

**SMALL BUSINESS IMPACT STATEMENT 2013  
PROPOSED AMENDMENTS TO NAC 453A**

The Division of Public and Behavioral Health (DPBH) has determined that the proposed amendments should not impose a direct or significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business in Nevada. A workshop is scheduled to be held on December 23, 2013, at 9:00 a.m. allowing for further input by all interested parties regarding the proposed regulations and how they will impact the State of Nevada. The comments received from the Small Business Impact Questionnaires will be considered with any comments made at the public workshop for possible further revisions to the proposed regulations.

A small business is defined in Nevada Revised Statutes NRS 233B as “a business conducted for profit which employs fewer than 150 full-time or part-time employees.”

This small business impact statement complies with the requirements of NRS 233B.0609.

- 1) A description of the manner in which comment was solicited from affected small businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.**

**Background**

The 2013 Legislature passed Senate Bill 374 relating to medical marijuana providing for the registration of medical marijuana establishments authorized to cultivate or dispense marijuana or manufacture edible marijuana products or marijuana-infused products for sale to persons authorized to engage in the medical use of marijuana; providing for the registration of agents who are employed by or volunteer at medical marijuana establishments; setting forth the manner in which such establishments must register and operate; requiring DPBH to adopt regulations; providing penalties; and providing other matters properly relating thereto. SB 374 has now been included in the recently codified NRS 453A. The proposed regulations provide provisions for the establishment, licensing, operation and regulation of medical marijuana establishments in the State of Nevada. The proposed regulations address this new industry as a privileged industry as outlined in NRS 453A.320.

Pursuant to NRS 233B.0608(2)(a), DPBH has requested input from all interested parties through the methods identified in the following paragraphs.

The Division prepared a questionnaire that asked for input regarding the potential impact to small businesses. On November 22, 2013, This questionnaire was sent with a copy of the proposed regulations to all members of the Division’s Medical Marijuana List Serv, which contains 559 recipients, the Department of Taxations list of 322 interested persons, 339 members of the Retail Association of Nevada, the 23 members of the Nevada League of Cities and the 17 members Nevada Association of Counties (NACO). In addition, on November 25, 2013 the Division sent the questionnaire and proposed regulations with a request to distribute through their memberships to the Asian Chamber of Commerce, Boulder City

Chamber of Commerce (sent to 620 members), Carson Valley Chamber of Commerce, Economic Development Authority of Western Nevada (EDAWN), Las Vegas Chamber of Commerce, Las Vegas Global Economic Alliance, Las Vegas Metro Chamber of Commerce, Latin Chamber of Commerce, Laughlin Chamber of Commerce, Mesquite Chamber of Commerce, Mesquite Regional Business, Inc., Nevada Association of Minority Contractors, Nevada Minority Business Development Agency, Nevada Minority Supplier Development Council, Nevada SBDC Business Success Center, Nevada Small Business Development Center (SBDC), Pahrump Chamber of Commerce, Reno Live and Buy Local, Small Business Association in Reno and Las Vegas, University of Nevada – Business Start Up Center, Urban Chamber of Commerce, Ward 5 Chamber of Commerce, Women’s Chamber of Commerce of Nevada, and Nevada Workforce Connections.

The questions on the questionnaire were:

- 1) How many employees are currently employed by your business?
- 2) Will a specific regulation have an adverse economic effect upon your business?
- 3) Will the regulation(s) have any beneficial effect upon your business?
- 4) Do you anticipate any indirect adverse effects upon your business?
- 5) Do you anticipate any indirect beneficial effects upon your business?

<b>Summary Of Comments Received</b> <b>(6 responses were received out of 1880 small business impact questionnaires distributed)</b>			
<b>Will a specific regulation have an adverse economic effect upon your business?</b>	<b>Will the regulation (s) have any beneficial effect upon your business?</b>	<b>Do you anticipate any indirect adverse effects upon your business?</b>	<b>Do you anticipate any indirect beneficial effects upon your business?</b>
<p>Section 36.3 – An annual “audited” set of financial reports could cost ten’s of thousands of dollars! A set of financial statements “reviewed” by an independent account should be sufficient.</p> <p>Section 40. – requires all employees and volunteers be Nevada Residents. Periodically, especially during the initial startup, I anticipate contracting with an out of state organization with years of experience in the industry, to provide guidance. Based on the verbiage of this section they will not be</p>	<p>I am a firm believer in tight regulations will eliminate shady businesses! The key is avoiding regulations that put too much of a burden on the business. Or regulations that result in higher costs of quality products to the patients.</p>	<p>No</p>	<p>No</p>

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<p>allowed. We should allow a provision for out of state contractors to work in the facilities. Without having third party consultants to work with could cost hundreds of thousands of dollars in set up errors and/or lost revenue.</p> <p>Section 41.6 – requires cross training of all staff for all elements of the business. In cultivation there are a variety of “Intellectual Property” (I.P.) elements at play. It is bad business to train multiple people in all aspects of this business and education them to all of the I.P.. Our employee’s will be head hunted by the competition to steal this I.P. knowledge!!! Costs of millions a year!!!</p> <p>Section 52.3 - this could place a restriction on our compensation package for key employees. We anticipate offering a profit sharing program to incentives our staff which is very generous. This could be construed as “in excess of reasonable allowances.”</p> <p>Section 57.5.a – 5 year historical storage is too long. 3 years is more reasonable. This could cost in the ten’s of thousands of dollars in storage fee. OR, ALLOW US TO SCAN AND ELECTRONICALLY STORE THE DATA. Don’t obligate us to maintain the original hard copies.</p>			

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<p>In no particular order, here are my concerns and comments:</p> <ul style="list-style-type: none"> <li>• NAC 453A Section 41: The hard-dollar cost is difficult to project, though likely might range up to two or three additional FTE employees. Based upon an exhaustive analysis of other Medical Marijuana (MMJ) States and the underlying MMJ businesses therein, from inception our go-to-market strategy hinged on full “Seed to Sale” operations; medible manufacturing, cultivation, dispensaries. This robust operational footprint is a proven approach to risk mitigation (CO), avoiding supply chain disruption (AZ), attaining earlier-stage financial solvency all while providing exemplary patient care. One pivotal aspect of operational efficiency and thus streamlined costs will be our Nevada-based employees. Section 41(2) states that “Each medical marijuana establishment agent registration card issued pursuant to NRS 453A.332 must indicate the category of the registration card. The person to whom the card is issued may ONLY provide services at the type of medical marijuana establishment for which he or she is registered to provide services.” From a business perspective, I am an advocate of specialization. However, at an early stage, organizations grow stronger through cross-training skills. That way, with illness, unplanned absence or termination, operations</li> </ul>	<p>While no specific regulations come to mind, overall this work by the Division and the regulations themselves ultimately enable the business model itself. Without your work, none of this would be possible considering the Federal Government’s stance on Medical Marijuana.</p> <p>Speaking only for myself, I see the regulatory framework as a necessity if our goal is to help patients, operate with transparency and increase tax revenue. Though onerous, this entire effort will create a Net-Good. While I may not agree with everything included within the regulations, rules need to be set so that we might play the game.</p> <p>Nevada is crafting a best-of-breed model that I am confident will be emulated by other states as they stand up medical marijuana.</p>	<p>• Chapter 453A of NAC Section 50: Spending many years in Sales &amp; Marketing leadership for various technology companies, I believe I bring to the table some astute best practices in launching a business. I am excited to apply my learning to the MMJ Industry in Nevada. Section 50 stipulates that “a medical marijuana establishment shall not use 1. A name or logo unless the name or logo has been approved by the Administrator of the Division; or 2. Any sign or advertisement unless the sign or advertisement has been approved ...” Having helped launch several businesses, best practice is to begin building a social media strategy (Twitter, Website, Tumblr (Blogs), Google Plus, online forums, etc.) before the business opens day one. That enables us to provide value to patients looking for resources, branding our downstream product &amp; service offerings and interact with the community beforehand. Based upon Section 50, we are confused about what marketing and social tactics we can adopt at this time.</p>	<p>NRS 453A.105: Redefinition of permissible enclosed cultivation facilities to include Greenhouses is of tremendous benefit, though admittedly forces a revamp of strategy to include this added capability. Not only is greenhouse growing a more sustainable and environmentally friendly model, it reduces some of the significant costs associated with indoor lighting models. On the downside, though not outweighing the positives, security costs rise with an outdoor model and new security protocols will need to be crafted and implemented. With this move outdoor and into the sun, please consider enabling agricultural zoning for cultivation facilities.</p>

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<p>are not disrupted and patients still receive high-quality care. Also, within a full “Seed to Sale” operation, cross-training and diverse work exposure within multiple establishment-types empowers the employee, providing for both personal preference and career path advancement. As a business owner, I also benefit by being capable of matching specific job functions with personality type and business need. Please consider modifying or expanding this provision to enable registered agents to work in multiple establishment-types if the umbrella organization encompasses several different types of establishments.</p> <p>NAC 453A Section 36.3: Requirement of an independent certified public accountant audit of the annual financial statement. After working in Silicon Valley with numerous “Startup” companies, I understand the requirement for greater assurances around financial statements. At the risk of sounding promotional, that is why one of our Founders is a former Director of Internal Audit for the State of Nevada. We thoroughly understand the “business enabling” quality of regulatory compliance and financial transparency. My issue here is more prosaic, firmly rooted in high dollar cost; I estimate this cost alone to be upwards of \$50k+ considering our intended “seed to sale”</p>		<p>Also, what is the process for logo or name approval?</p> <ul style="list-style-type: none"> <li>• NAC 453A Section 35.3: Envisioning NV’s Medical Marijuana Industry 10 years from now, it becomes imperative that some mechanism / process is established that enables a smooth though diligent transfer of ownership interest. At that time, a similar due diligence process might occur, with associated transfer fees paid to the state. What small business owner does not envision a downstream exit? Without enabling a transfer, the alternative is shuttered doors</li> </ul>	

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<p>footprint. For perspective, that is the equivalent of a fully-loaded employee. In year one, wherein we project a loss based upon the initial capital requirements, tough choices might ensue around head count. Statistically, the vast majority of first-year startups fail. Within the MMJ Industry, those numbers match up well, with only 25% of Dispensaries generating over \$1,000,000 in revenue. Add to this the sobering consequences of IRS tax code 280e which denies dispensaries the ability to claim such typical expenses as rent, payroll, utilities and various other legitimate business expenses. Perhaps consider a phased approach to this cost item, beginning after year two or based upon some overall revenue attainment.</p> <p>NAC 453A Section 25 &amp; 48.5: While no doubt application fees will generate a sizable sum, the real “win” for Nevada is higher taxes and lower unemployment. As we are applying for multiple establishment types, i.e. full “Seed to Sale”, our applications will contain much redundancy across leadership team, financials, etc. Ultimately, our team needs to be thoroughly vetted only once, not three of four times. All things considered, I do understand there will be fees associated with data management and validation with multiple applications, so I ask for you to consider some</p>			

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<p>percentage discount on application / license fees based upon data redundancy and reduced cost. If the Status quo remains, our exposure to fees difficult to justify might be upwards of \$15k.</p> <p>NAC 453A Section 72: As stated previously, our proposed business footprint includes edible / infused medical marijuana product manufacturing, dispensaries and a supportive cultivation facility. In an attempt to increase security and while increasing public safety, we are engaged with a professional security firm to scope out best practices and refine our Standard Operating Procedures. After assessing regulations and listening to our “Seed to Sale” plan, he questions the rationale to physically separate a cultivation facility from its “Medible” Kitchen. From his perspective, this unnecessarily increases security and transport risk while increasing cost for in-transport security and another building facility. The entire process is more streamlined and safe if these established might cohabitate. From a business and safety perspective, I ask that you consider amending Section 72 to allow for these complimentary businesses to share a common entry, common amenities like a team break room, bathrooms. As for the financial impact of requiring different buildings altogether, those costs</p>			

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would include additional rent, utilities, security, etc and would easily increase expense by over \$150,000 per year (Lease X 12 plus NNN, various expenses, transport and security).			
<p>I am attempting to be responsive to the Small Business Impact Questionnaire, however it is difficult for me to answer your questions in the format you have provided. I am going to answer as if our company has already been formed, although this will not take place until later this month.</p> <p>1.Currently there is one employee working on this initiative who would be considered an employee of a small business and another few who are either owners or who are going to be subject to a letter of intent to become employees.</p> <p>2.Although I have not been able to calculate the dollar amounts in many sections, I will attempt to explain what might be the impact for each of the sections below of the draft regulations sent to us last week.</p> <p>a.Section 25. 2 and 3: We believe that only having 30 days notice of the point values assigned for the application will be too tight a timeframe in addition to all the other documentation and material for the application that needs to be prepared. In the last draft of the regulations we were provided a draft of the point values. I would encourage the Division</p>	We feel most of these regulations will help all of the licensed businesses and recognize that this is an opportunity to get into a new business at the ground level. As with any other business model, being one of the first businesses to get licensed is a great benefit.	No	No



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<p>to finalize these point values and make them public as soon as possible. In any event we feel that 30 days is too short a time period and would prefer to have 60 days.</p> <p>b.Section 26. 11; Section 41. 4, 6 &amp; 7; Section 81. 2; Section 101. 6: We feel the education requirements for employees will be costly and it is not clear if we need to hire outside consultants for training and education. Other than some basic training requirements, we feel that each business should be able to decide how much training and who will be conducting training for its employees. My understanding from speaking with consultants is that it could cost between \$20,000 - \$30,000 to fully train staff if we are not able to use in-house trainers. If we have a Master Grower who has owned dispensaries and cultivation facilities and has provided training to employees of those facilities, he should be qualified to conduct in house training for us. With respect to health and safety issues for a production facility, an in house chef could train employees on food and safety issues.</p> <p>c.Section 26. 13: We feel it would be a burden, costly and time consuming to pay for a professionally prepared survey if a local government has not enacted zoning restrictions. If a survey needs to be conducted we feel that our employees are competent to conduct such survey.</p>			

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<p>d.Section 37. 4: We feel that it is an undue burden to be required to audit according to ‘generally accepted accounting principles’ at least once every 30 days. The tax code requires a monthly audit, there is a daily inventory control/audit and annually our financials will need to be audited. We feel that if we need to audit according to GAP then this audit would need to be done by a CPA, not internally and that a monthly audit of this kind could run us \$2,000 per month.</p> <p>e.Section 73.1: We do not feel that child resistant packaging according with Poison Prevention Packaging should be the standard for medical cannabis. If we are able to use the Substitute labeling statement, “Package Not Child-Resistant” in 1700.5b then I suppose we could still use zip lock packaging. Pharmacy bottles are more expensive than zip lock packaging and are worse for the environment. In addition the square labels as currently suggested would completely cover the bottle. If we package everything at the Cultivation facility then our patients/customers will not be able to see the product through the bottle. If we have to package everything at the Dispensary instead of at cultivation then this would cause an impact on how we hire employees and who we hire to weigh each package for sale. Any product containing marijuana also includes edibles and I don’t</p>			

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<p>think it's feasible to put a brownie in a child resistant package.</p> <p>f.Section 76; We feel the size of these labels would cause us to have to package our products in larger pouches than is necessary for the product. Larger packaging is more expensive. The best examples of packaging I saw in AZ were zip lock pouches varying in size by quantity/weight of the product being purchased. Pouches were clear on one side giving patients/customers the opportunity to see the exact product they were purchasing, not just a sample. This is the model we were intending to use.</p> <p>g.Section 105.2(10) (iv): We feel that a system for monitoring environmental conditions is vague and that it is probably covered by (i)-(iii) within that same section. A vague requirement such as this is subject to a consultant charging whatever they want because we have no way of quantifying what this should cover.</p> <p>h.Section 132.: We feel this is a very subjective section and after spending a lot of money to get our cultivation and dispensary open we would not want the Division to arbitrarily come to us and say now we could only produce (or cultivate) a certain amount.</p>			

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<p>NAC 453A Sections 25 and 48.5: Given that many of the proposed application fees are intended to support the cost of background checks, application review, etc., IF A GROUP / ENTITY applies for multiple licenses, much of the background check and review will be duplicative between license applications. Specifically, my group intends to apply for a minimum of 2 dispensary licenses, a cultivation license, and an edible/infused products license. To pay the up-front fee of \$5000 per application, and then the associated license issuance fees IN FULL for each application, leads to significant fees (easily in excess of \$15K) that are not truly justified given that our team only needs to be vetted / qualified ONCE.</p> <p>NAC 453A Section 36.1: Some entities may want to change their structure. For instance, from a business perspective, it may be desirable to start as an LLC, but switch to an S Corp. Note that in this particular example, there is a federally mandated March 15th deadline in a given year to elect S Corp Status, so the state needs to contemplate that changing organization types may need to take place OUTSIDE of the 10 day application period, depending on WHEN the 10 day application period is set each year. It would be appropriate for Section 36 to contemplate</p>	<p>No response provided</p>	<p>NAC 453A Sections 25: From this section it appears that if a group / entity wishes to apply for multiple licenses, as permitted by the legislation, that a separate application must be completed for EACH license. If the Division were open to it, it would be more efficient (and kill fewer trees!) to fill out one longer application covering each of the proposed licenses.</p> <p>NAC 453A Section 33: As we (and I suspect most other) applicants will not have a fully binding lease, nor FULL access to the buildings that we wish to occupy until such time as we obtain licenses, it would be helpful if the Division could spell out some sort of process to, “work with the applicant and landlords to find mutually agreeable time(s) for inspection(s) as required to review the application.” Without some process that involves working with applicants and landlords, the application process will be biased toward only those applicants who already own their own building.</p> <p>NAC 453A Section 35.3: As these</p>	<p>NRS 453A.105: Inclusion of greenhouses as permissible cultivation facilities will be of tremendous benefit, as we will be able to leverage sunlight to grow quality medicine, as opposed to using expensive indoor lighting solutions. WOULD BE TREMENDOUS if you could consider authorizing agricultural zoning (currently limited to commercial and industrial) for cultivation facilities, as this would enable cultivators to be even more environmentally friendly, organic, etc.</p>

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<p>entities changing their organization type. Not facilitating organizations being able to change their organization type could easily cost a business \$10s or even \$100s of thousands of dollars due to different tax treatments at the federal level.</p> <p>Section 36.3: Requirement of a report of audit. In my experience, audits cost anywhere from \$15K to \$50K for small businesses. This is a significant and undo burden, especially for a startup organization. I would suggest eliminating any request for audit for the first 2 taxable years at a minimum. It might also make sense to establish revenue threshold(s) for the audit requirement and/or more infrequent (e.g., NOT ANNUAL) audits thereafter.</p> <p>NAC 453A Section 41: It is difficult to put a hard dollar cost on this, but there does not appear to be any sort of allowance for owners or employees with particular skill sets to obtain an agent card that would allow them to provide services at MULTIPLE establishments of different types (I do read it as saying that a given agent could work at ANY dispensary if they have the ‘dispensary’ agent card). IF THIS IS TRULY THE INTENT, it could be devastating! Again, my group anticipates owning dispensaries,</p>		<p>businesses get stood up, it will become imperative in the future to create a mechanism to transfer ownership of the establishment and the accompanying registration certificate, obviously with approval by the Division of the new owner(s). This could work very much like the process by which casinos in the state of NV are sold, with sign-off by the overseeing body.</p> <p>NAC 453A Section 57.3(d3): When you state that you want to reporting to include the “origin” of the marijuana seeds or cuttings, can you please clarify? It seems that we are obligated to obtain seeds or cuttings from existing registry card holders, do we need to identify the individual? It just seems that this is likely to be a sensitive topic, and may lead to LOWER QUALITY options in terms of strains of medical marijuana, etc., if full reporting of individual names, etc., is required.</p> <p>NRS 453A.350: The way this is written, I believe it is perhaps intended to apply only to dispensaries? It does not make sense</p>	

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<p>cultivation, and medibles facilities... as owners / operators we need to be able to enter all of them to provide services. And I can easily envision employees who may have relevant skills for 2 or more establishment types. So, hopefully there will be a process by which agents can obtain registration cards that enable them to provide services at 2 or more establishment types? Furthermore, from a business efficiency, public exposure, and safety/security perspective it is logical to co-locate a medibles / infused products manufacturing facility WITH the cultivation facility. Ideally employees would share a common entrance (better security!), common break rooms and bathrooms (more efficient!), etc. So again, this begets the issue of agent cards if they work as a cultivator and or medibles employee in a building that houses BOTH business. I can go on and on about why this makes sense and is in everyone's best interest.</p> <p>NAC 453A Section 51: If we cultivate our own product, and make edible or infused products in a co-located facility, it certainly adds cost and time to test the shake / leaves, etc. prior to utilizing to make, for instance, a concentrate. While this testing can certainly be done, it seems to add an artificial 'step' that costs time and money, and is generally</p>		<p>to require an edible marijuana / infused products manufacturing facility to be located in a SEPARATE building from the cultivation facility. There are tremendous business synergies, not to mention a less public presence and lower security risks, by co-locating these facilities if they are owned by the same group. ALSO, this provision specifies commercial or industrial zones only. What about agricultural zones for the cultivation (and possibly medibles) establishments?</p>	

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<p>unnecessary given that the final edibles and infused products must be tested in any case before being transferred to a dispensary.</p> <p>NAC 453A Section 70: We plan to grow organically (not hydroponic without pesticides, but true organic, in soil) based on industry standards. However, Section 70 calls for certification, “in a manner consistent with the national organic standards established by the USDA.” The USDA cannot certify us because the USDA is a federal agency, and medical marijuana is illegal federally. Will the NV Dept. of Agriculture certify us? Even with a local certifying agency the cost of certification (based on web searches and conversations) typically ranges from \$2-5K/year. If we have to bring in a certifying organization from outside the state, the costs will only be higher. Obviously this cost (and any of the others touched on in this document) will end up being passed on to consumers. Is this really what NV wants? A high cost medical marijuana program? I do not think, in the early phases of this program, that organic certification should be required UNLESS a state agency (such as the Nevada Dept of Agriculture) can do the certification, in which case I am 100% supportive.</p> <p>NAC 453A Section 72: As noted above, if a</p>			

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<p>group desires (as we do) to do both cultivation and edible / infused marijuana products, it makes tremendous business and security sense to co-locate those facilities. Section 72 should be amended to reflect that if 2 such businesses are owned and operated by the same group / entity, that officers, board members, and agents can utilize a common entry, share common spaces (break room, bathrooms), and to extent licensed to do so, work in either business establishment.</p> <p>NAC 453A Section 73: I don't believe you are trying to exclude establishments from using more neutral packaging such as glass, but there is no mention of such in this section. Please call out that glass, etc., are authorized (and hopefully encouraged!).</p> <p>NAC 453A Section 115: This section specifies that expiration dates for medical marijuana products must be determined by appropriate lab-based stability testing. <b>THIS COULD MAKE THIS BUSINESS IMPOSSIBLE!</b> Given my background in the biotechnology world, I fully understand that lab based stability testing will run \$10s if not \$100s of thousands of dollars PER PRODUCT. Are the "independent testing labs" supposed to do this testing? Are we supposed to do it as cultivators / medibles manufacturers? Even</p>			



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<p>using accelerated testing protocols, it typically takes months to stability test a given product. PRACTICAL SENSE needs to come into play here! I implore you! Medical marijuana (flower) is like tobacco in a fine cigar... properly stored it can last for years, and age well! Shelf life will depend in part on how it is initially packaged (e.g., air tight container? Air or nitrogen?), and stored (temperature? Light? Humidity? Packaging?). For edible products and infused products, the primary factor will be the 'normal' shelf life of the non-cannabis ingredients. For instance, if we make a cannabis infused olive oil, the suggested expiration date or "best by" date should be whatever accompanies the olive oil itself... which may be based on knowledge NOT laboratory based stability testing. So, please clarify (or omit!) this section. Requiring true laboratory based stability testing of very small volume products is impossible from an economic perspective. It simply costs too much.</p> <p>MULTIPLE Sections: If there is no licensed independent laboratory in Northern NV, it would be a significant cost burden to our Northern NV based businesses. What can be done to ensure that at least ONE independent laboratory gets stood up in EACH of Northern and Southern NV? What if the lab takes their</p>			

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<p>sweet time (they have up to 12 months) to get the business running? Are we paralyzed in that instance, paying rent, etc., with no ability to sell our medicine through dispensaries? This would be devastating financially!! It makes sense to me that there be a backup plan in place. For instance, perhaps UNR could run the tests? Or perhaps we could sell product WITHOUT testing until such time as an independent lab is up and running in Northern NV? Or perhaps we could do our own testing until such time as an independent lab is up and running in Northern NV? I believe it is imperative for the Division to put some sort of contingency plan in place!!</p>			
<p>Millions will be diverted, lost efforts, economic downfall, loss, and waste of time that is exhaustive but, being invested: The list of regulations as it is presented stifles the economy, stops progress of the NIH systems, continues to allow great research out of this Country, and if implemented could cause a line to be drawn in the sand by the DEA v. State. This method will encourage human danger? It will be discriminatory? It will not be a good answer that will safely continue the business of Medicine being defined. We all recognize Gonzales v. Raich concludes, "the State does have a right to purport the crimes," AS WELL, the DEA has discretion to take out illegal businesses. Why not compromise by</p>	<p>Checked Yes. NEGATIVE IMPACT, the right regulatory businesses that will increase fed activities, jobs, and add to the State levels are going to have to compete with shady businesses like, Dr. Reefer, those who care about the dollar and not about the patients or their care, or free medicine, or the businesses that that activity brings.</p>	<p>As advocates on behalf of the federal government, we seem foolish if we believe in other methods other than the sciences? Therefore, we believe and know that all activity does have a doorway that is open for green business, if we do this right? We can involve all, but, the pattern must be with a better access to control and in this greedy affair, this TbT will, be the only answer sent that will be inclusively a way for all who can afford to become involved and immediately open offices, and this will allow those with much funding to also do their businesses.</p>	<p>Checked Yes. NO BENEFITS, much disaster, for our project is like the gorilla in the room, everyone knows that it is here, but, no one wants to deal with it, logically?</p>

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<p>education to accept a franchise-able businesses that allows all small business concerns, to become involved by proper license and access, ie., TbT Group, Inc., which will show clinical trials and studies to support www.theiamb.com, and this will allow the big businesses to come on board to gain NIH Standards to medicine? This would be one idea to grow the economy and satisfy all?</p> <p><b>IMPACT:</b></p> <p>Therefore, the thought of TbT Group franchising to help Veterans, VA Directives, Investors, Manufacturers, Developers, DEA, Distributors, NIH, and the common business person who wants in or to become involved in this business is unattainable by these set of Regulatory Method, when, we all too well know that “the feds own the meds” and clinical trials grants all access, so we should as those with clinical business on our minds relate to the standards of collaboration. DEA Registration lists 111 businesses with a right to do business, by proper access to licenses.</p> <p>TbT Group had plans of education symposiums to help all learn how to transition their weed business, to a federal level of safety.</p> <p>The theory of TbT Group would be to open the franchising to the Veterans who cannot stand a chance against big industry dollars,</p>			

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grant accessibility by others, b (note: the comment ended at this point)			

Number of Respondents out of 1880	Adverse economic effect?	Beneficial effect?	Indirect adverse effects?	Indirect beneficial effects?
6	5	3	3	2

Any other persons interested in obtaining a copy of the summary may email, call, or mail in a request to Joseph Theile at the Division of Public and Behavioral Health, Medical Marijuana Program, 4150 Technology Way, 2<sup>nd</sup> Floor, Carson City, NV 89706, (775) 684-3487, [jtheile@health.nv.gov](mailto:jtheile@health.nv.gov) The Small Business Impact Summary has been posted on the Division’s website at: <http://health.nv.gov/> and <http://health.nv.gov/medicalmarijuana.htm> where it may be viewed and downloaded.

**2) A description of the methods that DPBH considered to reduce the impact of the proposed regulation on small businesses and statement regarding whether the agency actually used those methods.**

DPHB has provided several opportunities, including several stakeholder sessions in early October, 2013, for interested parties to provide input and comments regarding the proposed medical marijuana regulations, including the economic impact the proposed regulations may have on small businesses in Nevada. Modifications to the proposed regulations have been made as a result of this input, including removing the requirement for dispensaries to have a “Medical Director” as a consultant which alleviated a significant economic burden. The Division has no authority to make any changes related to issues raised regarding the existing provisions in NRS453A; however, the Division has been able to educate interested individuals about the Legislative Subcommittee on the Medical Use of Marijuana of the Advisory Commission on the Administration of Justice as a possible avenue for bringing their concerns to the Legislature. A workshop is scheduled to be held on December 23, 2013, at 9:00 a.m. allowing for further input by all interested parties regarding the proposed regulations and how they will impact the State of Nevada. The

comments received from the Small Business Impact Questionnaires will be considered with any comments made at the public workshop for possible further revisions to the proposed regulations.

**3) The estimated cost to the agency for enforcement of the proposed regulation.**

Inspections and audits required to enforce the regulations with onsite reviews are estimated to be \$3,449.00 per facility, annually. Administrative costs to support program operations and offsite regulation enforcement are anticipated to have an annual cost of \$2,701.00 per facility, using a baseline estimate of 150 approved facilities. Both components demonstrate an estimated total recurring annual cost of \$6,150.00 per facility.

**4) Total amount DPBH expects to collect from any fees and the manner in which the money will be used.**

Based on fees outlined in NRS 453A.344, each medical marijuana establishment will be charged an annual fee based on type of facility. Each agent of each establishment must also pay for registration.

Using a baseline estimate of 150 approved facilities, the agency anticipates recurring annual revenue for renewal registrations to be \$431,250. The funds will be used to support salary costs, operating expenses (such as phone line, email, rent, copy/printing, etc.), travel costs associated with regulatory requirements, and statewide assessments.

Initial registration revenue is anticipated to be \$2,249,250 in the first year. In addition to usage identified above, these funds will also support initial one-time start-up costs to create, implement and establish the program. These start-up costs include creating regulations; establishing procedures; research for existing precedence; supporting public outreach; conducting workshops; and equipment/furnishings for new positions required to implement regulations. Any remaining balance of fee revenue, after expenses, will be paid to the State Distributive School Account.

**5) An explanation of why any duplicative or more stringent provisions than federal, state or local standards regulating the same activity are necessary.**

Not applicable. This industry is currently not overseen by federal regulations. The purpose for the proposed regulations for registering medical marijuana establishments and medical marijuana establishment agents is to protect the public health and safety and the general welfare of the people of this State. Any medical marijuana establishment registration certificate issued pursuant to [NRS 453A.322](#) and any medical marijuana establishment agent registration card issued pursuant to [NRS 453A.332](#) is a revocable privilege and the holder of such a certificate or card, as applicable, does not acquire thereby any vested right.

**6) The reasons for the conclusions of the agency regarding the impact of a regulation on small businesses.**

The provisions of NRS 453A outline that this new industry is a privileged industry and requires significant regulation and oversight. The Division reached its conclusions as provided in this statement based on the information available from the cited sources, such as NRS 453A, SB374 and the feedback received from interested parties, including the responses to the Small Business Impact Questionnaire. Based upon the range of amounts received from the response to the Small Business Impact Questionnaires it appears fees related to audits are variable and based on the size of the business, thereby not placing an undue burden on small businesses. Concerns raised over the proof of \$250,000 in assets requirement and the nonrefundable \$5,000 application fee requirement are provisions set in NRS 453A and the Division does not have the authority to change these provisions. However, the Division has directed individuals with these concerns to the Legislative Subcommittee on the Medical Use of Marijuana of the Advisory Commission on the Administration of Justice, where they can apply to serve or make their recommendations known. The Subcommittee will recommend changes in the legislation to the 2015 Nevada Legislature. The comments received from the Small Business Impact Questionnaire will be taken into consideration with any comments made at the public workshop for possible further revisions to the proposed regulations.

**I, Richard Whitley, Administrator of the Division of Public and Behavioral Health, certify to the best of my knowledge or belief, the information contained in this statement was prepared properly and accurately.**

Signature 

Date: December 6, 2013