

## Proposed Changes to NCCR Regulation 1

New

~~Deleted~~

1.082. “Diversity Applicant” defined.

1.083. “Diversity Certifying Entity” defined.

1.082. “Diversity Applicant” defined. “Diversity Applicant” means an applicant who wishes to have diversity considered as a criteria of merit in an application for a license for a cannabis establishment and who has been certified as a diversity applicant by a diversity certifying entity.

1.083. “Diversity Certifying Entity” defined. “Diversity Certifying Entity” means an entity approved by the Board to certify an applicant as a diversity applicant. The diversity certifying entities listed in NCCR 5.045 are deemed approved by the Board.

## Proposed Changes to NCCR Regulation 4

New

~~Deleted~~

### 4.035 Category I Violations.

1. The Board will determine a category I violation of the NCCR and Title 56 of NRS as follows:
  - (a) Category I violations are of a severity that make a person ineligible to receive, renew, or maintain a license, including, without limitation:
    - (1) Conviction of an excluded felony offense;
    - (2) Operating without all required permits, certificates, registrations and/or licenses;
    - (3) Making an intentionally false statement to the Board or Board Agents;
    - (4) Intentionally destroying or concealing evidence from the Board, Board Agents, and/or a diversity certifying entity;
    - (5) Intentionally failing to pay taxes to the Department of Taxation;
    - (6) Allowing noisy, disorderly or unlawful activity that results in death or serious physical injury, that involves the unlawful use or attempted use of a deadly weapon against another person or that results in a sexual offense which is a category A felony;
    - (7) Operating a cannabis establishment while the license for the cannabis establishment is suspended or revoked;
    - (8) Transporting cannabis outside of the boundaries of this State, except where authorized by an agreement between the Governor of this State and a participating tribal government;
    - (9) Making verbal or physical threats to a Board Agent or Board member;
    - (10) Failing to immediately admit regulatory or law enforcement personnel into the premises of a cannabis establishment;
    - (11) Refusing to allow an inspection or obstructing regulatory personnel or law enforcement officer from performing his or her official duties;
    - (12) Purchasing or selling cannabis that has not passed the analysis required by a cannabis independent testing laboratory without written approval from the Board;
    - (13) Purchasing or selling cannabis not found in the seed-to-sale tracking system;
    - (14) Failure to properly collect taxes; ~~or~~
    - (15) Transporting or storing cannabis from an unlicensed source, other than patient or consumer samples stored at a cannabis independent testing laboratory, or diversion of cannabis or cannabis products; or
    - (16) Intentionally providing false and/or misleading and/or incomplete information and/or documents to a diversity certifying entity.

#### 4.040 Category II Violations.

1. The Board will determine a category II violation of the NCCR and Title 56 of NRS as follows:

(a) Category II violations are violations of a severity that create a present threat to public health or safety, including, without limitation:

(1) Making an unintentional false statement or representation of fact to the Board or Board Agents;

(2) Unintentionally destroying or concealing evidence from the Board, Board Agents, and/or a diversity certifying entity;

(3) Failing to verify the age of, or selling or otherwise providing cannabis or cannabis paraphernalia to, a person who is less than 21 years of age;

(4) Allowing a person who is less than 21 years of age to enter or remain in a cannabis establishment or transport vehicle unless the person holds a registry identification card or letter of approval;

(5) Permitting sales by a person without a cannabis establishment agent registration card unless that person is deemed to be temporarily registered;

(6) Effecting a change in ownership and/or ownership interest without complying with all the requirements of NCCR 5.110 and/or any additional Board guidance and orders regarding transfers of interest.;

(7) Allowing noisy, disorderly or unlawful activity that involves use of a dangerous weapon against another person with intent to cause death or serious physical injury;

(8) Allowing a person who is less than 21 years of age to work or volunteer at the cannabis establishment;

(9) Failing to cease operation and notify the Board or Board Agents during an imminent health hazard;

(10) Purchasing, cultivate, produce or otherwise use cannabis from an unapproved source;

(11) Not properly segregating medical patient retail sales from adult use retail sales;

(12) Operating an unapproved extraction unit;

(13) Selling an amount of cannabis in excess of transaction limits;

(14) Failing to maintain required security alarm and surveillance systems;

(15) Any intentional variance from approved procedures in a laboratory;

(16) Failing to notify the Board or Board Agents of a loss of possession or control of a cannabis facility within 24 hours;

(17) Transferring, moving, or disturbing cannabis or cannabis product which has been quarantined by the Board without Board approval;

(18) Failing to renew the cannabis establishment license on time; or (19) Any violation of NCCR 11.070; *or*

(19) Unintentionally providing false and/or misleading and/or incomplete information and/or documents to a diversity certifying entity.

## Proposed Changes to NCCR Regulation 5

New

~~Deleted~~

~~5.045 Certification required to qualify as a diversity applicant. Ranking of applications for retail cannabis store; proportional allocation of licenses for retail cannabis stores within each county; notification to locality of acceptance of applicants; prevention of monopolistic practices; revision or disqualification of application for criminal history of applicant or other person named in application.~~

5.045. Certification required to qualify as a diversity applicant ~~Ranking of applications for retail cannabis store; proportional allocation of licenses for retail cannabis stores within each county; notification to locality of acceptance of applicants; prevention of monopolistic practices; revision or disqualification of application for criminal history of applicant or other person named in application. Prior to requesting applications pursuant to NCCR 5.020, the Board will promulgate regulations on how the Board will determine the ranking of the applications made in response to a request by the Board pursuant to NCCR 5.020.~~

1. In order to apply for a license for a cannabis establishment as a diversity applicant, an applicant must first be certified as a diversity applicant. Such certification must be completed prior to the deadline for submittal of a license application, if the applicant wishes to be considered a diversity applicant.
2. To be certified as a diversity applicant on the basis of race and/or ethnicity, an applicant must meet the criteria of and obtain certification as a minority owned business from one of the following diversity certifying entities or its regional affiliate:
  - (a) The National Minority Supplier Development Council (NMSDC) - [www.nmsdc.org](http://www.nmsdc.org); or
  - (b) The National Women Business Owners Corporation (NWBOC) - <https://www.nwboc.org>.
3. To be certified as a diversity applicant on the basis of gender, an applicant must meet the criteria of and obtain certification as a woman owned business from one of the following diversity certifying entities or its regional affiliate:
  - (a) The National Women Business Owners Corporation (NWBOC) - <https://www.nwboc.org>.
  - (b) The Women's Business Enterprise National Council (WBENC) - <https://www.wbenc.org>.
4. To be certified as a diversity applicant on the basis of veteran status for a license for a medical cannabis establishment only, an applicant must submit a form DD214 and meet the criteria of and obtain certification as a veteran owned business from The National Women Business Owners Corporation (NWBOC) - <https://www.nwboc.org>.
5. An applicant shall be solely responsible for contacting the diversity certifying entity, initiating the certification process, paying all fees, and providing all requested

documents and information to the diversity certifying entity which are necessary to the certification process.

6. An applicant shall be solely responsible for ensuring that the diversity certifying entity provides its certification documentation directly to the Board. An applicant must report to the Board any denial or denials of diversity certification by any diversity certifying entity within 14 days of such denial.

7. By submitting an application and/or any supplemental documentation to a diversity certifying entity, the applicant agrees that the diversity certifying entity is authorized to release all applications and associated documents and information to the Board, whether or not the certification process is completed.

8. An applicant may petition the Board to use a diversity certifying entity other than the diversity certifying entities listed in this regulation. Such a petition must include a detailed explanation from the applicant and the proposed diversity certifying entity as to why and how the proposed diversity certifying entity is qualified to certify diversity, as well as its criteria for diversity certification. The Board shall not be responsible for any delay in submittal of any application while it considers such a petition.

9. An applicant seeking certification from a diversity certifying entity shall be truthful in all information, whether written or verbal, submitted as part of the certification process. An applicant must submit any documents and/or information requested by the diversity certifying entity to complete the certification process. Any failure to be truthful and/or provide requested information during the certification process may result in disciplinary action under NCCR 4.035(1)(a)(4), (16), NCCR 4.040(1)(a)(2), (19), and/or any other applicable NCCR, statute, or Nevada law.