

Amendment No. 472

Assembly Amendment to Assembly Bill No. 326 First Reprint (BDR 56-641)
Proposed by: Assemblyman Roberts
Amends: 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.



ASSEMBLY BILL NO. 326—ASSEMBLYMAN ROBERTS

MARCH 17, 2021

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing cannabis. (BDR 56-641)

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

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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 cannabis; authorizing a district attorney or city attorney to bring a civil action against a person for engaging in certain activities relating to cannabis without a license or registration card issued by the Cannabis Compliance Board; requiring the Board to adopt regulations relating to a cannabis establishment that is subject to a receivership; authorizing the Board to adopt regulations governing the transfer of licenses which give a priority in processing such transfers to certain types of transfers; requiring advertising by a cannabis establishment to include the name and license number or other unique identifier of the cannabis establishment; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law prohibits a person from possessing, delivering or producing marijuana or
2 paraphernalia, or aiding and abetting another in doing so, but creates an exemption from state
3 prosecution for such crimes in certain circumstances for persons who are at least 21 years of
4 age or hold a registry identification card, letter of approval, cannabis establishment agent
5 registration card, adult-use cannabis establishment license or medical cannabis establishment
6 license. A person who engages in activities relating to cannabis for which a license or
7 registration card is required without the appropriate license or registration card does not
8 qualify for such an exemption and is therefore subject to prosecution for such crimes. (NRS
9 453.316, 453.321, 453.336, 453.337, 453.339, 453.3393, 678C.200, 678D.200) Existing law
10 additionally prohibits a person from engaging in the business of a medical cannabis
11 establishment or adult-use cannabis establishment without a license issued by the Cannabis
12 Compliance Board. (NRS 678B.210, 678B.250) If a licensee has violated the provisions of
13 law relating to the regulation of cannabis, the Board may impose certain penalties, including
14 the revocation of the license of the licensee and the imposition of a civil penalty. (NRS
15 678A.600) **Section 1.5** of this bill provides that if a person engages in certain activities
16 relating to cannabis without a license or registration card issued by the Board in violation of
17 the provisions of existing law governing the regulation of cannabis, the district attorney or city
18 attorney for the jurisdiction in which the violation occurred is authorized to bring an action
19 against the person to recover a civil penalty of not more \$50,000 for each violation. **Section**
20 **1.5** also authorizes a district attorney or city attorney to bring an action to enjoin such
21 violations.

22 Section 1.7 of this bill requires the Board to adopt regulations prescribing
23 procedures and requirements by which a person who has been appointed by a court as a
24 receiver may take possession of, manage the operations of and take any other action
25 authorized by the court with respect to a cannabis establishment subject to a
26 receivership. Section 1.7 requires such regulations to: (1) set forth the qualifications for
27 such a receiver; (2) prescribe procedures and requirements for certain actions taken by
28 a receiver; and (3) require a receiver to obtain a cannabis establishment agent
29 registration card and comply with all other applicable laws.

30 Existing law requires the Board to adopt regulations prescribing procedures and
31 requirements by which the holder of a license issued by the Board may transfer the
32 license to another qualified person. (NRS 678B.380) Section 1.9 of this bill authorizes
33 such regulations to give priority in the processing of such a transfer to transfers in which
34 the transferor is: (1) subject to a receivership; (2) involved in a recapitalization; or (3) a
35 party to a court proceeding involving financial distress.

36 Under existing law, certain activities concerning advertising by a cannabis establishment
37 are prohibited or required, such as prohibiting a cannabis establishment from engaging in
38 advertising which contains a statement or illustration that is false or misleading and requiring
39 advertising to contain a warning that cannabis is for use only by adults who are 21 years of
40 age or older. (NRS 678B.520) **Section 2** of this bill requires that all advertising by a cannabis
41 establishment contain: (1) the name of the cannabis establishment; and (2) the adult-use
42 cannabis establishment license number or other unique identifier or the medical cannabis
43 establishment license number or other unique identifier of the cannabis establishment.

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

1 **Section 1.** (Deleted by amendment.)

2 **Sec. 1.5.** Chapter 678A of NRS is hereby amended by adding thereto a new
3 section to read as follows:

4 *1. A person who does not hold a license and who, in violation of the*
5 *provisions of this title:*

6 *(a) Cultivates, delivers, transfers, supplies or sells cannabis; or*

7 *(b) Manufacturers, delivers, transfers, supplies or sells cannabis products,*

8 *↪ is liable for a civil penalty of not more than \$50,000 to be recovered in an*
9 *action brought by the district attorney or city attorney for the jurisdiction in*
10 *which the violation occurred. Any civil penalty collected by a district attorney or*
11 *city attorney pursuant to this section must be deposited in the county or city*
12 *treasury, as applicable.*

13 *2. The district attorney or city attorney of any county or city, respectively, in*
14 *which a person engages in any of the conduct described in subsection 1 in*
15 *violation of the provisions of this title may bring an action to enjoin the violation.*

16 **Sec. 1.7.** Chapter 678B of NRS is hereby amended by adding thereto a
17 new section to read as follows:

18 The Board shall adopt regulations which prescribe procedures and
19 requirements by which a receiver appointed by a court may take possession of,
20 manage the operations of and take any other action authorized by a court with
21 respect to a cannabis establishment subject to a receivership. Such regulations
22 must, without limitation:

23 1. Set forth the required qualifications for such a receiver, which must
24 include, without limitation, requiring that the receiver have:

25 (a) Experience in or knowledge of the cannabis industry;

26 (b) Experience as a receiver appointed by a court;

1 (c) The knowledge and skills necessary to make reasonable financial
2 decisions with respect to the finances of a cannabis establishment subject to a
3 receivership; and

4 (d) Adequate financial capacity to fulfill the duties of a receiver;

5 2. Prescribe procedures and requirements for the management, liquidation,
6 sale or transfer of a cannabis establishment subject to a receivership by such a
7 receiver, including, without limitation, procedures and requirements for the
8 transfer of a license by a receiver in accordance with the regulations adopted
9 pursuant to NRS 678B.380; and

10 3. Require such a receiver to:

11 (a) Obtain a cannabis establishment agent registration card; and

12 (b) Comply with all applicable provisions of this title and the regulations
13 adopted pursuant thereto.

14 Sec. 1.9. NRS 678B.380 is hereby amended to read as follows:

15 678B.380 1. Except as otherwise provided by regulations adopted by the
16 Board pursuant to subsection 2, the following are nontransferable:

17 (a) A cannabis establishment agent registration card.

18 (b) A cannabis establishment agent registration card for a cannabis executive.

19 (c) A medical cannabis establishment license.

20 (d) An adult-use cannabis establishment license.

21 2. The Board shall adopt regulations which prescribe procedures and
22 requirements by which a holder of a license may transfer the license to another
23 party who is qualified to hold such a license pursuant to the provisions of this
24 chapter. Such regulations may give priority in the processing of transfers of
25 licenses to a transfer in which the transferor is:

26 (a) Subject to a receivership;

27 (b) Involved in a recapitalization; or

28 (c) A party to a court proceeding involving financial distress.

29 Sec. 2. NRS 678B.520 is hereby amended to read as follows:

30 678B.520 1. Each cannabis establishment shall, in consultation with the
31 Board, cooperate to ensure that all cannabis products offered for sale:

32 (a) Are labeled clearly and unambiguously:

33 (1) As cannabis or medical cannabis with the words "THIS IS A
34 MEDICAL CANNABIS PRODUCT" or "THIS IS A CANNABIS PRODUCT," as
35 applicable, in bold type; and

36 (2) As required by the provisions of this chapter and chapters 678C and
37 678D of NRS.

38 (b) Are not presented in packaging that contains an image of a cartoon
39 character, mascot, action figure, balloon or toy, except that such an item may
40 appear in the logo of the cannabis production facility which produced the product.

41 (c) Are regulated and sold on the basis of the concentration of THC in the
42 products and not by weight.

43 (d) Are packaged and labeled in such a manner as to allow tracking by way of
44 an inventory control system.

45 (e) Are not packaged and labeled in a manner which is modeled after a brand
46 of products primarily consumed by or marketed to children.

47 (f) Are labeled in a manner which indicates the amount of THC in the product,
48 measured in milligrams, and includes a statement that the product contains cannabis
49 and its potency was tested with an allowable variance of the amount determined by
50 the Board by regulation.

51 (g) Are not labeled or marketed as candy.

52 2. A cannabis production facility shall not produce cannabis products in any
53 form that:

1 (a) Is or appears to be a lollipop.

2 (b) Bears the likeness or contains characteristics of a real or fictional person,
3 animal or fruit, including, without limitation, a caricature, cartoon or artistic
4 rendering.

5 (c) Is modeled after a brand of products primarily consumed by or marketed to
6 children.

7 (d) Is made by applying concentrated cannabis, as defined in NRS 453.042, to
8 a commercially available candy or snack food item other than dried fruit, nuts or
9 granola.

10 3. A cannabis production facility shall:

11 (a) Seal any cannabis product that consists of cookies or brownies in a bag or
12 other container which is not transparent.

13 (b) Affix a label to each cannabis product which includes without limitation, in
14 a manner which must not mislead consumers, the following information:

15 (1) The words "Keep out of reach of children";

16 (2) A list of all ingredients used in the cannabis product;

17 (3) A list of all allergens in the cannabis product; and

18 (4) The total content of THC measured in milligrams.

19 (c) Maintain a hand washing area with hot water, soap and disposable towels
20 which is located away from any area in which cannabis products are cooked or
21 otherwise prepared.

22 (d) Require each person who handles cannabis products to restrain his or her
23 hair, wear clean clothing and keep his or her fingernails neatly trimmed.

24 (e) Package all cannabis products produced by the cannabis production facility
25 on the premises of the cannabis production facility.

26 4. A cannabis establishment shall not engage in advertising that in any way
27 makes cannabis or cannabis products appeal to children, including, without
28 limitation, advertising which uses an image of a cartoon character, mascot, action
29 figure, balloon, fruit or toy.

30 5. Each cannabis sales facility shall offer for sale containers for the storage of
31 cannabis and cannabis products which lock and are designed to prohibit children
32 from unlocking and opening the container.

33 6. A cannabis sales facility shall:

34 (a) Include a written notification with each sale of cannabis or cannabis
35 products which advises the purchaser:

36 (1) To keep cannabis and cannabis products out of the reach of children;

37 (2) That cannabis products can cause severe illness in children;

38 (3) That allowing children to ingest cannabis or cannabis products or
39 storing cannabis or cannabis products in a location which is accessible to children
40 may result in an investigation by an agency which provides child welfare services
41 or criminal prosecution for child abuse or neglect;

42 (4) That the intoxicating effects of edible cannabis products may be
43 delayed by 2 hours or more and users of edible cannabis products should initially
44 ingest a small amount of the product, then wait at least 120 minutes before
45 ingesting any additional amount of the product;

46 (5) That pregnant women should consult with a physician before ingesting
47 cannabis or cannabis products;

48 (6) That ingesting cannabis or cannabis products with alcohol or other
49 drugs, including prescription medication, may result in unpredictable levels of
50 impairment and that a person should consult with a physician before doing so;

51 (7) That cannabis or cannabis products can impair concentration,
52 coordination and judgment and a person should not operate a motor vehicle while
53 under the influence of cannabis or cannabis products; and

1 (8) That ingestion of any amount of cannabis or cannabis products before
2 driving may result in criminal prosecution for driving under the influence.

3 (b) Enclose all cannabis and cannabis products in opaque, child-resistant
4 packaging upon sale.

5 7. A cannabis sales facility shall allow any person who is at least 21 years of
6 age to enter the premises of the cannabis sales facility.

7 8. If the health authority, as defined in NRS 446.050, where a cannabis
8 production facility or cannabis sales facility which sells edible cannabis products is
9 located requires persons who handle food at a food establishment to obtain
10 certification, the cannabis production facility or cannabis sales facility shall ensure
11 that at least one employee maintains such certification.

12 9. A cannabis production facility may sell a commodity or product made
13 using hemp, as defined in NRS 557.160, or containing cannabidiol to a cannabis
14 sales facility.

15 10. In addition to any other product authorized by the provisions of this title, a
16 cannabis sales facility may sell:

17 (a) Any commodity or product made using hemp, as defined in NRS 557.160;

18 (b) Any commodity or product containing cannabidiol with a THC
19 concentration of not more than 0.3 percent; and

20 (c) Any other product specified by regulation of the Board.

21 11. A cannabis establishment:

22 (a) Shall not engage in advertising which contains any statement or illustration
23 that:

24 (1) Is false or misleading;

25 (2) Promotes overconsumption of cannabis or cannabis products;

26 (3) Depicts the actual consumption of cannabis or cannabis products; or

27 (4) Depicts a child or other person who is less than 21 years of age
28 consuming cannabis or cannabis products or objects suggesting the presence of a
29 child, including, without limitation, toys, characters or cartoons, or contains any
30 other depiction which is designed in any manner to be appealing to or encourage
31 consumption of cannabis or cannabis products by a person who is less than 21 years
32 of age.

33 (b) Shall not advertise in any publication or on radio, television or any other
34 medium if 30 percent or more of the audience of that medium is reasonably
35 expected to be persons who are less than 21 years of age.

36 (c) Shall not place an advertisement:

37 (1) Within 1,000 feet of a public or private school, playground, public park
38 or library, but may maintain such an advertisement if it was initially placed before
39 the school, playground, public park or library was located within 1,000 feet of the
40 location of the advertisement;

41 (2) On or inside of a motor vehicle used for public transportation or any
42 shelter for public transportation;

43 (3) At a sports event to which persons who are less than 21 years of age are
44 allowed entry; or

45 (4) At an entertainment event if it is reasonably estimated that 30 percent
46 or more of the persons who will attend that event are less than 21 years of age.

47 (d) Shall not advertise or offer any cannabis or cannabis product as “free” or
48 “donated” without a purchase.

49 (e) Shall ensure that all advertising by the cannabis establishment contains
50 such warnings as may be prescribed by the Board, which must include, without
51 limitation, the following words:

52 (1) “Keep out of reach of children”; and

53 (2) “For use only by adults 21 years of age and older.”

1 (f) *Shall ensure that all advertising by the cannabis establishment contains:*

2 (1) *The name of the cannabis establishment; and*

3 (2) *The adult-use cannabis establishment license number or medical*
4 *cannabis establishment license number of the cannabis establishment or any*
5 *other unique identifier assigned to the cannabis establishment by the Board.*

6 12. Nothing in subsection 11 shall be construed to prohibit a local
7 government, pursuant to chapter 244, 268 or 278 of NRS, from adopting an
8 ordinance for the regulation of advertising relating to cannabis which is more
9 restrictive than the provisions of subsection 11 relating to:

10 (a) The number, location and size of signs, including, without limitation, any
11 signs carried or displayed by a natural person;

12 (b) Handbills, pamphlets, cards or other types of advertisements that are
13 distributed, excluding an advertisement placed in a newspaper of general
14 circulation, trade publication or other form of print media;

15 (c) Any stationary or moving display that is located on or near the premises of
16 a cannabis establishment; and

17 (d) The content of any advertisement used by a cannabis establishment if the
18 ordinance sets forth specific prohibited content for such an advertisement.

19 13. If a cannabis establishment engages in advertising for which it is required
20 to determine the percentage of persons who are less than 21 years of age and who
21 may reasonably be expected to view or hear the advertisement, the cannabis
22 establishment shall maintain documentation for not less than 5 years after the date
23 on which the advertisement is first broadcasted, published or otherwise displayed
24 that demonstrates the manner in which the cannabis establishment determined the
25 reasonably expected age of the audience for that advertisement.

26 14. In addition to any other penalties provided for by law, the Board may
27 impose a civil penalty upon a cannabis establishment that violates the provisions of
28 subsection 11 or 13 as follows:

29 (a) For the first violation in the immediately preceding 2 years, a civil penalty
30 not to exceed \$1,250.

31 (b) For the second violation in the immediately preceding 2 years, a civil
32 penalty not to exceed \$2,500.

33 (c) For the third violation in the immediately preceding 2 years, a civil penalty
34 not to exceed \$5,000.

35 (d) For the fourth violation in the immediately preceding 2 years, a civil
36 penalty not to exceed \$10,000.

37 15. As used in this section, "motor vehicle used for public transportation"
38 does not include a taxicab, as defined in NRS 706.124.

39 **Sec. 3.** This act becomes effective on July 1, 2021.