

## Q&A: More questions than answers on legal pot in Nevada

June 22 2017, by Scott Sonner

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A man walks past the Mynt Cannabis Dispensary in downtown Reno, Nev., Wednesday, June 21, 2017. The Mynt is one of at least four medical marijuana dispensaries in Reno that have received the necessary local licenses and are ready to start selling marijuana for recreational use on July 1 if the state is able to comply with a court order regarding distribution licenses. (AP Photo/Scott Sonner)

The drug sellers aren't the problem when it comes to the highly anticipated launch of Nevada's recreational marijuana industry. It's the distributors who have muddled plans to allow people to light up July 1.

A judge blocked the state's plan to [license](#) existing medical marijuana dispensaries to act as their own middlemen, saying [alcohol](#) distributors get the first shot. The arrangement outlined in the voter-approved law is unique among [states](#) that have legalized the drug.

The court battle makes it less likely the state can stick to its effort to start selling pot in 10 days. But officials say they're going to try.

Here's a look at the confusion and what could happen next:

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## WHAT'S THE DISPUTE?

The ballot measure voters approved in November says marijuana should be regulated similar to alcohol. It specifies liquor wholesalers would have exclusive rights to distribution licenses for 18 months unless not enough of them are interested in the job.

In that case, licenses could be issued to existing marijuana businesses already authorized under the medical program to transport products between growers, production facilities, labs and retail stores.

Carson City District Judge James Wilson blocked the state from allowing that to happen and ordered all distribution licenses go to alcohol wholesalers.



A sign on the Mynt Cannabis Dispensary across the street from Harrah's hotel-casino in downtown Reno, Nev., is pictured Wednesday, June 21, 2017. The Mynt is one of at least four medical marijuana dispensaries in Reno that have received the necessary local licenses and are ready to start selling marijuana for recreational use on July 1 if the state is able to comply with a court order regarding distribution licenses. (AP Photo/Scott Sonner)

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## WHAT'S AT STAKE?

Potentially millions of dollars a month in state revenue. Pot sales are required to begin Jan. 1, 2018, and expected to bring in at least \$120 million over two years. The state wanted to get a jump-start on an estimated additional \$3 million a month if sales start in 10 days.

Oregon and Colorado each raised about \$3.5 million in tax revenue in the first month of their recreational sales.

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## ISN'T MARIJUANA STILL ILLEGAL UNDER U.S. LAW?

Yes. Nevada regulators said a reason they believed there might be "insufficient" interest in the [alcohol industry](#) and not enough of them willing to distribute marijuana is because many indicated they were afraid they might jeopardize their federal alcohol licenses.

Some alcohol wholesalers set up side businesses to apply for pot licenses. Then, if federal authorities cracked down, their original company would be shielded.

State lawyers argued in court this week that they still believe most of the alcohol industry wants nothing to do with marijuana. Many of the biggest distributors do a lot of business with casinos, which also carry federal licenses and prohibit pot smoking.



A menu sign that shows some of the edible marijuana products for sale is pictured at the Mynt Cannabis Dispensary in downtown Reno, Nev., is pictured Wednesday, June 21, 2017. The Mynt is one of at least four medical marijuana dispensaries in Reno that have received the necessary local licenses and are ready to start selling marijuana for recreational use on July 1 if the state is able to comply with a court order regarding distribution licenses. (AP Photo/Scott Sonner)

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## COULD SALES STILL START JULY 1?

State regulators say yes. The Nevada Department of Taxation said after the judge's ruling Tuesday that it's committed to starting sales on July 1.

But with 10 days to go, it's starting to look like a longshot. Department spokeswoman Stephanie Klapstein says she doesn't know at what point it would become physically or logistically impossible to issue licenses. She told AP: "We're not at that point yet."

The judge found that the state hadn't determined the anticipated demand or the number of distributors to meet it. So, he said, the state can't claim others need to help alcohol distributors do the job.

Nevada Department of Taxation Director Deonne Contine testified this week, "There's no recreational [marijuana](#) program if there's no distributors."

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## WHAT HAPPENS NEXT?

State officials say they're trying to finish the work needed to license some alcohol wholesalers for July 1 sales. But only five of them applied for licenses and none had yet satisfied all of the requirements, which include educating employees that they are in a business the U.S. government considers illegal.

If some are licensed for distribution, sales should begin at some stores as scheduled July 1. If not, sales may not begin for months. The state's options would include appealing the judge's ruling, amending the existing rules or adopting new emergency regulations.

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Citation: Q&A: More questions than answers on legal pot in Nevada (2017, June 22) retrieved 9 May 2024 from <https://medicalxpress.com/news/2017-06-qa-legal-pot-nevada.html>

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