

SUMMARY—Revises provisions governing the taxation of sales of cannabis and cannabis products. (BDR 32-149)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.

Effect on the State: Yes.

AN ACT relating to taxation; eliminating the excise taxes on wholesale sales of cannabis; increasing the amount of the excise tax on retail sales of cannabis and cannabis products; revising the manner in which the revenues from the excise tax on retail sales of cannabis and cannabis products must be distributed; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law imposes an excise tax upon the first wholesale sale of cannabis by a medical cannabis cultivation facility or an adult-use cannabis cultivation facility to another cannabis establishment at the rate of 15 percent of: (1) the fair market value at wholesale for sales made to an affiliate of the medical cannabis cultivation facility or adult-use cannabis cultivation facility; or (2) the sales price of the cannabis, if the sale is made to a cannabis establishment that is not an affiliate of the medical cannabis cultivation facility or adult-use cannabis cultivation facility. Existing law requires the revenues collected from those excise taxes to be distributed: (1) to the Cannabis Compliance Board and to local governments in an amount determined to be necessary



by the Board to pay the costs of the Board and local governments in carrying out the provisions of existing law governing the medical and adult use of cannabis; and (2) if any money remains, to the State Treasurer to be deposited to the credit of the State Education Fund. (NRS 372A.290) **Section 5** of this bill eliminates those excise taxes on wholesale sales of cannabis.

Existing law imposes an excise tax on each retail sale of cannabis or cannabis products by an adult-use cannabis retail store or cannabis consumption lounge at the rate of 10 percent of the sales price of the cannabis or cannabis products. Under existing law, the revenues collected from that excise tax are required to be paid over as collected to the State Treasurer to be deposited to the credit of the State Education Fund. (NRS 372A.290) **Section 5** increases the amount of the excise tax on retail sales of cannabis and cannabis products from 10 percent to 14.25 percent of the sales price of the cannabis or cannabis products. **Section 5** additionally requires the revenues from that excise tax to be distributed: (1) to the Cannabis Compliance Board in an amount determined to be necessary by the Board to pay the costs of the Board in carrying out the provisions of existing law governing the medical and adult use of cannabis; and (2) if any money remains, to the State Treasurer to be deposited to the credit of the State Education Fund.

Sections 1-4 of this bill revise provisions relating to the excise tax on cannabis to reflect the elimination of the excise taxes on wholesale sales of cannabis in **section 5**. **Section 6** of this bill revises provisions setting forth the sources of revenue for the State Education Fund to eliminate references to the excise taxes on wholesale sales of cannabis. **Section 7** of this bill repeals provisions requiring the Department of Taxation to establish procedures to determine the fair market value at wholesale of cannabis, which are rendered obsolete by **section 5**.



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

Section 1. NRS 360.2937 is hereby amended to read as follows:

360.2937 1. Except as otherwise provided in this section, NRS 360.320 or any other specific statute, and notwithstanding the provisions of subsection 1 of NRS 360.2935, interest must be paid upon an overpayment of any tax provided for in chapter 362, 363A, 363B, 363C, 363D, 369, 370, 372, 372B, 374, 377, 377A, 377C or 377D of NRS, ~~any of~~ the ~~taxes~~ tax provided for in NRS 372A.290, any fee provided for in NRS 444A.090, 482.313, 482C.230 or 482C.240, or any assessment provided for in NRS 585.497, at the rate of 0.25 percent per month from the last day of the calendar month following the period for which the overpayment was made.

2. No refund or credit may be made of any interest imposed on the person making the overpayment with respect to the amount being refunded or credited.

3. The interest must be paid:

(a) In the case of a refund, to the last day of the calendar month following the date upon which the person making the overpayment, if the person has not already filed a claim, is notified by the Department that a claim may be filed or the date upon which the claim is certified to the State Board of Examiners, whichever is earlier.



(b) In the case of a credit, to the same date as that to which interest is computed on the tax or the amount against which the credit is applied.

Sec. 2. NRS 360.417 is hereby amended to read as follows:

360.417 Except as otherwise provided in NRS 360.232 and 360.320, and unless a different penalty or rate of interest is specifically provided by statute, any person who fails to pay any tax provided for in chapter 362, 363A, 363B, 363C, 363D, 369, 370, 372, 372B, 374, 377, 377A, 377C, 377D, 444A or 585 of NRS, ~~any of~~ the ~~taxes~~ tax provided for in NRS 372A.290, or any fee provided for in NRS 482.313, 482C.230 or 482C.240, and any person or governmental entity that fails to pay any fee provided for in NRS 360.787, to the State or a county within the time required, shall pay a penalty of not more than 10 percent of the amount of the tax or fee which is owed, as determined by the Department, in addition to the tax or fee, plus interest at the rate of 0.75 percent per month, or fraction of a month, from the last day of the month following the period for which the amount or any portion of the amount should have been reported until the date of payment. The amount of any penalty imposed must be based on a graduated schedule adopted by the Nevada Tax Commission which takes into consideration the length of time the tax or fee remained unpaid.

Sec. 3. NRS 372A.220 is hereby amended to read as follows:

372A.220 “Excise tax on cannabis” means ~~any of~~ the excise ~~taxes~~ tax imposed by NRS 372A.290.

Sec. 4. NRS 372A.250 is hereby amended to read as follows:

372A.250 “Taxpayer” means : ~~a:~~



1. ~~{Cannabis cultivation facility;~~
~~—2.—Adult use}~~ *An adult-use* cannabis retail store; or
~~{3.—Cannabis}~~
2. *A cannabis* consumption lounge.

Sec. 5. NRS 372A.290 is hereby amended to read as follows:

372A.290 1. ~~{An excise tax is hereby imposed on the first wholesale sale in this State of cannabis by a medical cannabis cultivation facility to another cannabis establishment at the rate of 15 percent of:~~

~~—(a) The fair market value at wholesale of the cannabis, if the sale is made to an affiliate of the medical cannabis cultivation facility; or~~

~~—(b) The sales price of the cannabis, if the sale is made to a cannabis establishment that is not an affiliate of the medical cannabis cultivation facility.~~

~~↪ The excise tax imposed pursuant to this subsection is the obligation of the medical cannabis cultivation facility.~~

~~—2.—An excise tax is hereby imposed on the first wholesale sale in this State of cannabis by an adult use cannabis cultivation facility to another cannabis establishment at the rate of 15 percent of:~~

~~—(a) The fair market value at wholesale of the cannabis, if the sale is made to an affiliate of the adult use cannabis cultivation facility; or~~

~~—(b) The sales price of the cannabis, if the sale is made to a cannabis establishment that is not an affiliate of the adult use cannabis cultivation facility.~~



~~↪ The excise tax imposed pursuant to this subsection is the obligation of the adult use cannabis cultivation facility.~~

~~—3.]~~ Except as otherwise provided in subsection ~~[8.]~~ **3**, an excise tax is hereby imposed on each retail sale in this State of cannabis or cannabis products by an adult-use cannabis retail store or cannabis consumption lounge at the rate of ~~[10]~~ **14.25** percent of the sales price of the cannabis or cannabis products. The excise tax imposed pursuant to this subsection:

(a) Is the obligation of the seller of the cannabis or cannabis product but may be recovered from the purchaser.

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

~~[4.]~~ **2.** The revenues collected from the excise tax imposed pursuant to subsection 1 must be distributed:

(a) To the Cannabis Compliance Board ~~[and to local governments]~~ in an amount determined to be necessary by the Board to pay the costs of the Board ~~[and local governments]~~ in carrying out the provisions of ~~[chapter]~~ **chapters** 678C *and* **678D** of NRS; and

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

~~[5.— The revenues collected from the excise tax imposed pursuant to subsection 2 must be distributed:~~



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

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

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

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

~~—8.]~~ **3.** The excise tax imposed pursuant to subsection ~~[3]~~ **I** does not apply to a sale of cannabis for the medical use of cannabis or a medical cannabis product to the holder of a registry identification card or letter of approval by an adult-use cannabis retail store that has been deemed to be a dual licensee pursuant to NRS 678D.490.

~~[9.]~~ **4.** As used in this section:

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

~~—(b) "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.~~



~~—(e)~~ “Cannabis product” has the meaning ascribed to it in NRS 678A.120.

~~[(d)]~~ (b) “Letter of approval” has the meaning ascribed to it in NRS 678C.070.

~~[(e)]~~ “Local government” has the meaning ascribed to it in NRS 360.640.

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

~~—(g)~~ “Medical cannabis establishment” has the meaning ascribed to it in NRS 678A.180.

~~—(h)~~ (c) “Medical cannabis product” has the meaning ascribed to it in NRS 678A.200.

~~[(i)]~~ (d) “Medical use of cannabis” has the meaning ascribed to it in NRS 678A.215.

~~[(j)]~~ (e) “Registry identification card” has the meaning ascribed to it in NRS 678C.080.

~~[(k)]~~ “Wholesale sale” means the first sale or transfer of cannabis by a cannabis cultivation facility to another cannabis establishment. The term does not include a transfer of cannabis by a cannabis cultivation facility to another cannabis cultivation facility when both cannabis cultivation facilities share identical ownership.]

Sec. 6. NRS 387.1212 is hereby amended to read as follows:

387.1212 1. The State Education Fund is hereby created as a special revenue fund to be administered by the Superintendent of Public Instruction for the purpose of supporting the operation of the public schools in this State. The interest and income earned on the money in the Fund, excluding the direct legislative appropriation from the State General Fund required by subsection 3, must, after deducting any applicable charges, be credited to the Fund.

2. Money which must be deposited for credit to the State Education Fund includes, without limitation:



(a) All money derived from interest on the State Permanent School Fund, as provided in NRS 387.030;

(b) The proceeds of the tax imposed pursuant to NRS 244.33561 and any applicable penalty or interest, less any amount retained by the county treasurer for the actual cost of collecting and administering the tax;

(c) The proceeds of the tax imposed pursuant to subsection 1 of NRS 387.195;

(d) The money identified in subsection 9 of NRS 120A.610;

(e) The portion of the money in each special account created pursuant to subsection 1 of NRS 179.1187 which is identified in paragraph (d) of subsection 2 of NRS 179.1187;

(f) The money identified in paragraph (d) of subsection 6 of NRS 278C.250;

(g) The money identified in subsection 1 of NRS 328.450;

(h) The money identified in subsection 1 of NRS 328.460;

(i) The money identified in paragraph (a) of subsection 2 of NRS 360.850;

(j) The money identified in paragraph (a) of subsection 2 of NRS 360.855;

(k) The money required to be transferred to the State Education Fund pursuant to NRS 362.100;

(l) The money required to be deposited to the credit of the State Education Fund pursuant to subsection 4 of NRS 362.170;

(m) ~~[(The portion of the proceeds of the tax imposed pursuant to subsection 1 of NRS 372A.290 identified in paragraph (b) of subsection 4 of NRS 372A.290;~~

~~—(n)]~~ The proceeds of the tax imposed pursuant to subsection ~~[(3)]~~ 1 of NRS 372A.290;



~~[(o)]~~ (n) The proceeds of the fees, taxes, interest and penalties imposed pursuant to chapter 374 of NRS, as transferred pursuant to subsection 3 of NRS 374.785;

~~[(p)]~~ (o) The money identified in subsection 5 of NRS 445B.640;

~~[(q)]~~ (p) The money identified in paragraph (b) of subsection 7 of NRS 678B.390;

~~[(r)]~~ (q) The portion of the proceeds of the excise tax imposed pursuant to subsection 1 of NRS 463.385 identified in paragraph (c) of subsection 5 of NRS 463.385;

~~[(s)]~~ (r) The money required to be distributed to the State Education Fund pursuant to subsection 3 of NRS 482.181;

~~[(t)]~~ (s) The portion of the proceeds of the fee imposed pursuant to NRS 488.075 identified in subsection 2 of NRS 488.075;

~~[(u)]~~ (t) The portion of the net profits of the grantee of a franchise, right or privilege identified in NRS 709.110;

~~[(v)]~~ (u) The portion of the net profits of the grantee of a franchise identified in NRS 709.230;

~~[(w)]~~ (v) The portion of the net profits of the grantee of a franchise identified in NRS 709.270;

~~[(x)]~~ (w) The money required to be distributed to the State Education Fund pursuant to NRS 363D.290;

~~[(y)]~~ (x) The amount of any fines required to be remitted to the State Treasurer for deposit to the credit of the State Education Fund pursuant to subsection 1 of NRS 555.470;

~~[(z)]~~ (y) The amount of any claim, together with any dividend, interest or other increment required to be transferred to the State Education Fund pursuant to subsection 2 of NRS 120A.645;



~~[(aa) The portion of the proceeds of the tax imposed pursuant to subsection 2 of NRS 372A.290 identified in paragraph (b) of subsection 5 of NRS 372A.290;]~~ and

~~[(bb)]~~ (z) The direct legislative appropriation from the State General Fund required by subsection 3.

3. In addition to money from any other source provided by law, support for the State Education Fund must be provided by direct legislative appropriation from the State General Fund in an amount determined by the Legislature to be sufficient to fund the operation of the public schools in this State for kindergarten through grade 12 for the next ensuing biennium for the population reasonably estimated for that biennium. Money in the State Education Fund does not revert to the State General Fund at the end of a fiscal year, and the balance in the State Education Fund must be carried forward to the next fiscal year.

4. Money in the Fund must be paid out on claims as other claims against the State are paid.

Sec. 7. NRS 678B.640 is hereby repealed.

Sec. 8. This act becomes effective on July 1, 2025.

TEXT OF REPEALED SECTION

678B.640 Regulations of Department of Taxation regarding fair market value at wholesale of cannabis.



1. The Department of Taxation shall adopt regulations to establish procedures to determine the fair market value at wholesale of cannabis. The regulations shall:

(a) Provide that the fair market value of cannabis:

(1) Will be calculated and published by the Department on a quarterly basis not more than 30 days after the end of each calendar quarter; and

(2) Is the median sales price for wholesale sales between cannabis cultivation facilities and cannabis establishments that are not affiliates, per pound or each, during the period specified in subparagraph (1).

(b) Prescribe any information required by the Department to determine the fair market value at wholesale of cannabis.

2. The Board shall ensure that any computer software used for the seed-to-sale tracking of cannabis adopted by the Board includes a method to denote transfers of cannabis between affiliates.

3. The Board shall furnish the Department with such information as the Department determines to be necessary to adopt the regulations required by this section.

4. As used in this section, “affiliate” has the meaning ascribed to it in NRS 372A.290.

