



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

Marijuana Banking Pilot Program Overview

Background: During the 80th Nevada Legislative Session, Assembly Bill 466 was passed and subsequently signed into law by Governor Sisolak. Effectively, AB466 creates a pilot program for a closed-loop payment system in the State Treasurer's Office. The Pilot Program will provide legal marijuana businesses, their vendors and employees, and public employees a safe, reliable, and effective means of engaging in financial transactions.

The State Treasurer's Office will contract with one or more qualified vendor(s) to create and administer one or more closed-loop systems for the Program. Any costs attributed to the creation and administration of the systems created under the Program shall not be borne by the State. Any costs associated with the system and associated functions (such as cash deposit machines and armored car transportation) may be recouped by the vendor(s) through fees passed to users. Participation in the pilot program will be voluntary and must begin by July 1, 2020.

Purpose: Pursuant to AB466, the Nevada Legislature outlined the following purposes for the Pilot Program:

- (a) Reducing the risk to the safety and welfare of the public posed by the holding, distribution and transportation of large sums of cash;
- (b) Providing marijuana establishments and medical marijuana establishments with a safe, secure and convenient method of paying state and local taxes;
- (c) Providing the State and local governments with a safe, secure and convenient method of collecting taxes imposed on marijuana establishments and medical marijuana establishments;
- (d) Providing transparency into financial transactions related to marijuana establishments and medical marijuana establishments;
- (e) Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and drug cartels;
- (f) Preventing marijuana from being diverted across state lines;
- (g) Preventing the distribution of marijuana to minors; and
- (h) Preventing lawful financial transactions relating to marijuana from being used as a cover or pretext for the trafficking of controlled substances or other unlawful activities.

System operation: The State Treasurer's Office will select one or more qualified vendor(s) to create and administer a closed-loop payment processing system for the Pilot Program.

Transactions in the system will be done through fixed-value tokens. Tokens will be created with an equivalent amount of USD and will circulate among consumers, legal marijuana businesses, employees, and suppliers.

The State Treasurer's Office envisions the system operating similarly to that of a casino chip. A customer will enter a dispensary, deposit cash in exchange for tokens, and then use the tokens to purchase products from the dispensary. Dispensaries may then use the tokens to purchase product from a cultivation/production facility or to facilitate other business-related transactions. At the end of the cycle, following verification, token holders can request to redeem their tokens for an equivalent amount of USD from the State.

Vendor(s) will be selected through a comprehensive Request for Proposal (RFP) Process, as outlined in Nevada Revised Statute (NRS) Chapter 333. Selected vendors will be responsible for administering the closed loop system, installing cash deposit machines, and providing armored car cash pickup services.

Timeline for implementation: Pursuant to Assembly Bill 466, the Pilot Program must begin operating by July 1, 2020. Assembly Bill 466 also requires approval of the anticipated vendor(s) and system(s) by the Nevada Legislature's Interim Finance Committee. As such, the State Treasurer's Office plans to begin the RFP process in mid-October 2019.

Chapter 333 of NRS outlines the RFP process; however, the general steps are outlined below:

Mid-October	Request for Proposals for Closed-loop vendors issued
	Deadline for proposal submissions
	Evaluation period
	Potential vendor presentations
	Selection of vendor(s)
	Required approval from Interim Finance Committee
	Board of Examiners approval
	Contract begins
July 1, 2020	Closed-loop payment processing system(s) up and running

Questions/opportunities for feedback: The State Treasurer's Office would like feedback prior to launching the Pilot Program. Please do not hesitate to reach out to the following State Treasurer's Office staff members should you have any suggestions, questions or comments:

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