuming unregulated cannabis. It could also explain how regulation ensures the purity and quality of legal products.
- **Consider the impact of taxes on the illicit market:** Policymakers should consider how tax policy may encourage some consumers to seek out the illicit market. Therefore, the intentions of the taxes should align policy to encourage consumers to purchase in a system that places importance on quality and safety.

By adapting to market dynamics and implementing strategic recommendations, the industry can contribute to the overall economic prosperity across the state. Collaboration among industry stakeholders, policymakers, and regulators will be crucial in navigating these complexities and securing a thriving future for Nevada's cannabis industry.

¹ Estimates from Equio by New Frontier Data and the Regulatory Determinants of Cannabis Outcomes Survey by Cannabis Public Policy Consulting. For more information, please Estimated Illicit Market Size on page XX of the report.

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Cannabis Market

Medical cannabis was legalized in June 2001, following voter approval of the Nevada Medical Marijuana Act (Ballot Question 9), resulting in a constitutional amendment.

Following the legalization of medical cannabis, in 2016, Nevada voters approved the Regulation and Taxation of Marijuana Act (Ballot Question 2), legalizing the purchase, possession, and consumption of cannabis for adults ages 21 and over as of January 1, 2017. In 2021, the Nevada State Legislature passed AB341, allowing the licensing and regulation of cannabis consumption lounges. Thereafter, the CCB promulgated consumption lounge regulations, granted several consumption lounge licenses, and is in the process of granting additional licenses.

Market Trends

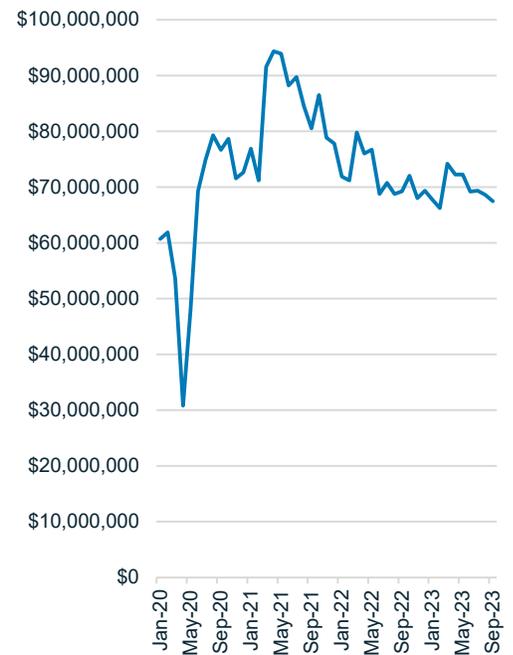
The effect of the cannabis industry in Nevada is significant, generating over \$862 million in sales in 2022. However, there has been some recent turbulence in the market. From 2020 through mid-2021, monthly sales were trending upward, likely because of stay-at-home orders and increased spending due to stimulus packages. However, since April 2021, monthly sales have been trending downwards, with seasonal upticks in sales (notably March through May).

While there has been variability in sales, what has remained stable has been the relative sizes of the adult-use and medical market. The adult-use market represents most sales, ranging from 99.6% to 99.8% of sales, depending on the month.

Delivery, as a percentage of total sales, saw a significant uptick in the early days of the Covid-19 pandemic, when they comprised up to 85% of all sales. Since then, in-store sales represent the majority of sales, about 96% of all sales in recent months. Trends in the adult-use market, mirror the industry as a whole. Delivery peaked in April 2020, comprising 85% of all sales, and then started to decrease, leveling off between 3.5% and 4% of total adult use sales.

The medical and adult-use markets have marked distinctions in size and product types. As a result, the market trends for each will be presented separately.

FIGURE 1: MONTHLY SALES, JANUARY 2020 TO SEPTEMBER 2023



Source: Nevada CCB, calculations by TPMA

FIGURE 2: DELIVERY SALES, AS A PERCENTAGE OF TOTAL SALES, JANUARY 2020 TO SEPTEMBER 2023

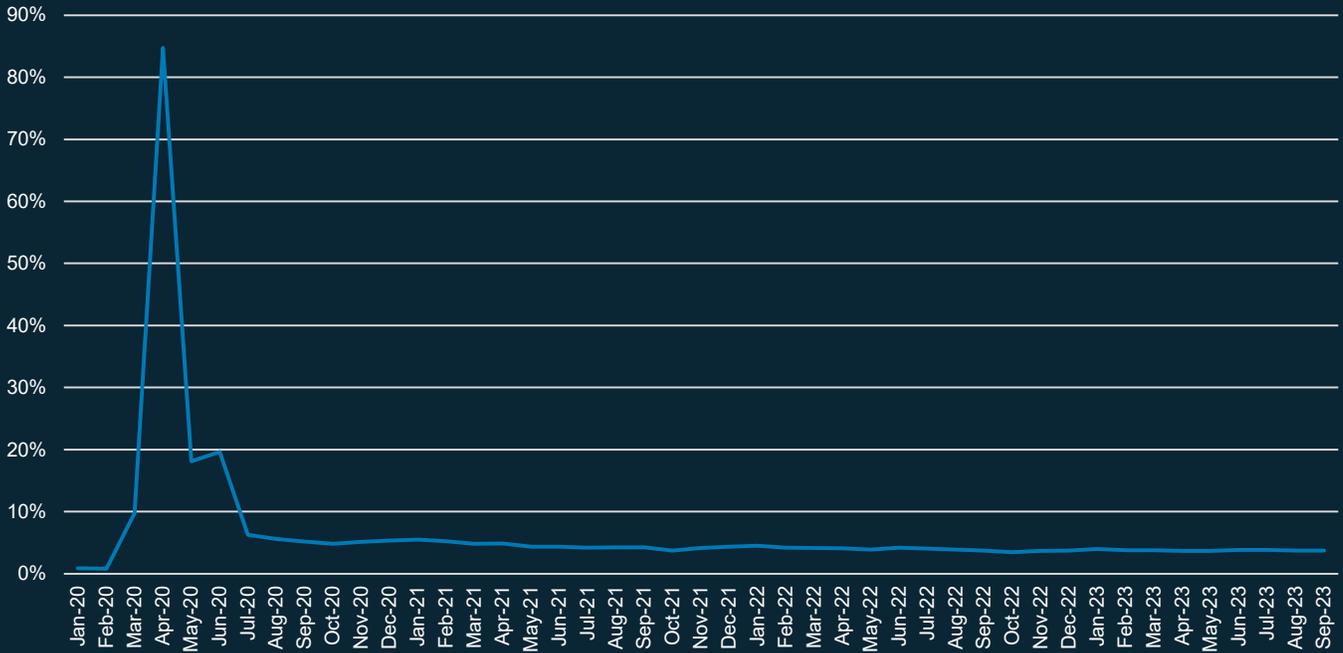


FIGURE 3: DELIVERY AS PERCENT OF TOTAL SALES, JULY 2020 TO SEPTEMBER 2023.



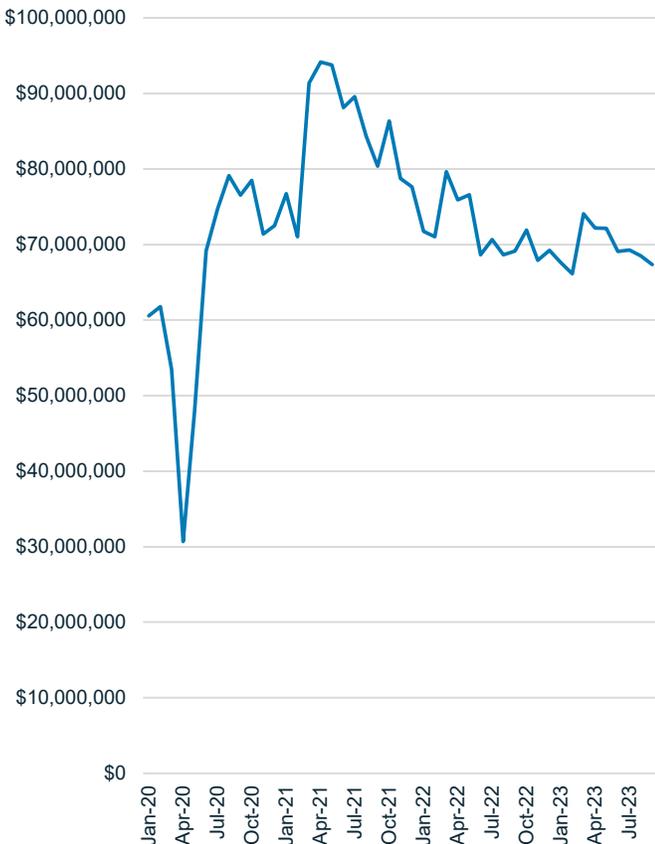


Adult-Use

In 2022, the adult-use market generated over \$861 million in sales. Following overall market trends, monthly sales peaked in April 2021, followed by a slow decline and a recent leveling out.

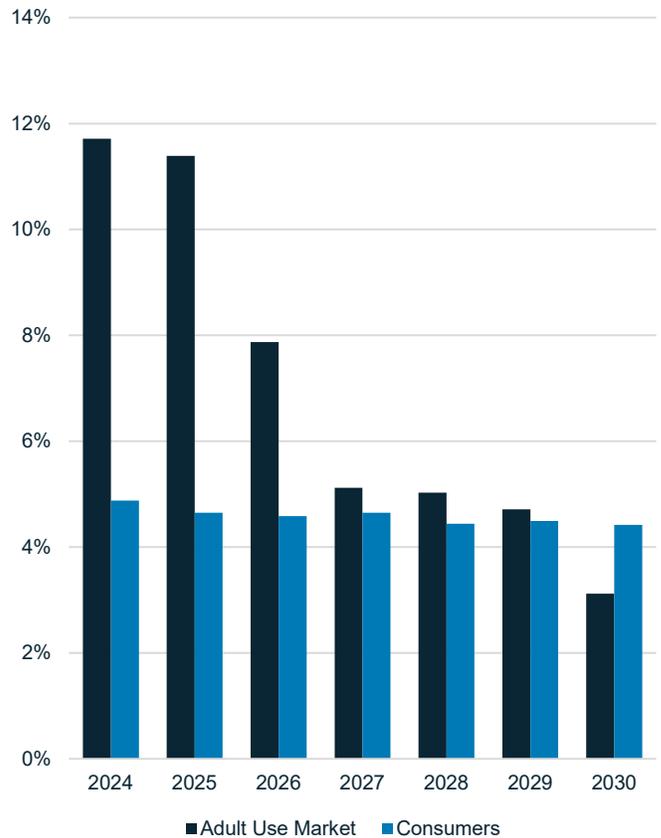
While sales appear to have leveled out in the short term, projections from Equio by New Frontier Data show a reversal of that trend, with growth estimated to continue through 2030, as well as a projected increase in the number of consumers. Moreover, continuing to convert illicit sales to legal sales will provide the opportunity for further growth of the industry.

FIGURE 4: MONTHLY SALES, ADULT-USE, JANUARY 2020 TO SEPTEMBER 2023.



Source: Nevada CCB, calculations by TPMA

FIGURE 5: PROJECTED YEAR-OVER-YEAR CHANGE IN THE NEVADA ADULT-USE MARKET



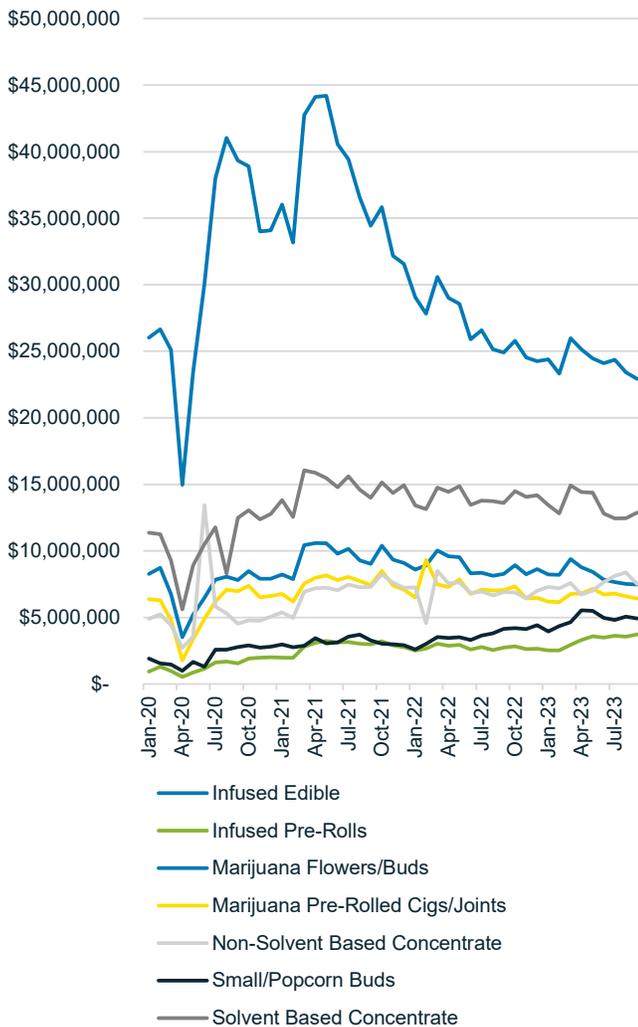
Source: Equio by New Frontier Data

Adult-Use Sales by Product Type

Consumers can choose between many different product types in the Nevada market. By monthly sales, flowers/buds are the most popular, although monthly sales are decreasing, from a peak of \$44 million in April and May 2021 to just under \$23 million per month in September 2023.

Marijuana flowers/buds represent the largest share of sales by product type. As other products came onto market, the market share captured by sales of marijuana flowers/buds has been decreasing from 51% of sales in July 2020 to 34% in September 2023. Conversely, other products, such as small/popcorn buds and infused pre-rolls are capturing a growing share of the market.

FIGURE 6: MONTHLY SALES BY PRODUCT TYPE, ADULT-USE, JANUARY 2020 TO SEPTEMBER 2023²

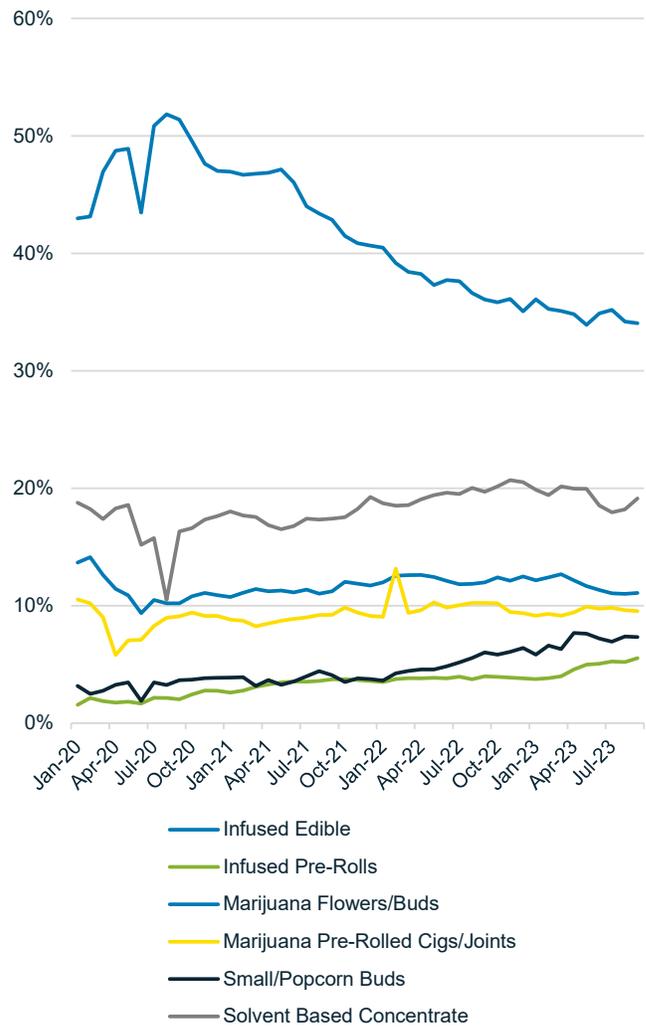


Source: Nevada CCB, calculations by TPMA

² For readability, products with monthly sales less than \$1 million per month have been excluded. A figure with all product types can be found in Appendix A.

Not surprising given the decrease in overall sale by dollar amount, most products have experienced price decreases. For example, from October 2020 to August 2021, marijuana flowers/buds sold for over \$4,000 per pound, on average. Prices have since dropped and are near \$3,000 per pound on average.

FIGURE 7: SHARE OF MONTHLY SALES BY PRODUCT TYPE, ADULT-USE, JANUARY 2020 TO SEPTEMBER 2023.³



Source: Nevada CCB, calculations by TPMA

³ For legibility, products representing less than 5% of monthly sales have been excluded. A figure with all products can be found in Appendix B.

Medical

The medical cannabis market is much smaller than the adult-use market, totaling about \$1.6 million in sales in 2022.⁴ Monthly sales peaked in April 2021, and have been decreasing ever since, to a low of \$102,600 in September 2023. Similarly, the number of active patient cardholders has declined by 14%, from just under 14,150 to 12,169 in September 2023.

Moreover, the monthly sales per active patient cardholder have also been declining.

The majority of sales in the medical market are for infused edibles, representing at least 60% of sales each month. The next most commonly purchased type is flowers/buds, which have represented about 10% of sales, though has recently seen an increase in sales, to 17% in September 2023.

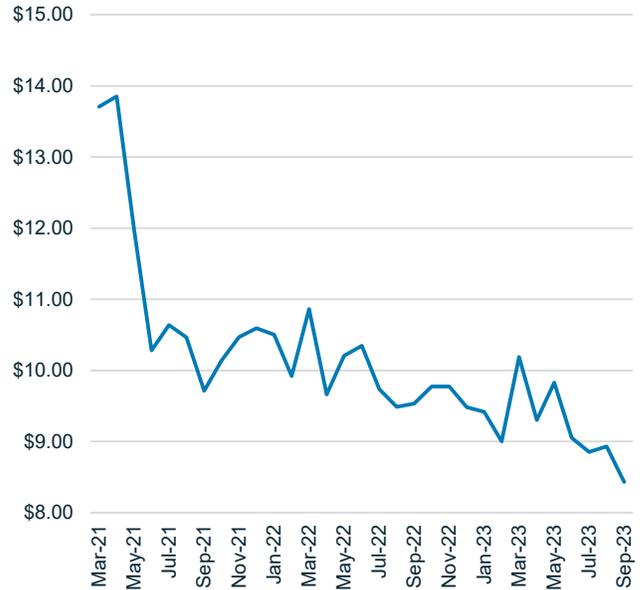
FIGURE 8: MONTHLY MEDICAL USE SALES AND NUMBER OF ACTIVE PATIENT CARDHOLDERS, JANUARY 2020 TO SEPTEMBER 2023.



Source: Nevada CCB and Department of Human Health Services Nevada Division of Public and Behavioral Health, calculations by TPMA

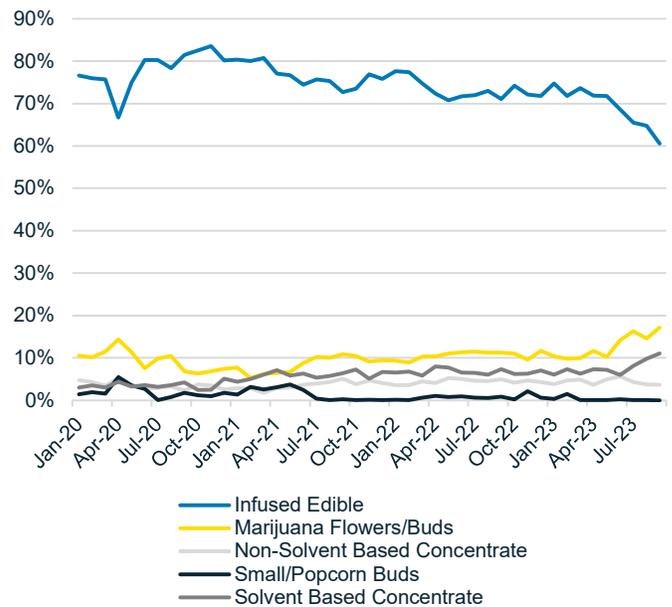
4 Monthly sales data reviewed for this report is limited to medical grade purchases only and does not include patient purchases of adult-use products.

FIGURE 9: SALES PER ACTIVE PATIENT CARDHOLDER, MARCH 2021 TO SEPTEMBER 2021



Source: Nevada CCB, calculations by TPMA

FIGURE 10: SHARE OF MONTHLY SALES BY PRODUCT TYPE, MEDICAL USE, JANUARY 2020 TO SEPTEMBER 2023.⁵



Source: Nevada CCB, calculations by TPMA

5 For readability, this figure is limited to only products representing at least 5% of sales in at least one month.

Cannabis Licenses

Trends in the market significantly impact businesses through consumer behavior, demand, and competitive dynamics. The number of active cannabis licenses, a trailing indicator, peaked in 2022. In 2023, active licenses decreased by 12%, to 665.

Cultivation licenses, for both the medical and adult-use market,⁶ accounted for almost half of this decrease. Production facilities also saw a significant decrease in license numbers. Dispensaries were largely unaffected, with only two licenses being lost for medical dispensaries and retail dispensaries gaining one active license.

TABLE 1: CANNABIS LICENSES BY TYPE, SEPTEMBER 2021-2023

| | 2021 | 2022 | 2023 |
|---------------------|------|-----------|------------|
| MEDICAL CULTIVATION | 156 | 153 (-2%) | 125 (-18%) |
| MEDICAL DISPENSARY | 67 | 67 (0%) | 65 (-3%) |
| MEDICAL LABORATORY | 10 | 10 (0%) | 9 (-10%) |
| MEDICAL PRODUCTION | 110 | 109 (-1%) | 90 (-17%) |
| RETAIL CULTIVATION | 150 | 148 (-1%) | 129 (-13%) |
| RETAIL DISPENSARY | 84 | 99 (18%) | 100 (1%) |
| RETAIL DISTRIBUTOR | 50 | 50 (0%) | 45 (-10%) |
| RETAIL LABORATORY | 10 | 10 (0%) | 9 (-10%) |
| RETAIL PRODUCTION | 108 | 108 (0%) | 93 (-14%) |
| GRAND TOTAL | 745 | 754 (1%) | 665 (-12%) |

⁶ One business can hold multiple license types, meaning that one operator may hold both a medical cultivation and a retail cultivation license.

Source: Nevada CCB, calculations by TPMA



Market Supply

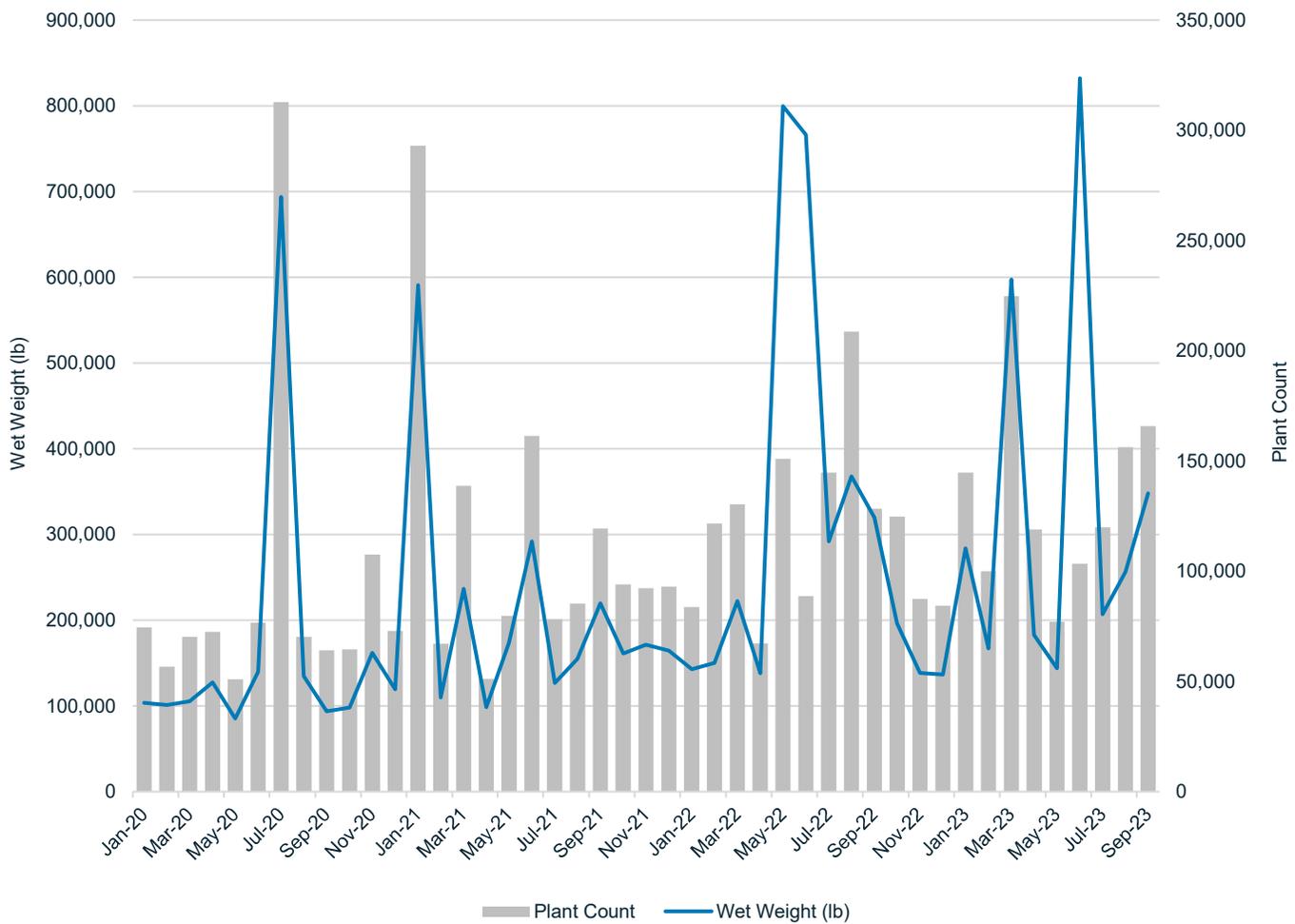
The data show a noticeable increase in wet weight harvests over time, despite a decrease in the number of cultivation licenses, as well as an upward trend in the number of plants harvested per month. There is also significant seasonality in harvests, with large harvests in the early summer.

This trend becomes more apparent when viewing the wet weight of the cannabis harvested annually, as well as the monthly average.⁷ The average monthly harvests in 2022 and 2023 were nearly double that in 2020 and 2021, though some of the difference may be attributed to limitations due to the Covid-19 pandemic. However, the size of increase suggests advancements in cultivation and harvest techniques.

Moreover, results from the survey conducted as part of this study (discussed in more detail later in the report) indicate that there is additional capacity with current cultivators. While nearly half of the cultivators said that they were utilizing all their potential cultivation area, the remaining half can expand cultivation, including 12% of the industry survey respondents who are utilizing less than 25% of their cultivation capacity.

7 Data for 2023 covers January 2023 to September 2023.

FIGURE 11: MONTHLY CANNABIS HARVEST, JANUARY 2020 TO SEPTEMBER 2023



Source: Nevada CCB, calculations by TPMA

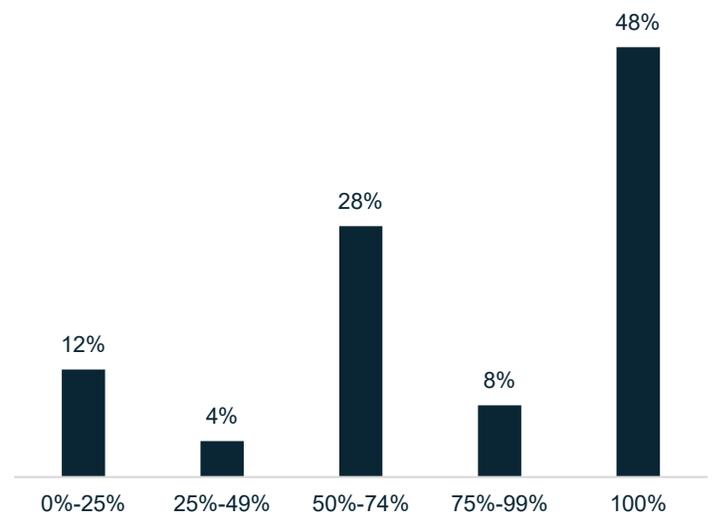


TABLE 2: ANNUAL CANNABIS HARVESTS, 2022-2023

| | <i>Wet Weight (lb)</i> | <i>Average per Month</i> |
|------|------------------------|--------------------------|
| 2020 | 2,619,718 | 218,310 |
| 2021 | 3,332,022 | 277,669 |
| 2022 | 4,893,561 | 407,797 |
| 2023 | 4,025,423 | 447,269 |

Source: Nevada CCB, calculations by TPMA

FIGURE 12: ACTIVE CULTIVATION AREA AS A PERCENTAGE OF TOTAL AVAILABLE CULTIVATION AREA



Source: TPMA Cannabis Employer/Employee Survey, 2023

Estimated Consumer Demand

As part of this project, TPMA, conducted a survey of cannabis consumers in Nevada.⁸ As part of this survey, respondents were asked about their cannabis usage and were asked to estimate the amount of flower, liquid concentrate, oil cartridges or vape pens, solid concentrate, edibles, cannabis beverages, and tinctures or topical ointments they used in the past month. For standardization purposes, all products other than flower were converted to grams of tetrahydrocannabinol (THC) and grams of flower. After removing outliers, the average respondent used approximately 61 grams of cannabis per month.⁹

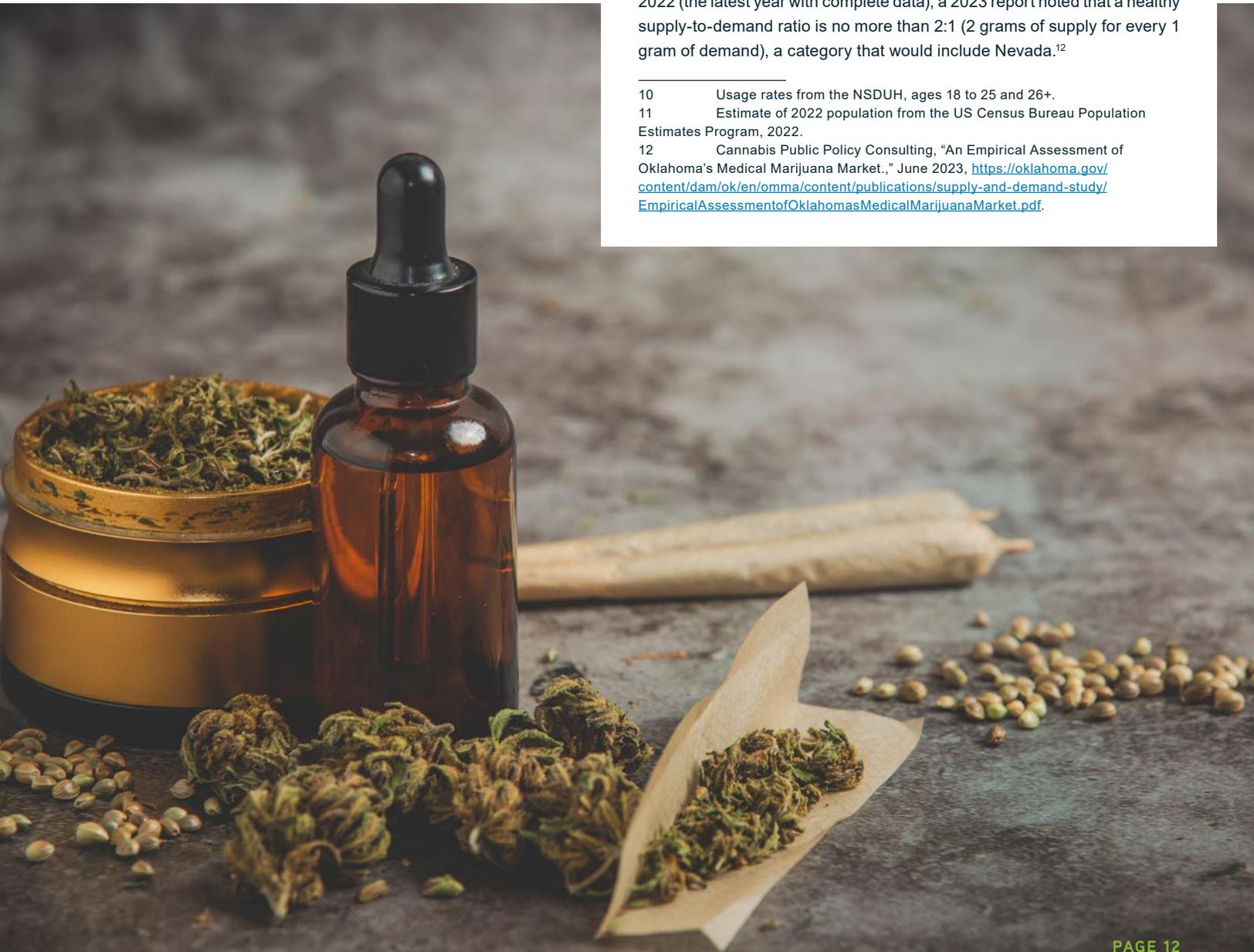
⁸ See Appendix B for more information on the survey.
⁹ Please see Appendix A for more information on study limitations.

The number of cannabis users was estimated using results from the National Survey on Drug Use and Health (NSDUH). The percent of individuals who have reported using cannabis at least once in the past month and in the past year were multiplied by the estimated number of individuals ages 21 years of age or older, to generate low and high estimates.^{10,11} This equates to 500,667 Nevada residents who have used cannabis in the past month and 690,878 who have used cannabis in the past year.

To find cannabis demand per year, the average monthly use was multiplied by the estimated number of monthly cannabis users, by twelve months, to arrive at 365,960,000 to 504,993,000 grams per year.

For comparison to supply, this was converted to pounds of cannabis. Then, data from the CCB was used to account for drying and waste. This showed that on average, the total packaged weight is 25% of the wet weight. Using these figures, the estimated total demand, in wet weight, is 3,260,500 to 4,499,200 pounds. While the estimated demand is lower than the supply in 2022 (the latest year with complete data), a 2023 report noted that a healthy supply-to-demand ratio is no more than 2:1 (2 grams of supply for every 1 gram of demand), a category that would include Nevada.¹²

¹⁰ Usage rates from the NSDUH, ages 18 to 25 and 26+.
¹¹ Estimate of 2022 population from the US Census Bureau Population Estimates Program, 2022.
¹² Cannabis Public Policy Consulting, "An Empirical Assessment of Oklahoma's Medical Marijuana Market.," June 2023, <https://oklahoma.gov/content/dam/ok/en/omma/content/publications/supply-and-demand-study/EmpiricalAssessmentofOklahomasMedicalMarijuanaMarket.pdf>.



Tax Structures

Price Elasticity of Demand

One of the benefits of cannabis legalization is the tax revenue that can be generated. However, understanding the price elasticity of demand is critical when considering the potential tax revenue. While there has previously been some work in academic literature to understand the price elasticity of demand, to the project team's knowledge, none of these efforts took place in Nevada. Conducting an analysis limited to the Nevada market can help inform policymakers when considering changes to the current tax structure.

Price elasticity of demand measures the change in demand for a good in relation to a change in its own price. Demand is considered elastic when a 1% change in price leads to more than a 1% change in quantity demanded. Conversely, demand is considered inelastic when a 1% change in price results in a less than 1% change in the quantity demanded.

To estimate the price elasticity of demand for cannabis in Nevada, this study uses a dataset of approximately 1.96 million retail cannabis flower sales transactions from January 2023 to September 2023, provided by the CCB. This dataset includes sales made by one arm of a vertically integrated company to another. To ensure that the information is not biased by these "pseudo-sales" and other outliers, sales that were less than \$1 and those with prices per pound less than \$10 and more than \$1,000,000 were excluded from the dataset. After those removals, the dataset included about 1.86 million transactions.

In Nevada, demand for cannabis is inelastic, with a price elasticity estimate of -0.74. In other words, a 10% increase in the price of cannabis could result in about a 7% decrease in the amount of cannabis consumed. Similarly, a study of 23,000 marijuana transactions across the United States found price elasticity of demand estimates between -0.67 and -0.79, aligning with the findings from this study.¹³ This finding also aligns with those for other recreational substances, such as beer and cigarettes, which also have inelastic demand.^{14,15}



Understanding the price elasticity of demand has two important implications for policymakers when considering tax policies. The more inelastic demand for a good is, the more revenue can be generated by raising the tax revenue on that specific good. However, conversely, if the goal is to discourage use, having more inelastic demand decreases the effectiveness of a tax-induced price increase in reducing usage. A study of the Washington cannabis market, with a 37% excise tax at the point of retail sales, concluded that, "If supply and demand characteristics are similar...our results suggest that significant state revenue may be left on the table in...other states."¹⁶

13 Adam J. Davis, Karl R. Geisler, and Mark W. Nichols, "The Price Elasticity of Marijuana Demand: Evidence from Crowd-Sourced Transaction Data," *Empirical Economics* 50, no. 4 (June 1, 2016): 1171–92, <https://doi.org/10.1007/s00181-015-0992-1>.

14 Christopher J. Ruhm et al., "What U.S. Data Should Be Used to Measure the Price Elasticity of Demand for Alcohol?," Working Paper Series 17578 (National Bureau of Economic Research, November 2011), <https://doi.org/10.3386/w17578>.

15 Christopher J. Ruhm et al., "What U.S. Data Should Be Used to Measure the Price Elasticity of Demand for Alcohol?," Working Paper Series (National Bureau of Economic Research, November 2011), <https://doi.org/10.3386/w17578>.

16 Benjamin Hansen, Keaton Miller, and Caroline Weber, "The Taxation of Recreational Marijuana: Evidence from Washington State," NBER Working Paper Series, 2017, <https://www.ssrn.com/abstract=3006807>.

Illicit Market

Estimated Illicit Market Size

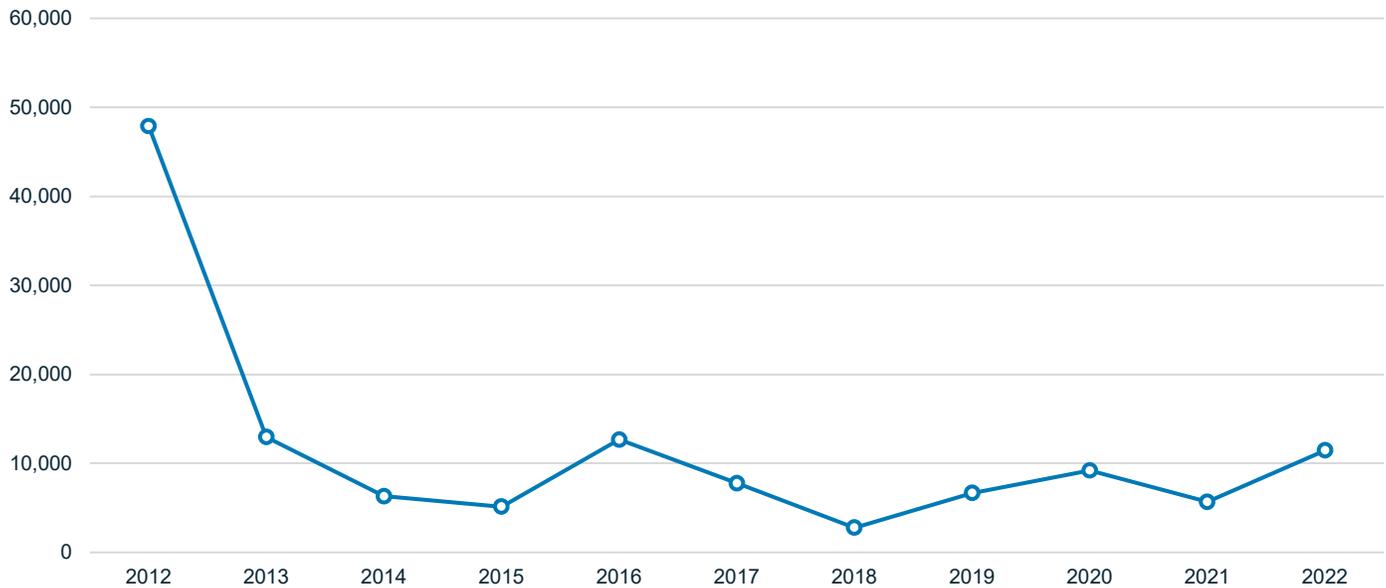
Due to its hidden nature, estimating the size of the illicit market in Nevada, or anywhere else, is inherently challenging. In 2022, the US Drug Enforcement Administration (DEA) eradicated nearly 5.7 million illegal marijuana plants cross the United States.¹⁷ In Nevada, 11,471 plants were eradicated, up from 5,686 plants in 2021. Trends in Nevada are similar to those nationwide, which has seen an increase in the number of plants eradicated annually since 2018, despite an increasing number of states with legal cannabis.

While these numbers provide some insight into the illicit market, they do not encompass the entirety of the illicit market; they do not capture cross-state illicit trade, nor those that escaped detection.

Rather than focusing on cultivation, consumer demand can be used to estimate the size of the illicit market. As mentioned previously, estimating the exact size of the illicit market is an imprecise science at best. Thus, this report presents rough estimates of the illicit market from three sources.

As reported earlier, the CCB administered a cannabis consumer survey as part of this study. As part of that survey, respondents were asked if they purchased cannabis from an illicit source. Those data, in conjunction with estimates from the National Survey on Drug Use and Health (NSDUH) were used to estimate the size of the illicit market. Results from the 2021-2022 NSDUH show that 29.54% of Nevada adults ages 18 and older have used cannabis in the past year.¹⁸ This was combined with the estimated 2022 adult population from the Census Bureau's Population Estimates Program.¹⁹ Using this information, 733,660 Nevada residents ages 18 and older have used cannabis in the past year. Then, based on responses from the cannabis consumer survey administered by the CCB, approximately 14 to 16% of respondents have used cannabis from an illicit source. Based on that figure, there are approximately 102,000 to 119,000 users of illicit cannabis per year. However, due to the low number of responses to the consumer survey, this should be viewed as a rough estimate.

FIGURE 13: CULTIVATED CANNABIS PLANTS ERADICATED, 2012 - 2022



Source: US DEA Domestic Cannabis Eradication/Suppression Program Statistical Reports, 2012 – 2022.

17 U.S. Drug Enforcement Agency, "2022 Final Domestic Cannabis Eradication/Suppression Program Statistical Report," n.d., <https://www.dea.gov/sites/default/files/2023-04/FY2022%20DCE-SP%20Stats%20%28004%29.pdf>.

18 SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health, 2021 and 2022.

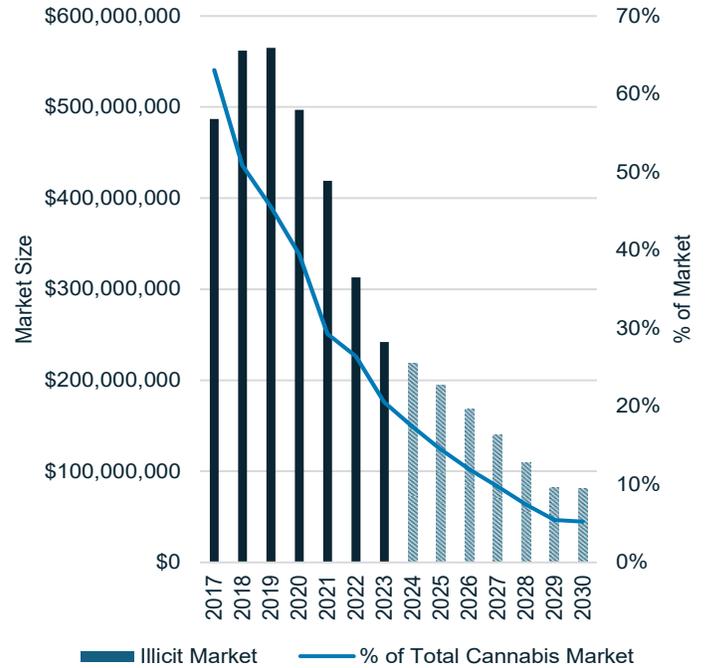
19 U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population by Single Year of Age and Sex for Nevada: April 1, 2020 to July 1, 2023 (SC-EST2023-SYSEX-32).

Equio by New Frontier Data produces annual reports that estimate the illicit, adult-use, and medical markets nationwide. Their 2023 market projections show an estimated illicit market size of \$242 million, or about 21% of the total cannabis market in Nevada. Notably, they estimate that the illicit market has been decreasing since 2019, a trend that they forecast to continue through 2030.

The final estimate comes from the Regulatory Determinants of Cannabis Outcomes Survey (RDCOS). The RDCOS is a quarterly, cross-sectional survey on cannabis use, nationwide. Based on data from the June 2023 survey, approximately 30% of cannabis purchased in Nevada is illicit.²⁰ Using this percentage, based on 2022 sales, the estimated illicit market size would be \$370 million. Similarly, Equio by New Frontier Data estimated the illicit market to be \$313 million in 2022.

20 Cannabis Public Policy Consulting, "Percent of Total Cannabis That Is Regulated in the United States," June 2023, <https://www.cannabispolicyconsulting.com/wp-content/uploads/2023/09/2023-June-RDCOS-Factsheet.pdf>.

FIGURE 14: ESTIMATED ILLEGAL MARKET SIZE, 2017 – 2030 (PROJECTED)



Source: Equio by New Frontier Data



Elasticity of Demand

The cross-price (or cross) elasticity of demand measures the change in demand for one product given a change in price for another product. In the cannabis market, understanding the effects of pricing in the legal and illicit markets is critical for considering the regulation of the legal market, maximizing tax revenues, and inhibiting the illicit market.

A 2018 study of cannabis users in the United States found significant positive linear cross-price elasticities, meaning that both legal and illicit are considered substitutes for one another. However, substitutability was asymmetric, where the presence of legal cannabis significantly decreased demand for illegal cannabis, whereas the reverse was also true, but to a much smaller degree. The presence of illegal cannabis increased the price sensitivity for legal cannabis by 12.5%, while the presence legal cannabis increased the price sensitivity for illegal cannabis by 64%.²¹ Further, in a 2018 study of cannabis users in Canada, when prices of legal and illicit cannabis are similar, legal cannabis was highly preferred, depressing the illicit market.²² This highlights the importance of price, and maintaining price similarity between the illicit and the legal market. Results from the cannabis consumer survey support this finding with 29% percentage of respondents saying they would purchase more cannabis from the illicit market if the price of legal cannabis were to increase.

Factors Contributing to the Illicit Market

Prices

While demand for cannabis is inelastic, consumers are sensitive to prices, as demonstrated by the substitution between illicit and legal cannabis. Moreover, prices and the lack of taxes were the most frequently cited factors in the decision to purchase from an illicit dealer according to the cannabis consumer survey conducted by TPMA. Because those in the illicit market do not have to adhere to regulatory requirements nor pay taxes, they can often sell cannabis at a lower price than those in the legal market.

Perceived Quality

Cannabis demand is impacted by perceived quality, with users willing to pay more for higher quality products.²³ Product quality impacts consumers' decision to purchase from illicit sources. For survey respondents, "higher quality" was the third most commonly cited factor as part of the decision-making process to purchase from a dealer.

Convenience

When choosing goods, consumers are more likely to choose the good that saves them time, money, and effort. Respondents to the cannabis consumer survey cited convenience as a factor in purchasing from a dealer. Moreover, the National Retail Federation's 2020 Consumer View²⁴ reported that 93% of consumers are more likely to choose a retailer based on convenience. Those living in rural areas of the state may have to travel significant distances purchase cannabis legally, creating a disincentive. Regardless of the purchase type, consumers are more likely to make a purchase that is convenient to them.

State and Local Policies

While regulations, including licensing, tracking, and testing, protect consumers, they also increase the cost of doing business for legal cannabis businesses. Moreover, because municipalities are allowed to decide if they want to allow the use and sale of adult-use cannabis, this may create a patchwork network where consumers are not able to conveniently access legal cannabis, providing an opportunity for the proliferation of illicit cannabis.

21 Michael Amlung et al., "Price Elasticity of Illegal versus Legal Cannabis: A Behavioral Economic Substitutability Analysis," *Addiction* 114, no. 1 (2019): 112–18, <https://doi.org/10.1111/add.14437>.

22 Michael Amlung and James MacKillop, "Availability of Legalized Cannabis Reduces Demand for Illegal Cannabis among Canadian Cannabis Users: Evidence from a Behavioural Economic Substitution Paradigm," *Canadian Journal of Public Health* 110, no. 2 (April 1, 2019): 216–21, <https://doi.org/10.17269/s41997-018-0160-4>.

23 Paula C. Vincent et al., "The Effects of Perceived Quality on Behavioral Economic Demand for Marijuana: A Web-Based Experiment," *Drug and Alcohol Dependence* 170 (January 1, 2017): 174–80, <https://doi.org/10.1016/j.drugalcdep.2016.11.013>.

24 National Retail Federation, "Convenience and the Consumer," *Consumer View*, Winter 2020, <https://cdn.nrf.com/sites/default/files/2020-01/cv8-convenience-final-jan-9-2020.pdf>.

Comparative Analysis

State Comparison

The selections of states for the comparative analysis were informed through discussions with the CCB and stakeholders and by project team research. Through these various channels, three states were identified: Oregon, California, and Colorado. This analysis will identify similarities and differences within the cannabis markets in these states, to provide a better understanding of how the market operates in some of Nevada's peer states.

For consistency, data on sales and the illicit market are sourced from Equio by New Frontier Data, to ensure uniformity across states.

Legal Market

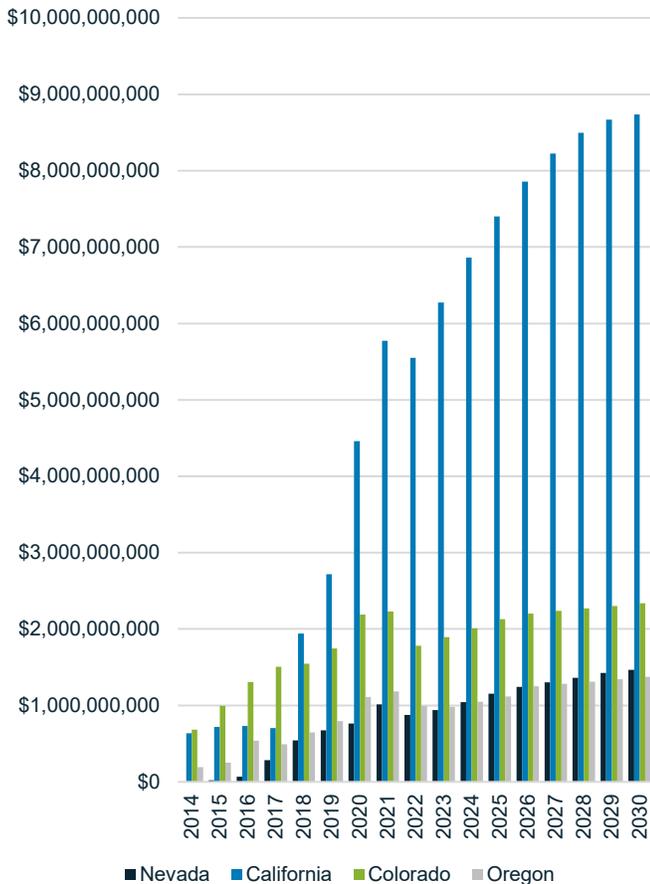
Prior to 2018, Colorado had the largest legal market size.²⁵ By 2018, California had overtaken Colorado, and continues to have the largest legal market size. Of the four states, Nevada has the smallest market; however, Nevada is also the smallest in terms of population.

To provide a more standardized view, the four states can be compared on a per capita basis.²⁶ As seen in Figure 16, despite having the largest legal market, since 2016, California has had the smallest legal market on a per capita basis. Nevada's per capita market has grown, to a peak of \$433 per person 21+ in 2021, and becoming the second largest market per capita, second to Colorado.

When limited to only the adult use market, the same trends hold, as seen in Figure 17 and Figure 18.

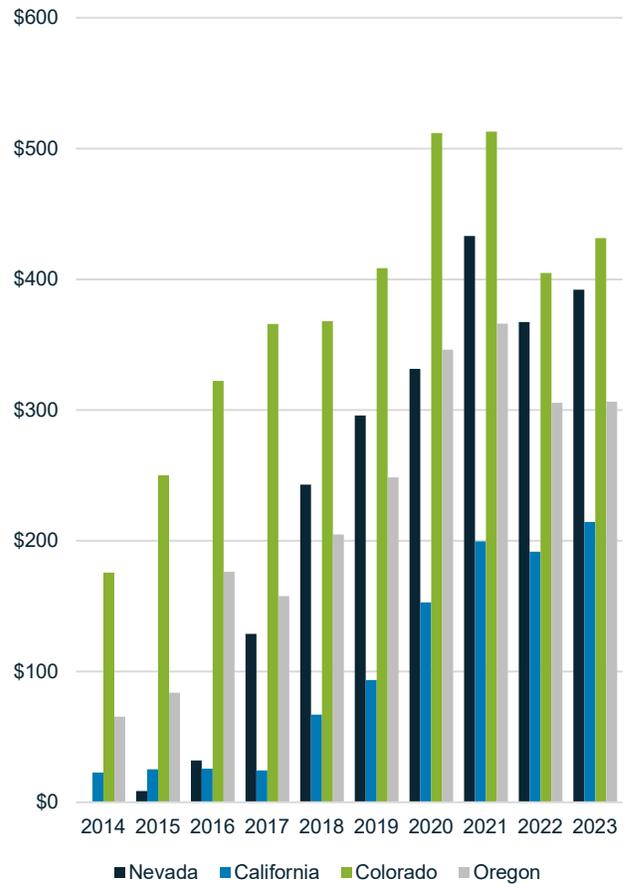
²⁵ Includes both adult use and medical.
²⁶ Per capita sales are calculated based on the 21+ population in each state.

FIGURE 15: LEGAL MARKET SIZE, 2014 TO 2030 (PROJECTED)



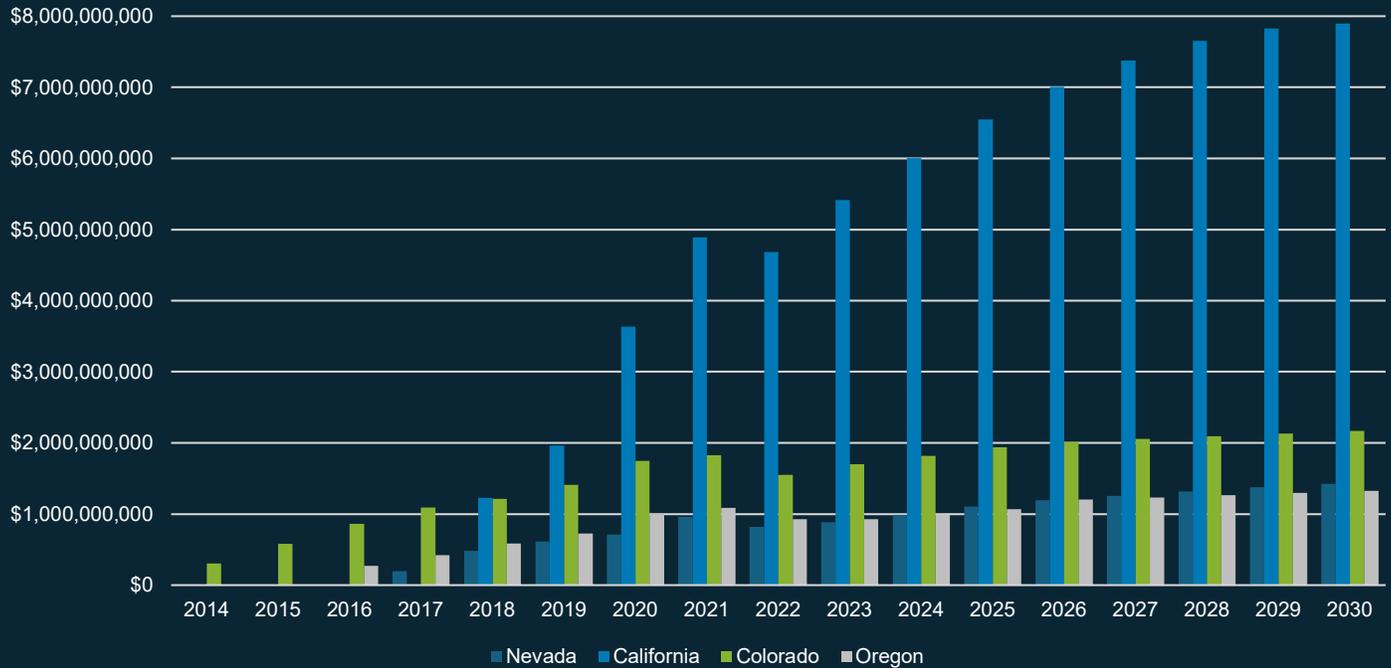
Source: Equio by New Frontier Data

FIGURE 16: LEGAL MARKET SIZE PER CAPITA (21+), 2014 TO 2023



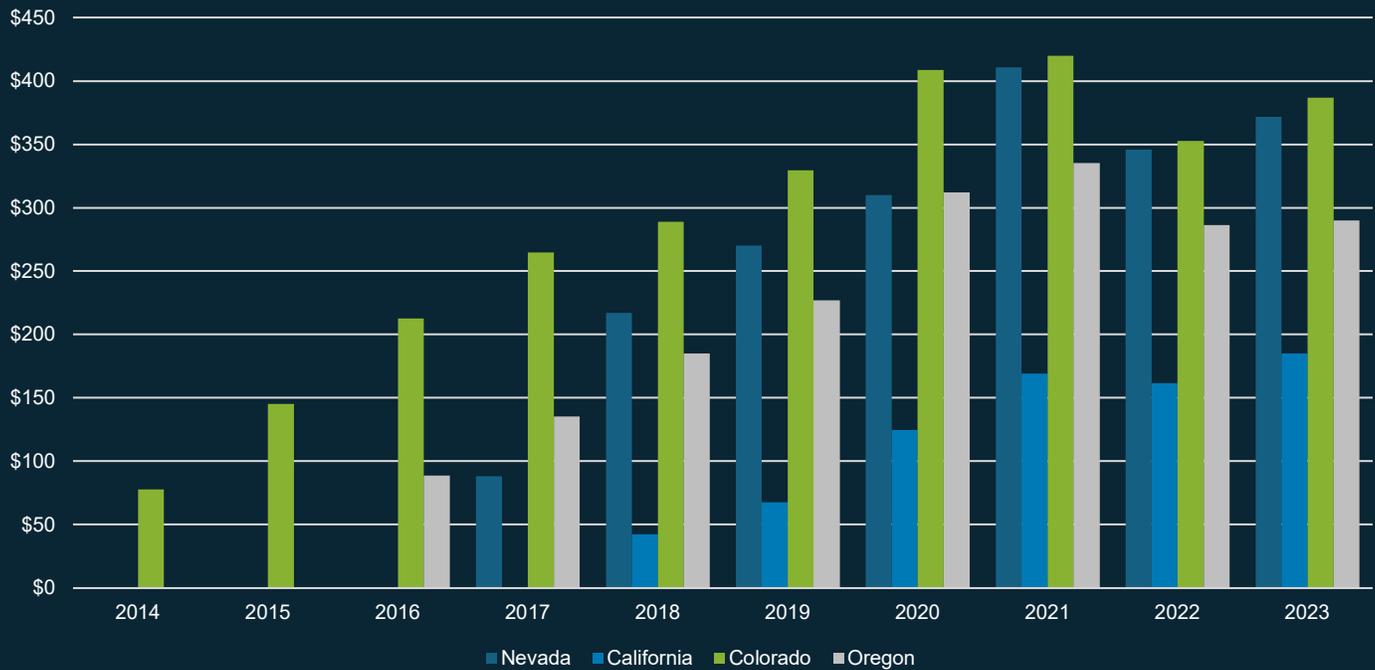
Source: Equio by New Frontier Data, 2014-2019, 2021-2022 American Community Survey 1-Year Estimates, Decennial Census, Esri Business Analyst.

FIGURE 17: ADULT USE MARKET SIZE, 2014 TO 2030 (PROJECTED)



Source: Equio by New Frontier Data

FIGURE 18: PER CAPITA ADULT USE MARKET SIZE (21+), 2014 TO 2023



Source: Equio by New Frontier Data, 2014-2019, 2021-2022 American Community Survey 1-Year Estimates, Decennial Census, Esri Business Analyst.

The medical use market follows similar trends, with California having the largest market size, followed by Colorado.

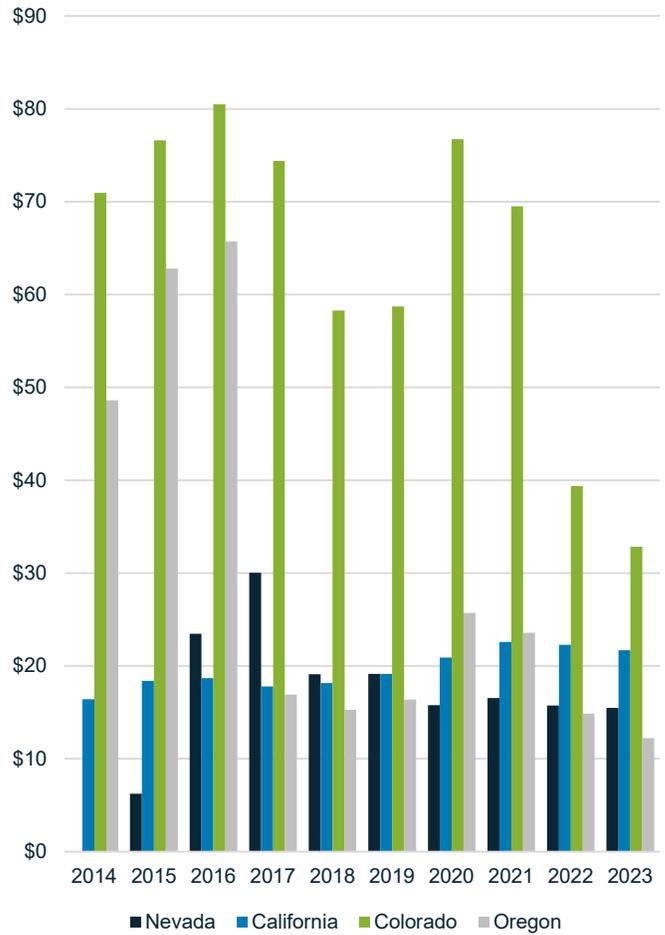
When looking at the medical use market on a per capita basis, Colorado has the largest medical market. Between 2017 and 2021, Colorado's market was more than double that of the other states. However, following 2021, the medical use market, on per capita basis, greatly decreased. The medical use market in Nevada is on the smaller size, though relatively similar to California and Oregon.

FIGURE 19: MEDICAL USE MARKET SIZE, 2014 TO 2030 (PROJECTED)



Source: Equio by New Frontier Data

FIGURE 20: PER CAPITA MEDICAL USE MARKET SIZE, 2014 TO 2023.



Source: Equio by New Frontier Data, 2014-2019, 2021-2022 American Community Survey 1-Year Estimates, Decennial Census, Esri Business Analyst.

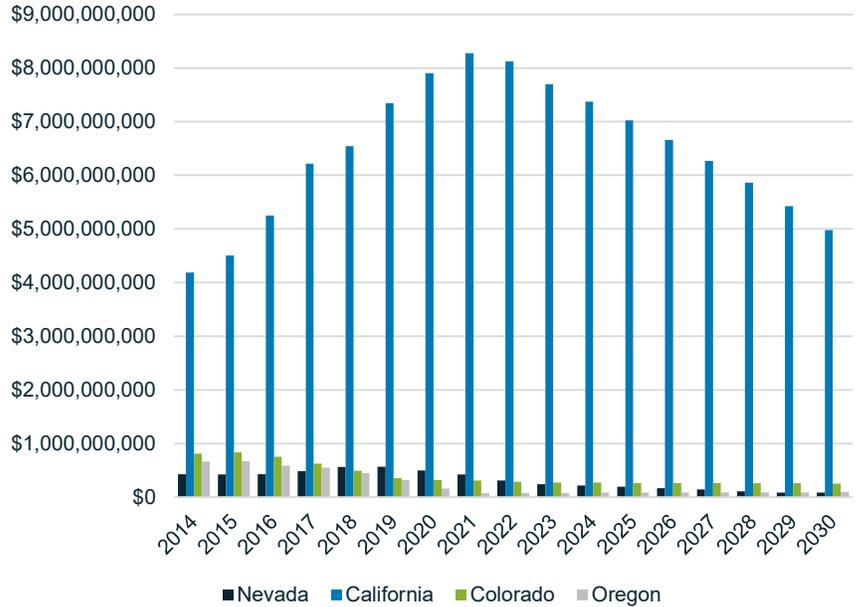


Illicit Market

In all four states, the illicit market size is estimated to be decreasing. The estimated illicit market in California is the largest, greatly overshadowing that of the other three states. Estimates from Equio by New Frontier data show that the illicit market size in Nevada has been declining since 2019, a trend that is projected to continue.

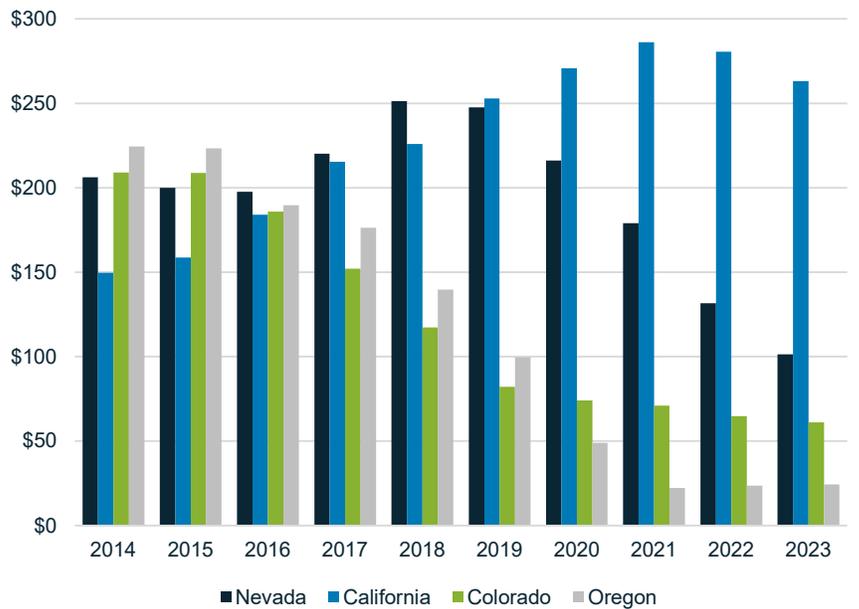
When compared to the other three states, in recent years, Nevada has had the second largest per capita illicit market size, second to California.

FIGURE 21: ILLICIT MARKET SIZE, 2014 TO 2030 (PROJECTED)



Source: Equio

FIGURE 22: PER CAPITA ILLICIT MARKET SIZE (21+), 2014 TO 2023.

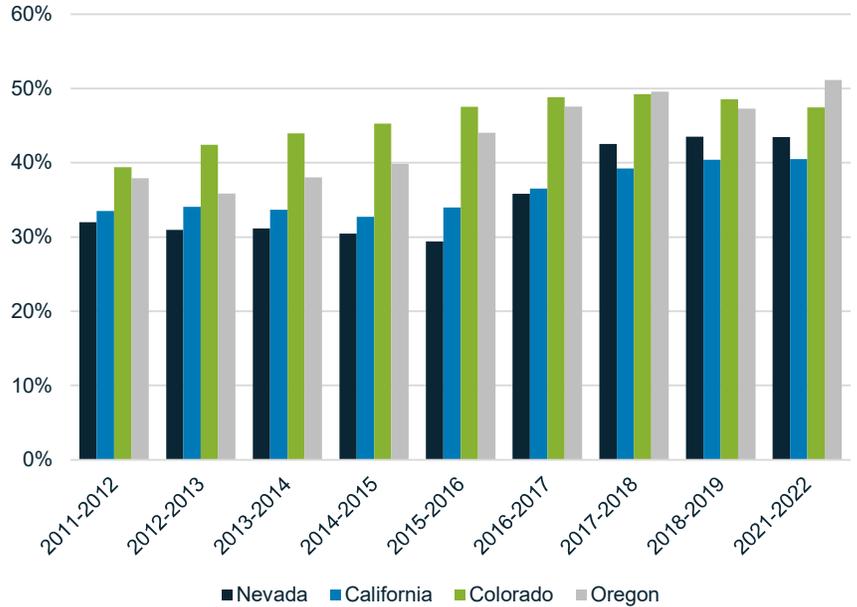


Cannabis Use

Prior to legalization of adult-use cannabis in Nevada, the state had the lowest cannabis usage rates of the four for those ages 18 to 25, ranging from 29% to 32% depending on the year. Following legalization, the percent of the population that had used cannabis in the past year rose annually. In 2021-2022, Nevada had the second highest usage rates for this age group among the peer states, 45%, second to Oregon.

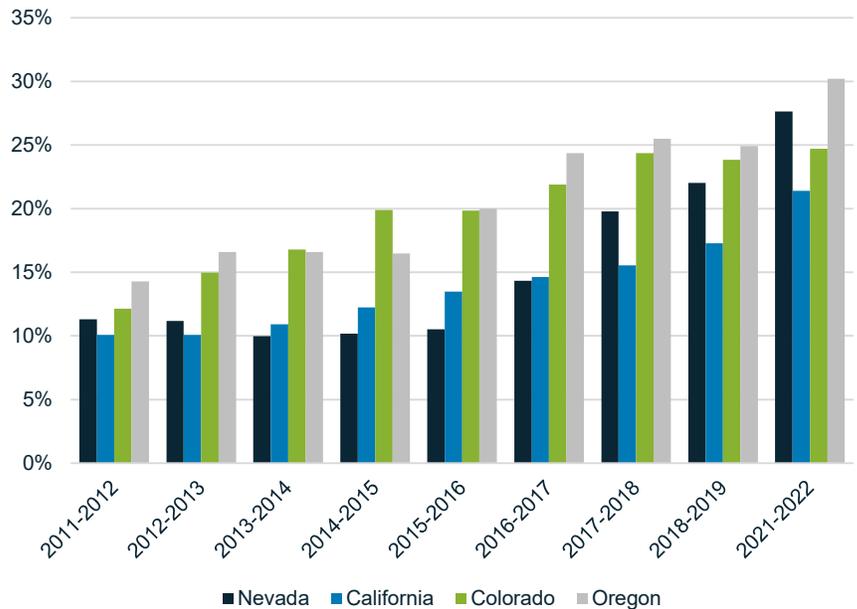
Trends are similar for those ages 26+, however, the increase in usage rates has been smaller, from 11% in 2015 to 2016 to 22% in 2018 to 2019. In 2021-2022, usage rates were 23%, matching those in Colorado.

FIGURE 23: CANNABIS USE IN THE PAST YEAR, AGES 18-25²⁷



Source: Substance Abuse and Mental Health Services Administration National Survey on Drug Use and Health.

FIGURE 24: CANNABIS USE IN THE PAST YEAR, AGES 26+²⁸



Source: Substance Abuse and Mental Health Services Administration National Survey on Drug Use and Health.

27 Due to changes in the NSDUH survey methodology, estimates from 2021-2022 are not comparable to estimates from previous years.

28 Due to changes in the NSDUH survey methodology, estimates from 2021-2022 are not comparable to estimates from previous years.

Taxation

Throughout the US, cannabis taxes vary widely, with no standard state and local taxes, such as with alcohol. Of the four states, three (Nevada, Oregon, and Colorado) use a percentage-of-price tax, based on the final retail price paid by the consumer.²⁹ Due to similarity with existing sales tax structures, these types of taxes have the benefit of being relatively simple to administer. However, because they are based on purchase price, cannabis prices will impact the amount of tax revenue collected. In many markets, cannabis prices decrease over time, which can create volatility in tax revenues.³⁰

California uses a gross receipts tax, which are taxes based on the sale price, including all charges related to the sale (such as delivery fees), and local cannabis business taxes, but does not include sales tax. This method is more complex and can be more burdensome on business owners.

Nevada and Colorado both have a 15% excise tax levied on cultivators. For affiliate sales, these are weight-based taxes based on average wholesale prices. Two states, California and Oregon previously had weight-based taxes, which they repealed.

Additionally, all adult-use sales in Nevada and California are subject to sales tax, while those in Oregon are dependent on the locality. In all four states, medical sales are exempt from most excise or state sales taxes, though the specifics vary from state to state.

While all four states have excise taxes, policymakers should be aware that these can impact the industry's ability to compete with the illicit market. Cannabis taxes can also be significant sources of revenue, offsetting any additional expenses associated with industry regulation or the legal market itself, or as a tool to moderate or manage cannabis consumption. With this in mind, governments should carefully consider their broader goals and needs when designing tax policies.



NEVADA

15% excise tax on the first wholesale sale based on Fair Market Value or actual sales price

Sales tax (6.85% - 8.375% depending on locality)

10% retail excise tax based on purchase price

Medical patients are exempt from retail excise tax



OREGON

17% retail sales tax

Additional 3% retail sales tax, depending on locality

Medical patients are exempt from state and local sales tax



COLORADO

15% retail excise tax on the first sale from a cultivation facility based on Average Market Rate or contract price

15% retail marijuana sales tax based on purchase price

Medical patients pay 2.9% state sales tax

Recreational sales are exempt from state sales tax

Local and special districts taxes (imposed by some local governments; varies)



CALIFORNIA

15% cannabis excise tax on the gross receipt of retail sales

Sales and use tax (7.250% - 10.750%)

Cannabis business tax (imposed by some local governments; varies)

Medical patients are exempt from sales and use tax

²⁹ Nevada also has an excise tax paid by cultivators, discussed later.

³⁰ Richard Auxier and Nikhita Airi, "The Pros and Cons of Cannabis Taxes" (Tax Policy Center, Urban Institute & Brookings Institute, September 2022), https://www.urban.org/sites/default/files/2022-09/Pros%20and%20Cons%20of%20Cannabis%20Taxes_0.pdf.

Jurisdiction Comparison within Nevada

As the population and tourism center, Clark County generates the majority of cannabis sales, as well as supports the largest number of cannabis-related businesses in Nevada. As seen in Table 3, regardless of the license type, Clark County holds the highest number of licenses.

However, when examining the number of active licenses per 1,000 people, Clark County no longer has the highest number. Esmeralda County has the highest number of cultivation and production licenses per 1,000 people, while Nye County has the highest number of distributor licenses per capita. For dispensaries, due to its low population, Storey has the highest number of retail dispensaries per capita, despite having just one active retail dispensary license. Similarly, White Pine has the highest number of medical dispensary licenses per 1,000 people, again, despite having just one active medical dispensary license.

TABLE 3: ACTIVE LICENSES BY COUNTY, SEPTEMBER 2023³¹

| | CULTIVATION | | DISPENSARY | | DISTRIBUTOR | LABORATORY | | PRODUCTION | |
|-------------|----------------|---------------|----------------|---------------|---------------|----------------|---------------|----------------|---------------|
| | <i>Medical</i> | <i>Retail</i> | <i>Medical</i> | <i>Retail</i> | <i>Retail</i> | <i>Medical</i> | <i>Retail</i> | <i>Medical</i> | <i>Retail</i> |
| CARSON CITY | 3 | 4 | 2 | 2 | 2 | 0 | 0 | 3 | 4 |
| CHURCHILL | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| CLARK | 81 | 84 | 46 | 71 | 34 | 7 | 7 | 59 | 63 |
| ELKO | 2 | 2 | 1 | 2 | 0 | 0 | 0 | 0 | 0 |
| ESMERALDA | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 2 | 1 |
| HUMBOLDT | 1 | 1 | 0 | 2 | 0 | 0 | 0 | 0 | 0 |
| LANDER | 4 | 4 | 0 | 0 | 0 | 0 | 0 | 3 | 3 |
| LINCOLN | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| LYON | 1 | 1 | 1 | 2 | 0 | 0 | 0 | 1 | 1 |
| MINERAL | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| NYE | 9 | 11 | 1 | 2 | 3 | 0 | 0 | 4 | 5 |
| STOREY | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| WASHOE | 18 | 18 | 12 | 17 | 6 | 2 | 2 | 15 | 14 |
| WHITE PINE | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |

Source: Nevada CCB

TABLE 4: ACTIVE LICENSES PER 1,000 PEOPLE BY COUNTY, SEPTEMBER 2023

| | CULTIVATION | | DISPENSARY | | DISTRIBUTOR | LABORATORY | | PRODUCTION | |
|-------------|----------------|---------------|----------------|---------------|---------------|----------------|---------------|----------------|---------------|
| | <i>Medical</i> | <i>Retail</i> | <i>Medical</i> | <i>Retail</i> | <i>Retail</i> | <i>Medical</i> | <i>Retail</i> | <i>Medical</i> | <i>Retail</i> |
| CARSON CITY | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| CHURCHILL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CLARK | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ELKO | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ESMERALDA | 2.7 | 1.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.7 | 1.4 |
| HUMBOLDT | 0.1 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| LANDER | 0.7 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 0.5 |
| LINCOLN | 0.7 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.4 |
| LYON | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| MINERAL | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 |
| NYE | 0.2 | 0.2 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| STOREY | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| WASHOE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| WHITE PINE | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Nevada CCB, Census Bureau Population Estimates Program

The State of Nevada limits the number of dispensaries, both medical and adult-use, based on population.

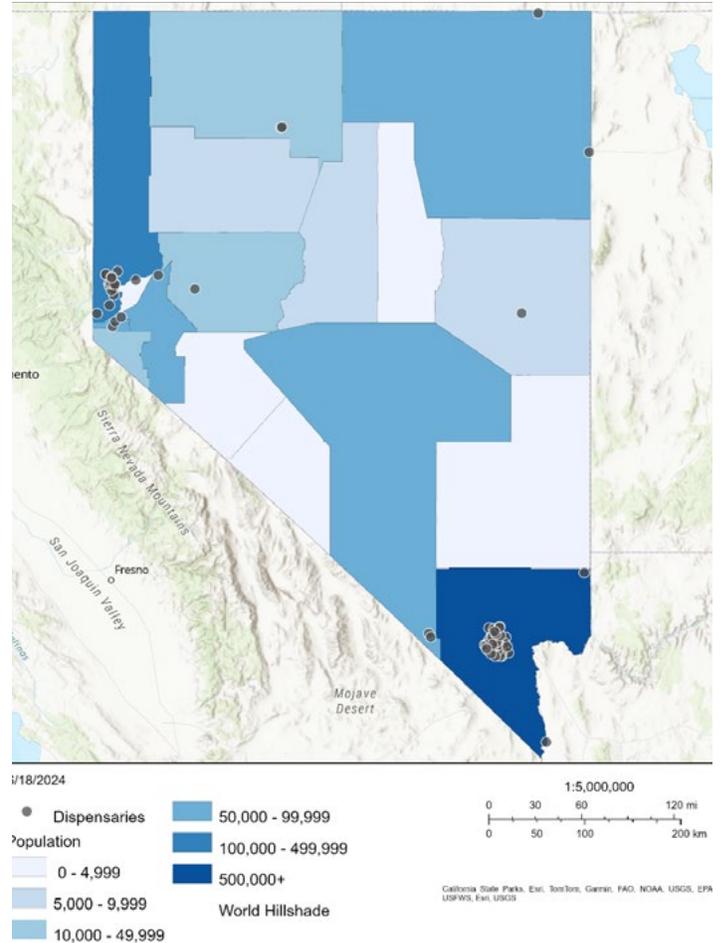
TABLE 5: LIMITATION ON CANNABIS LICENSE BY POPULATION FOR JURISDICTIONS

| Population | Medical | Adult-Use |
|--|---------|-----------|
| 700,000 OR MORE | 40 | 80 |
| 100,000 - 699,999 | 10 | 20 |
| 55,000 - 99,999 | 2 | 4 |
| <55,000 | 1 | 2 |
| FOR EACH INCORPORATED CITY IN A COUNTY WHOSE POPULATION IS LESS THAN 100,000 | 1 | - |

Source: Nevada Revised Statutes 678B.220 and 678B.260

With these rules, dispensaries are clustered in population centers, with the highest concentration in Clark County, followed by Washoe County, as shown in Figure 25. However, the current geographic distribution of dispensaries, as well as limitations created by jurisdictional moratoriums, leaves a large number of residents without access to a dispensary.

FIGURE 25: MAP OF DISPENSARIES AND POPULATION BY COUNTY.



Source: Nevada CCB, Census Bureau Population Estimates Program



Federal Legalization

State cannabis markets, from legalization through present, exist in virtual silos. Entire operations- from cultivation to processing to packaging to retail and distribution- are self-contained within the borders of a single state. Current federal scheduling of Cannabis precludes any legal interstate commerce of the commodity, leading to a series of disadvantages for entrepreneurs and business owners in the industry, including inadequate access to banking, over-burdensome federal tax policies on goods produced/sold, and lack of access to national supply chains/distribution networks of scale.

The federal regulatory environment, it appears, is on the verge of change, however. With the Biden administration announcing recently plans to reschedule cannabis from Schedule I to the much-less-restrictive Schedule III³², the door for expanded research on cannabis opens quickly and a potential entering of pharmaceutical companies into already established, legal medical state markets could follow shortly thereafter. And while it is impossible to predict with absolute certainty what the potential longer-term impact of federal re/de-scheduling³³ on state marketplaces, based on a review of contemporary research and analysis, several key trends emerge as likely results of federal changes:

32 Julie Tsirkin and Monica Alba, "Biden Administration Plans to Reclassify Marijuana, Easing Restrictions Nationwide," NBC News, April 30, 2024, <https://www.nbcnews.com/politics/joe-biden/biden-administration-plans-reclassify-marijuana-easing-restrictions-na-rcna149424>.

33 The emergence of a national marketplace, for example, is one potential longer term impact that can only occur with full de-scheduling or nationwide legalization, not as a result of current administration steps to re-schedule cannabis.

We consider each of these broader likely trends in greater detail on the following pages, each with their own short section.



The emergence of **national cannabis marketplace**, with competition for in-state providers from out-of-state/national conglomerates



Significant changes in **market prices**, as a result of increased competition, likely further reducing the cost of both legal and illicit cannabis



Additional **focus on social justice** and individuals impacted by the prior criminalization of cannabis



Challenges to state autonomy on cannabis regulation, testing, and consumer protections



Emergence of a National Marketplace

National legalization of cannabis would, almost undoubtedly, lead to a national marketplace- instead of the current, more isolated, state-only marketplaces. Several studies³⁴ point to the likelihood that the elimination of state lines as the sole defining boundary of a fully legal marijuana processing and supply chain will lead to an explosion of cross-state commerce, as companies adjust economies of scale to leverage resources, material, and manpower in a way that mirrors virtually all other industry supply chains in the country.

While the benefits in reduced cost and shared resources/economies of scale, particularly with regard to back office and administration functions and distribution networks could be realized, there are of course risks that monopolies could develop. Tobacco manufacturers, as an example, have taken steps toward the cannabis marketplace, with Altria (manufacturer of Marlboro cigarettes and other tobacco products) as perhaps the best example³⁵. While the tobacco giant has retreated recently from its purchase of Canadian marijuana producer Cronos, they remained engaged in the development of proprietary technology for the delivery of cannabis. Should full legalization of cannabis consumption nationwide become a reality, with seasoned lobbyists and extensive experience dealing with myriad federal and state regulations that must be navigated as part of the tobacco market, it is reasonable to suspect a much larger, longer-term play from the tobacco industry into the cannabis market will occur.

Market Price Movement

Closely related to the emergence of a national marketplace, it is likely, given the basic relationship between supply and demand, that if cannabis becomes legal to produce, distribute, and sell nationwide the overall cost of the product will decline with heightened competition from legal suppliers nationwide. While a state could take steps to subsidize or support legal producers already established within its borders, bolstering their competitive advantage, outright protectionism and blocking the import of cannabis produced in a different state would be difficult, if not impossible. Pointing again to the power of the *Dormant Commerce Clause*, a legal precedent accepted by the courts as implicit in the Commerce Clause in Article I of the US Constitution that prohibits state legislation that either prohibits or unduly burdens interstate commerce, authors Tobin and Kline (2022) argue the emergence of interstate Cannabis is all but inevitable following de/re-scheduling³⁶. In a capitalist market, and assuming little intervention from governments either federal or state, as supply increases and stabilizes, the final cost to the consumer should gradually decline in the face of increased competition for a finite population of consumers.

In addition to the likely downward pressure on pricing faced by legal providers of cannabis that will come with competition from other legal, out-of-state providers, there is also evidence that the illicit market will see an additional reduction in the price charged to its consumers. Pointing to the Canadian experience, after the nation fully legalized the medicinal and recreational use of cannabis, researchers found the illicit market responded by increasing potency AND lowering the prices charged. More than that, as part of the analysis of potency and cost vis-à-vis the legal market, the same study found that within two months of nationwide legalization, that illicit products- including both flower and edibles- were both, on average, more potent and cheaper than comparable products offered at legal retailers.³⁷

While market prices might be driven downward once a fully competitive national economy for cannabis emerges, there are some offset benefits cannabis businesses can reap as well, namely the changing of the federal tax code to lower taxes paid by producers, moving away from the current model of federal taxes on gross sales toward one enjoyed by all other industries: taxes only on profits after expenses.

34 See, for example: Abraham Kruger, "High Time for Change: How Federal Cannabis Prohibition Dooms the Legal Cannabis Industry," *Journal of Business & Technology Law* 19, no. 1 (January 1, 2023), <https://digitalcommons.law.umaryland.edu/jbtl/vol19/iss1/6>, and Jeremy Berke et al., "Regulating Cannabis Interstate Commerce: Perspectives on How the Federal Government Should Respond," *Ohio State Legal Studies Research Paper* (OSU Moritz College of Law Drug Enforcement and Policy Center, 2022), <https://www.ssrn.com/abstract=4188089>.

35 See, for example: Chris Roberts, "How Tobacco Giant Altria Is Becoming A Cannabis Company," *Forbes*, February 10, 2021, <https://www.forbes.com/sites/chrisroberts/2021/02/09/tobacco-giant-altria-is-pushing-marijuana-reform-on-congress-and-state-lawmakers/>.

36 Tommy Tobin and Andrew Kline, "A Sleeping Giant: How the Dormant Commerce Clause Looms Over the Cannabis Marketplace," *Yale Law & Policy Review*, January 3, 2022, https://yalelawandpolicy.org/inter_alia/sleeping-giant-how-dormant-commerce-clause-looms-over-cannabis-marketplace.

37 Syed Mahamad et al., "Availability, Retail Price and Potency of Legal and Illegal Cannabis in Canada after Recreational Cannabis Legalisation," *Drug and Alcohol Review* 39, no. 4 (2020): 337–46, <https://doi.org/10.1111/dar.13069>.

Changes in State Authority over Cannabis

With national de-scheduling, and ultimate legalization, the cannabis industry and its regulation will, perhaps cynically but likely unavoidably, be cast into the broader discussion of federal oversight and the over-burdening of states and/or business owners. The very real risk of overlapping- or perhaps competing- requirements, restrictions, and testing processes between states and federal agencies would likely add to the burden on business owners and would-be entrepreneurs.

The role the federal government could play in product testing, certification, and ensuring consumer safety, for example, in the form of oversight from the US Food and Drug Administration, will be significant. While universal standards and testing are designed to ensure safety and consistency in quality, the reach of the agency and its reliance on “precise analytical characterization” with regard to active and inactive ingredients could prove problematic for providers, particularly when it comes to promotion of the “entourage effects” associated with medicinal use³⁸. Moreover, questions of timeliness of any new testing requirements, changes to packaging, and limitations on marketing that might flow from the US FDA raise concern as well. How long it takes to make rules, publish rules, and allow providers and states to respond to changes and how these changes will disrupt established, fully operational markets, like the one in Nevada, are concerns associated with any transition period as well.

Finally, as alluded to above, when discussing the risk of monopolization, nationalization could have a serious detrimental impact on any state initiatives to encourage and protect small businesses or minority owned businesses in the industry. As currently constituted, states have, within established legal limits, the absolute authority to establish policies and rules that can intentionally shape an inclusive or small-business friendly market within their borders. In the absence of these protections, the risk that small producers could be pushed from the industry is real.

Social & Justice-related Implications

Touched on above as a potential consideration in the prevention of monopolization of a national market, the restorative justice potential for those previously convicted of marijuana-related crimes should also be considered as a stand-alone impact of national legalization. While a precise estimate of the final count is beyond this summary, suffice it to say that the vacating of convictions, expungement of records, and termination of incarcerations related to cannabis can have an immediate, positive impact on hundreds of thousands of citizens across the country, now unburdened by a criminal record and all that the stigma entails.

In addition to these very personal impacts on individuals, the resources dedicated to the arrest, conviction, and incarceration of individuals for cannabis related offenses can be redistributed to programs designed to bolster and reinforce social justice programming and resources. For example, Shaleena Title³⁹ argues that communities should ensure that individuals who were adversely impacted by the criminalization of marijuana offenses be granted special carve outs and consideration as part of the licensing process for cultivation, processing, distribution, and retail operations. Devoting additional resource to social welfare, addiction, and recovery services that otherwise would be spent on enforcement of prior marijuana laws is an open-ended and easy approach to improving social equity as well, in a manner to be determined by states to address their specific and unique needs. This approach, granting states autonomy over social equity policies and programs, could also be supplemented, or superseded by federal guidelines. The precise impact of any new federal requirements for social justice/social equity programming is not knowable, however, it is important to note that with the foray of a federal, executive agency into the mix, policies, approaches, and requirements can and will change with the administration occupying the White House.

Finally, with regard to the broader societal impact of widespread, national legalization, it is important to note what apparently does *NOT* happen, as a rule, with the onset of cannabis legalization. In a landmark 2017 study⁴⁰, researchers collected data on crime rates and the onset of state policies of decriminalization, legalization of a medicinal marketplace, and legalization of recreational marketplace and found no link between pro-Cannabis policies and violent or property crime rates.

38 Sean M. O'Connor and Erika Lietzan, “The Surprising Reach of FDA Regulation of Cannabis, Even after Descheduling,” *American University Law Review* 68, no. 3 (2019), <https://doi.org/10.2139/ssrn.3242870>.

39 Shaleen Title, “Fair and Square: How to Effectively Incorporate Social Equity Into Cannabis Laws and Regulations,” *Ohio State Legal Studies Research Paper (OSU Mortiz College of Law Drug Enforcement and Policy Center, December 2021)*, <https://papers.ssrn.com/abstract=3978766>.

40 Shana L. Maier, Suzanne Mannes, and Emily L. Koppenhofer, “The Implications of Marijuana Decriminalization and Legalization on Crime in the United States,” *Contemporary Drug Problems* 44, no. 2 (June 1, 2017): 125–46, <https://doi.org/10.1177/0091450917708790>.

Recommendations

Analyze underserved areas to identify licensing opportunities

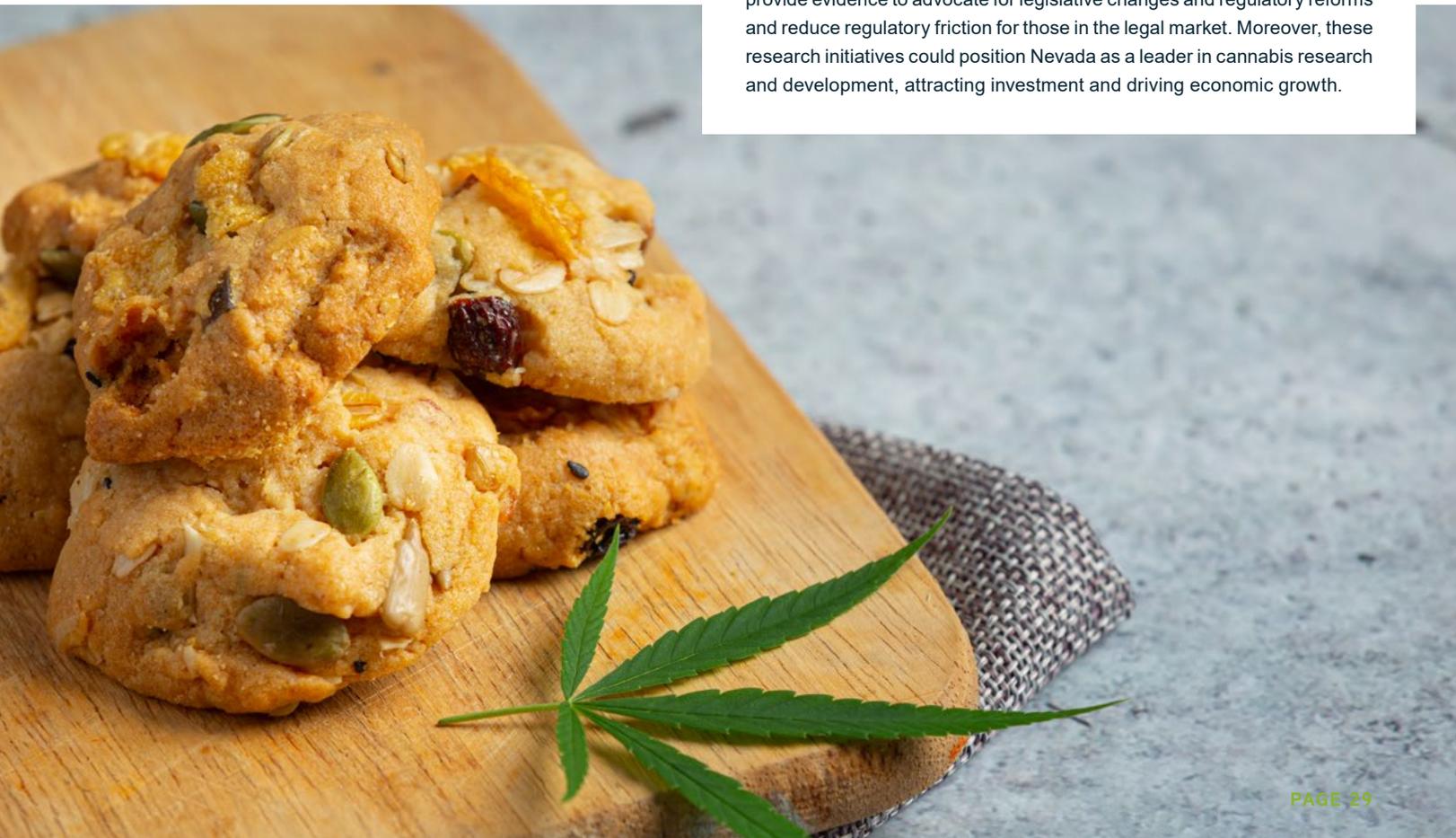
Counties outside of the traditional tourist destinations are comparatively underserved as these locations were not the focus of the post-legalization boom. This report recommends that market decision-makers undertake a comprehensive analysis of rural and other underserved areas to identify potential licensing opportunities. Then, gaps in these opportunities can be filled through incentive programs that could encourage entrepreneurs to open dispensaries and cultivation facilities in locations with less of a cannabis market presence. However, it is important to note that due to the low population density, there may not be enough demand in rural areas to sustain cannabis businesses without additional support.

Partnerships with local chambers of commerce and economic development agencies could be advantageous for new dispensaries as these local entities would provide important local context and input, as well as local support for the job creation offered by the cannabis industry. This report also recommends pursuing partnerships with rural agencies and community organizations because these groups would be able to provide their neighbors with trustworthy information about legal cannabis options, thus reducing misinformation and stigma.

Another option for expanding the cannabis industry to underserved markets is to address the friction points that make it more difficult to acquire safe cannabis products in these areas. Rural consumers live further away from cannabis providers, and often have less disposable income for cannabis tourism when compared to urban peers. Working with state leaders to expand regulations and pilot broader cannabis delivery services would allow the legal cannabis industry to fill the gaps in remote and underserved customers' access. Delivery services may not only expand the market during the time needed to build brick-and-mortar dispensaries in these areas, but also, they may help to familiarize rural Nevada communities with legal cannabis.

Partner with local universities and research institutes on cannabis research initiatives

The state should consider collaborating with universities and research institutions to promote cannabis research initiatives that address consumer demand and regulatory compliance. The findings of such research could provide evidence to advocate for legislative changes and regulatory reforms and reduce regulatory friction for those in the legal market. Moreover, these research initiatives could position Nevada as a leader in cannabis research and development, attracting investment and driving economic growth.





Conduct a public awareness campaign

Consumers are prone to view the cannabis provided on the illicit market as better quality or a more cost-effective choice. Some consumers expressed a distrust of the legal market and did not connect the government's oversight to increased safety. A targeted public awareness campaign would inform consumers that the illicit market does not guarantee the same safety as the regulated dispensaries by educating them about all the safety measures that the legal market has in place, as well as of the risks of consuming unregulated cannabis. A deftly constructed campaign may go a long way to building consumer distrust of illicit products and explain how taxes ensure the purity and quality of legal products.

Consider the impact of taxes on the illicit market

While cannabis taxes can serve as a significant source of revenue for the state, they also increase the total price paid by the consumer, inhibiting the ability of the legal market to compete with the illicit market. When thinking about tax policy, policymakers should consider the aims of cannabis taxes and align policies to achieve those goals, with the knowledge that increased taxes may encourage some consumers to seek out the illicit market.

Conclusion

The Nevada cannabis industry has cooled since its peak in 2021. Market trends hint at potential saturation or evolving consumer preferences, signaling the need for strategic adaptation.

Geographic insights reveal disparities in access, with dispensaries concentrated in urban areas, leaving segments of the population underserved. Stakeholders, including public officials and community leaders, see potential in leveraging cannabis marketing for tourism, aiming to position Nevada as a cannabis-friendly destination to boost the local economy.

To address these challenges and opportunities, a multifaceted approach is crucial. It should involve expanding market access, enhancing regulatory support to foster business growth, tackling the persistent issue of the illicit market through increased enforcement and consumer education, and the thoughtful consideration of the purpose and aim of cannabis taxes.

Collaboration among industry players, policymakers, and regulators is essential for navigating these complexities and ensuring the long-term viability of the Nevada cannabis market.

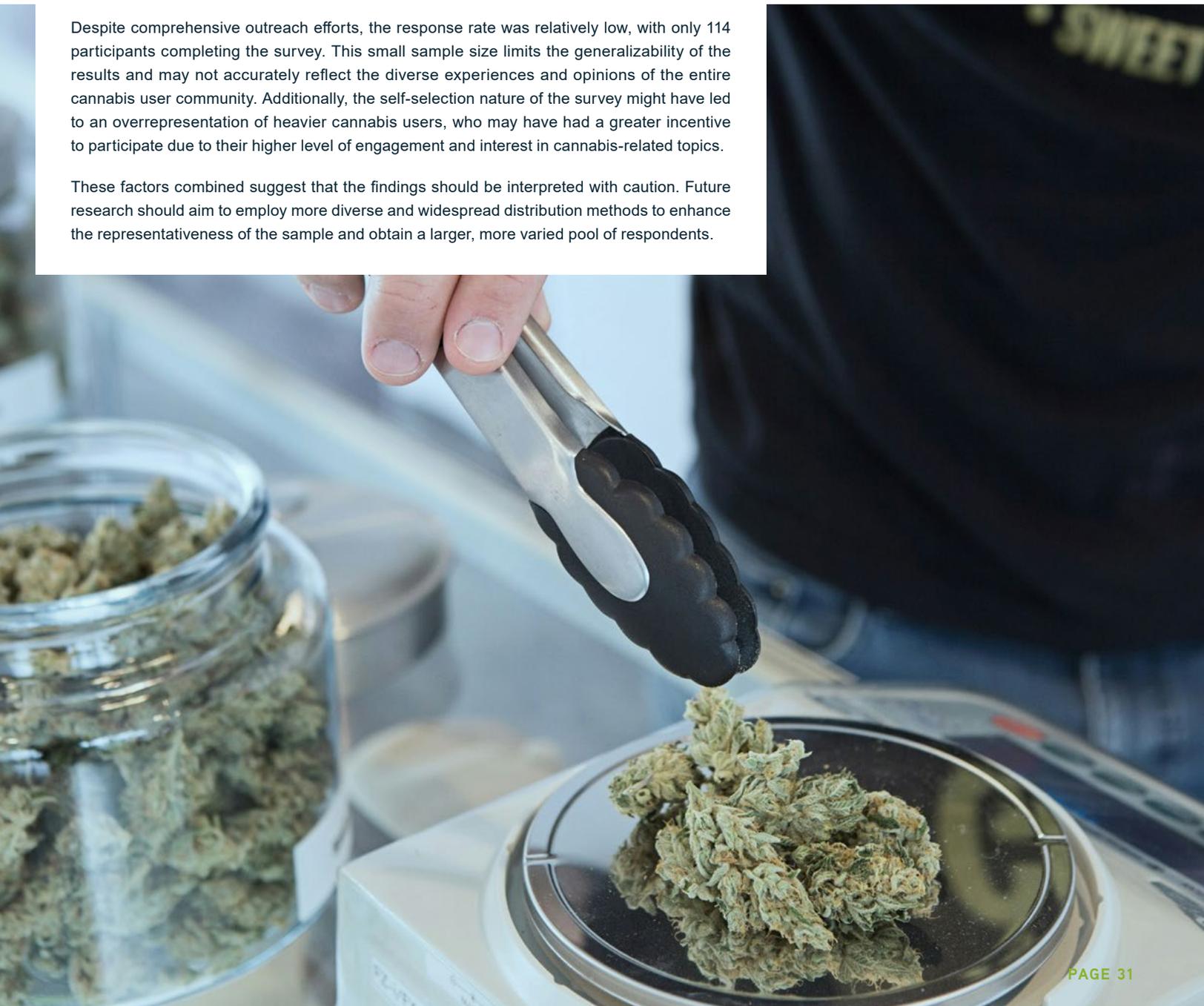
Appendix A: Study Limitations

Study Limitations

The cannabis survey was distributed by the CCB through their social media networks, stakeholders, and industry partners. This approach may have introduced a selection bias, as the outreach was limited to individuals already engaged with these channels. Consequently, the sample may not be representative of the broader cannabis consumer population.

Despite comprehensive outreach efforts, the response rate was relatively low, with only 114 participants completing the survey. This small sample size limits the generalizability of the results and may not accurately reflect the diverse experiences and opinions of the entire cannabis user community. Additionally, the self-selection nature of the survey might have led to an overrepresentation of heavier cannabis users, who may have had a greater incentive to participate due to their higher level of engagement and interest in cannabis-related topics.

These factors combined suggest that the findings should be interpreted with caution. Future research should aim to employ more diverse and widespread distribution methods to enhance the representativeness of the sample and obtain a larger, more varied pool of respondents.



Appendix B: Current Market Perspectives

Consumers and the Current Market

To learn more about cannabis consumption habits and preferences for sourcing among consumers, this project conducted a comprehensive survey targeting individuals who regularly engage with cannabis products. The survey aimed to explore various aspects of consumption, including frequency, preferred products, and methods of consumption. Additionally, respondents were asked about their preferences for sourcing cannabis, whether through licensed dispensaries, illicit dealers, or other sources. The survey was distributed electronically via an anonymous link through social media, email blasts, and other channels to encourage responses. By collecting data directly from consumers, the project sought to inform industry stakeholders and decision-makers about evolving consumer trends in the cannabis market.

The survey collected 166 responses from cannabis product consumers in Nevada. The survey respondents consisted primarily of frequent cannabis product consumers who disclosed that they had used a product within the past week, with a habitual daily consumption pattern.

Notably, a majority of respondents (60%) indicated that less than a quarter of their cannabis usage was for medicinal purposes. The most commonly reported product among respondents was flower or bud, suggesting a preference for this traditional form of cannabis consumption. These findings underscore the prevalence of recreational cannabis use among the surveyed population and highlight the dominance of flower/bud as the preferred choice among frequent consumers.

FIGURE 26: FREQUENCY OF CONSUMERS' PRODUCT USE

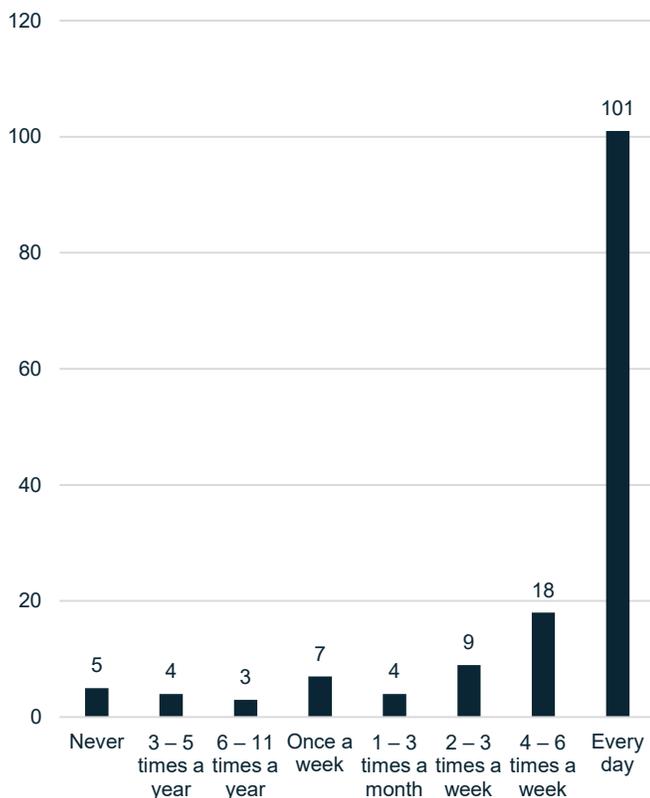


FIGURE 27: CONSUMERS' MOST RECENT USE OF PRODUCT

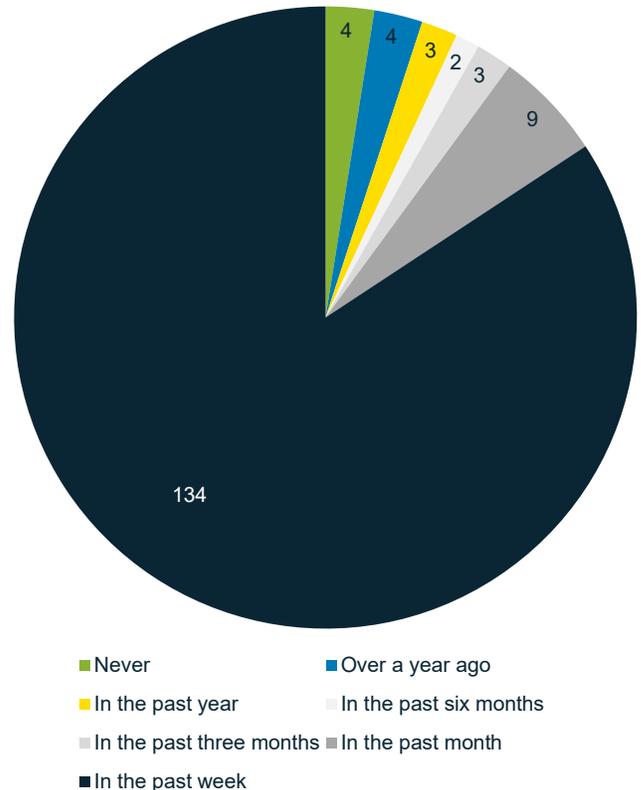


FIGURE 28: NUMBER OF CONSUMERS BY PERCENTAGE OF PRODUCT CONSUMED FOR MEDICAL PURPOSES

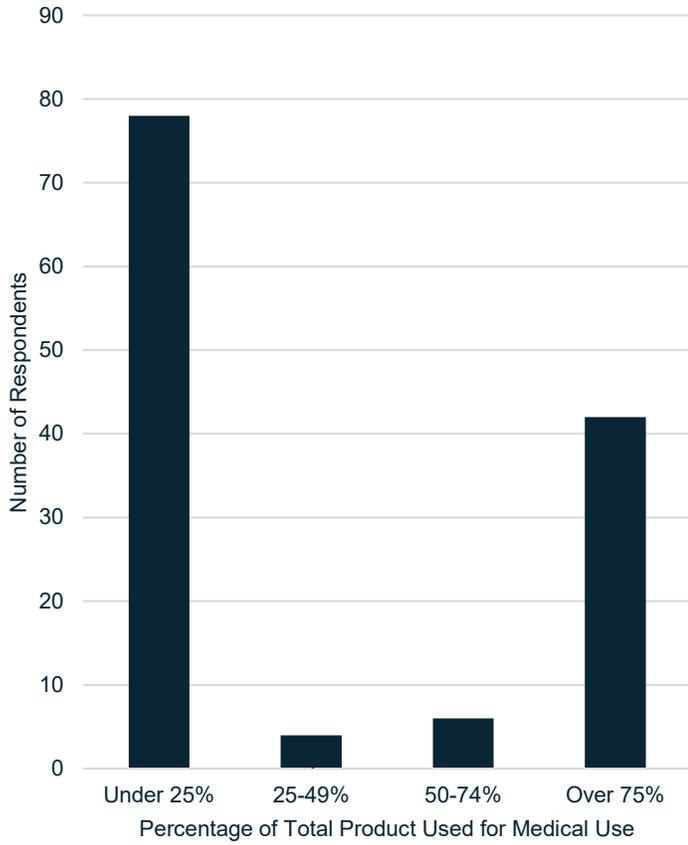
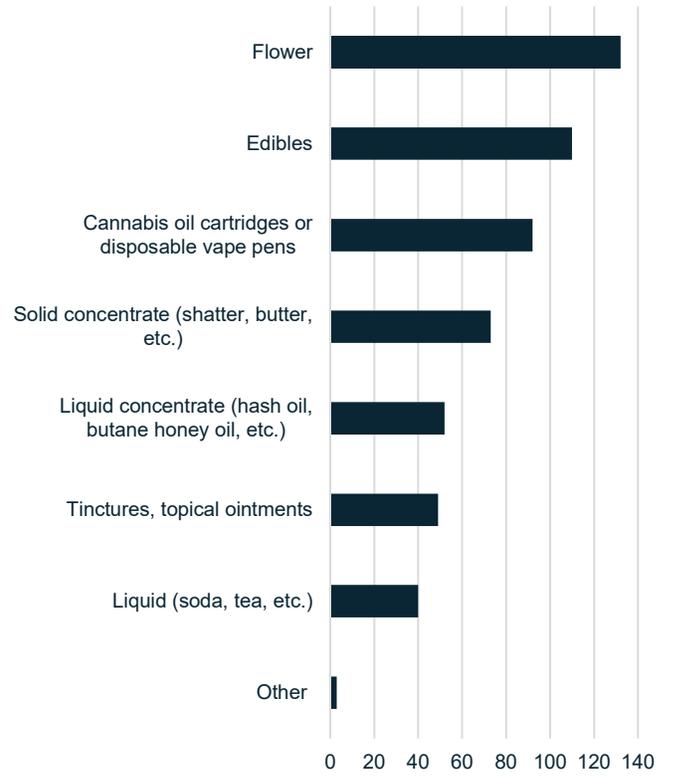


FIGURE 29: NUMBER OF CONSUMERS BY PRODUCT CONSUMED



Importance to Consumers

In this survey, cannabis consumers were asked to rate how important various cannabis features were to them personally using a scale of 1 (not at all important) to 5 (very important). The average rating for each characteristic was compared. Analysis of the responses revealed intriguing insights into consumer priorities. Notably, cannabis quality emerged as the most critical factor, garnering the highest average rating among respondents. Safety followed closely behind as the second most important aspect, underscoring consumers' concerns regarding product purity and health implications. Surprisingly, while price often plays a significant role in consumer decision-making across industries, it ranked third in importance among cannabis consumers in this study. Conversely, potency received the lowest average rating, suggesting that consumers may prioritize other attributes over sheer potency when selecting cannabis products. The ratings for each cannabis product feature are summarized in the figure 30.

One of the key findings of the survey indicates that the majority of respondents are sensitive to changes in the price of legal cannabis. If the price were to increase, most respondents stated that they would either purchase from a dealer or consider growing their own cannabis. This suggests that price plays a significant role in consumer decision-making and that affordability is a critical factor for maintaining consumer loyalty to legal channels.

Conversely, if the price of legal cannabis were to decrease, the survey revealed that most consumers would either maintain their current purchasing behavior or increase their purchases from legal sources. This implies that lower prices may not necessarily lead to a significant shift towards illicit channels, highlighting the importance of competitive pricing strategies for legal cannabis businesses to remain competitive in the market.

FIGURE 30: CONSUMERS' RATINGS OF IMPORTANCE FOR PRODUCTS CHARACTERISTICS

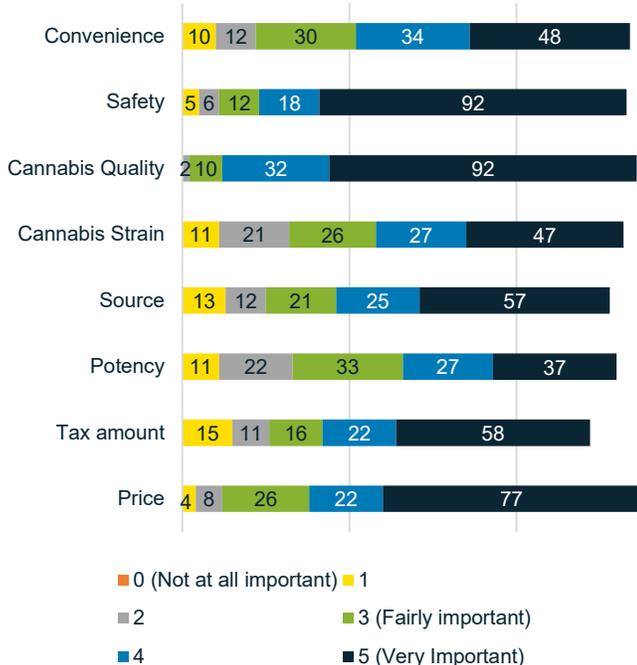


FIGURE 31: CONSUMERS' REACTIONS TO AN INCREASE IN LEGAL CANNABIS PRICING

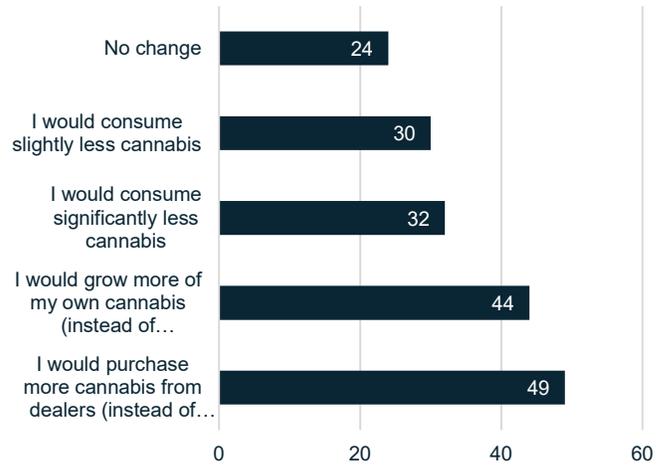
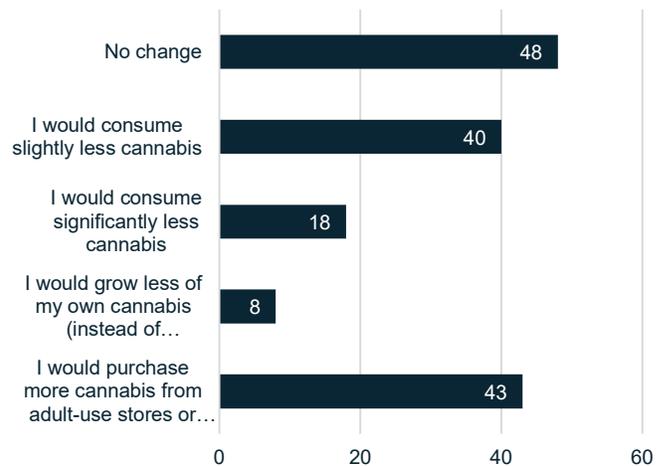


FIGURE 32: CONSUMERS' REACTIONS TO A DECREASE IN LEGAL CANNABIS PRICING



Consumers' Choice Between the Legal and Illicit Market

The survey also provided insights into consumers' intentions regarding visiting cannabis lounges in Nevada. While 35 respondents expressed plans to visit cannabis lounges 2-5 times per year, a substantial portion of respondents, 30 in total, indicated that they have no intention of visiting these establishments. This divergence in preferences suggests that cannabis lounges may cater to a specific segment of the market, likely influenced by factors such as social acceptance and safety.

In terms of product quality, the majority of respondents rated the legally available cannabis in Nevada as either average or high quality. This positive perception bodes well for the legal cannabis market in Nevada, indicating that consumers are generally satisfied with the quality of products offered through legal channels. The finding further highlights the price sensitivity of those who purchase from the illegal market. However, maintaining product quality standards will remain essential for legal businesses to retain consumer trust and loyalty in the face of competition from illicit, lower cost sources.



FIGURE 33: COUNT OF HOW OFTEN RESPONDENTS PLAN TO VISIT NEVADA CANNABIS LOUNGES

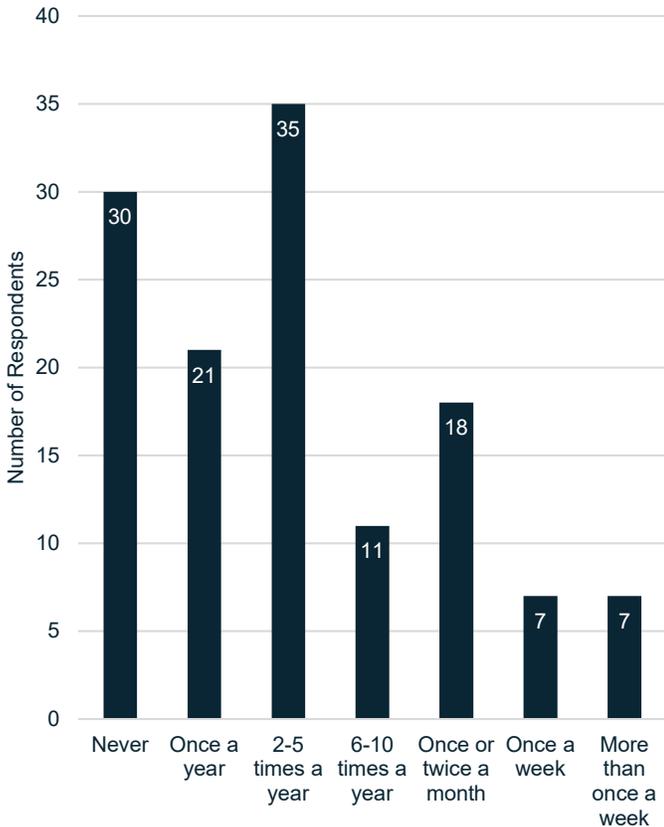


FIGURE 34: FREQUENCY OF RATINGS FOR QUALITY OF LEGALLY PURCHASED NEVADA CANNABIS

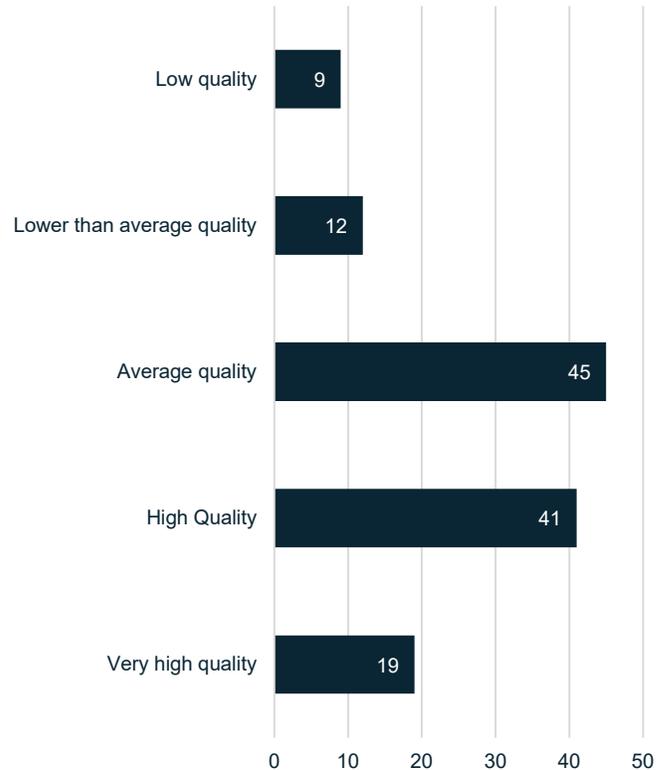


FIGURE 35: FREQUENCY OF FACTORS REPORTED AS DEFINITELY AFFECTING CHOICE TO PURCHASE FROM A DEALER

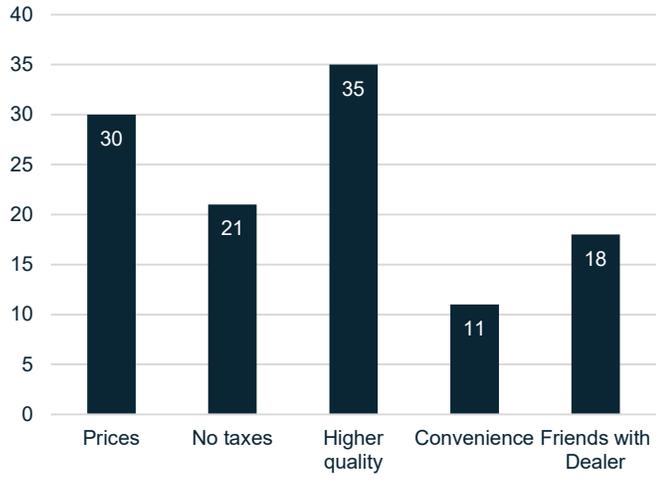
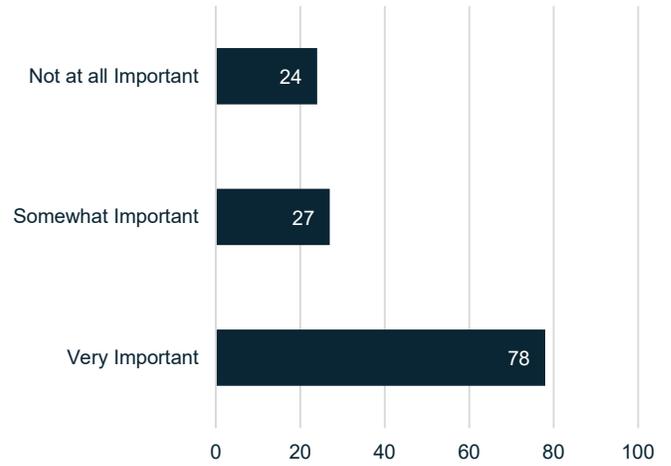


FIGURE 36: FREQUENCY OF CONSUMERS RATING HAVING A LEGAL SOURCE AS IMPORTANT



Focus Groups

To better understand the diverse perspectives on what is affecting the commercial cannabis industry in Nevada, this project engaged stakeholders to find out their views of this changing landscape. TPMA partners referred the research team to officials who may be positioned to share their opinion of the cannabis market in Nevada. By email, the public officials, law enforcement officers, business owners, representatives from the Nevada tourism industry were invited to participate in a focus group to provide their insights into legalization, the illicit market, and the current state of the selling and purchasing cannabis products within the state.

Public Officials

The public officials focus group was held virtually on February 13, 2024, and several major themes occurred throughout the facilitated conversation. These themes reflect the perspectives and concerns of the public officials regarding the cannabis industry in Nevada. The themes that emerged from the public officials included:

- The rapidly changing trajectory of the cannabis industry
- Communities' concerns about the industry
- Wide variance in enforcement of related laws
- Slow growth of the Nevada market compared to other states
- Challenges presented by a growth in the illicit market

The discussion amongst the public officials delved into the evolution of the cannabis industry over the past two decades, particularly the transition from medical to adult-use cannabis since 2015. The focus group participants noted rapid growth in the industry and raised concerns about smaller players struggling to compete or obtain licenses. The group surmised that cannabis sales have exceeded expectations due to reduction in the stigma surrounding its use. This led to additional discussions about the dominance of retail sales over medical.

Participants highlighted that the proliferation of retail outlets and their strategic locations in urban areas were, in their view, major contributors to industry growth. However, the officials expressed concerns about the impact of the cannabis industry on the local communities. Specially, they mentioned an influx in odor complaints and worries about the denser concentration of dispensaries near lower socioeconomic areas compared to more affluent areas.

The conversation then shifted to the legalization of adult-use cannabis and its impact on communities. An official remarked that the legal cannabis industry has created more jobs since its creation. However, the industry was showing signs of economic shrinkage in more recent years. Participants shared the opinion that the industry was making wealthy individuals richer, and there was resistance to this, as well as resistance to the cannabis industry from the casinos and other gaming establishments located near dispensaries.

Participants noted that jurisdictional variations in the cannabis industry were a major challenge to its growth and acceptance. They explained that different regions of Nevada have different perspectives on regulation and the potential impact of cannabis use on quality of life. For example, the industry in Henderson is centered on cannabis' medical benefits, but Reno's industry is beleaguered by zoning debates around dispensary placement.

Business Owners

On February 22, 2024, a facilitated focus group involving business owners provided discussions on various facets of Nevada's cannabis industry, shedding light on the industry's opinions on both obstacles and potential avenues for advancement and expansion. The following key ideas were identified in the discussion:

- Cannabis industry is currently experiencing a decline.
- Business owners desire regulatory changes that will support industry growth. They believe Nevada's cannabis industry seems more rigid than that of other states. Variations in regulations from county to county create market disparities.
- The illicit cannabis market is a significant challenge to businesses.
- Rescheduling or descheduling cannabis at the federal level presents potential opportunities and challenges.

The trajectory of Nevada's cannabis industry over the past two decades garnered significant attention, with one participant stating that there has been a decline in total sales from a peak of about \$1 billion in 2021, reaching around \$1 billion at its peak. Factors contributing to this downturn were deliberated upon, with participants pointing to the persistence of the illicit market, regulatory constraints, and law enforcement as potential underlying causes. Concerns loomed regarding the industry's future stability, particularly following the recent closure of notable cultivators.

The business owners' discussion pivoted towards economic development strategies in light of necessary regulatory adjustments to support industry growth. One business owner stressed the importance of lifting limitations on product potency per package, citing the current 800mg per package restriction as impeding consumer preferences in their opinion. Another participant highlighted the challenge posed by the biennial nature of legislative sessions in Nevada, which constrains adjustments until 2025. Nonetheless, initiatives to pilot event sales and consumption in larger gatherings were identified as potential avenues for growth.

Comparisons with other states were drawn, with a business owner advocating for regulatory reforms by adopting best practices from states like Washington and Oregon. However, challenges such as zoning restrictions and disparities in supply and demand across different counties in Nevada were acknowledged.

The group remarked that they thought the illicit cannabis market was becoming a significant obstacle. Participants identified that broader product selection and higher quality would provide the legal market with advantages over the illicit market. Two business owners underscored the pricing advantage of the illicit market, which continues to attract consumers despite regulatory and taxation hurdles.

Federal legalization was also explored, with discussions centered on potential impacts on banking services and exporting consulting services to other states. However, uncertainties remained regarding regulatory changes and challenges associated with the rescheduling or descheduling of cannabis at the federal level.

Various perceived challenges within the industry were discussed, including testing batch size requirements, packaging regulations, and enforcement of unlicensed cannabis sales. Participants stressed the importance of streamlining regulations and bolstering enforcement efforts to combat illicit market activities.

Recent legal changes in Nevada concerning cannabis were discussed, with ongoing efforts to streamline regulations and eliminate redundant testing requirements for certain products. Participants also highlighted challenges related to labeling and packaging regulations, which impact customer experience and operational efficiency.

Overall, the focus group underscored the intricate challenges facing Nevada's cannabis industry, encompassing regulatory constraints, competition from the illicit market, and the imperative for continuous adaptation to evolving market dynamics. Nonetheless, participants expressed optimism about the potential for growth and development, particularly through regulatory reform and industry collaboration.

Tourism Industry

The next focus group conducted on February 22, 2024, was with representatives from the tourism industry. Their comments shed light on how the various dimensions of Nevada's cannabis industry has implications for tourism and economic development. The key themes that occurred during the discussion of the cannabis and tourism included:

- Cannabis is becoming normalized and attracts increased interest from tourists.
- Tourism and local economies are believed to benefit from the cannabis industry.
- The pandemic increased demand and changed consumer behavior.
- Nevada industry faces challenges like banking issues, odor and smoking concerns, and regulatory uncertainties.
- Cannabis-friendly experiences have great marketing potential.
- Industry needs to explore how to market and advertise a positive image of cannabis to the public.

One focus group participant stated that, in their opinion, during the past two decades, Nevada's cannabis sector has witnessed burgeoning interest from both locals and tourists, even preceding its legalization. Proximity to California played a pivotal role in advocating for legalization to mitigate revenue losses to neighboring states. Despite initial moral apprehensions, there was a prevailing consensus among economic developers to embrace legalization, acknowledging its inevitability. Nevertheless, persistent challenges, such as the absence of effective methods for testing impairment while driving, remain.

Contributing to the industry's expansion are factors like enhanced accessibility and growing social acceptance. Legalization has spurred innovations in product variety, offering consumers a broader spectrum of options compared to the constrained choices during prohibition. During the COVID-19 pandemic, the industry experienced heightened demand, coupled with a surge in online availability and delivery services. However, apprehensions persist regarding market saturation and the industry's long-term viability.

The focus group participants underscored the significance of the cannabis industry for tourism, particularly in Las Vegas, aligning with the city's image as a leisure and relaxation hub. However, they felt challenges, such as regulatory conflicts with the gaming industry and ambiguities in marketing and advertising guidelines, warrant attention.

Compared to counterparts in other states, Nevada's cannabis industry harbors untapped potential, particularly in tourism and business expansion. Nevertheless, concerns by the business and tourism industries regarding the illicit market endure despite legalization. There was consensus among focus group participants that lower prices in the illicit market (spurred by skipping packaging and taxation) drives consumer demand, but that focusing on the safety of products in the legal market could be a way to combat those sales. Instituting a program targeting the prosecution of unlicensed cannabis businesses, like California's Cannabis Administrative Prosecutor Program (CAPP) was also mentioned as a possible solution to assist in the reduction of illicit sales.

The prospective federal legalization of cannabis could yield both positive and negative repercussions for tourism, including normalized consumption, banking access, and fresh business opportunities. However, focus group participants felt that there could also be challenges, such as tax scrutiny and regulatory changes.

In summary, while Nevada's cannabis industry has experienced notable growth, the journey forward demands adept navigation of legal, regulatory, and societal landscapes to ensure sustained success and seamless integration into the State's economy and tourism sector.



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Wholesale Transfer Types

This notification is to remind all facilities of the changes in Wholesale Transfer Types as required by **AB 430**, which took effect January 1, 2024. These changes were discussed in the collaborative training between the Department of Taxation, CCB, and Metrc, held on November 15, 2023. The Taxation required changes are as follows:

Pre-Rolls from cultivation are no longer to be entered as “each” for the unit of measure and must be entered by cannabis weight.

1. Wholesale Cannabis Tax is on the first wholesale sale of cannabis from a Cultivation facility (AB430)
 - a. If the sale is to an Affiliate Licensee, the transfer type selected in Metrc must be **“Affiliate Wholesale Transfer-Initial (1st)”** transfer type.
 - i. Taxed at 15% of the Fair Market Value
 - ii. “Affiliate” means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, a specified person.
 - b. If the sale is to a Non-Affiliate Licensee, the transfer type selected in Metrc must be **“Non-Affiliate Wholesale Transfer-Initial (1st)”** transfer type.
 - i. Taxed at 15% of the Contract Price
 - ii. “Non-Affiliate” is any person that does not fall into the definition of “affiliate.”
 - c. Responsibility is on both the sending and receiving facilities to verify that the transfer type is correct.
 - d. *IMPORTANT DISTINCTION:* The prior used “Affiliate Transfer Cultivation to Cultivation” transfer type in Metrc has changed to **“Identical Ownership Transfer-Cultivation to Cultivation”** and is only to be used under the provisions of **NRS 372A.290(8)(f)** where the transfer is to an identically owned cultivation facility and not defined as a “wholesale transfer.” Identical Ownership is a **DISTINCTLY** different meaning than “Affiliate.”
2. Seeds will no longer be required to be reported on the Wholesale Cannabis Tax return beginning January 1, 2024 (**SB277**).

See table on page 2

| SEED TO SALE TRANSFER TYPES | | |
|--|-----------|--|
| Affiliate Wholesale Transfer- Initial | Wholesale | If the sale is to an Affiliate Licensee “Affiliate” means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, a specified person. |
| Identical Ownership Transfer- Cultivation to Cultivation | Standard | Transfer is to an identically owned cultivation facility and not defined as a “wholesale transfer.” Identical Ownership is a DISTINCTLY different meaning than “Affiliate |
| Non-Affiliate Wholesale Transfer- Initial | Wholesale | If the sale is to a Non-Affiliate Licensee |
| Wholesale Return | Wholesale | Used to physically return cannabis product to the originating facility. The original transfer manifest should be included as a note |
| Virtual Transfer | Standard | Use to correct transfer variances AFTER received in Metrc. Transfer errors should be logged on an internal error log and corresponding documentation (emails invoices, and signed manifest) should be kept on file and submitted upon state request |
| Compliance/Law Enforcement | Standard | Only used for seizure of cannabis products by CCB or Law Enforcement. Requires a copy of seizure notice kept on file and incident report filed with CCB. |
| External – Patient Donation | Standard | Authorized acquisition of usable cannabis from external sources |
| Lab Transfer | Standard | Used only to transfer lab sample to and from a licensed lab |
| Product Packaging Temp Transfer-No Sale | Standard | Temporary transfer of usable cannabis or cannabis product for the sole purpose of packaging ONLY . Packaged inventory must be returned to the originating facility within 10 business days. |
| Remediation Temp Transfer-No Sale | Standard | Temporary transfer of usable cannabis for the sole purpose of remediation ONLY . Inventory must be returned to the originating facility within 10 business days. |

NEVADA BAR ASSOCIATION

2024 Elections

Potential for Growth in 2025

The Value of Social Consumption

November 5, 2024



Vicente.

Presenters



Jordan Wellington

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Strategies 64*



Andrew Livingston

*Director of Economics and Research
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2024 Election Preview

President



Vice President Kamala Harris (D) has become a key advocate for federal cannabis reform and recently expressed support for legalization for the first time since becoming the Democratic nominee. As a key figure in the administration that initiated federal marijuana rescheduling, she has a compelling interest in seeing it through and claiming a major policy victory.



Former President Donald Trump (R) has expressed support for a states' rights approach to cannabis policy, and he generally employed that approach during his time as president, with no significant interference in state marijuana laws or legalization efforts. He recently expressed support for state-level legalization in Florida, federal rescheduling, and access to banking services for marijuana businesses. There has been no indication he would change course if elected, but he may take a less proactive approach than Harris.

The presidential election could have significant implications for the timing of marijuana rescheduling efforts

Trump has expressed discontent with the makeup and performance of the Department of Justice, which is responsible for carrying out the rescheduling process. A major shift in administrations could shake up leadership of the agency, resulting in delays.

U.S. Senate

Democrats face an uphill battle to retain control in 2024. They are defending 23 of the 34 seats that are up for grabs, including seats in red states like West Virginia and Montana. The Cook Political Report's [Consensus Forecast](#) predicts Republicans will take control of the Senate with 51 seats.

21 seats are safe, likely, or leaning Democrat*

12 seats are safe, likely, or leaning Republican

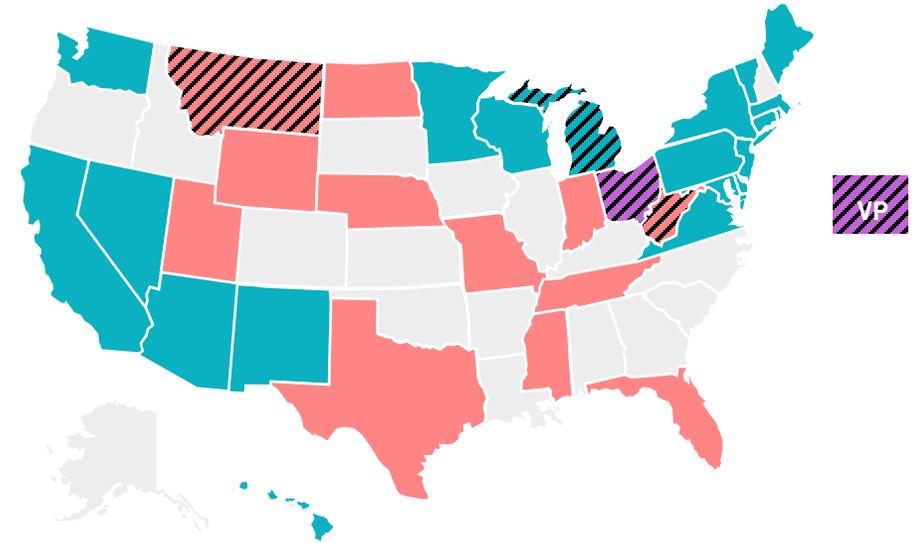
Ohio and the vice presidency are a toss-up

**Includes Vermont and Maine, where independent incumbents caucus with the Democrats*

Seats most at risk of flipping Democrat to Republican:

- **Michigan:** Elissa Slotkin (D) v. Mike Rogers (R)
- **Montana:** *Jon Tester (D)* v. Tim Sheehy (R)
- **Ohio:** *Sherrod Brown (D)* v. Bernie Moreno (I)
- **West Virginia:** Glenn Elliott (D) v. Jim Justice (R)

Incumbents in italics



U.S. House of Representatives

Republicans currently control the House, which is made up of 220 Republicans and 212 Democrats, with three seats vacant. All 435 seats are up for election in 2024, and the race for control is in a dead heat, according to the Cook Political Report's [Consensus Forecast](#). Republicans are projected to win 206 seats, Democrats are projected to win 202, and 27 races are considered toss-ups.

State Ballot Measures

Three states are voting on measures to legalize marijuana for adult use

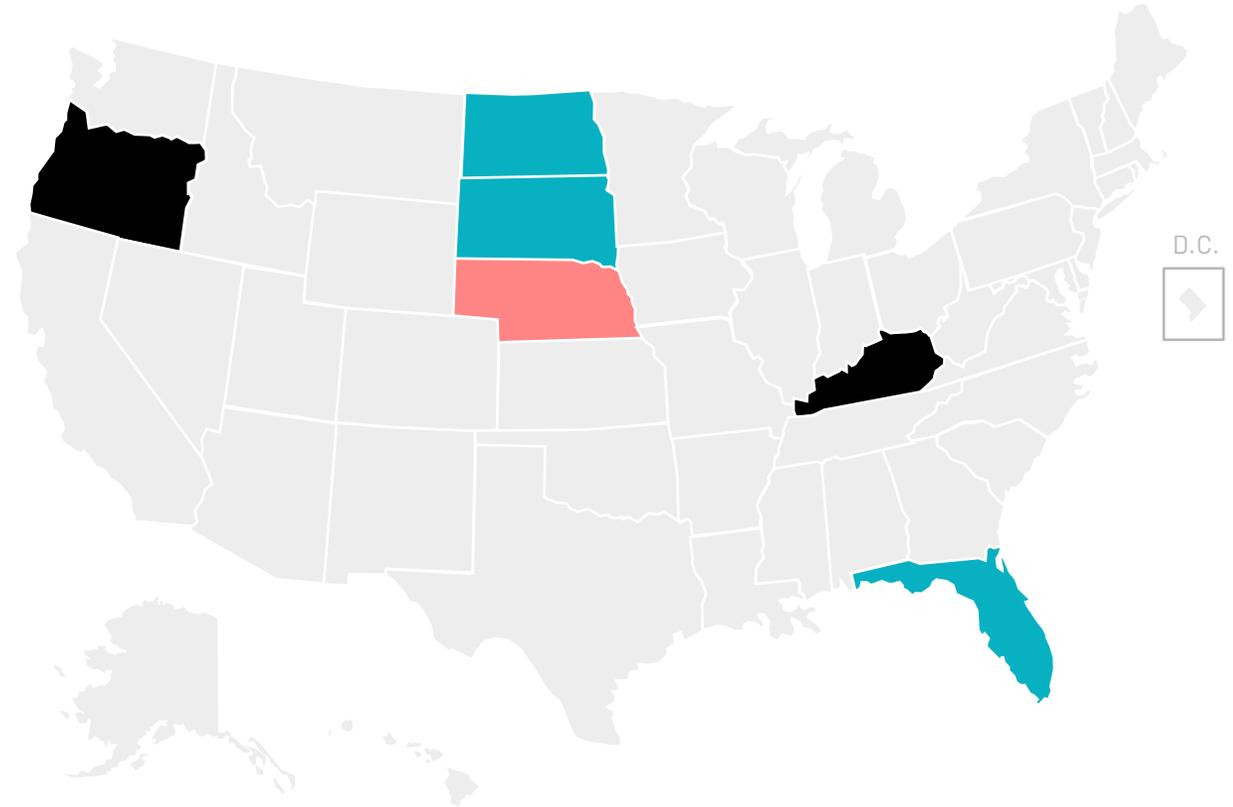
- Florida
- South Dakota
- North Dakota

Nebraska is voting on a measure to legalize marijuana for medical use*

**The ballot measure is being legally contested. Depending on how the courts rule, votes may not count.*

Two states are voting on measures that will impact existing marijuana markets

- Kentucky – Local bans on medical marijuana businesses
- Oregon – Labor peace agreements



Trulieve Executive Director of Government Relations **Lauren Niehaus** was recently a guest on Strategies 64's Weed Wonks podcast, where she discussed Florida's adult-use ballot measure.

Critical State Legislative and Gubernatorial Races

Hawaii – House District 25

- Hawaii currently has a Democratic state government trifecta, and it has the oldest medical program among states that have not legalized adult-use. There is renewed hope for progress next year after Kim Coco Iwamoto (D) defeated Speaker of the House Scott Saiki in an August 10 primary.
- Saiki, who has expressed concerns about adult-use legalization, has been a key obstacle in Hawaii. As House speaker, he held significant power over bill referrals, committee assignments, and leadership. His primary loss opens the door for a more cannabis-friendly speaker, potentially clearing the way for adult-use legalization in 2025.



Pennsylvania – House and Senate

- Republicans control the Senate, while Democrats hold the governorship and a slim majority in the House. Multiple bipartisan adult-use legalization bills have stalled under the divided government.
- Maintaining a Democratic majority in the House is crucial to passing adult-use legalization in 2025. It would also help if Cristian Luna-Valentine (D) defeated House District 13 incumbent Rep. John Lawrence (R), who opposed medical cannabis in 2016 and recently voted against 280E decoupling for medical cannabis businesses.
- On the Senate side, Democrats must pick up three seats to gain control. This will be challenging because only half of the chamber's seats are up for election. One they likely need to flip if they have hopes of taking the chamber is Senate District 37, where Nicole Ruscitto (D) is challenging incumbent Sen. Devlin Robinson (R).

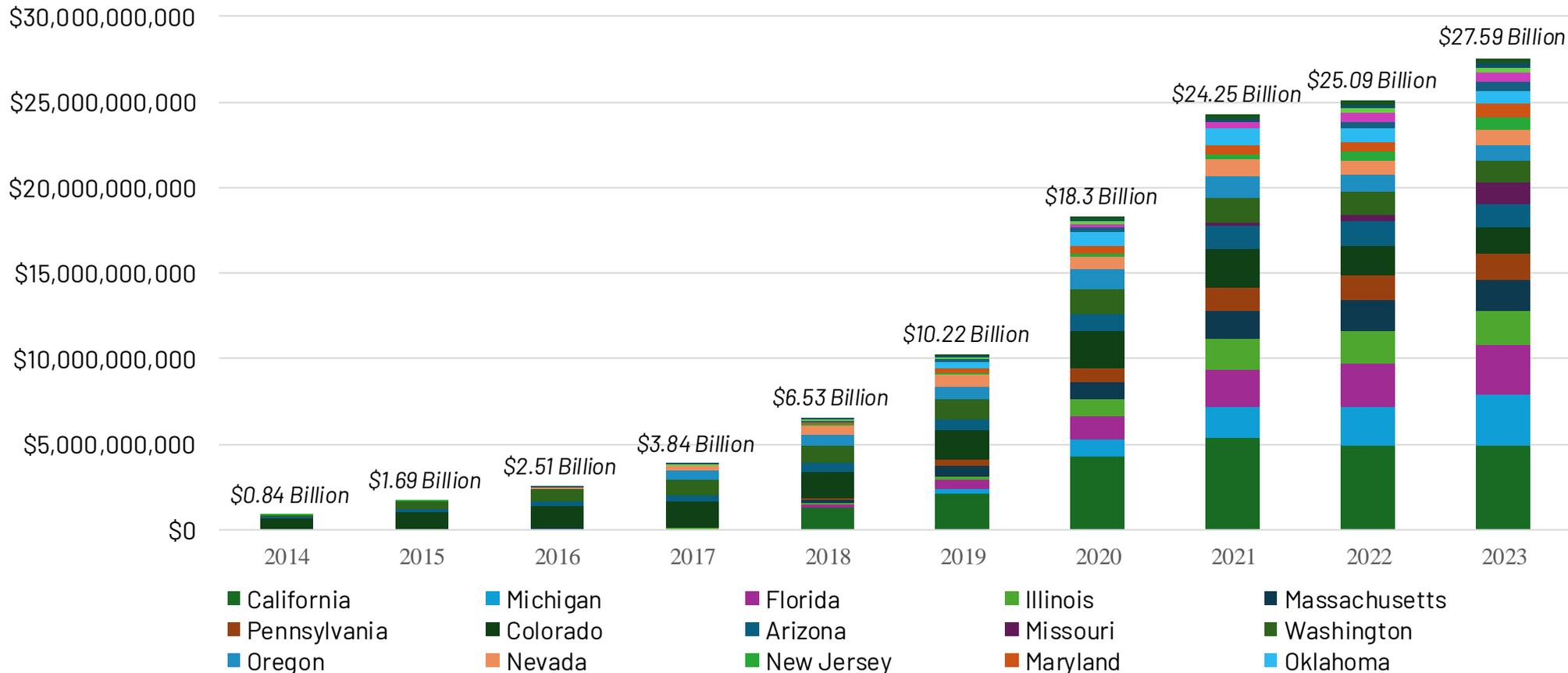


National Overview of Cannabis Market Performance

National Landscape

In under a decade, the top 20 legal cannabis markets have accrued over \$27B in total sales

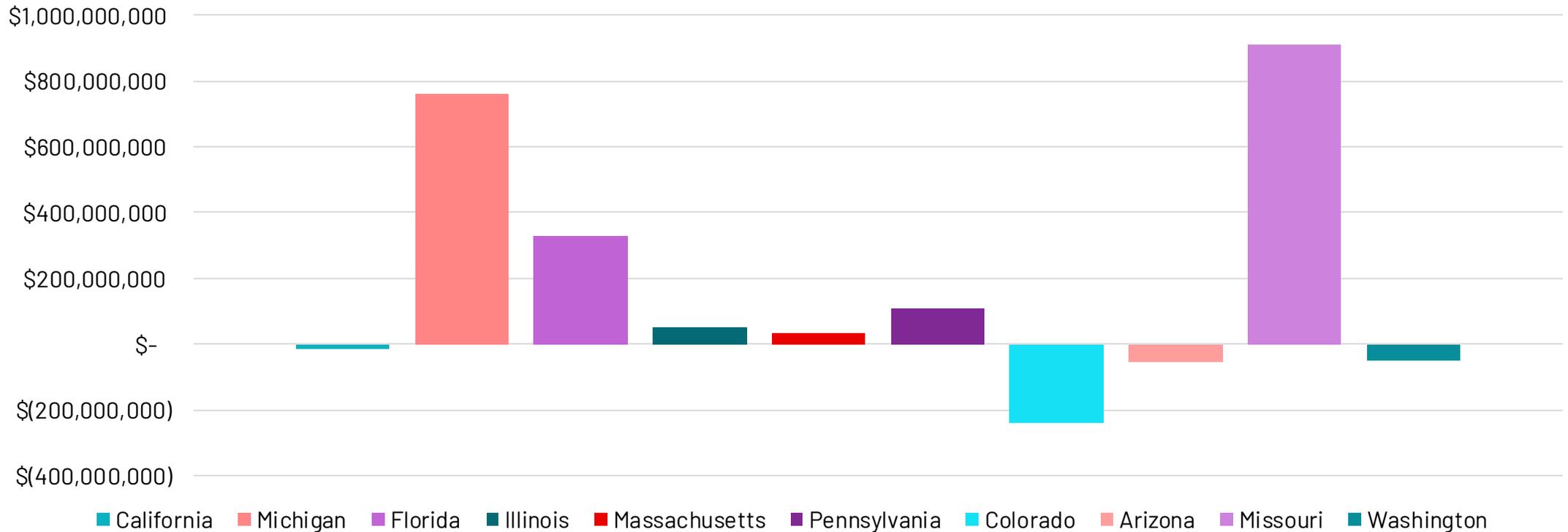
Regulated cannabis sales in the top 20 markets
2014-2023



Which Major Markets Are Expanding?

Many of the ten highest grossing cannabis markets are still seeing year-over-year improvements in cannabis sales

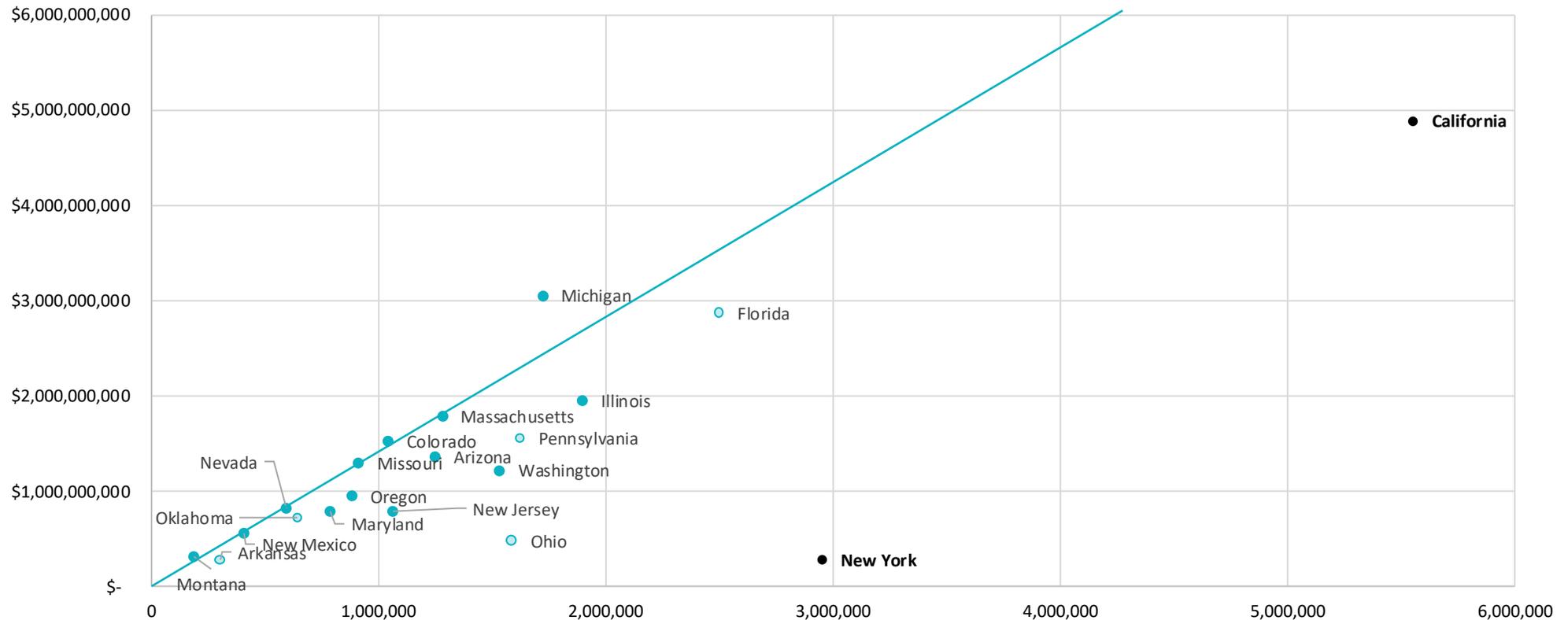
Year-over-year cannabis revenue trends in the ten highest grossing cannabis markets
2022-2023



Which Major Markets are Underperforming?

California and New York are national outliers for cannabis sales and are significantly underperforming. However, both states are expected to have a better 2025.

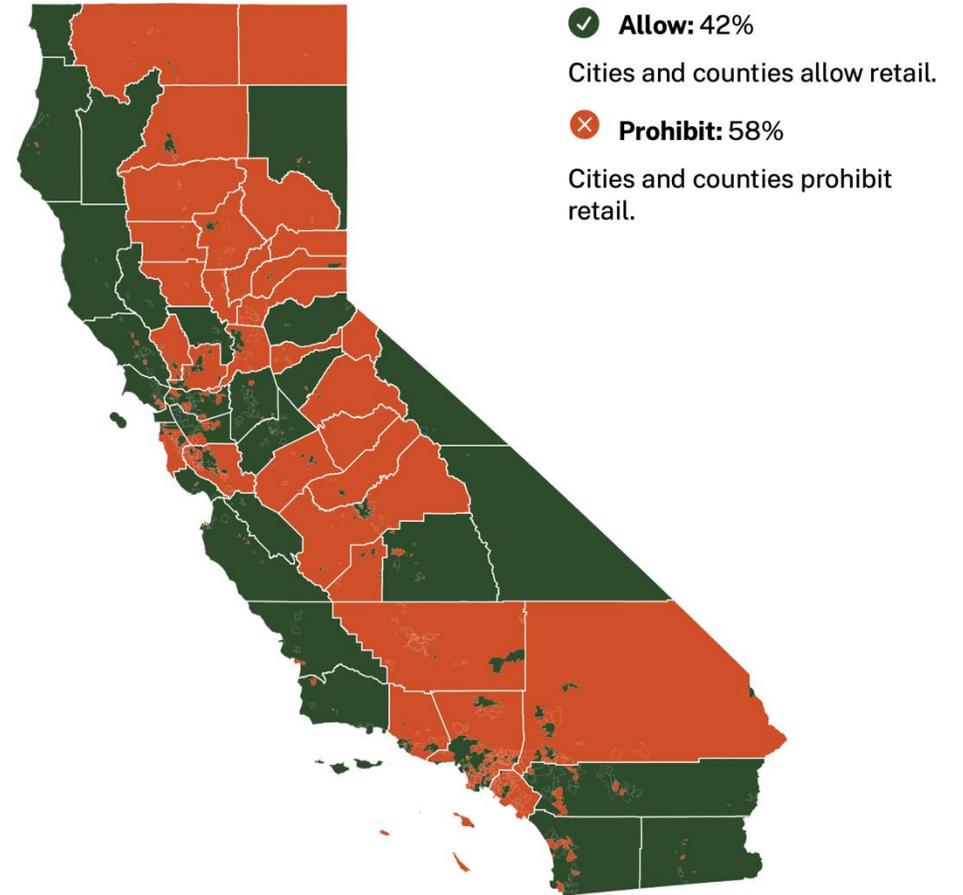
**Analysis of market performance based on sales data and state cannabis consumer populations
2023**



Market Growth in 2025

Factors causing the largest cannabis market in the United States to struggle

- **Burdensome tax structure** for businesses and consumers at both the local and state level, which may be exacerbated by a tax hike on the horizon in 2025.
- California has a low dispensary per capita rate because a significant number of **cities and counties prohibit cannabis retailers**.
- **Imbalances in the supply chain** because of a high number of licensed cultivators, which has driven wholesale prices down.



Information on municipal status provided by the [Department of Cannabis Control](#)

New York's cannabis market is poised for growth in 2025

- **Licensing is speeding up.** Regulators allowed medical operators to convert to the adult-use market and accepted applications for new adult-use licenses ahead of schedule.
- **Court resolutions** have allowed for many prospective social equity licensees to gain final licensure.
- The state has adopted **new measures to enforce against unlicensed operators**, reducing direct competitors to the legal market.
- Regulators have thousands of licensing applications to process and are **creating more flexibility with distance requirements** to help applicants quickly find a location.



Why Minnesota Should be Watched in 2025

- The state has a thriving market for hemp-derived products, particularly hemp beverages and low-potency edibles with a maximum of 5 mg of THC per serving and 50 mg of THC per package. This has created a strong foundation for consumer interest in cannabis products.
- There is overwhelming interest from businesses seeking licensure, which will greatly expand the amount of licensed marijuana businesses in the state.
- Minnesota is laying the groundwork for broader acceptance and experimentation with adult-use cannabis products in social contexts, which could translate into increased market demand. One of the state's pioneering moves is allowing bars and restaurants to sell hemp-derived THC beverages, providing a unique model of social cannabis consumption.



\$140M

Total sales of hemp
products
between July 2023-2024



1,817

Applicants seeking
license preapproval



282

Max number of
preapproval licenses
that can be issued

Social Use

As the cannabis industry continues to grow, one of the largest barriers to wider acceptance has been the absence of public spaces where cannabis can be consumed socially

- Unlike alcohol, many states prohibit cannabis products from being sold and consumed at bars, restaurants, concerts, and other social consumption sites leaving cannabis consumers with very few opportunities to demonstrate responsible consumption.
 - Alcohol sales at on-premise locations – such as restaurants, bars, and concerts – [averaged](#) \$374K per venue in 2023.
 - In 2023, alcohol sales represented [approximately](#) 21% of total sales at full-service restaurants and 6% of total sales at limited-service restaurants.
- Benefits of social consumption spaces include:
 - Breaks down stigma surrounding cannabis use.
 - Provides for additional opportunities to educate consumers.
 - Encourages responsible consumption patterns.
- Embracing cannabis social consumption is a critical step towards breaking down the social and physical barriers between alcohol and cannabis consumers.

Contact Us

For additional cannabis policy information and analysis, or for more information about our legislative and regulatory tracking and government affairs services, please contact us.

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