



# WASHOE COUNTY

Integrity Communication Service

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## STAFF REPORT

BOARD MEETING DATE: May 8, 2018

**DATE:** Wednesday, May 02, 2018

**TO:** Board of County Commissioners

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**THROUGH:** Cathy Hill, Comptroller  
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**SUBJECT:** Recommendation that the Board of County Commissioners approve and authorize the Chair to execute the attached resolution establishing the Marijuana Establishment Fund per NRS 354.612 as a Special Revenue Fund for the purpose of accounting for the quarterly marijuana establishment license fee of 3% of a marijuana establishment's reported quarterly gross revenue. (All Commission Districts)

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### SUMMARY

On April 10, 2018, the Board of County Commissioners approved the second reading of proposed amendments to Washoe County Code Chapter 53, Chapter 110 and Chapter 25 and business impact statement for related fees. The purpose of this Special Revenue Fund is to separately track and record the revenue and expenditures associated with the establishment license fee of 3% for each marijuana establishment's reported quarterly gross revenue. The use of these funds will be directed by the Office of the County Manager. The balance remaining in this fund at the end of each fiscal year will be committed funds and will flow into each next fiscal year.

**Strategic Objective supported by this item:** *Stewardship of our community.*

### PREVIOUS ACTION

On **March 27, 2018**, the Board of County Commissioners received a presentation and update on state and local codes governing medical and recreational marijuana. Overview supports two additional agenda items including the first reading of proposed amendments to Washoe County Code Chapter 53, Chapter 110 and Chapter 25 and business impact statement for related fees.

On **December 19, 2017**, the Board of County Commissioners (Board) initiated an amendment to WCC Chapter 25 (Business License), Chapter 110 (Development Code) and Chapter 53 (Miscellaneous Crimes) to provide for the operation of marijuana establishments which are licensed by the State of Nevada under NRS Chapters 453A

AGENDA ITEM # \_\_\_\_\_

(medical marijuana) and 453D (recreational marijuana). The Board approved a vision and three key focus areas to guide the code amendments.

On **July 25, 2017**, the Board amended WCC Chapter 25 to include new regulations on temporary marijuana establishment business licenses for recreational marijuana. These licenses expire on July 1, 2018, or on a later date if the State Department of Taxation extends its license expiration date for the quick start program.

On **April 8, 2014**, the Board amended WCC Chapter 25 to include new regulations on medical marijuana establishments.

On **June 25, 2013**, the Board initiated proceedings for all Washoe County Code (WCC) Chapters requiring amendments for medical marijuana resulting from legislation passed by the 2013 Nevada State Legislature.

### **BACKGROUND**

By separate votes of the people, marijuana use is legal in Washoe County with amendments to the State Constitution in 2000 and 2016 to allow for marijuana establishments that can grow, produce, distribute and offer products for sale to individuals with medical needs (medical) and to individuals over the age of 21 (recreational). Enabling legislation guiding implementation of legalized marijuana was created during the 2013 and 2017 legislative sessions (NRS 453A and NRS 453D, respectively).

During the 2017 Legislative Session, the Nevada Department of Taxation became the responsible agency to oversee legalized marijuana in the State of Nevada. State responsibilities for oversight of marijuana industry include:

- Establishing the total number of retail marijuana stores (including recreational stores/medical dispensaries);
- Creating Statewide licensure for marijuana establishments; review and enforcement of labeling and packaging;
- Regulating advertising, logos, signs for marijuana establishments;
- Setting public health standards, review and inspections;
- Providing for staff and medical patient registration process;
- Identifying standards for age verification;
- Managing a marijuana inventory system;
- Regulating transportation requirements;
- Reporting and transmitting marijuana taxes at state level; and,
- Establishing requirements and standards for operation of store (medical and recreational), production, cultivation and laboratories.

The statewide application process requires plans for security, financial and inventory management among others.

Washoe County's oversight for legalized marijuana includes identifying the appropriate licensing process and regulatory zoning (NRS 435A and 453D). State law also provides for revenue to local jurisdictions for carrying out requirements of NRS 453A and 453D.

In unincorporated Washoe County, the licensing, review and revenue structure for legalized marijuana mirrors the business license process for other legal businesses including liquor. Public safety concerns are addressed through responsibilities of local fire, enforcement and health regulatory authorities.

Generally, Washoe County's role is limited to:

- Regulatory Zoning*, where a business can be located considering State Laws on zoning and distance from schools and community facilities.
- Business Licensing*, including fees, hours of operation, and the look and feel of retail businesses
- Public Safety*, focusing on security requirements and local law enforcement.

Adoption of state and local regulations for a *Quick Start Program* in the spring and summer of 2017 allowed for the implementation of legalized recreational marijuana use at medical marijuana establishments operating and in good standing. In July of 2017, the Board approved amendments to Washoe County Code Chapter 25 to provide for operation of recreational marijuana establishments at state certified medical marijuana facilities on a temporary basis. All temporary marijuana establishment business licenses will expire on July 1, 2018 (this date is based on the expiration of State temporary licenses).

Adoption of temporary regulations guiding legalized recreational marijuana in Nevada provided a yearlong window for state and local governments to develop 'permanent regulations' governing legalized marijuana. Initial drafts of State permanent regulations were publically reviewed in August 2017. The State of Nevada Legislative Commission recently approved final regulations at the February 27, 2018 meeting.

Washoe County Board of Commissioners has made leadership in the implementation of this new industry a priority through their adopted strategic plan and has seen this actualized in more than 10 presentations before the Board since 2013 - 11 public and community meetings in the last three years - and a working implementation team representing 30 County divisions through two established committees.

## **Washoe County Strategic Goal - Marijuana**

*"Proactively prepare for the expected impacts of the use, production, cultivation, distribution of legal marijuana in Nevada (NRS 453A and 453D), mitigating the consequences for marijuana by capitalizing on knowledge of the impacts from other regions that have legalized marijuana."*

In a parallel process to the State, 18 members of the Code and Enforcement sub-committee of the Marijuana Strategic planning team met 8 times to strategize, analyze and prepare draft code amendments based on the following premises:

- Include lessons learned during medical marijuana and quick start recreational marijuana to guide the development of permanent regulations,
- Include public feedback from marijuana community meetings, which has been extensive and provides insight to their underlying concerns,

- Include guidance from enforcement, permitting, air quality, legal and public safety professionals,
- Capture professional discussions on the creation of code amendments and has the potential to guide future policy, legislative direction or internal resource and programming needs,
- Initiate code amendment process prior to completion of state regulations to allow for professional discussions with policy makers to provide feedback on statewide regulations and honor the time necessary for the Board to work through the public process to amend local codes, and
- Vision and direction of the Board of County Commissioners shall guide the creation of permanent regulations guiding the implementation of legalized marijuana.

## **Commission Policy and Key Components: Implementation of Legalized Marijuana**

The Board confirmed its guiding policies and three key components for code amendments during its December 19, 2017 meeting. The policies were developed considering public feedback on marijuana topics over the last two years and direction in during the Board's strategic planning retreat August 2017.

### **Board Policy for Marijuana Code Implementation**

**BCC Policy:** Address traffic, public safety, visual, air quality and other direct impacts on neighborhood communities by limiting the extent and impact of legalized marijuana in unincorporated Washoe County.

**BCC Policy:** Acknowledge the role of state partners and local jurisdictions in the governance and enforcement of legalized marijuana; and, industry should pay for the direct and indirect costs of legalized marijuana.

**BCC Policy:** Partner with local jurisdictions to ensure streamline process, but consider unique needs of unincorporated Washoe County.

**BCC Policy:** Ensure transparency and consideration for public feedback during the code review process and mimic other similar licenses (liquor).

**BCC Policy:** Streamline and simplify processes to treat medical and recreational marijuana in the same manner and ensure clarity in the process.

### **FISCAL IMPACT**

The resolution creating the Special Revenue fund is for accounting purposes and has no fiscal impact on its own.

**RECOMMENDATION**

Recommendation that the Board of County Commissioners approve and authorize the Chair to execute the attached resolution establishing the Marijuana Establishment Fund per NRS 354.612 as a Special Revenue Fund for the purpose of accounting for the quarterly marijuana establishment license fee of 3% of a marijuana establishment's reported quarterly gross revenue.

**POSSIBLE MOTION**

Should the Board approve, a possible motion would be: Move to "Recommendation that the Board of County Commissioners approve and authorize the Chair to execute the attached resolution establishing the Marijuana Establishment Fund per NRS 354.612 as a Special Revenue Fund for the purpose of accounting for the quarterly marijuana establishment license fee of 3% of a marijuana establishment's reported quarterly gross revenue."