

Amendment No. 233

Senate Amendment to Senate Bill No. 278	(BDR 32-660)
<b>Proposed by:</b> Senate Committee on Revenue and Economic Development	
<b>Amends:</b> Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	

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

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





SENATE BILL NO. 278—SENATOR SETTELMAYER

MARCH 18, 2021

Referred to Committee on Revenue and Economic Development

SUMMARY—Revises provisions relating to taxation of cannabis. (BDR 32-660)

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

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

AN ACT relating to taxation; ~~exempting certain transfers of cannabis between affiliated cannabis cultivation facilities from the imposition of~~ **defining “wholesale sale” for the purposes of provisions imposing a tax on wholesale sales ~~of~~ of cannabis to exclude certain transfers of cannabis between cannabis cultivation facilities that share identical ownership;** and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law imposes an excise tax at the rate of 15 percent of the fair market value at  
2 wholesale upon each wholesale sale of cannabis by a medical cannabis cultivation facility or  
3 an adult-use cannabis cultivation facility to another cannabis establishment. (NRS 372A.290)  
4 This bill ~~exempts from~~ **defines “wholesale sale” for the purposes of the provisions**  
5 **imposing** such a tax ~~any cannabis which is transferred from one~~ **to mean a sale or transfer**  
6 **of** cannabis **by a cannabis** cultivation facility to ~~an affiliated~~ **another** cannabis ~~cultivation~~  
7 ~~facility~~ **establishment. This bill excludes from the definition of “wholesale sale” a**  
8 **transfer of cannabis by a cannabis cultivation facility to another cannabis cultivation**  
9 **facility when both cannabis cultivation facilities share identical ownership.**

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

1 **Section 1.** NRS 372A.290 is hereby amended to read as follows:  
2 372A.290 1. ~~An *Except as otherwise provided in subsection 8, an*~~ excise  
3 tax is hereby imposed on each wholesale sale in this State of cannabis by a medical  
4 cannabis cultivation facility to another cannabis establishment at the rate of 15  
5 percent of the fair market value at wholesale of the cannabis. The excise tax  
6 imposed pursuant to this subsection is the obligation of the medical cannabis  
7 cultivation facility.  
8 2. ~~An *Except as otherwise provided in subsection 8, an*~~ excise tax is hereby  
9 imposed on each wholesale sale in this State of cannabis by an adult-use cannabis  
10 cultivation facility to another cannabis establishment at the rate of 15 percent of the

1 fair market value at wholesale of the cannabis. The excise tax imposed pursuant to  
2 this subsection is the obligation of the adult-use cannabis cultivation facility.

3 3. An excise tax is hereby imposed on each retail sale in this State of cannabis  
4 or cannabis products by an adult-use cannabis retail store at the rate of 10 percent  
5 of the sales price of the cannabis or cannabis products. The excise tax imposed  
6 pursuant to this subsection:

7 (a) Is the obligation of the adult-use cannabis retail store.

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

10 4. The revenues collected from the excise tax imposed pursuant to subsection  
11 1 must be distributed:

12 (a) To the Cannabis Compliance Board and to local governments in an amount  
13 determined to be necessary by the Board to pay the costs of the Board and local  
14 governments in carrying out the provisions of chapter 678C of NRS; and

15 (b) If any money remains after the revenues are distributed pursuant to  
16 paragraph (a), to the State Treasurer to be deposited to the credit of the State  
17 Education Fund.

18 5. The revenues collected from the excise tax imposed pursuant to subsection  
19 2 must be distributed:

20 (a) To the Cannabis Compliance Board and to local governments in an amount  
21 determined to be necessary by the Board to pay the costs of the Board and local  
22 governments in carrying out the provisions of chapter 678D of NRS; and

23 (b) If any money remains after the revenues are distributed pursuant to  
24 paragraph (a), to the State Treasurer to be deposited to the credit of the State  
25 Education Fund.

26 6. For the purpose of subsections 4 and 5, a total amount of \$5,000,000 of the  
27 revenues collected from the excise tax imposed pursuant to subsection 1 and the  
28 excise tax imposed pursuant to subsection 2 in each fiscal year shall be deemed  
29 sufficient to pay the costs of all local governments to carry out the provisions of  
30 chapters 678C and 678D of NRS. The Board shall, by regulation, determine the  
31 manner in which local governments may be reimbursed for the costs of carrying out  
32 the provisions of chapters 678C and 678D of NRS.

33 7. The revenues collected from the excise tax imposed pursuant to subsection  
34 3 must be paid over as collected to the State Treasurer to be deposited to the credit  
35 of the State Education Fund.

36 8. ~~The excise tax imposed pursuant to subsections 1 and 2 does not apply to  
37 any transfer of cannabis by a cannabis cultivation facility to another cannabis  
38 cultivation facility if the cannabis cultivation facility to which the cannabis is  
39 transferred is an affiliate of the cannabis cultivation facility transferring the  
40 cannabis.~~

41 ~~9.~~ As used in this section:

42 (a) "Adult-use cannabis cultivation facility" has the meaning ascribed to it in  
43 NRS 678A.025.

44 (b) "Adult-use cannabis retail store" has the meaning ascribed to it in NRS  
45 678A.065.

46 ~~"Affiliate" means a person who directly or indirectly owns or controls, is  
47 owned or controlled by, or is under common ownership or control with, another  
48 person. For the purposes of this section, control shall be presumed to exist if any  
49 person directly or indirectly owns, controls, holds with the power to vote or holds  
50 proxies representing 50 percent or more of the voting interests of any other  
51 person.~~

52 ~~(d)~~ "Cannabis product" has the meaning ascribed to it in NRS 678A120.

53 ~~(e)~~ "Local government" has the meaning ascribed to it in NRS 360.640.

1           (e) ~~(e)~~ “Medical cannabis cultivation facility” has the meaning ascribed to it  
2 in NRS 678A.170.

3           (f) ~~(e)~~ “Medical cannabis establishment” has the meaning ascribed to it in  
4 NRS 678A.180.

5           (g) **“Wholesale sale” means a sale or transfer of cannabis by a cannabis**  
6 **cultivation facility to another cannabis establishment. The term does not**  
7 **include a transfer of cannabis by a cannabis cultivation facility to another**  
8 **cannabis cultivation facility when both cannabis cultivation facilities share**  
9 **identical ownership.**

10           **Sec. 2.** This act becomes effective on July 1, 2021.