

BUSINESS IMPACT STATEMENT
BILL NO. 2014-~~32~~³³

(Adopts licensing regulations and standards for medical marijuana establishments)

This business impact statement was prepared pursuant to NRS 237.090 to address the impact of a proposed ordinance, Bill No. 2014-~~32~~³³, that will adopt licensing regulations and standards for medical marijuana establishments)

1. The following constitutes a description of the manner in which comment was solicited from affected businesses, a summary of their responses and an explanation of the manner in which other interested persons may obtain a copy of the summary.

Notification of the proposal was provided by postcard to 6 local chambers of commerce and by newspaper notice, with the draft language of the proposal being made available on the City's website and at the Business Licensing Division offices. In addition, the City conducted 2 sessions devoted to the receipt of comments and a separate town hall meeting on the subject. The combined attendance at those events exceeded 1,000 people (some of those having attended more than one event and thus having been counted more than once). In response to the City's solicitation of written comments for purposes of this Business Impact Statement, as well as other City invitations to submit information, the City received 14 pieces of correspondence, whether by hand delivery, email or an on-line comment process. The comments and correspondence addressed a range of perspectives, including those of actual and prospective users of medical marijuana, law enforcement and other interests. Comments that appear to have been submitted on behalf of actual or potential business interests, or to address those interests, are the focus of this (or any) business impact statement. Included among those types of comments were concerns that certain aspects of the proposal would subject businesses to hardship, unnecessary burdens or expenses, and in some cases uncertainty. The aspects so identified were:

- Excessive bond/insurance requirements
- Restrictions on relocation or ownership change
- Space limitations on cultivation
- Advertising limitations

This summary of the comments received that are particular to business impact is available to interested persons as part of this business impact statement.

(It should be noted that numerous additional comments, suggestions and alternate proposals were presented by a number of interested parties from a perspective other than the business perspective. Those items have been taken into account and are available for review and inspection, but are not specifically reported here as comments related to business impact.)

2. The estimated economic effect of the proposed rule on businesses, including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:

Adverse effects:

The proposal to license and regulate medical marijuana establishments will impose a number of limitations on the ability to qualify for a license and on the operation of these establishments. The proposal will also require the payment of significant license fees. However, the proposal will not have a negative impact on existing businesses (since these are new license categories), and the impacts are not significantly different from those imposed on other strictly regulated business categories.

Beneficial effects:

Adoption of licensing categories and standards that allow for implementation of NRS Chapter 453A within the City of Las Vegas.

Direct effects:

See adverse and beneficial effects above.

Indirect effects:

None identified.

3. The following constitutes a description of the methods the local government considered to reduce the impact of the proposed rule on businesses and a statement regarding whether any, and if so which, of these methods were used:

The City has taken into account a number of responses in making the original proposal less stringent and more flexible in many respects. These changes include, but are not limited to, the following:

- Allowing out-of-state card holders to access dispensaries under limited circumstances;
- Allowing production of refrigerated products;
- Eliminating the residency requirement for establishment ownership;
- Allowing vertical integration;
- Eliminated the limitation on the number of plants that can be ready for harvest;
- Extended the hours of operation to 6AM to 10PM;
- Removed the limit on percentage of cultivation facility that can be under cultivation, limits will be set based on the building's performance;
- Streamlined the fee structure; and
- Eliminated the requirement for a specific number of security guards and the transport of moneys by armored truck.

4. The estimate of the annual cost to the local government for enforcement of the proposed rule is:

Approximately \$600,000 based on current projected staff and equipment that will be needed to administer and enforce the proposed regulations.

5. If the proposed rule provides for a new fee or increases an existing fee, the total annual amount expected to be collected is:

At maximum potential licensure, approximately \$3.1 million dollars are projected to be generated by the proposed fees for the new license categories.

6. If the proposed rule provides for a new fee or increases an existing fee, the money generated by the new fee or increase in existing fee will be used by the local government to:

Fees generated from these new license categories will be used to administer the permit and licensing program, provide for auditing and annual inspections, and needed technology updates.

7. If the proposed rule includes provisions that duplicate or are more stringent than federal, state or local standards regulating the same activity, the following explains why such duplicative or more stringent provisions are necessary:

In some cases the State Regulatory Agency left the imposition of regulating aspects of this business activity to the localities, in others the city traditionally requires certain things that may be more stringent than state law regarding the issuance of a privileged business license to safeguard the city's interest in protecting the economic, social, physical and moral well-being of the residents and taxpayers of the City.

8. The reasons for the conclusions regarding the impact of the proposed rule on businesses:

It is believed that the proposal represents a responsible approach to balancing the various interests, including the City's interest in seeing that medical marijuana establishments operate responsibly and don't create any undue negative impacts on the environment or public health, safety and welfare. Although there may be less restrictive regulatory approaches, the City also could have opted for a more restrictive approach, including a decision not to allow these establishments within the City. The proposal is viewed as a responsible approach to allowing something that has not been allowed previously.

CERTIFICATION

I certify that, to the best of my knowledge or belief, the information contained in this business impact statement was prepared properly and is accurate.

 for Betsy Frick

By: City Manager

Date: May 12, 2014