

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 a tax on wholesale sales; 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
2 value at wholesale upon each wholesale sale of cannabis by a medical cannabis
3 cultivation facility or an adult-use cannabis cultivation facility to another cannabis
4 establishment. (NRS 372A.290) This bill exempts from such a tax any
5 cannabis which is transferred from one cannabis cultivation facility to an affiliated
6 cannabis cultivation facility.

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
2 follows:

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



1 2. ~~[Am]~~ *Except as otherwise provided in subsection 8, an*
2 excise tax is hereby imposed on each wholesale sale in this State of
3 cannabis by an adult-use cannabis cultivation facility to another
4 cannabis establishment at the rate of 15 percent of the fair market
5 value at wholesale of the cannabis. The excise tax imposed pursuant
6 to this subsection is the obligation of the adult-use cannabis
7 cultivation facility.

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

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

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

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

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

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

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

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

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

35 6. For the purpose of subsections 4 and 5, a total amount of
36 \$5,000,000 of the revenues collected from the excise tax imposed
37 pursuant to subsection 1 and the excise tax imposed pursuant to
38 subsection 2 in each fiscal year shall be deemed sufficient to pay the
39 costs of all local governments to carry out the provisions of chapters
40 678C and 678D of NRS. The Board shall, by regulation, determine
41 the manner in which local governments may be reimbursed for the
42 costs of carrying out the provisions of chapters 678C and 678D of
43 NRS.



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

4 8. *The excise tax imposed pursuant to subsections 1 and 2*
5 *does not apply to any transfer of cannabis by a cannabis*
6 *cultivation facility to another cannabis cultivation facility if the*
7 *cannabis cultivation facility to which the cannabis is transferred is*
8 *an affiliate of the cannabis cultivation facility transferring the*
9 *cannabis.*

10 9. As used in this section:

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

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

15 (c) *"Affiliate" means a person who directly or indirectly owns*
16 *or controls, is owned or controlled by, or is under common*
17 *ownership or control with, another person. For the purposes of*
18 *this section, control shall be presumed to exist if any person*
19 *directly or indirectly owns, controls, holds with the power to vote*
20 *or holds proxies representing 50 percent or more of the voting*
21 *interests of any other person.*

22 (d) "Cannabis product" has the meaning ascribed to it in
23 NRS 678A.120.

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

26 ~~(e)~~ (f) "Medical cannabis cultivation facility" has the meaning
27 ascribed to it in NRS 678A.170.

28 ~~(f)~~ (g) "Medical cannabis establishment" has the meaning
29 ascribed to it in NRS 678A.180.

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

