

EXHIBIT “1”

Assemblyman Hansen:

But, this says, our constitution notwithstanding, we are supposed to follow this supreme law. I am a sagebrush rebel.

Senator Hutchison:

Right, you are a Tenth Amendment guy.

Assemblyman Hansen:

Absolutely I am. This is unique. If you were drafting an amendment to change the *United States Constitution* to allow each state to have independent laboratories to make the drug laws work, since we all know the federal laws are a joke, then I would not have an issue.

Senator Hutchison:

Let me tell you how I got here, and why I am supporting this. I voted against this measure both times it came on the ballot. I do not think this is a good idea. I do not think it is good policy for the state, but I lost that argument and so did a lot of other people in 1998 and 2000. The voters of this state said we, through an initiative, constitutional, and legal process, have decided we want to use medical marijuana and make it legal in this state.

Once that occurred, I have a constitutional obligation to enforce those provisions. I do not get to pick and choose. I think this is one of those times when you get to decide whether you are a true constitutionalist or a true law-and-order person, or whether you believe in the rule of law that separates us from banana republics. I think this is one of those chances to do that. That is how I got here.

You cannot decide the Second Amendment is important but the First Amendment is not. You cannot decide that constitutional measures and amendments under the *Nevada Constitution* are important but others are not. Here is the practical reality, under the *Constitution* of this state, the Legislature shall provide, by law, for the use of medical marijuana by a patient. It also states, "shall provide . . . authorization of appropriate methods for supply of the plant to patients authorized to use it."

Judge Mosely is a law-and-order guy; he is no bleeding-heart liberal. He is a conservative judge in the Eighth Judicial District. In an opinion that threw out the charges that were discussed earlier, after law enforcement had spent substantial time and resources prosecuting this case, Judge Mosely said, "It is apparent to the Court that the statutory scheme set out for the lawful distribution of medical marijuana is either poorly contemplated or purposely constructed to frustrate the implementation of constitutionally mandated access

to the substance. In either case, the law is hereby held to be unconstitutional in its application to potential offenders of its provisions." Accordingly, the charges were dropped.

Now we are in a situation where courts are throwing out criminal charges against those who are involved in any distribution of this product because it is impossible, essentially meaningless under the *Nevada Constitution*. We can continue to spend law enforcement resources and officers' time and energy pursuing these cases. We can continue to get the courts to throw these cases out. Or, we can provide a meaningful method of distribution.

I take seriously both of my obligations. I know that currently federal law and the Chief Law Enforcement Officer of federal law, by the way, it is not a constitutional right, under the *United States Constitution*—it is merely statutory law—prohibits the use of these substances. The current Chief Law Enforcement Officer of the federal government has said if you are following state law, we are not going to require you to shut down your establishments and facilities. That has been a policy decision by the Chief Executive Officer of the federal government. Our state *Constitution* says you must do this.

This is not an easy situation to be in. It is not an easy choice. It is not something that everyone is comfortable with. I voted against it; I am against the principle in general. But I am in favor of the rule of law. Then we have to decide, if we have to do it under our *Constitution*, then what? What Senator Segerblom and I did was bring in law enforcement, the experts, and local government. We said let us make sure we do this right. You will hear from law enforcement who are in support of this.

Assemblywoman Dondero Loop:

When we are talking about using medical marijuana at the workplace, it always goes back to the schools and the kids for me. How many people who are ill and need to use medical marijuana actually can continue to function? If they are so sick can they actually be at work? Also, we have no-smoking policies in schools, so how would a teacher or any other employee at a school be able to use this?

Senator Segerblom:

The same fitness for duty policy would apply to someone with a medical marijuana card. Other states have made it legal to fire someone for using marijuana even though it is legally available. That decision has not been reached yet in Nevada, but the fact is that many of the people who use medical marijuana for pain function perfectly fine, just like other prescription drugs.

EXHIBIT "2"

Scott Shick, Chief Probation Officer, Douglas County Juvenile Probation;
and the National Association of Juvenile Justice Administrators
Daniel Johnston, Private Citizen, Pahrump, Nevada
Cadence Matijevich, Assistant City Manager, Office of the City Manager,
City of Reno

Chairman Frierson:

[Roll was called and standing rules were reviewed.] I will now open the hearing on Senate Bill 374 (2nd Reprint).

Senate Bill 374 (2nd Reprint): Provides for the registration of medical marijuana establishments authorized to cultivate or dispense marijuana or manufacture products containing marijuana for sale to persons authorized to engage in the medical use of marijuana. (BDR 15-89)

Senator Tick Segerblom, Clark County Senatorial District No. 3:

Senate Bill 374 (2nd Reprint) attempts to put into law what the voters of Nevada mandated in 2000, which is medical marijuana and the ability to obtain it if you have a medical marijuana certificate. I would like to show a brief video before we start the presentation. [(Exhibit C) was presented.] Nick Anthony will now walk through the presentation.

Nick Anthony, Committee Counsel:

I am here today advocating neither passage nor approval of S.B. 374 (R2), but rather at the request of the Chairman of the Senate Judiciary Committee to provide you with a brief history and overview of where we are today and how S.B. 374 (R2) plays into our current law. As you will notice in your binders there is a PowerPoint presentation (Exhibit D) I will review and then stand for any questions.

Currently, there are actually 19 states and the District of Columbia that authorize medical marijuana. Maryland, as recently as May 2, 2013, passed a law authorizing medical marijuana and setting up a commission for its distribution. Eleven states and the District of Columbia use a dispensary method, which is contemplated under S.B. 374 (R2). Nearly all of the dispensary jurisdictions tax or impose some type of fee on medical marijuana.

How we got to where we are was by voter initiative. In 1998, ballot Question No. 9 was placed on the ballot and passed with 59 percent of the vote. It then passed again in 2000 with nearly 65 percent of the vote. What that ballot question did was amend the *Nevada Constitution* to provide that the Legislature shall allow a patient to use medical marijuana. Specifically, it also provides that the Legislature shall authorize the appropriate methods for supply.

EXHIBIT “3”

Senate Bill 374

- SB 374 provides for the registration of establishments to cultivate or dispense marijuana or manufacture marijuana products for persons authorized to engage in the medical use of marijuana.
- Provides for criminal penalties, initial licensing requirements, standards, sets maximum number of dispensaries and requires Health Division to adopt necessary regulations.
- Establishes application, licensing and product fees.
- Provides inventory control, procedural and law enforcement safeguards.
- Based on Arizona model.

EXHIBIT “4”

Chair Smith:

It will be helpful for the members to have a presentation regarding what the legislation does. Then we will talk about the fiscal note, but we will not take any amendments.

Senator Segerblom:

I will be presenting a brief video (Exhibit F). I am providing copies of the entitled Conceptual Amendment to S.B. 374 (Exhibit G); the Comparison of Medical Marijuana Programs 2012 prepared by the National Conference of State Legislators, and the Medical Marijuana Programs and Related State Laws Overview (Exhibit H) and "Senate Bill 374 Medical Marijuana Program" (Exhibit I). I also have Nicholas Anthony from the Legal Division of the Legislative Counsel Bureau here to give a brief overview.

Nicholas Anthony (Counsel):

I am here in a nonpartisan capacity to provide background from a policy and legal perspective. I have provided a handout entitled "History of Nevada Laws Pertaining to Medical Marijuana" (Exhibit J). The legalization of medical marijuana is not new. Eighteen states and the District of Columbia (D.C.) currently authorize medical marijuana. Eleven states and the D.C. utilize a dispensary method which is contemplated under S.B. 374. Nearly all of the dispensary jurisdictions tax medical marijuana, as does S.B. 374.

Nevada ballot Question 9 passed by voter initiative petition in the 1998 General Election with nearly 60 percent of the vote and in the 2000 General Election with 65 percent of the vote. That constitutional amendment revised Article 4, Section 38 of *The Constitution of the State of Nevada*. It states the Legislature shall by law provide for the use of medical marijuana. It gives the responsibility to the Legislature to decide how to enact the will of the people. Chapter 453 of the *Nevada Revised Statutes (NRS)*, relates to the criminalization of marijuana and controlled substances generally, while NRS 453A relates specifically to medical marijuana. The statutes came into law after the constitutional amendment in 2000 by way of legislation in 2001 with the passage of Assembly Bill (A.B.) No. 453 of the 71st Session.

The bill initially charged the State Department of Agriculture with setting up a system for registration and distribution of marijuana. It allows an individual to apply for a registration card and designate a primary caregiver. That individual can use and possess up to one ounce of marijuana, and up to three mature

EXHIBIT "5"

How does this affect you?

The Arizona Medical Marijuana Act makes physicians the gatekeepers for marijuana.



Arizona
Department of
Health Services

Health and Wellness for all Arizonans

azdhs.gov



EXHIBIT "6"

ILLEGAL DELIVERY OPERATIONS IN SOUTHERN NEVADA

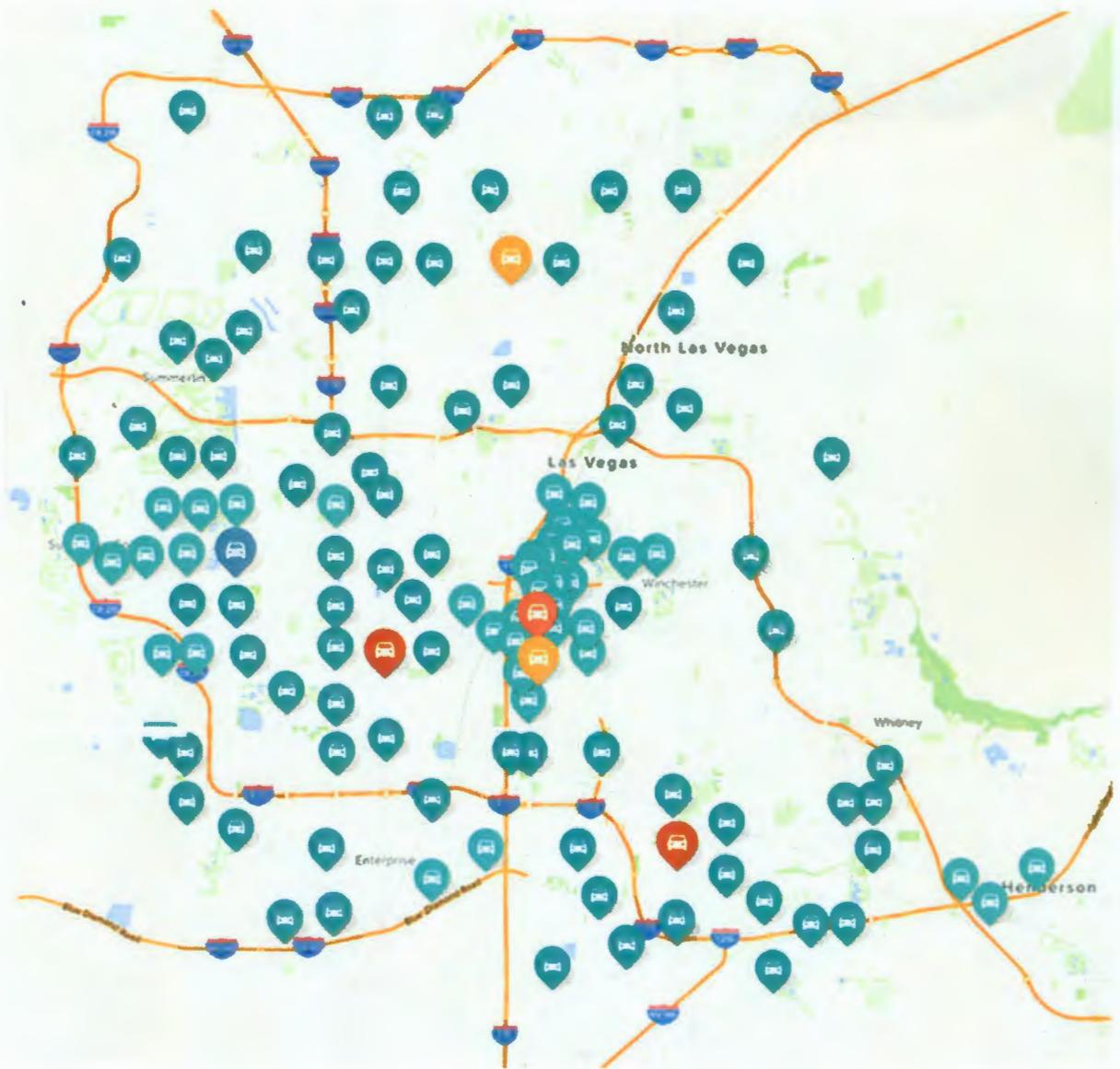
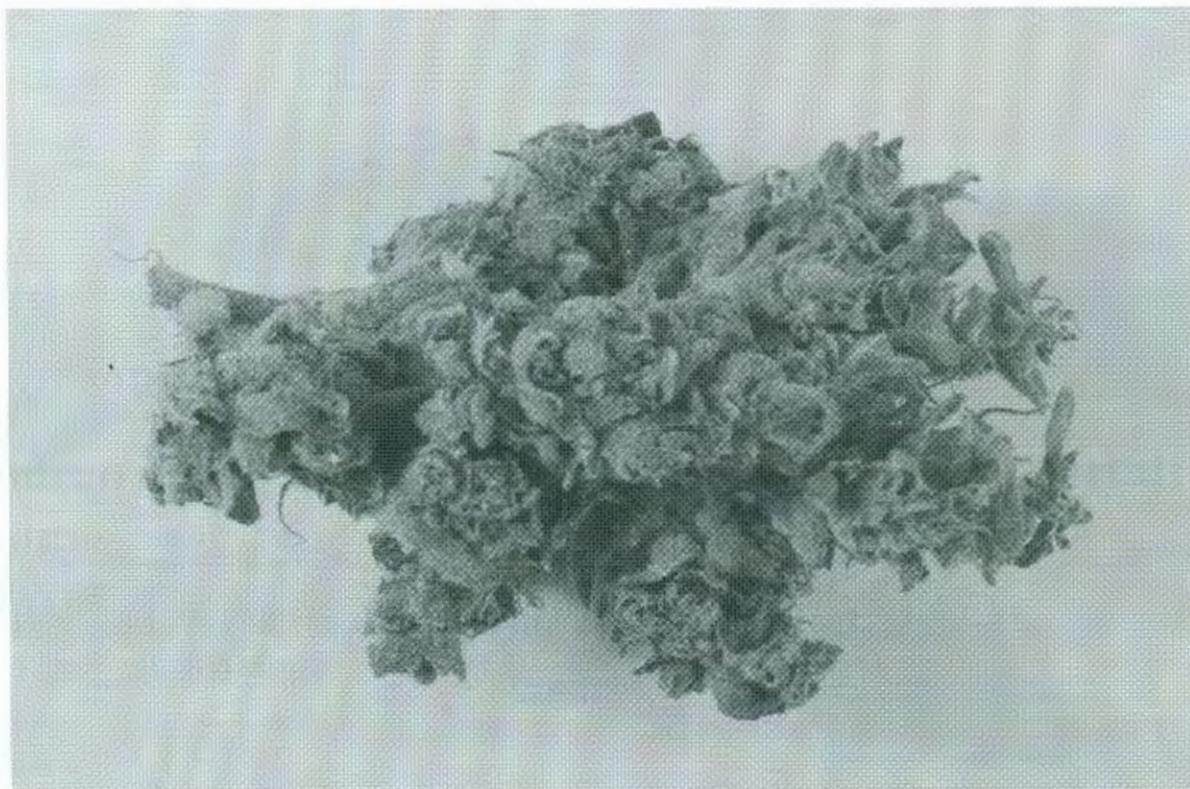


EXHIBIT “7”

Smithsonian.com

Modern Marijuana Is Often Laced With Heavy Metals and Fungus

Medical and recreational marijuana use is increasingly legal—but do consumers know what they're smoking?



Marijuana buds are often two to three times as potent as they were 30 years ago. (Charas Scientific)

By Brian Handwerk
smithsonian.com
March 23, 2015

In the U.S., legal hurdles have long hampered research into marijuana. But as more states approve medical and even recreational marijuana, scientific inquiries have spiked, especially studies aimed at finding out what exactly is in today's weed—and what it does to our bodies.

In Colorado, which made marijuana legal in November 2012, the latest results show that the pot lining store shelves is much more potent than the weed of 30 years ago. But the boost in power comes at a cost—modern marijuana mostly lacks the components touted as beneficial by medical marijuana advocates, and it is often contaminated with fungi, pesticides and heavy metals.

"There's a stereotype, a hippy kind of mentality, that leads people to assume that growers are using natural cultivation methods and growing organically," says Andy LaFrate, founder of Charas Scientific, one of eight Colorado labs certified to test cannabis. "That's not necessarily the case at all." LaFrate presented his results this week at a meeting of the American Chemical Society (ACS) in Denver.

LaFrate says he's been surprised at just how strong most of today's marijuana has become. His group has tested more than 600 strains of marijuana from dozens of producers. Potency tests, the only ones Colorado currently requires, looked at tetrahydrocannabinol (THC), the psychoactive compound that produces the plant's famous high. They found that modern weed contains THC levels of 18 to 30 percent—double to triple the levels that were common in buds from the 1980s. That's because growers have cross-bred plants over the years to create more powerful strains, which today tout colorful names like Bruce Banner, Skunkberry and Blue Cookies.

Marijuana Testing Yields Fascinating Results



Those thinking that stronger pot is always better pot might think again. Breeding for more powerful marijuana has led to the virtual absence of cannabidiol (CBD), a compound being investigated for treatments to a range of ills, from anxiety and depression to schizophrenia, Huntington's disease and Alzheimer's. Much of the commercially available marijuana LaFrate's lab tested packs very little of this particular cannabinoid. "A lot of the time it's below the detection level of our equipment, or it's there at a very low concentration that we just categorize as a trace amount," he says. Consumers specifically seeking medical benefits from cannabis-derived oils or other products may have a tough time determining how much, if any, CBD they contain, because Colorado doesn't currently require testing.

"I've heard a lot of complaints from medical patients because somebody claims that a product has a high level of CBD, and it turns out that it actually doesn't," LaFrate says. Colorado also does not yet require testing of marijuana for contaminants. Washington, the second state to legalize recreational marijuana, does require such testing for microbial agents like *E. coli*, salmonella and yeast mold, and officials there rejected about 13 percent of the marijuana products offered for sale in 2014.

"It's pretty startling just how dirty a lot of this stuff is," LaFrate says. His team commonly found fungi and bacteria in the marijuana products they tested. But for now it's unclear just how much marijuana growers need to clean up their product. "Like ourselves, this plant is living with bacteria that are essential to its survival. In terms of microbial contamination, it's kind of hard to say what's harmful and what's not," he adds. "So the questions become: What's a safe threshold, and which contaminants do we need to be concerned about?"

At the top of that list would be chemical contaminants in products such as concentrates, like the hard, amber-colored Shatter, which contains more than 90 percent THC, LaFrate suggests. Concentrates and edibles (think brownies) make up perhaps half of the current Colorado market. Their makers sometimes suggest that their chosen products are healthier than standard weed because they don't involve frequent smoking. But some manufacturers employ potentially harmful compounds like butane to strip the plant of most everything but THC. Tests also show that marijuana plants can draw in heavy metals from the soil in which they are grown, and concentrating THC can increase the amounts of heavy metals, pesticides or other substances that end up in a product. That means regulations for their production still need to be hammered out, LaFrate says.

"People use all kinds of different methods to produce concentrates," LaFrate says. "They allow people to use rubbing alcohol and heptane. But what grade of solvents are they using? Are they buying heptane on eBay, and if so, what exactly is in there? There are a whole bunch of issues to figure out, and right now there are not enough resources and really no watchdog."

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About Brian Handwerk

Brian Handwerk is a freelance writer based in Amherst, New Hampshire.

EXHIBIT “8”

MEDICAL MARIJUANA PATIENT CARD PROCESSES

CALIFORNIA

PROCESS

Copy of doctor recommendation
Proof of identity
Proof of residency

Apply in person at your county's program, where you will be required to pay the county fee. Then, have your photo taken at the county program office. Photo will appear on your MMIC.

APPLICATION

Available online. Application must be done in person.

PROCESSING TIME

Varies by county.

PATIENT CARD REQUIRED

Optional.

ARIZONA

APPLICATION

Available online.

PROCESS

Qualifying patients with a debilitating condition must obtain written certification from a physician. Then, a doctor or patient can apply online. AZDHS will send a card within 10 business days. Initial registry identification card is \$50.

PATIENT CARD REQUIRED

10 days or less.

MARYLAND

APPLICATION

Not required. Patient must register with commission and present Written Certification to purchase from a licensed dispensary.

PROCESS

Patient must register on Commission website (providing, name, address, date of birth and image of government ID) and then obtain a Written Certification from a Commission-registered doctor.

PATIENT CARD REQUIRED

Optional.

COLORADO

APPLICATION

Available online.

PROCESSING TIME

From date of online submission to receipt of card: up to 7 weeks.

PATIENT CARD REQUIRED

Optional.

WASHINGTON

APPLICATION

No application process.

PATIENT CARD REQUIRED

Optional. Patients are currently not required to obtain a card, only a doctor's recommendation.

EXHIBIT “9”

Interested in getting a Medical Marijuana Patient Card?

Here's how to do it.

A qualifying patient with one of the debilitating medical conditions, will need to get a written certification from a physician whether it be a medical doctor, osteopath, naturopath, or homeopath, licensed to practice in Arizona. The written certification has to be on a form provided by the AZDHS (Arizona Department of Health Services) and must be submitted to the AZDHS within 90 days. After obtaining the written certification from the physician, the qualifying patient can apply online for a registry identification card (AZDHS will only accept applications submitted online or the physician may submit it for a small fee). After AZDHS receives a complete application, AZDHS will issue a registry identification card to the patient within 10 business days.

Note: A qualifying patient will need to have medical records in the last 12 months and a present an Arizona ID or passport. If the patient does NOT have medical records within the last 12 months, you must see a doctor and receive medical records. The average cost for a doctor is \$45-\$60.

The following are qualifying conditions:

- Cancer, Glaucoma, Human Immunodeficiency Virus (HIV), Acquired Immune Deficiency Syndrome (AIDS), Hepatitis C, Amyotrophic Lateral Sclerosis (ALS), Crohn's disease, Multiple Sclerosis, Agitation of Alzheimer's disease, A chronic or debilitating disease or medical condition or the treatment for a chronic or debilitating disease or medical condition that causes: Cachexia or wasting syndrome; Severe and chronic pain; Severe nausea; Seizures, including those characteristic of epilepsy; Severe or persistent muscle spasms, including those characteristic of multiple sclerosis.



The state fees are listed and include:

- ❖ \$150 for an initial or a renewal registry identification card for a qualifying patient. Some qualifying patients may be eligible to pay \$75 for initial and renewal cards if they currently participate in the Supplemental Nutrition Assistance Program.
- ❖ \$200 for an initial or a renewal registry identification card for a designated caregiver. A caregiver must apply for a new card for every patient under their care (up to five patients).
- ❖ \$10 to amend, change, or replace a registry identification card.

For more information visit www.azdhs.gov/medicalmarijuana or contact the Department of Health Services directly at (602) 542-1025



Medical Marijuana Program Qualifying Patient Checklist

Please note that this checklist information and other instructions may change. Please refer back to the ADHS website for the most current information.

Print out and review this checklist **prior to** submitting your Qualifying Patient Application in the ADHS online system. This checklist will assist you in compiling the required information and supporting documentation. Application requirements are also outlined in Arizona Administrative Code (A.A.C.) R9-17-202.

You will be asked to enter the following information and submit the following supporting documents:

1. Application Information:
<input type="checkbox"/> The patient's <ul style="list-style-type: none"> <input type="checkbox"/> First name; middle initial, if applicable; last name; and suffix, if applicable <input type="checkbox"/> Date of birth <input type="checkbox"/> Gender
<input type="checkbox"/> The identifying number on the applicable card or document (see Section 2 below for list of identification requirements and options). The patient must also enter the ID type, issuing state, and issued date.
<input type="checkbox"/> The patient's residential address and county.
<input type="checkbox"/> The patient's phone number.
<input type="checkbox"/> The patient's email address where confidential information can be sent (free email address website links are provided within the application).
<input type="checkbox"/> The patient's mailing address. Patient can check box if same as residential address.
<input type="checkbox"/> The name, address, and telephone number of the physician attesting for the patient. This information must be obtained from the <i>Medical Marijuana Physician Certification</i> form.
<input type="checkbox"/> The physician's license number, physician license state, and license type. This must be obtained from the <i>Medical Marijuana Physician Certification</i> form.
<input type="checkbox"/> The patient's Qualifying Health Conditions that apply. This information must be obtained from the <i>Medical Marijuana Physician Certification</i> form.
<input type="checkbox"/> If the patient is designating a caregiver, the following caregiver information: <ul style="list-style-type: none"> <input type="checkbox"/> First name; middle initial, if applicable; last name; and suffix, if applicable <input type="checkbox"/> Date of birth <input type="checkbox"/> Gender <input type="checkbox"/> Address and county where caregiver resides
<input type="checkbox"/> Whether the patient is requesting authorization to cultivate marijuana plants.
<input type="checkbox"/> If the patient designated a caregiver, if the caregiver is requesting to cultivate marijuana plants.
<input type="checkbox"/> Whether the patient would like notification of any clinical studies needing human subjects for research on the medical use of marijuana.
<input type="checkbox"/> If the patient is eligible for the Supplemental Nutrition Assistance Program (SNAP), documentation required.
<input type="checkbox"/> If the patient is homeless, an address where the patient can receive mail.
2. Documentation Needed for Uploading
<ul style="list-style-type: none"> • The current photograph must be an image file (JPG, PNG, or GIF file format) and cannot exceed 10 MB. • The other supporting documents can be PDF documents or image files (JPG, PNG, or GIF file format) and cannot exceed 2 MB. The recommended file type is PDF.
<input type="checkbox"/> A current photograph of the patient. Photograph must be taken no more than 60 calendar days before the submission of the application. Photograph must be capable of producing an image:

- 2 inches by 2 inches in size with minimum dimensions of 600x600 pixels and maximum dimensions of 1200x1200 pixels.
- In natural color
- That is a front view of the individual's full face, without a hat or headgear that obscures the hair or hairline, with a plain white or off-white background
- That has between 1 and 1 3/8 inches from the bottom of the chin to the top of the head

□ A copy of the patient's:

- Arizona driver's license issued on or after October 1, 1996; **OR**
- Arizona identification card issued on or after October 1, 1996; **OR**
- Arizona registry identification card; **OR**
- Photograph page in the patient's U.S. passport; **OR**
- An Arizona driver's license or identification card issued before October 1, 1996 **AND** one of the following:
 - Birth certificate verifying U.S. citizenship
 - U.S. Certificate of Naturalization
 - U.S. Certificate of Citizenship

□ Signed and dated *Medical Marijuana Patient Attestation*. This must be downloaded from the ADHS website at <http://www.azdhs.gov/medicalmarijuana/patients/adult.htm>.

□ Physician-completed *Medical Marijuana Physician Certification Form*. This must be downloaded from the ADHS website at <http://www.azdhs.gov/medicalmarijuana/physicians/>.

□ SNAP documentation (if applicable): a copy of an eligibility notice or an electronic benefits transfer card demonstrating current participation in the U.S. Department of Agriculture Food and Nutrition Services, Supplemental Nutrition Assistance Program.

□ A valid and current Visa or MasterCard for payment. A credit card, debit card, or pre-paid cards are accepted.

EXHIBIT "10"

Overview of Revenue and Expenditures

Table 3. Medical Marijuana Fund Revenues, Expenditures, and Fund Balance in FY 2014

Beginning Fund Balance	\$ 7,497,017
Revenues	
Registry Card Application Fees	8,531,825
Dispensary Application Fees	213,425
Total Revenues	8,745,250
Expenditures	
Salaries, Wages and Benefits	1,203,228
Operating Expenditures	
a. Professional & Outside Services	1,508,216
b. Other Operating Expenditures	2,935,798
c. Travel	37,324
d. Non-Capital Equipment	57,990
Operating Expenditures Total	4,539,328
Inter-Governmental Agreements	1,196,401
Capital Equipment Expenditures	476,637
Total Expenditures	7,415,594
Ending Fund Balance	\$ 8,826,673

Professional & Outside Services include expenditures associated with key vendors and contractors such as Sherman & Howard, L.L.C. (\$585,143.73), The University of Arizona (\$357,500), Temporary Services (\$325,168), Attorney General's Office (\$170,000), Information Technology and Security Contracts (\$54,897), and Henry and Horne PLC (\$4,710). Other Operating Expenditures include expenses associated with direct and indirect charges and contra revenue (bank fees associated with credit card processing). Intergovernmental Agreements (IGAs) and Intergovernmental Service Agreements (ISAs) are contracts with other state and local government agencies, boards, or commissions. For further analysis and examination, please visit the [Arizona Open Books](#) website.