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EIGHTH JUDICIAL DISTRICT COURT **CLARK COUNTY, NEVADA**

CANNABIS EQUITY AND INCLUSION COMMUNITY (CEIC), a domestic nonprofit corporation; ANTOINE POOLE, an individual,

Petitioners/Plaintiffs,

VS.

STATE OF NEVADA ex rel. BOARD OF PHARMACY, a public entity of the State of Nevada,

Respondent/Defendant.

Case No.: A-22-851232-W

Dept No.: XV

JUDGMENT AND ORDER GRANTING PETITION FOR WRIT OF MANDAMUS AND REQUEST FOR DECLARATORY RELIEF

This matter having come before this court on September 14, 2022, on Petitioners/Plaintiffs' Petition for Writ of Mandamus and Request for Declaratory Relief; Christopher M. Peterson, Esq., and Sophia A. Romero, Esq., of the American Civil Liberties Union of Nevada, appearing on behalf of Petitioners/Plaintiffs, Cannabis Equity and Inclusion Community (CEIC) and Antoine Poole (collectively "Petitioners"); Brett Kandt, Esq. and Peter K. Keegan, Esq., appearing on behalf of the State of Nevada ex rel. Board of Pharmacy ("Board" or "Respondent"); the Court having reviewed the papers and pleadings on file herein, having heard the arguments of counsel, upon agreement of counsel that this matter is ready to be decided upon the pleadings without trial, and with good cause appearing, the Court hereby finds, concludes, and orders as follows:

This ruling is limited to the Petition and Complaint in front of the Court and only addresses the issues of (1) whether the scheduling of cannabis as a Schedule I substance is in conflict with the Article 4, Section 38 of the Constitution of the State of Nevada; (2) whether cannabis must be removed from the listing of Schedule I substances; and (3) whether, in light of the enactment of NRS Title 56, the Board of Pharmacy has any authority to schedule cannabis as a controlled substance.

The parties agreed and stipulated that the issues raised may be decided as a matter of law by the Court. The first two issues were adjudicated at the time of hearing, this Court reserved ruling on the third issue upon submission of competing orders. To the extent the briefing addressed any additional issues, the Court declines to rule and this Order shall constitute a final judgment.

FINDINGS OF FACT

Plaintiff CEIC is, and was at all times relevant herein, a domestic nonprofit corporation organized and existing under and by virtue of the laws of the State of Nevada. Based upon its uncontroverted declaration, CEIC advocates for freedom, equity, and opportunity in Nevada's cannabis market by supporting people from underrepresented communities as they apply for licenses to participate in the legal cannabis market. CEIC has also dedicated resources to mitigating Nevada's long history of prosecuting cannabis-related offenses by assisting individuals with prior cannabis-related criminal convictions in applying for pardons and sealing criminal records. CEIC continues to engage in community outreach to identify these individuals and organize record sealing workshops.

Plaintiff Antoine Poole is, and was at all times relevant herein, a resident of the State of Nevada, County of Clark, City of Las Vegas. Based upon his uncontroverted declaration, Mr. Poole was adjudicated guilty in the Eighth Judicial District Court of the State of Nevada of Possession of Controlled Substance, a Category E Felony pursuant to NRS 453.336, for possession of marijuana. This adjudication occurred on April 20, 2017, after cannabis was legalized for both medical and recreational use in Nevada.

Respondent/Defendant, Nevada State Board of Pharmacy, is a public entity of the State of Nevada with the power to sue and be sued, pursuant to NRS 12.105 and NRS 41.031.

The transactions and occurrences that give rise to the Petitioners' claims against Respondent, the Nevada State Board of Pharmacy, occurred in the City of Las Vegas, Clark County, Nevada.

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In 1923, the Nevada Legislature banned marijuana, making even simple possession, regardless of purpose, a criminal offense. When the Legislature enacted the Uniform Controlled Substances Act in 1971, marijuana was classified as a Schedule I substance. In 1981, the Nevada Legislature delegated to the Nevada Board of Pharmacy authority to designate, by regulation and within limits prescribed by the Legislature, what substances would be listed on Nevada's schedules of controlled substances. Since then the Board categorized, and still categorizes, marijuana, cannabis, and cannabis derivatives as Schedule I substances under NAC 453.510. By classifying marijuana, cannabis, and cannabis derivatives as Schedule I substances, the Board denies that marijuana has "accepted medical use in treatment in the United States."

The Board's authority to categorize a substance as Schedule I is limited by the conjunctive test set forth in NRS 453.166, which states:

The Board shall place a substance in schedule I if it finds that the substance:

- 1. Has high potential for abuse; and
- 2. Has no accepted medical use in treatment in the United States or lacks accepted safety for use in treatment under medical supervision.

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¹ "Marijuana" and "cannabis" are used interchangeably and have the same meaning. NRS 453.096 defines marijuana as: "(a) All parts of any plant of the genus *Cannabis*, whether growing or not; (b) The seeds thereof; (c) The resin extracted from any part of the plant; and (d) Every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds or resin." NRS 678A.085, under Chapter 678A- Administration of Laws Related to Cannabis, states that cannabis has the meaning ascribed to the term "marijuana" in NRS 453.096.

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²An Act to Regulate the Use, Supply and Possession of Narcotic Drugs in the State of Nevada, and to Provide Penalties for the Violation Thereof, Nev. Compiled Laws §§ 5084-5085 (1929) (repealed 1937).

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³See Section 31 of Assembly Bill No. 107 (1971 Nev. Leg. Session).

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⁴See 1981 Nev. Stats. ch. 402 §§ 1-39 at 734-750; see also Miller v. Jacobson, 104 Nev. 600, 602, 763 P.2d 356, 357 (1988); Sheriff, Clark Cty. v. Luqman, 101 Nev. 149, 153-54, 697 P.2d 107, 110 (1985)

(Emphasis added). Several Nevada Revised Statutes reference the classifications designated by the Board to criminalize activities related to controlled substances. ⁵

In 1998, Nevada voted on and passed the *Nevada Medical Marijuana Act*, a ballot initiative intended to amend the Nevada Constitution to legalize marijuana for medical use in Nevada.⁶ Successful passage of the *Nevada Medical Marijuana Act* resulted in the addition of Article 4, Section 38, of the Nevada Constitution, which states:

1. The legislature shall provide by law for:

(a) The use by a patient, upon the advice of his physician, of a plant of the genus Cannabis for the treatment or alleviation of cancer, glaucoma, acquired immunodeficiency syndrome; severe, persistent nausea of cachexia resulting from these or other chronic or debilitating medical conditions; epilepsy and other

As another example, NRS 453.336 criminalizes possession of a controlled substance not for purpose of sale. It states, "[a] person who violates this section shall be punished for the first or second offense, if the controlled substance is listed in schedule I, II, III or IV, for a category E felony as provided in NRS 193.130." Because marijuana was not legalized for individuals under 21 years of age and it is classified as a Schedule I substance, NRS 453.336 is being used to charge juveniles and persons under 21 years old with felony offenses for possessing concentrated cannabis. Such actions are a clear circumvention to the legislature's recent passing of AB158 which makes possession of one ounce or less of marijuana by a juvenile a citable offense. *See* Nev. Legis. AB 158 Reg. Sess. 2021.

In another, when looking in the context of prohibitions against possession of firearms, NRS 202.360 "[prohibits any person to] have in his or her possession or under his or her custody or control any firearm if the person is an unlawful user of, or addicted to, any controlled substance." Again, because marijuana is classified as a Schedule I substance, an individual who is addicted to marijuana would be prohibited from possessing a firearm.

⁵ For example, NRS 453.337 makes it unlawful to possess for sale any amount of a Schedule I substance. Penalties for violating NRS 453.337 are based on whether the offender is a subsequent offender, with the first offense being a Category D felony. Because marijuana is classified as a Schedule I substance, it is a Class D felony to possess *any* amount of marijuana for sale. To put this into perspective, if an individual sells even a tenth of a gram of marijuana without a license, they would be charged with a Class D felony for their first offense and even steeper penalties for any subsequent sales. This is a dramatic departure from marijuana being treated like alcohol given that an individual selling any amount of alcohol without a license is simply fined for selling alcohol without a license. *See* NRS 364.150.

⁶ Scott McKenna, *Medical Marijuana Laws in the Silver State*, 6 Nevada Lawyer, Aug. 10, 2002.

disorders characterized by seizure; multiple sclerosis and other disorders characterized by muscular spasticity; or other conditions approved pursuant to law for such treatment.

- (b) Restriction of the medical use of the plant by a minor to require diagnosis and written authorization by a physician, parental consent, and parental control of the acquisition and use of the plant.
- (c) Protection of the plant and property related to its use from forfeiture except upon conviction or plea of guilty or nolo contendere for possession or use not authorized by or pursuant to this section.
- (d) A registry of patients, and their attendants, who are authorized to use the plant for a medical purpose, to which law enforcement officers may resort to verify a claim of authorization and which is otherwise confidential.
- (e) Authorization of appropriate methods for supply of the plant to patients authorized to use it.⁷

The Nevada Legislature followed this constitutional mandate by passing Assembly Bill 453 (2001).

In 2016, Nevada voted on and passed the *Initiative to Regulate and Tax Marijuana*, which legalized possession of marijuana for recreational purposes.⁸ The initiative intended to "better focus state and local law enforcement resources on crimes involving violence and personal property" rather than prosecuting marijuana offenses.⁹ The *Initiative* explicitly stated that it intended for marijuana to be "regulated in a manner similar to alcohol." ¹⁰ In addition to legalizing the use of cannabis for recreational purposes, the *Initiative* prescribed the regulatory regime that would oversee the market for both recreational and medical cannabis, naming the Nevada Department of Taxation as the prime regulatory agency.

⁷ Nevada Const. art. IV, § 38.

⁸ *Initiative to Regulate and Tax Marijuana*, Nevada Secretary of State, 1 (April 23, 2014), https://www.nvsos.gov/sos/home/showdocument?id=3294.

⁹ *Id*.

 $^{^{27} \}parallel_{^{10}Id.}$

In 2019, the Nevada Legislature passed NRS Title 56, titled "Regulation of Cannabis", to codify and clarify the *Initiative*. In four chapters, NRS Chapters 678A-D, the Legislature created a comprehensive regulatory regime for the new cannabis industry, tasking the Cannabis Compliance Board with heading the regime while explicitly authorizing specific Nevada state agencies and subdivisions to regulate all aspects of the cannabis industry. The Nevada State Board of Pharmacy was not referenced in any capacity nor explicitly authorized to participate in the regulatory regimes prescribed by the *Initiative* or NRS Title 56.

Pursuant to the Petition, Petitioners/Plaintiffs requested that this Court resolve the discrepancies between Article 4, Section 38, of the Nevada Constitution, NRS 453.166, and NAC 453.510 by declaring that: (1) the classification of marijuana, cannabis, and cannabis derivatives as Schedule I substances violates Article 4, Section 38, of the Nevada Constitution or in the alternative the classification of marijuana, cannabis, and cannabis derivatives as Schedule I substances violates NRS 453.166; (2) the Nevada State Board of Pharmacy acted outside of its authority when it classified, or failed to remove, marijuana, cannabis, and cannabis derivatives; and (3) the Nevada State Board of Pharmacy must remove marijuana, cannabis, and cannabis derivatives as Schedule I substances under NAC 453.510(4), NAC 453.510(9), and NAC 453.510(10).

CONCLUSIONS OF LAW REGARDING IMMEDIATE RULING

As the transactions and occurrences that give rise to the Petitioners' claims against Respondent, the Nevada State Board of Pharmacy, occurred in the City of Las Vegas, Clark County, Nevada, and the Respondents operate and/or reside in Clark County, this Court has the authority to grant the writ relief requested herein pursuant to NRS 34.160. Additionally, this Court has original subject matter jurisdiction over this request for declaratory and injunctive relief under Article 6, Section 6, of The Constitution of the State of Nevada. Venue is proper in this Court pursuant to NRS 13.020 and 13.040 because the cause, or some part thereof, arose in the City of Las Vegas, Clark County, Nevada.

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¹¹ See also NRS 30.030 (Uniform Declaratory Judgments Act).

whether to grant such relief. ¹² "Extraordinary writ relief may be available where there is no 'plain, speedy and adequate remedy in the ordinary course of law.'" However, even when a legal remedy is available, the court can "still entertain a petition for writ 'relief where the circumstances reveal urgency and strong necessity." A writ of mandamus may be issued by the court "to compel the performance of an act which the law especially enjoins as a duty resulting from an office, trust or station; or to compel the admission of a party to the use and enjoyment of a right or office to which the party is entitled and from which the party is unlawfully precluded by such inferior tribunal, corporation, board or person," when there is no plain, speedy, and adequate remedy in the ordinary course. The court must examine each request for writ relief individually. The court will generally exercise its discretion to consider an extraordinary writ where an important legal issue that needs clarification is raised or to promote judicial economy and administration. When a petition for extraordinary relief involves a question of first impression that arises with some frequency, the interests of sound judicial economy and administration favor consideration of the petition.

Writ relief is an extraordinary remedy, and therefore, it is within a court's sound discretion

¹³ *Id.*, *quoting* NRS 34.170 and NRS 34.330).

¹² Segovia v. Eighth Judicial Dist. Court, 133 Nev. 910, 911, 407 P.3d 783, 785 (2017).

¹⁴ *Id.*, quoting Barngrover v. Fourth Judicial Dist. Court, 115 Nev. 104, 111, 979 P.2d 216, 220 (1999)).

¹⁵ "The writ may be issued by ... a district court or a judge of the district court, to compel the performance of an act which the law especially enjoins as a duty resulting from an office, trust or station; or to compel the admission of a party to the use and enjoyment of a right or office to which the party is entitled and from which the party is unlawfully precluded by such inferior tribunal, corporation, board or person. When issued by a district court or a judge of the district court it shall be made returnable before the district court." NRS 34.160; NRS 34.170.

¹⁶ Jeep Corp. v. Second Judicial Dist. Court, 98 Nev. 440, 443, 652 P.2d 1183, 1185 (1982).

¹⁷ State Office of the Attorney General v. Justice Court of Las Vegas Township, 133 Nev. 78, 80, 392 P.3d 170, 172 (2017).

¹⁸A.J. v. Eighth Judicial District Court in and for County of Clark, 2017, 394 P.3d 1209, 133 Nev. 202, quoting Cote H. v. Eighth Jud. Dist. Ct. ex rel. Cty. of Clark, 124 Nev. 36, 175 P.3d 906 (2008).

Under the Nevada Uniform Declaratory Judgments Act, NRS 30.010 to 30.160, this Court has the power to declare the rights, status, and other legal relations of the parties whether or not further relief is or could be claimed, and a declaration may be either affirmative or negative in form and effect, and such declarations have the force and effect of a final judgment or decree. More specifically, with respect to contracts, statutes, and other writings, NRS 30.040(1) provides:

Any person interested under a deed, written contract or other writings constituting a contract, or whose rights, status, or other legal relations are affected by statute, municipal ordinance, contract or franchise, may have determined any question of construction or validity arising under the instrument, statute, ordinance, contract or franchise and obtain a declaration of rights, status or other legal relations thereunder.

The provisions of the Act are to be liberally construed and administered, and are intended to be remedial, in order to settle and to afford relief from uncertainty and insecurity with respect to rights, status and other legal relations.²⁰ Such declarations have the force and effect of a final judgment or decree.²¹ This matter satisfies the four elements that must be met for declaratory relief to be granted, as described below.²² The facts stated above herein reveal a justiciable controversy in which a claim of right is asserted against one who has an interest in contesting it. The controversy is between persons whose interests are adverse. The issue involved in the controversy is ripe for determination as individuals continue to be prosecuted for violating Nevada statutes which rely on the scheduling of marijuana, cannabis, and cannabis derivatives as Schedule I substances, and CEIC must continue to expend resources remedying such actions.

Because there is no requirement that Petitioners/Plaintiffs exhaust any administrative remedies directly with the Board of Pharmacy, and in light of the holding in *State Bd. Of Parole*

¹⁹ See NRS 30.030.

²⁰ See NRS 30.140.

²¹ NRS 30.030.

²² Kress v. Corey, 65 Nev. 1, 25–26, 189 P.2d 352, 364 (1948).

Comm'rs v. Second Judicial Dist. Court,²³ a Writ of Mandamus and Complaint for Declaratory Relief are appropriate vehicles for seeking redress in this matter.

This Court has subject matter jurisdiction, pursuant to NRS 34.160 and Article 6, Section 6 of the Nevada Constitution, to determine the legal questions at hand, specifically whether (1) the Constitution of the State of Nevada, Article 4, Section 38, and NRS 143.166 precludes the Board of Pharmacy from scheduling cannabis, as defined by NRS 453.096 pursuant to NRS 678A.085, as a Schedule I substance and (2) after the passage of the *Initiative to Regulate and Tax Marijuana* and the subsequent enactment of NRS Title 56 by the Nevada State Legislature, the Nevada State Board of Pharmacy retained its authority to regulate cannabis.

I. Standing

A petitioner has standing in a proceeding on an extraordinary writ when the petitioner has a "beneficial interest" in obtaining writ relief. "[A] beneficial interest sufficient to pursue a mandamus action" is a "substantial interest that falls within the zone of interests to be protected by the legal duty asserted."²⁴ In other words, the writ of mandamus must be denied if the petitioner will gain no direct benefit from its issuance and suffer no direct detriment if it is denied.²⁵

CEIC has organizational standing in this matter because (1) its organizational mission was frustrated and (2) it had to divert resources to combat the particular injurious behavior in question.²⁶ If the writ of mandamus is denied, CEIC will continue to suffer these detriments, and if it is granted, it will gain a direct benefit. Furthermore, CEIC has associational standing in this matter because (1)

²³451 P.3d 73, at 76 (2019) ("But the Pardons Board cannot answer the legal question presented in this matter, as that is a matter for the courts.)

²⁴ *Id at* 460-61 (citing *Lindelli v. Town of San Anselmo*, 111 Cal.App.4th 1099, 4 Cal.Rptr.3d 453, 461 (2003)).

²⁵ *Id.* (citing *Waste Management v. County of Alameda*, 79 Cal.App.4th 1223, 94 Cal.Rptr.2d 740, 747 (2000)).

²⁶ "An organization may satisfy the <u>Article III</u> requirement of injury in fact if it can demonstrate: (1) frustration of its organizational mission; and (2) diversion of its resources to combat the particular housing discrimination in question." *Smith v. Pac. Props. & Dev. Corp.*, 358 F.3d 1097, 1105 (9th Cir. 2004).

its members would otherwise have standing to sue in their own right; (2) the interests it seeks to protect are germane to the organization's purpose; and (3) neither the claim asserted nor the relief requested requires the participation of individual members in the lawsuit.²⁷ Finally, because the issues before the Court question whether an executive branch agency engaged in regulatory rulemaking outside of the authority granted to the agency pursuant to the Nevada Constitution and statute, the issues are fundamentally about separation-of-powers between the branches of Nevada's government,²⁸ and CEIC has standing pursuant to the public-importance doctrine as described in *Nev. Pol'y Rsch Inst., Inc., v. Cannizarro*, 507 P.3d 1203 (2022).

Antoine Poole, a Nevada resident who has been convicted under the Nevada Revised Statutes of a controlled substance-related offense after the legalization of cannabis in Nevada and who continues to experience collateral consequences because of his conviction, has a direct and substantial interest in obtaining writ relief in this matter.

Plaintiffs have standing in this matter as set forth in this Court's order dated July 26, 2022, which is based upon the uncontroverted declarations of the Plaintiffs.

II. Article 4, Section 38 of the Constitution of the State of Nevada

This Court has a duty not to create law or policy but rather to interpret the law including the constitutionality of statutes, statutory schemes, and regulations. Additionally, this Court is beholden to the laws of the State of Nevada, especially those set forth in the Constitution of the State of Nevada. Here Petitioners/Plaintiffs have no plain, speedy and adequate remedy in the ordinary course of law, and there is no other legal method to challenge the Board's misclassification of

²⁷ "[W]e have recognized that an association has standing to bring suit on behalf of its members when: (a) its members would otherwise have standing to sue in their own right; (b) the interests it seeks to protect are germane to the organization's purpose; and (c) neither the claim asserted nor the relief requested requires the participation of individual members in the lawsuit." *Hunt v. Washington State Apple Advertising Comm'n*, 432 U.S. 333, 343, 97 S.Ct. 2434, 53 L.Ed.2d 383 (1977). *Greater Birmingham Ministries v. Sec'y of State for State of Alabama*, 992 F.3d 1299, 1316 (11th Cir. 2021).

²⁸ See Roberts v. State, 104 Nev. 33, 36-40 (1988) (finding that agency regulation invalidated due to falling outside the agency's authority violated the separation-of-powers doctrine); West Virginia v. EPA, 142 S. Ct. 2587, 2609 (2022) (finding that invalid EPA regulation implicated separation-of-powers doctrine).

marijuana, cannabis, and cannabis derivatives as Schedule I substances. Thus, relief pursuant to a writ of mandamus is appropriate.

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Article 4, Section 38 of the Nevada Constitution, "Use of Plant of genus Cannabis for medical purposes," specifically refers to the use of cannabis by a patient, upon the advice of a physician, for the treatment or alleviation of various medical conditions, recognizing under Nevada law that there is an accepted use of cannabis for medical treatment.

Regulations passed by the Board of Pharmacy, including the designation of substances as Schedule I pursuant to the agency's rulemaking authority, cannot violate the Nevada Constitution. The Nevada Legislature, through NRS 453.211(1)(a), has conferred a duty upon the Board of Pharmacy to follow NRS 453.166 when classifying substances as Schedule I substances. Under NRS 453.166, the Board of Pharmacy may only designate a substance as a Schedule I substance if it determines that the substance "has high potential for abuse *and* has no accepted medical use in treatment in the United States or lacks accepted safety for use in treatment under medical supervision." (Emphasis added). The Board of Pharmacy is mandated to review the schedule annually and maintain a list of current schedules.²⁹ Given the mandate that the Board review the schedule annually, its failure to remove marijuana, cannabis, and cannabis derivatives as Schedule I substances year after year is an affirmation that they satisfy both requirements under NRS 453.166. However, such a conclusion is erroneous given that in 1998, Nevada recognized marijuana as having medical use in treatment under Article 4, Section 38 of the Nevada Constitution.³⁰

Because the Board's misclassification of marijuana, cannabis, and cannabis derivatives in NAC 453.510(4), NAC 453.510(9), and NAC 453.510(10) is in direct contradiction with Article 4, Section 38 of the Nevada Constitution, the misclassification is unconstitutional and must be declared invalid. The clash between Nevada's explicit recognition of marijuana's acceptable use in medical treatment, which is enshrined in the Nevada Constitution, and the Board's classification of

²⁹ NRS 453. 211(1)(a): "The Board shall review the schedule annually and maintain a list of current schedules."

³⁰ Section 38 not only recognizes that marijuana has accepted medical use in treatment, but it also explicitly lists disorders marijuana must be available to treat.

marijuana, cannabis, and cannabis derivatives as Schedule I substances due to the substances having no accepted medical use in treatment presents an important constitutional question. Therefore, the Board exceeded its authority when it placed, or failed to remove marijuana, cannabis, and cannabis derivatives on its list as Schedule I substances and NAC 453.510 (4), NAC 453.510(9), and NAC 453.510(10) must be amended to reflect this change.

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The term "in the United States" as used in NRS 453.166 refers to the geographical confines of the United States, of which Nevada is part. As such, because Nevada law finds that cannabis is acceptable for medical treatment, it cannot be designated a Schedule I substance. Furthermore, the Court finds that it is bound to follow Nevada law, including Article 4, Section 38 of the Nevada Constitution and NRS 453.166, not secondary sources published by federal agencies and medical journals.

This Court is not persuaded by Respondents/Defendants argument that Petitioners/Plaintiffs are barred from seeking relief because the regulations at issue have been in force for twenty-two years since the passage of Article 4, Section 38. "Unlawful acts, performed long enough with sufficient vigor, are never enough to amend the law." ³¹

To ensure that this Court's order is effective immediately and that marijuana, cannabis, and cannabis derivatives will no longer be considered Schedule I substances under Nevada law, Petitioners/Plaintiffs urged this Court to order the Board of Pharmacy to comply with NAC 639.110 to ensure that Nevada agencies do not consider the regulations active while the Board follows the procedures necessary to amend its list of Schedule I substances. This Court, however, declines to rule on the merits of this argument because as the Board points out, the listing of marijuana, cannabis, and cannabis derivatives in Schedule I no longer has any legal effect with the issuance of this order. *See State v. Eastabrook*, 3 Nev. 173, 180 (1867) (finding that "if a law passed by the legislature be constitutional as to part of its provisions and unconstitutional as to others, the unobjectionable portion may stand, if by rejecting that which is unconstitutional, the whole object and effect of the law is not destroyed.").

³¹ McGirt v. Oklahoma, 140 S. Ct. 2452, 2482 (2020).

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Petitioners/Plaintiffs are entitled to declaratory relief that the Board's scheduling of cannabis as a Schedule I substance is in direct contradiction with the Nevada Constitution and violates NRS 453.166 and writ relief ordering the Board to remove cannabis from its list of Schedule I substances.

The remainder of the Complaint, insofar as it pertains to the request for injunctive relief (Petition/Compl. $\P\P$ 63 – 66,), is most as the claims in this matter have been resolved via declaratory relief and the writ of mandamus and is therefore dismissed.

CONCLUSIONS OF LAW REGARDING THE RESERVED RULING

The scope of a Nevadan administrative agency's authority is limited to the matters that the Nevada State Legislature has expressly or implicitly delegated to the agency, and "an administrative agency cannot enlarge its own jurisdiction." *City of Reno v. Civil Serv. Comm'n of Reno*, 117 Nev. 855, 858 (2001). While an administrative body may make rules and regulations calculated to carry into effect the expressed legislative intention, it may only do so within "prescribed limits and when authorized by the law-making power." *Cashman Photo Concessions & Labs v. Nev. Gaming Comm'n*, 91 Nev. 424, 428, 538 P.2d 158, 160 (1975). However, regulations that are unauthorized by the law-making power or go beyond the limits prescribed by the Legislature are invalid. *See Id.* If authority to regulate on a particular matter is not explicitly delegated to an agency, the agency must have implicit authority for the action, but "[f]or implied authority to exist, the implicitly authorized act must be essential to carrying out an express duty." *Stockmeier v. State*, 127 Nev. 243, 248, 255 P.3d 209, 212 (2011).

Before the Board may designate a substance as a "controlled substance", the Nevada Legislature must delegate the necessary authority to the Board.³² If the Board designates a substance as a "controlled substance" but the designation falls outside the authority delegated by the Legislature, the designation is invalid.³³

While the Legislature may have delegated the general authority to regulate marijuana, cannabis, and cannabis derivatives pursuant to the Board in 1981, the Board no longer has the

³² See Miller v. Jacobson, 104 Nev. 600, 763 P.2d 356, 358-359 (1988) (holding State could not prosecute a defendant for possessing a substance that was improperly scheduled by the Board as a controlled substance).

authority to regulate those substances because they are now regulated pursuant to NRS Title 56 "Regulation of Cannabis".

As the Board of Pharmacy acknowledges, Title 56, stretching across four chapters of the Nevada Revised Statutes,³⁴ provides a comprehensive regulatory regime for cannabis used recreationally and medically. Every aspect of cannabis production, transportation, distribution, sale, and use is governed by the provisions in Title 56.

Relevant to this matter, Title 56 explicitly describes what Nevada executive agencies are involved in this regulatory regime and the extent of their regulatory authority. Under Title 56:

- The Cannabis Compliance Board is *explicitly* authorized to "adopt regulations necessary or convenient to carry out the provisions of [Title 56]." NRS 678A.450(1). This authority includes the regulation of "medical cannabis dispensaries" as defined by NRS 678A.175 and the "medical use of cannabis" as defined by NRS 678A.215.
- The Cannabis Advisory Commission is *explicitly* authorized to make "recommendations to the Cannabis Compliance Board regarding the regulation of, cannabis and any activity related to the cannabis" and *explicitly* placing the Directors of the Departments of Public Safety and Taxation on the Commission. NRS 678A.300(1).
- The Nevada Division of Public and Behavioral Health is *explicitly* authorized to promulgate regulations related to "the issuance of registry identification cards and letters of approval to persons" eligible for medical cannabis under Nevada law. NRS 678B.640.
- The Nevada Department of Taxation is *explicitly* authorized to conduct tax audits on licensees under Title 56 and to determine the fair market value of wholesale cannabis. NRS 678A.480; NRS 678B.640; and
- Local governments are *explicitly* authorized to adopt and enforce local cannabis control
 measures pertaining to zoning and land use for adult-use cannabis establishments. NRS
 678D.510(1)(d).

In the single instance a provision outside of NRS Title 56 authorizes a State agency to regulate an aspect of the cannabis market (NRS 586.550(2) authorizes the Department of Agriculture to promulgate regulations regarding what pesticides may be used on cannabis or cannabis products),

³⁴ NRS Chapters 678A–D.

³⁵The breadth and scope of the NRS Title 56 is in its title: "Regulation of Cannabis".

the provision provides explicit authorization similar to its counterparts in NRS Title 56. In contrast, the Board of Pharmacy has not received similar explicit authorization to regulate *any* aspect of the cannabis market, let alone in a manner that would subject Nevadans to significant criminal penalties for sale or possession of cannabis. In fact, the Board of Pharmacy is not referenced once in the four chapters that comprise Title 56.

Considering the Board of Pharmacy's primary role is to regulate pharmacies and substances distributed from those institutions, the Board's absence from Title 56 is unsurprising as the substances governed by that Title may only be distributed through dispensaries licensed by the Cannabis Compliance Board, not pharmacies.³⁶ This restriction applies to both medical and recreational cannabis.³⁷ This means that even if the Board of Pharmacy designated cannabis as a substance that a pharmacy could theoretically distribute pursuant to the Board's regulations, pharmacies would still be barred from doing so pursuant to Title 56. Furthermore, presumably cannabis distributed through pharmacies would be limited to medical use, but the Board itself has acknowledged that it "has no jurisdiction over the medical use of marijuana."³⁸

The Board of Pharmacy's argument that the Nevada Legislature was required to explicitly inform the Board that it was not included in cannabis's current regulatory regime is unconvincing. This position inverts the relationship between the Legislative and Executive branches of government. The manner in which Nevada law regulated cannabis underwent a paradigm shift with the passage of the *Initiative*, the enactment of Title 56, and the creation of the Cannabis Compliance Board to coordinate the cannabis market, and the explicit delegation of cannabis regulation to existing agencies that were not the Board. Every aspect of the cannabis market was accounted for

³⁶ NRS 678A.450(1) (authorizing the Cannabis Compliance Board to regulate the dispensation of both medical and recreational cannabis); NRS 678B.210(1) (requiring any person engaging in the business of a medical cannabis establishment to hold a medical cannabis establishment license issued by the Cannabis Compliance Board); NRS 678B.250(1) (requiring any person engaging in the business of an adult-use cannabis establishment to hold an adult-use cannabis establishment license issued by the Cannabis Compliance Board)

 $^{^{37}}$ Id

³⁸ Nevada State Board of Pharmacy, *Practice Frequently Asked Questions*, https://bop.nv.gov/resources/FAQ/Practice_FAQ/ (August 17, 2022).

under the new regime without the Board's inclusion. Under such circumstances, it is on the Board, not the Legislature, to explain how it still has the authority to regulate the subject matter governed by NRS Title 56, and it has failed to do so.

The Board's claim that its authority to list marijuana, cannabis, and cannabis derivatives as controlled substances in Schedule II, III, IV, or V does not conflict with Title 56 is also unconvincing. The Board's authority to regulate marijuana, cannabis, and cannabis derivatives under NRS Chapter 453 is inconsistent with Title 56 as explained above. And as the Board itself admits, Section 214 of AB 533 amended NRS 453.005 to read: "[t]he provisions of this chapter do not apply to the extent that they are inconsistent with the provisions of title 56 of NRS." The fact that NRS Chapter 453 governs the unlawful possession, trafficking or production of marijuana does not support a finding that the Board, therefore, still has the authority to regulate marijuana. It is important to reiterate that Title 56 created a comprehensive regulatory scheme that excluded the Pharmacy Board entirely.

Furthermore, the Nevada Supreme Court, on multiple occasions, has clarified that a subsequent statute may repeal a prior statute by implication when the subsequent statute expresses a comprehensive plan to regulate the particular subject matter in question. *See Washington v. State*, 117 Nev. 735, 739, 30 P.3d 1134, 1137 (2001) (holding that "if a subsequent statute expresses a comprehensive plan to regulate a particular subject matter, this may repeal prior statutes that deal with smaller aspects of that plan") (citations omitted)). The regulatory framework created by Title 56 is not only comprehensive, but it also fails to empower the Board of Pharmacy with any explicit authority to regulate any aspect of marijuana. Notably, the regulatory framework expressly authorizes numerous other government boards with the power the regulate marijuana, but not the Board of Pharmacy.

This order is limited to substances governed by Title 56. It does not apply to substances that are not regulated pursuant to the regime prescribed by Title 56 and so may still be distributed through pharmacies as the regulation of such substances still fall within the authority delegated to the Board of Pharmacy by the Nevada Legislature.

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ORDER

THEREFORE, IT IS HEREBY ORDERED:

- 1. Cannabis, as defined by NRS 678A.085, has accepted medical use in treatment as set forth in the Constitution of the State of Nevada, Article 4, Section 38, titled "Use of plant of genus Cannabis for medical purposes";
- 2. The accepted medical use of cannabis enshrined in the Constitution of the State of Nevada, Article 4, Section 38 precludes cannabis from regulation as a Schedule I substance pursuant to the definition of a Schedule I substance set forth in NRS 453.166;
- 3. The scheduling of cannabis as a Schedule I substance is in direct conflict with Article 4, Section 38 of the Constitution of the State of Nevada and violates NRS 453.166;
- 4. Any and all provisions under NAC 453.510 scheduling cannabis as a Schedule I substance, specifically NAC 453.510(4) where cannabis is listed as "Marijuana;" NAC 453.510(9) which references "tetrahydrocannabinols;" and NAC 453.510(10) which discusses "CBD;" as well as any and all other references to marijuana, cannabis, and cannabis derivatives, are invalid pursuant to Article 4, Section 38 of the Constitution of the State of Nevada;
- 5. The Legislature's directive as set forth in NRS 453.211(1)(a) that, "The Board shall review the schedules annually and maintain a list of current schedules," requires the Nevada Board of Pharmacy to update the schedule of controlled substances to comply with the Nevada Constitution and conform with the statutory definitions of each schedule;
- 6. The Nevada Board of Pharmacy acted outside of its authority when it failed to remove cannabis from the list of Schedule I substances upon the enactment of Article 4, Section 38 of the Constitution of the State of Nevada, which recognizes the use of cannabis for medical treatment;
- 7. The Nevada Board of Pharmacy is hereby ordered to remove cannabis from the list of Schedule I substances, specifically from NAC 453.510(4) where it is listed as "Marijuana", NAC

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1	453.510(9) which references "tetrahydrocannabinols", and NAC 453.510(10) which discusses		
2	"CBD", as well as any and all other references to marijuana, cannabis, and cannabis derivatives; ³⁹		
3	8. The listing of marijuana, cannabis, and cannabis derivatives in Schedule I under NAC		
4	453.510 no longer has any legal effect;		
5	9. The Nevada Board of Pharmacy is hereby ordered to cease the regulation of		
6	substances subject to regulation pursuant to Title 56; and		
7	10. If any substances regulated pursuant to Title 56 are currently scheduled as a		
8	controlled substance, the Board must remove such substance from the agency's schedule of		
9	controlled substances.		
10	Petitioners' Petition for Writ of Mandamus and Request for Declaratory Relief is		
11	GRANTED.		
12	Dated this 26th day of October, 2022		
13	(JOEHardy)		
14			
15	FF8 A68 E46D 92DE		
16	Joe Hardy District Court Judge		
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26	39 NAC 639.110 "When any regulation adopted by the Board and filed with the Secretary of State		
27 28	expires by its own terms, is repealed or is declared unconstitutional by a court of competent jurisdiction, the Executive Secretary shall so inform the Secretary of State and request that it be placed in an inactive file."		

1	CSERV	
2	DISTRICT COURT	
3	CLARK COUNTY, NEVADA	
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5		LGAGENIO A 22 OFICES W
6	Cannabis Equity and Inclusion Community, Plaintiff(s)	CASE NO: A-22-851232-W
7	VS.	DEPT. NO. Department 15
8	Nevada ex reL. Board of	
9	Pharmacy, Defendant(s)	
10		
11	AUTOMATED CERTIFICATE OF SERVICE	
12	This automated certificate of service was generated by the Eighth Judicial District	
13	Court. The foregoing Order was served via the court's electronic eFile system to all recipients registered for e-Service on the above entitled case as listed below:	
14		
15	Service Date: 10/26/2022	
16	Ashley Balducci	abalducci@ag.nv.gov
17	Luke Rath	lrath@ag.nv.gov
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19	Peter Keegan	p.keegan@pharmacy.nv.gov
20	William Kandt	bkandt@pharmacy.nv.gov
21	Sadmira Ramic	ramic@aclunv.org
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23	Christopher Peterson	peterson@aclunv.org
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