

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 7, 2023

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Personnel Services (Expense)		\$1,746		
Information Services (Expense)		\$11,232		
State Education Fund (Revenue)		(\$10,000,000)	(\$10,000,000)	(\$20,000,000)
Total	0	(\$10,012,978)	(\$10,000,000)	(\$20,000,000)

Explanation

(Use Additional Sheets of Attachments, if required)

Establishes the Cannabis Mentorship Pilot Program and authorizes the Cannabis Compliance Board (CCB) to approve and issue transferable tax credits from cannabis excise taxes to a licensee that participates in the Program as a sponsor.

This tax credit would negatively impact revenue to the State Education Fund (SEF) up to \$10 million for each of the following fiscal years: 2023-24 ('24), 2024-25 ('25), 2025-26 ('26), 2026-27 ('27), and 2027-28 ('28), and future biennia if credits carry forward. There are 3 types of cannabis excise taxes (wholesale medical, wholesale adult-use, and retail). Pursuant to NRS 372A.290: 1) wholesale cannabis excise tax revenue (medical and adult-use) is distributed to the Cannabis Compliance Board (CCB) and to local governments (in an amount determined by the CCB not to exceed \$5 million per fiscal year for local governments) for their respective costs in carrying out NRS Chapter 678C, and any money remaining thereafter is distributed to the SEF; and 2) all retail cannabis excise tax revenue is distributed to the SEF. Based on the effective date in Section 25 (January 1, 2024 – December 30, 2027) for Section 16 of the bill, a tax credit is available not to exceed \$10 Million per fiscal year for Fiscal Years '24, '25, '26, '27 and '28. Any amount of tax credit up to the \$10 million that is not approved during one of these fiscal years may be carried forward and made available during a future fiscal year.

The credit will require the Department to revise returns to allow for a tax credit to apply. Additionally, there will be a need to determine how to record the certificate received from the CCB to determine eligibility for the tax credit. The CCB will do all the tracking and approving of credits.

This request is for funding for overtime for IT staff in the amount of \$1,746 and MSA Programmer expenses in the amount of \$11,232 to implement changes into the Department's computer system. These expenses are one time in nature.

Name Yvonne Nevarez-Goodson

Title Chief Deputy Executive Director

GOVERNOR'S OFFICE OF FINANCE COMMENTS

The agency's response appears reasonable.

Date Thursday, April 06, 2023

Name Amy Stephenson

Title Director