

THE 1,500 FOOT WALL

Barriers between cannabis and gaming in Nevada and the potential for integration

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EXECUTIVE SUMMARY

In this report, we assess the impacts of the statutory and regulatory barriers that currently separate the cannabis and gaming markets in Nevada, and we explore the potential impacts of alternative policies that could integrate cannabis and gaming in the future.

“TODAY, THE SEPARATIONS ACT AS SEVERE CONSTRAINTS ON CAPITAL MOBILITY, TOURISM SYNERGY, AND PUBLIC-REVENUE GROWTH, WITHOUT ANY CORRESPONDING ECONOMIC, PUBLIC HEALTH OR SAFETY, OR RISK BENEFITS TO MARKET PARTICIPANTS IN EITHER MARKET.”

Nevada’s cannabis and gaming industries are both heavily licensed, audited, and taxed. Both rely on visitor spending and consumer trust, and they share similar customer bases. Nevada legalized both in order to collect revenue and protect public interests—such as health and safety—related to activities that were already commonly occurring. Yet, the two industries currently remain barred from physical proximity, co-investment, or other forms of cooperation.

Starting with the 2014 Nevada Gaming Control Board (NGCB) memorandum¹ and continuing through subsequent statutes, rules, and further NGCB and Nevada Gaming Commission (NGC) guidance, Nevada has preserved a set of what we call “cannabis-gaming barriers” that, together, prevent geographical proximity and business integration of these two major sectors of the state’s economy.

One result of the cannabis-gaming barriers is that in the areas where most of the state’s 42 million annual tourists stay and spend most of their time, including the Las Vegas Strip, all of the cannabis sold is unlicensed, unsafe cannabis from the illegal market. Another result of the barriers is that many of the state’s legal cannabis businesses are struggling to survive as a result of their severely limited access to tourists.

The three central findings of this report are as follows:

1. Cannabis-gaming barriers are currently preventing millions of Nevada consumers from accessing legal cannabis, thus seriously impacting the revenue and business prospects of licensed cannabis businesses across the supply chain, reducing tax collections, and keeping Nevada’s illegal cannabis market large and vibrant.
2. Removing cannabis-gaming barriers would move millions of consumers in Nevada, especially tourists, from the illegal cannabis market to the legal cannabis market, thus significantly reducing the presence of unlicensed cannabis; organized crime; and unsafe, mislabeled, and contaminated drugs across the state. The result would be a significant increase in public health, safety, and well-being for the state’s residents and visitors.
3. Removing cannabis-gaming barriers could potentially increase the aggregate revenues of Nevada’s legal cannabis businesses by about \$750 million (about \$540 million in retail revenues and \$210 million in wholesale revenues), and could potentially increase Nevada’s state tax revenues by approximately \$80 million (\$50 million in retail excise tax and \$30 million in wholesale excise tax).

In Table 1 of this Executive Summary, we summarize the three main types of cannabis-gaming barriers, which we call Barriers 1, 2, and 3. For each type of barrier, we show the rule and rulemaking authority responsible for creating the barrier; the practical impacts and estimated economic impacts of the barrier; and what it would take for the barrier to be lifted. In the main report, we provide the detailed findings and calculations underneath what is shown in each of these columns.

¹ Notice to Licensees: Medical Marijuana Establishments (2014, May 6). Retrieved November 7, 2025, from <https://www.gaming.nv.gov/siteassets/content/about/industry-notices/2014-39.pdf>.

Table 1: Cannabis-gaming barriers, their impacts, and how they could be lifted

Type of barrier	Rule and authority	Practical impacts	Economic impacts	How barrier could be lifted
Barrier 1: Delivery only allowed to private residences under state law; delivery banned on the Las Vegas Strip under Clark County law	Nevada Cannabis Compliance Regulations (NCCR) 7.050 (3)–(4); Clark County Code of Ordinances 8.65.140	Cannabis delivery to gaming-licensed properties (hotels, resorts, residences) prohibited, thus none of Nevada’s 42 million tourists have access to legal cannabis delivery	\$210 million per year in lost legal retail cannabis revenues, \$80 million per year in lost legal wholesale cannabis revenues, \$30 million per year in lost state tax collections	Legislative act
Barrier 2: Licensed cannabis businesses must be 1,500+ feet from licensed gaming businesses in counties with populations of 100,000 or more	Nevada Revised Statutes 678B.210(3)(a)(2)(II) and 678B.250(3)(a)(2)(II)	About 75% of tourists (38 million) do not have practical pedestrian access to legal cannabis retail stores or consumption lounges near where they stay, dine, or spend time	\$330 million per year in lost legal retail cannabis revenues, \$130 million per year in lost legal wholesale cannabis revenues, \$50 million per year in lost state tax collections	Legislative act
Barrier 3: Strict separation between gaming and cannabis in ownership, business activities and relationships, and financial involvement	2014 NGCB Notice to Licensees and Medical Marijuana Establishment Guidance, 2018 NGCB Resolution Regarding Marijuana and Gaming, 2017/2018 Nevada Gaming Policy Committee and Gaming Commission recommendations, and additional policy clarifications	Investment and shared financial interests between gaming licensees and cannabis (including leasing) prohibited; gaming licensees do not allow cannabis consumption on their properties	Intertwined with effects of separations 1 and 2: about 75% of tourists cannot legally purchase or consume cannabis near their hotels or areas where they dine or spend time	Revised NGCB guidance endorsing option for gaming licensees to lease to cannabis retail and consumption lounges, and to maintain discreet outdoor areas where consumption is permitted

I. INTRODUCTION: SEPARATE AND UNEQUAL

Cannabis and gaming in Nevada have followed parallel, but disconnected, development paths. While the gaming industry is much larger than the cannabis industry, the two also have much in common. Cannabis and gaming both emerged from prohibition regimes, both depend on trust in regulatory oversight with specialized regulatory regimes, and both generate substantial excise and sales tax revenue. Further, they share public policy goals to regulate in a strict manner with ongoing accountability to the state in order to protect public health and safety, as well as to generate tax revenue and job opportunities.

Yet, while casinos and gaming-integrated resort hotels that integrate gaming into their offerings stand at the heart of the state's brand identity and draw tens of millions of tourists per year, cannabis businesses remain physically and economically pushed to the edges of the Nevada economy, excluded from the gaming-dense trading areas and tourists that drive much of the state's economy.

The barriers between cannabis and gaming that have existed since the earliest days of Nevada's legal cannabis industry have systematically restrained the state's licensed cannabis businesses from realizing their economic potential, and, in many cases, from staying in business. The barriers have also stifled innovation, curtailed consumer access, limited tourism-related spending, and reduced tax revenue.

From a policy standpoint, the total separation of cannabis and gaming was rational and prudent at the time it was first implemented in Nevada. The 2014 Gaming Control Board memo that first gave rise to the cannabis-gaming separations was a protective measure against federal interference in an age of deep uncertainty over the tolerance of state-licensed cannabis systems in the context of federal prohibition.

But, in today's policy and regulatory world, the cannabis-gaming barriers are economic and policy obstacles without clear benefits. The federal enforcement landscape, for one thing, has changed dramatically. For more than a decade, US federal agents have consistently proven willing to permit law-abiding state cannabis operators to go about their business without fear of federal intervention, in spite of the ongoing federal marijuana prohibition, including cannabis operators in close proximity to licensed gaming businesses, as in New Jersey. Further, some barriers go beyond a direct connection to federal law, such as barriers that go beyond gaming properties.

For Nevada's integrated resorts—purpose-built entertainment ecosystems—excluding cannabis creates a missing revenue stream and a consumer experience gap. For cannabis operators, ex-

clusion from tourism corridors constrains growth, perpetuates stigma, and, above all, provides a substantial handout to illegal drug cartels. The combined effect is a measurable loss of economic output and tax collections, particularly in Las Vegas, where each square foot of resort property is optimized for diversified spending.

The purpose of this report is not to endorse any specific policy position, nor to advocate on behalf of any industry. The report was commissioned and published by a nonpartisan, academic center, the UNLV Cannabis Policy Institute, and was not funded by any private business or industry group.

In researching the report, we interviewed dozens of market participants, industry experts, and policymakers from across the spectrum of politics and business, including professors of gaming and cannabis law, cannabis business owners and operators, casino executives, members of the NGCB, attorneys serving the cannabis and gaming industries, and executives of industry associations. Their deep professional expertise, insider knowledge, diversity of perspectives on business incentives from all sides, and understanding of the political feasibility of policy options deeply informed this report.

In the interest of privacy and to encourage openness in the interviews, we do not publish the names of our interviewees nor quote them directly.

The remainder of this report is organized as follows. Section 2 defines the three main types of cannabis-gaming barriers (corresponding to column 1 of Table 1 on page three) and provides relevant historical background and legal or regulatory basis for the barriers (column 2 of Table 1). Section 3 assesses the practical impacts of the barriers (column 3 of Table 1). Section 4 estimates the economic impacts of the barriers (column 4 of Table 1). Section 5 evaluates the potential alternatives to current policy, if policymakers decide to lift the barriers (column 5 of Table 1). Section 6 offers some overall conclusions and a forward-looking discussion. Finally, the Appendix, following the main report, shows more detail on the calculations going into the economic impact estimates in Section 5.

2. CANNABIS-GAMING BARRIERS: LEGAL HISTORY AND REGULATORY BASIS

Cannabis-gaming separations began with the NGCB's 2014 memorandum, issued shortly after Nevada legalized medical cannabis.² The memo warned that participation in the cannabis industry by any gaming licensee "would tend to reflect discredit upon gaming." Cannabis was, and remains, a Schedule I substance under US federal law. At the time, Nevada's medical market

² Notice to Licensees: Medical Marijuana Establishments. (2014, May 6)

was small, and although the landmark 2013 federal Cole Memo had already been issued under the Obama administration,³ considerable uncertainty still surrounded federal enforcement. The NGCB memo thus functioned as an insurance policy against potential federal scrutiny.

When adult-use legalization arrived to Nevada in 2017, the memo was never revisited. Instead, its caution was codified, in many ways, into state cannabis law. The Nevada Legislature reinforced the cannabis-gaming barriers through a mandatory 1,500-foot separation between casinos and dispensaries in large counties, ensuring that no retail licensee could be located near resort corridors. Together, these measures transformed an administrative guidance memo into a formal statutory barrier.

In practice, the memo and subsequent guidance from the NGCB and NGC have been interpreted even more broadly than their text necessarily requires. Gaming operators treat it as a categorical ban, extending to leases, sponsorships, and even ancillary services.

Many stakeholders who were present at the time of the early 2010s decision-making describe the risk not as legal but reputational: “better safe than sorry.” This culture of risk aversion now functions as, to some extent, a self-imposed regulation that has never undergone formal consideration (in terms of economic and social impacts, or policy cost-benefit analysis) and, in our assessment, yields no measurable benefit, especially in light of the almost total lack of federal intervention in state-law-abiding cannabis businesses over the last decade since the Cole Memo was issued. (Legal cannabis businesses do, however, still face some obstacles in the course of their ordinary business, such as the serious tax disadvantages per IRS § 280E, minimal options for banking, and exclusion from U.S. stock exchanges.)⁴

Nevada law currently prohibits the integration of cannabis and gaming business activities in a variety of ways, which we divide into three main categories: Barriers 1, 2, and 3. We define the three barriers as follows.

2.1. Barrier 1: Cannabis delivery is only allowed to private residences (not to hotels or short-term rental properties) under state law, and cannabis delivery is banned on the Las Vegas Strip under Clark County law.

The state prohibits delivery to hotels, short-term rentals, or any location that holds a gaming license.⁵ A Clark County ordinance expands this prohibition to anywhere within the Clark County

³ James M. Cole, *Guidance Regarding Marijuana Enforcement*, U.S. Department of Justice, Office of the Deputy Attorney General (Aug. 29, 2013).

⁴ Internal Revenue Code § 280E, 26 U.S.C. § 280E (Denial of deduction for certain illegal drug trafficking) (2024).

⁵ Nevada Cannabis Compliance Regulations (NCCR) 7.050 (3)-(4).

portions of the Las Vegas Boulevard gaming corridor, including the Strip, limiting the ability for visitors staying along Nevada’s tourism hub to access cannabis.⁶ Visitors staying at a casino can order food, alcohol, and many other goods and services to their rooms, but must leave the premises to purchase legal cannabis.

Therefore, no cannabis delivery can be made to most tourists or people who live long-term in properties with gaming licenses. Statewide, delivery is not allowed to any location with a gaming license, even if it is a private residence.

2.2. Barrier 2: Licensed cannabis businesses must be 1,500+ feet from licensed gaming businesses in counties with populations of 100,000 or more.

Under state cannabis regulations, in all counties with populations of 100,000 or more—which includes Clark and Washoe Counties, the cities of Las Vegas and Reno, and the locations that contain the vast majority of Nevada’s resident and tourist populations—the physical locations of gaming and cannabis businesses in Nevada must be separated by a distance of at least 1,500 feet.

The result is that Nevada’s most densely commercialized and populated tourism hubs are “legal cannabis deserts,” without any consumer access to legal cannabis within their borders.

2.3. Barrier 3: A strict separation between gaming and cannabis in ownership, business activities and relationships, and financial involvement is enforced by the NGCB.

The basis for this barrier is not statutory in nature, but rather regulatory, based on a series of statements from the NGCB providing guidance to gaming licensees on what behavior is permissible and what behavior would threaten the standing of their licenses (and, thus, their business livelihood).

Formal guidance statements in 2014 and 2018, as well as other explanatory statements from the NGCB and guidance provided in response to licensee queries, collectively outline a strict policy that owners and investors in gaming businesses in Nevada cannot own or invest in cannabis businesses in Nevada, and that businesses with gaming licenses cannot lease space to cannabis licensees.

Specifically, the NGCB’s 2014 *Medical Marijuana Establishment Guidance from the Nevada Gaming Control Board* includes the following wording:

⁶ Clark County Code of Ordinances 8.65.140: “The delivery of cannabis and cannabis products to consumers is prohibited within the Las Vegas Boulevard gaming corridor or an H1 Zone as defined in Title 30 of this Code, and on the premises of any restricted or non-restricted gaming licensee.”

“[U]nless the federal law is changed, the Board does not believe investment or any other involvement in a medical marijuana facility or establishment by a person who has received a gaming approval or has applied for a gaming approval is consistent with the effective regulation of gaming. Further, the Board believes that any such investment or involvement by gaming licensees or applicants would tend to reflect discredit upon gaming in the State of Nevada.”⁷

Four years later, upon the implementation of recreational cannabis legalization in Nevada, the NGCB’s 2018 *Resolution of the Nevada Gaming Policy Committee Regarding Marijuana and Gaming* reinforces this principle with the following wording:

“RESOLVED, the Committee reaffirms and recommends, based on provisions of the Nevada Gaming Control Act, Nevada Gaming Commission Regulations and federal law and regulations, that Nevada gaming licensees shall not participate in the marijuana industry[.]”⁸

The 2017/2018 NGC recommendations also formalized aspects of the separation, including a prohibition on gaming licensees leasing to cannabis licensees.

In practice, gaming licensees have generally interpreted such guidance conservatively in terms of use, and prohibited the smoking of cannabis by guests on their properties, even in outdoor areas where tobacco can be smoked.

THE 2018 RESOLUTION

“The gaming industry and the marijuana industry shall not meet.”⁹ – Former Nevada Gaming Commission Chairman Tony Alamo, following approval of the 2018 resolution

“[The 2018 resolution] makes the absolute distinction that none of our licensees can participate in the marijuana industry nor can they do business with anybody in the marijuana industry.”¹⁰ – Former Nevada Gov. Brian Sandoval (R), following approval of the 2018 resolution

⁷ Notice to Licensees: Medical Marijuana Establishments (May 6, 2014).

⁸ Resolution of the Nevada Gaming Policy Committee Regarding Marijuana and Gaming (May 4, 2018). Retrieved November 7, 2025, from <https://www.gaming.nv.gov/siteassets/content/about/committees/Final-Resolution-As-Adopted.pdf>.

⁹ Rindels, M. (2018, March 6). Gaming leaders call for bright line between marijuana and casinos. The Nevada Independent. <https://thenevadaindependent.com/article/gaming-leaders-call-for-bright-line-between-marijuana-and-casinos>.

¹⁰ Ibid., 10.

2.4. The role of risk aversion in maintaining cannabis-gaming barriers

The persistence of the cannabis-gaming barriers cannot be explained solely by the existence of the laws that are currently on the books and NGCB guidance. Interviews with stakeholders from a variety of industrial perspectives suggest, as a whole, that the larger barrier phenomenon may reflect what might be termed as a widespread risk-aversion premium—a behavioral cost imposed by regulatory uncertainty.

Operators perceive even minimal cannabis involvement—including, for instance, allowing cannabis to be consumed on their properties—as a potential threat to gaming licensure. The expected cost of that risk, though small in probability, is multiplied by the magnitude of potential losses (for instance, losing a gaming license, or unwanted federal intervention in Nevada’s gaming industry).

Economically, the risk-averse behavior stemming from the separations functions as an impediment to investment, an implicit tax on market participation, and a force against the growth of the legal cannabis industry. Businesses forgo profitable opportunities, and (just as importantly) do not expend resources lobbying for the repeal of the separations or a change in the system.

Gaming businesses choose not to lobby for integration, not only because of explicit prohibitions, but also because of an ambiguous enforcement risk—especially with respect to gaming licenses, and, from the perspective of the gaming licensing board, to federal oversight of gaming. Over time, such caution becomes self-reinforcing: as no major operator tests the limits or uses their clout to push for change, regulators have no precedent to revise their stance.

Comparable distortions appear in other highly regulated industries. Fragmented jurisdictional rules increase compliance costs and discourage efficient investment.¹¹ In Nevada, that fragmentation exists within a single jurisdiction. The state effectively competes against itself, maintaining parallel bureaucracies that pursue the same policy goals—transparency, taxation, and consumer safety—through different silos.

3. MAIN PRACTICAL IMPACTS OF CANNABIS-GAMING BARRIERS

In this section, we assess the practical impacts of the barriers enumerated above on businesses, consumers, the state economy, tax collections, and public health and safety.

¹¹ Goldstein, R., & Sumner, D. (2022). *Can Legal Weed Win?: The Blunt Realities of Cannabis Economics* (1st ed.). University of California Press. <https://doi.org/10.2307/j.ctv2ks6tx4>

3.1. Main practical impact of Barrier 1 (delivery prohibited to hotels, gaming licensees, and the Las Vegas Strip): None of Nevada’s 42 million annual tourists have access to legal cannabis delivery.

Unlike alcohol, cannabis access is not integrated into the hospitality sector, requiring visitors to leave the immediate resort area to purchase products legally, leaving thousands of potential consumers a day without easy access to legal, licensed cannabis. This added inconvenience reduces consumer participation in the legal market and severely limits the ability of the legal, licensed cannabis market to meet tourist demand; instead, illegal dealers continue serve much of that demand, just as they did before cannabis legalization in Nevada.

This situation is probably not anything like what Nevada voters imagined in 2016 when they passed the Initiative to Regulate and Tax Marijuana,¹² with the idea being to turn cannabis into a revenue center like alcohol. Voters likely believed that legal cannabis would thrive in large part because of the healthy Nevada tourist industry, that state tax collections would reflect this, and that the illegal cannabis market would be substantially driven out by the legal market. All these central aims of cannabis legalization have been fundamentally frustrated, since implementation, by cannabis-gaming barriers.

Table 2 on the following page shows distances between five large, representative hotels in different locations along the Las Vegas Strip (listed in order from north to south), and the nearest legal cannabis retailer to each. To reach the closest cannabis retailers to The Venetian, Caesars Palace, Aria, MGM Grand, and Mandalay Bay by foot requires a pedestrian-unfriendly walk that includes traversing highway overpasses and takes 45 to 95 minutes round trip.

A taxi is not an appealing option for tourists on the Strip either, involving a round-trip travel time of 25 to 35 minutes and, more importantly, a total cost of between \$30 to \$40 round trip. The price of the two taxi or rideshare rides—one outbound and one returning—approximately doubles the cost of a typical legal cannabis purchase: 1/8 ounce of cannabis flower, the most common cannabis product sold in Nevada, typically costs around \$35. For a preroll, another common purchase which is typically priced below \$10, the taxi fare would more than quadruple the cost.

Therefore, consumers staying around or frequenting businesses in the Strip area have strong incentives to purchase illegal cannabis, which is readily available on the street or by delivery and requires no walking time or taxi fares. “Cracking down” on the illegal market will not meaningfully change the availability or prices of illegal cannabis across Nevada. Data from around the

¹² Initiative Petition No. 1 (2015), Initiative to Regulate and Tax Marijuana, codified by approval of Nevada voters as Question 2 on the 2016 General Election Ballot (Nov. 8, 2016).

US have shown that enforcement against illegal cannabis sales, in the absence of extreme and severe criminal penalties, does not have much or any impact on illegal prices or availability of illegal cannabis.¹³

Table 2: Distances between four major hotels on the Las Vegas Strip and the nearest legal cannabis retailer

Hotel	Room Count	Closest legal cannabis retailer and round-trip travel time¹⁴
The Venetian	7,100	Curaleaf: 45 mins round trip walking, 25 mins round trip by taxi/rideshare (\$30)
Caesars Palace	3,980	Curaleaf: 65 mins round trip walking, 30 mins round trip by taxi/rideshare (\$35)
Aria	4,004	Cookies: 70 mins round trip walking, 35 mins round trip by taxi/rideshare (\$40)
MGM Grand	4,212	Mint: 60 mins round trip walking, 25 mins round trip by taxi/rideshare (\$30)
Mandalay Bay	3,209	The Dispensary Decatur: 95 mins round trip walking, 30 mins round trip by taxi/rideshare (\$35)

Although there are no data on how many consumers on the Strip who wish to purchase legal cannabis choose to walk an hour round trip versus paying for a taxi or rideshare, we estimate that a substantial percentage—perhaps half or more—instead choose to purchase illegal cannabis, which is readily available on the streets and in bars and nightclubs. In a 2025 UNLV Cannabis Policy Institute survey on cannabis and gambling, about 25% of respondents said they would be more likely to gamble at a casino-resort if cannabis consumption were permitted on-site.¹⁵

The severe restriction on retail sales near gaming and in tourist-heavy areas is a self-imposed limitation in Nevada that is out of line with other legalized cannabis markets across America. For instance, Atlantic City, New Jersey, allows cannabis operations within the Tourism District if approved by the Casino Reinvestment Development Authority.¹⁶ There, cannabis retailers and

13 For background on why enforcement does not impact illegal availability or prices in Nevada, see Goldstein, R. (2024). Overview of the 2024 Nevada Cannabis Economy. UNLV Cannabis Policy Institute report.

14 Assumes a 5-minute wait for taxi or rideshare for each one-way segment. Assumes a 15% taxi or rideshare tip. Taxi fares are higher than rideshare fares, and riding times and fares are higher at busy hours; estimates reflect an overall average of methods of travel and times of day. Locations found and times and fares estimated using Google Maps, Uber, and the Nevada Cannabis Compliance Board’s map of retailers.

15 Stafford, M. R., and Durrett, R. Survey on Cannabis and Gambling (May 19, 2025). UNLV Cannabis Policy Institute report.

16 Ordinance Amending Chapter 163 of the Code of the City of Atlantic City to Establish Cannabis Land Use Regulations (2021, October 20). <https://www.acnj.gov/Content/pdf/ORD-51-21-Cannabis.pdf>.

consumption lounges (e.g. at the Claridge Hotel) are permitted to abut a casino.¹⁷ There are even some locations in Nevada’s less populated counties, such as in the town of Jackpot, that are not covered by the 1,500-foot rule and where casinos and cannabis retailers are located in close proximity.

3.2. Main practical impact of Barrier 2 (1,500-foot separation): Nevada’s 42 million tourists per year are largely excluded from the state’s licensed cannabis retail market, diverting much of their business to the illegal market.

Practically speaking, because of the density of gaming licensees in Nevada’s tourist hubs, the combination of the 1,500-foot separation and the hotel-delivery restriction results in a total prohibition of licensed cannabis sales on the Las Vegas Strip and other areas in Nevada where tourists stay and visit most.

Las Vegas receives about 42 million tourists per year, of which about seven in 10 stay on the Strip corridor (on or near Las Vegas Boulevard between Decatur and Paradise).¹⁸ To purchase cannabis legally, tourists who are staying on the Strip must take a taxi or rideshare service, or walk a pedestrian-unfriendly 20-minute walk that includes traversing a highway overpass.

Therefore, about 30 million Las Vegas tourists annually are impacted by the cannabis-gaming separations. Much of their consumer spending is removed from the legal recreational cannabis market and diverted into the illegal market.

3.3. Main practical impact of Barrier 3 (separation of cannabis and gaming investment and business activities): Investment and shared financial interests between gaming licensees and cannabis (including leasing) is prohibited; gaming licensees do not allow cannabis consumption in private areas on their properties.

Directives from state regulatory bodies prohibit any cross-interest in a cannabis and gaming business, effectively siloing the two industries and any simultaneous involvement by investors or managers. Official declarations from the NGCB and Nevada Gaming Policy Committee (NGPC) set the expectation that, unless federal law changes, the two industries should not intertwine.

¹⁷ High Rollers’ Luxury Consumption Lounge, Atlantic City, NJ, website. <https://highrollersdispensary.com/home-splash/high-rollers-luxury-consumption-lounge>.

¹⁸ Heart+Mind Strategies. (n.d.). (rep.). 2024 Las Vegas Visitor Profile Study. Retrieved November 7, 2025, from https://assets.simpleviewcms.com/simpleview/image/upload/v1/clients/lasvegas/2024_Las_Vegas_Visitor_Profile_Study_e6d2be4a-316c-430c-bf38-d26c9655d478.pdf.

To date, the state has strictly enforced these cannabis-gaming barriers. For example, the NGCB denied Nevada Gaming Partners' request to open five slot machines at a restaurant because the spouse of the gaming license owner had an 8% share in a medical cannabis company.¹⁹ The NGCB chairman at the time said that the couples' business interests were not separate enough for his comfort and he wanted to "send a message" to other casino operators in the state.²⁰

In practice, gaming operators have treated the memo and GPC Resolution as categorical bans, extending it to consumption, sponsorships, and even ancillary services. Wynn Resorts, for instance, once denied a rewards card application to someone connected to a cannabis-focused social media company.²¹

Visitors can purchase almost anything at gaming-licensed resort hotels in Las Vegas, where there are many diverse retail options. The Venetian Resort in Las Vegas alone has more than 160 different stores on its property,²² but none of those stores can sell cannabis.

A variety of stakeholders who were present during the early-2010s decision making by the NGCB describe the risk not as legal but reputational: "better safe than sorry." This culture of risk aversion now functions, to some extent, as a self-imposed, informal regulation that has never undergone formal consideration (in terms of economic and social impacts, or policy cost-benefit analysis), and, in our assessment, yields no measurable benefits to consumers, to the state, or to individual stakeholders.

4. ECONOMIC, HEALTH, AND SAFETY IMPACTS OF CANNABIS-GAMING BARRIERS

From an economic perspective, the cannabis-gaming divide operates as a set of frictions that increase transaction costs, reduce efficiency, and—perhaps most importantly—move a substantial portion of consumers out of the legal market and into the illegal market. Both industries already share extensive oversight: background checks, surveillance, tax audits, and licensing fees.

In particular, co-operation, or leasing of space within gaming-licensed properties—in the same way that alcohol-serving establishments lease space within gaming properties—would take ad-

19 Stutz, H. (2014, July 10). Slot operator sanctioned over Medical Pot. Las Vegas Review-Journal. <https://www.reviewjournal.com/news/slot-operator-sanctioned-over-medical-pot>.

20 NV Gaming Board takes hard line against Cannabis. MJ Biz Daily. (2014, July 11). <https://mjbizdaily.com/nevada-gaming-board-takes-hard-line-in-first-cannabis-case>.

21 Wynn Resorts Allegedly Bans Social Media Entrepreneur for Marijuana Ties. Casino.org. (2017, June 13). <https://www.casino.org/news/wynn-resorts-bans-entrepreneur-for-marijuana-ties>.

22 Shopping at The Venetian Resort. Venetian Las Vegas. (n.d.). <https://www.venetianlasvegas.com/resort/shopping.html#:~:text=Shopping%20at%20The%20Venetian%20Resort&text=You're%20invited%20to%20explore,of%20the%20Grand%20Canal%20Shoppes>.

vantage of substantial economic efficiencies, as occurs in the bar, restaurant, and nightclub industries. The symbiotic relationships between casino hosts and their food-and-alcohol-service lessees drive many billions of dollars of economic output in Nevada, but cannabis is missing out on such opportunities entirely.

The barriers eliminate potential economies of scale and the potential to increase tourist spending in Las Vegas, one of the world's top tourist destinations. Tourists typically bundle activities: lodging, dining, entertainment, and recreation. Restricting cannabis from this bundle prevents operators from capturing complementary demand. Visitors must leave the resort environment to consume legally, reducing time on-site and overall expenditure per visitor.

The result is leakage: cannabis purchasing and consumption that could occur in regulated hospitality settings migrates to off-property purchasing and consumption, generally illegal. When legal options are inconvenient, a substantial group of highly inelastic consumers (i.e. frequent users) will substitute toward unregulated alternatives. As a result, the state loses both control of safety and tax revenue. Table 1 summarizes the basic effects of the separations.

Next, we make economic estimates of the current impacts of the cannabis-gaming barriers and of the potential impacts of lifting the barriers. The basic estimates are presented here, and further detail behind the calculations is shown in the concluding Appendix.

4.1. We estimate that Nevada's licensed retail cannabis businesses are currently losing about \$540 million in revenues due to a combination of the three cannabis-gaming barriers.

In FY 2024, Nevada's legal cannabis retail businesses, including recreational and medical retail, collected about \$830 million in retail revenue. We estimate that:

1. If the ban on delivery to hotels and gaming establishments (Barrier 1) were lifted, legal cannabis retail revenues would increase by about 25%, or (based on 2024 numbers) about \$210 million per year, with a corresponding decrease in illegal cannabis revenues.
2. If the 1,500-foot rule separating cannabis retail from gaming and financial involvement including leasing restrictions (Barriers 2 and 3) were lifted, legal cannabis retail revenues would increase by an additional 40%, or (based on 2024 numbers) about \$330 million per year, with a corresponding decrease in illegal cannabis revenues.

Thus, the total impacts of Barriers 1, 2, and 3 are estimated to be an increase of about \$540 million in retail revenue.

4.2. We estimate that Nevada is currently losing about \$80 million in annual state tax collections due to a combination of the three cannabis-gaming barriers.

In FY 2024, Nevada collected about \$120 million in cannabis taxes (36% of which came from wholesale excise tax collections, and 64% of which came from retail excise tax collections). We estimate that:

1. If the ban on delivery to hotels and gaming establishments (Barrier 1) were lifted, state cannabis tax collections would increase by about \$30 million per year.
2. If the 1,500-foot rule separating cannabis retail from gaming and financial involvement including leasing restrictions (Barriers 2 and 3) were lifted, state cannabis tax collections would increase by about \$50 million per year.

Without the three cannabis-gaming barriers, we estimate that 2024 state cannabis tax collections would have increased from about \$120 million per year to about \$200 million per year.

4.3. Other direct and indirect impacts of the cannabis-gaming barriers

In Table 3, we enumerate some of the other effects of the cannabis-gaming barriers that cannot be quantified into numerical estimates easily.

Table 3. Less quantifiable impacts of the cannabis-gaming barriers

Category	Description	Estimated Impact
Lost complementary spending	Reduced on-site purchases of food, beverages, and entertainment due to off-property cannabis use. Consumers seeking legal cannabis leave gaming properties to purchase, and may not return afterward.	Lower visitor expenditure; diminished resort revenue.
Incentives for illegal drug dealers to work at and frequent bars and entertainment venues in gaming-licensed properties	Illegal drug dealers enter and sell drugs in bars and nightclubs on gaming-licensed properties. Some dealers work for the bars or clubs. Consumers who are merely seeking cannabis may be upgraded to illegal hard drugs.	Significant security, enforcement, and risk costs for gaming establishments; increase in illegal sales of hard drugs on gaming properties and resulting economic costs.
Tax leakage	Cannabis sales shifted to illegal markets, which are untaxed.	Reduced cannabis excise tax (wholesale and retail) receipts; reduced sales tax receipts.

Continued on the next page

Category	Description	Estimated Impact
Capital inflexibility	Investors barred from cross-sector ownership or leasing.	Fragmented capital markets; higher cost of capital; less needed access to capital for licensed, law-abiding cannabis businesses seeking to grow.
Public-Safety inefficiency	Sales and consumption move to less controlled settings.	Weakened responsible-use enforcement.

Next we provide detail on a few other impacts of the cannabis-gaming barriers that are not directly quantifiable, or for which we did not have sufficient data or information to make numerical estimates of effects.

4.3.1. Lost synergies between tourism and hospitality

Perhaps the most visible negative impacts of the cannabis-gaming separations occur in the portions of the cannabis industry (i.e. the retail market) that are most adjacent to Nevada’s tourism industry.

Nevada’s integrated resorts are designed around bundling: rooms, gaming, dining, retail, and entertainment all reinforce one another. Excluding cannabis, and forcing consumers who want to purchase cannabis either out of the integrated resorts (e.g. off the Las Vegas Strip) and into outlying areas where cannabis retail is legal (for the consumers who want to purchase legally) or into commerce with illegal drug dealers (for the other consumers who are indifferent to the legality of cannabis), breaks that bundle.

In particular, younger adult visitors—those under 40—constitute the majority of both cannabis consumers and new gaming customers. Their spending preferences align with experiential integration, not separation. In interviews, industry professionals describe consistent visitor behavior: tourists purchase cannabis from off-Strip dispensaries, consume in private spaces, and return later to gaming floors. Each step outside the resort perimeter represents foregone ancillary revenue. For a sector built on per-capita spending, even small diversions compound, in the aggregate, into hundreds of millions, or perhaps billions, of dollars in lost annual revenue.

4.3.2. State enforcement costs

The cannabis-gaming separations impose enforcement costs on the state. From a public finance perspective, they not only narrow the tax base but also impose additional fiscal costs incurred by the difficulty of enforcement against the illegal industry. When tourists consume cannabis outside licensed venues, not only does excise tax revenue disappear, but the illegal market thrives, expands, and multiplies.

State law enforcement resources must then be deployed to increase the scale and scope of illegal, unlicensed cannabis businesses proliferating. This phenomenon adds enforcement costs to the state while also decreasing revenue (in the form of lost tax collections) that could otherwise be directed toward funding enforcement efforts against unsafe illegal cannabis.

4.3.3. Public health and safety impacts

With the cannabis-gaming barriers in place, millions of consumers in Nevada—instead of buying safe, regulated, tested, and taxed cannabis from licensed, rule-following, tax-paying Nevada businesses—buy unsafe, unregulated, untested, and untaxed cannabis from illegal drug dealers on the streets, in bars and nightclubs, and from underground delivery services.

The impacts of a flourishing illegal cannabis market go well beyond consumer access. Illegal drug dealers are connected with organized crime syndicates that enforce contracts through violent means, make streets less safe, and put children in harm's way. Public policy should be aimed at reducing the presence of criminal activity (in some cases, violent crime), lawlessness, organized crime, and associated violence; yet, the cannabis-gaming barriers achieve exactly the opposite.

The cannabis-gaming barriers, in short, provide the biggest boost to illegal drug markets and drug dealers of any policy currently in place in Nevada. If the cannabis-gaming barriers were lifted, illegal drug dealers and organized crime would be the biggest losers, and the legal market would be the biggest winner.

Comparative jurisdictions demonstrate that integration is feasible. Colorado ski towns such as Aspen, the touristy areas of San Francisco, and Canadian municipalities have introduced cannabis lounges or retail within tourism zones without compromising public order. Empirical evidence shows no increase in gaming violations or negative social outcomes. Instead, integrated destinations report longer visitor stays and higher local-spending multipliers.

5. POTENTIAL IMPACTS OF REMOVING CANNABIS-GAMING BARRIERS

If changes were to be implemented that lifted all three main types of cannabis-gaming barriers—enabling hotel delivery (including hotels with gaming licenses), removing the 1,500-foot rule, and lifting investment and financial separations—we estimate that total cannabis retail revenue, total cannabis wholesale revenue, and state cannabis tax collections would recover completely, from a financial perspective, and eventually increase to levels above the revenue levels seen in 2022, before the steep cannabis revenue decline began as a result of falling prices.

In other words, changes to state cannabis regulations and NGCB guidance, thus lifting all three cannabis-gaming barriers, could singlehandedly reverse the trend of decreasing cannabis market size (by value) and falling state cannabis tax collections in Nevada.

5.1. Regulatory Change 1: Lift cannabis-gaming Barrier 1 (delivery restrictions).

Expand delivery access by repealing the statutory requirement in Nevada State and Clark County law that cannabis delivery can only be made to private residences; permit delivery to hotels, resorts, and short-term rentals, including on gaming-licensed properties.

This policy intervention could take many possible legislative and regulatory forms, but would, at a minimum, need to include eliminating or significantly amending the delivery restrictions in Nevada Cannabis Compliance Regulations (NCCR) 7.050 (3)–(4), Nevada Revised Statutes and Clark County Code of Ordinances 8.65.140.

Repealing prohibitive delivery policies would have a major impact on cannabis accessibility for visitors staying along Nevada’s primary tourist corridor and around the state. The 2024 Las Vegas Visitor Profile Study from the Las Vegas Convention Visitors Authority (LVCVA) revealed 69% of all visitors to Las Vegas in 2024 stayed at hotels on the Strip.²³ The LVCVA estimates that 41.7 million people visited the city in the same year.²⁴ All of these individuals are prevented from accessing legal cannabis easily, providing a significant handout to the illegal market.

Cannabis Compliance Board (CCB) Executive Director James Humm has noted that “many tourists and locals are misled to purchase illegal cannabis through illegal actors on social media, promising delivery to the Strip or to your doorstep.”²⁵ Creating easy access to legal products, as noted above, not only would increase revenues to cannabis and gaming businesses and state tax collections, but would also significantly decrease the presence of illegal drug dealers that currently swarm around the principal tourist areas in Nevada.

5.2. Regulatory Change 2: Lift cannabis-gaming Barrier 2 (1,500-foot separation) and Barrier 3 (financial involvement between cannabis and gaming).

Break the 1,500 foot wall by allowing cannabis businesses, including retail stores and consumption lounges, and retail satellite kiosks run by current

²³ 2024 Las Vegas Visitor Profile Study.

²⁴ LVCVA Research Center. Las Vegas Convention and Visitors Authority. (n.d.). <https://www.lvcva.com/research>.

²⁵ Schultz, J. (2025, April 26). “Buy Legal” campaign from Nevada cannabis regulators. KOLO 8 ABC. <https://www.kolotv.com/2025/04/26/buy-legal-campaign-nevada-cannabis-regulators>.

retail licensees, to locate on and near the properties of gaming licensees.

This policy intervention, as with Regulatory Change 1 detailed above, could take many possible legislative and regulatory forms, but would, at a minimum, need to include, first, eliminating the 1,500-foot setback in NRS 678B.210(3)(a)(2)(II) and NRS 678B.250(3)(a)(2)(II); and, second, substantially revising NGCB guidance to allow for financial ties between cannabis and gaming owners, including, but not limited to, enabling gaming licensees to lease spaces to licensed cannabis operators on their properties.

Under this regulatory alternative, gaming establishments would have the option of allowing cannabis sales on-site, whether through a licensed retail store or through smaller kiosks located on (or near) the property that are operated under the umbrella of existing cannabis licensees.

It is important to note, however, that private gaming establishments should not be compelled to lease to cannabis licensees, nor to allow consumption of cannabis on their premises, just as private establishments are not compelled to allow consumption of smoking on their premises. All integration of gaming and cannabis should be purely discretionary, at the option of gaming licensees. Each gaming establishment should determine what best fits their business model.

Generally speaking, however, if gaming establishments had the option to lease space to licensed cannabis consumption lounges on their property, both the gaming and cannabis industries would benefit significantly. Cannabis consumption lounges are permitted to serve food as well as provide live entertainment under Nevada law,²⁶ opening the door to new kinds of consumer experiences if onsite activities can be authorized. In a 2025 UNLV Cannabis Policy Institute survey, 24% of respondents said they would be more likely to gamble at a casino resort if cannabis consumption were permitted onsite.²⁷

Social consumption, including novel food and entertainment options, could be a major boost to non-gaming revenues—especially in a moment of falling revenues for the Nevada hospitality industry and, perhaps not unconnectedly, of falling alcohol consumption among Americans. Non-gaming revenues are increasingly making up more of the bottom line for casinos, with one analysis showing that only 27% of total revenue generated by Strip resorts was from gaming.²⁸ During the first three quarters of 2025, food, beverage, entertainment, and retail made up just over 27% of MGM's total revenue²⁹ and food and beverage alone made up about 15% of Cae-

26 Nevada Revised Statutes (NRS) 678D.460

27 Hoban, R. (2025, July 2). Can Gaming And Cannabis Coexist In Nevada? Forbes. <https://www.forbes.com/sites/roberthoban/2025/06/30/come-on-boys--gamble-roll-those-laughing-bonescan-gaming-cannabis-co-exist-in-nv>.

28 Mitic, V. (2025, October 5). Baccarat Surge Masks Tourism Struggles in Las Vegas. World Casino News. <https://news.worldcasinodirectory.com/baccarat-surge-masks-tourism-struggles-in-las-vegas-120045>.

29 MGM RESORTS INTERNATIONAL REPORTS THIRD QUARTER 2025 FINANCIAL AND OPERATING RESULTS. MGM Resorts International. (2025, October 29). https://s22.q4cdn.com/513010314/files/doc_financials/2025/q3/MGM-Exhibit-99-1-Q3-2025-Earning-Release-10-27-25-website.pdf.

sars' total revenue.³⁰ The Caesars 2023 Annual Report states that "Las Vegas operators have been focused on expanding their non-gaming offerings, including upgrades to hotel rooms, new food and beverage offerings, and new entertainment offerings."³¹

Spending on food and drinks by visitors to Las Vegas reached an all-time high in 2024, and spending on shows and entertainment has been increasing since 2019.³² Adding new opportunities involving cannabis can drive additional sales and maximize revenue in these sectors. In particular, alcohol sales, a big part of non-gaming revenues, are now falling. Cannabis generally, and THC beverages in particular, are popular among the same Gen-Y and Gen-Z consumer groups whose alcohol consumption is falling precipitously, and cannabis sales could help mitigate this effect that threatens the livelihood of the Nevada hospitality industry.

THC beverages, which increasingly may be viewed as an alternative to alcohol for some consumers, could be a key to the success of this business model.

The demand for THC beverages is high, with estimates that 2024 sales in the US were between \$1 billion and \$1.3 billion and that the total potential market could be between \$9.9 billion and \$14.9 billion.³³ Allowing THC beverages alongside alcohol can position the gaming industry to capture younger customers who are moving away from alcohol while increasing beverage sales. While hemp-derived THC beverages were recently re-criminalized by Congress, the state legalized markets continue to offer these beverages, albeit on a much smaller scale.

In November 2014, Congress passed a law that may limit the THC hemp industry (limiting THC to a miniscule 0.4 mg per container) after a 365-day grace period. However, what final shape federal hemp policy will depend on policy debates that are likely to stretch out for much of 2026.

Smoke and odor have always been concerns about cannabis consumption in public places, but allowing gaming establishments to designate certain areas where cannabis may be smoked would benefit both industries and the millions of cannabis consumers that visit Las Vegas annually. Designating certain consumption areas, like room balconies or certain 21+ courtyards, would help gaming establishments regulate cannabis consumption, reduce the number of people smoking cannabis in unauthorized areas, and give consumers a legal place to consume products.

30 Caesars Entertainment, Inc. Reports Third Quarter 2025 Results. Caesars Entertainment. (2025, October 28). <https://investor.caesars.com>.

31 CAESARS ENTERTAINMENT, INC. ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2023. Caesars Entertainment. (2024, February 20). <https://investor.caesars.com/static-files/c07db84f-def2-4ecc-bc17-eaf6172258b5>.

32 2024 Las Vegas Visitor Profile Study.

33 The U.S. THC Beverage Report.

In consideration of the widely shared interests of keeping cannabis out of sight and access to children, we posit that for such a policy to be successful and acceptable to stakeholders across the board, establishments would likely be required to label entrances to retail stores and consumption lounges discreetly, out of the view of children, and substantially out of the way of mainstream foot traffic.

We do not foresee indoor cannabis smoking being permitted at mainstream casino resorts anytime in the near future in the way that indoor cigarette smoking is permitted in many casinos. Although, as the industry evolves, we could foresee such a policy, someday in the distant future, being put in place at a specialized 21-and-over cannabis resort, for instance.

5.3. Estimated economic impacts of lifting cannabis-gaming barriers

Next, we model (roughly, but more numerically) the basic economic effects of regulatory possibility 1, as described above (lifting Barrier 1), and regulatory possibility 2 (lifting Barriers 2 and 3)—today and in the future.³⁴

We project Nevada cannabis revenue and tax collections forward, over the next two years, and analyze the effects of potential regulatory changes on cannabis revenue and tax collections on those projections. We model three basic scenarios: first, if current regulations remained in place; second, if Barrier 1 (restrictions on delivery) were removed; and third, if Barriers 2 and 3 (1,500-foot rule and financial co-involvement, including leasing) were removed.

The baseline situation is that cannabis revenues and, as a result, cannabis tax collections in Nevada have been falling linearly over the past three years. This phenomenon is caused by falling wholesale and retail cannabis prices, not falling quantities of cannabis produced and sold (which, on the contrary, have been increasing, indicating the healthy natural growth of the legal cannabis industry in Nevada).

Cannabis prices fall naturally as industries mature, and often fall more steeply than quantities rise, resulting in moderate year-over-year decreases in aggregate revenue and tax collections. This pattern is in line with trends across US states that have legalized recreational cannabis, and it is not a cause for concern about the health of the Nevada cannabis industry. However, falling revenues can have a negative impact on individual businesses, and falling tax collections can have a negative impact on state operations.

³⁴ The effects of lifting Barrier 3 are difficult to isolate, but Barrier 3 would also need to be lifted in order to realize the estimated effects below; the estimates, in other words, estimate the effects of lifting Barrier 1 and Barrier 2 individually, with each scenario assuming that Barrier 3 has also been lifted.

Cannabis cultivators, manufacturers, and other wholesalers have been squeezed most by the fierce price competition that has characterized the Nevada cannabis market in 2024–2025. Retailers and consumption lounges have explored other strategies for increasing revenue, such as value-added high-potency products and infused pre-rolls. Many businesses in both categories have not survived. The ability to sell legal cannabis at satellite kiosks or consumption lounges inside gaming-licensed resorts would be a game changer for many struggling retail and wholesale businesses.

State cannabis tax collections have been falling more steeply than retail revenues. This phenomenon is due to the fact that cannabis tax collections are the sum of retail cannabis excise taxes and wholesale cannabis excise taxes, and wholesale cannabis prices have been falling faster than retail cannabis prices. The regulatory changes proposed in this report would help state tax collections recover to 2022 levels, but a moderate decline in tax collections would nonetheless continue even after such recovery took place.

On the following page, Figure 1 shows projected Nevada cannabis retail revenue with the current regulatory regime in place, and in the two alternative regulatory scenarios we describe in sections 5.1 and 5.2 above. The black bars are actual reported monthly revenues through August 2025 (the most recent data available as of this report). The gray bars are projected revenues through December 2027, based on linear trends (as explained in the Appendix). The orange bars show the additional revenue that we estimate would be generated by removing Barrier 1 (delivery restrictions). The blue bars show the additional revenue that we estimate would be generated by removing Barriers 2 and 3 (1,500-foot rule and financial co-involvement).

As Figure 1 shows, if all three barriers were removed, we estimate that the cumulative effect would be that aggregate revenues in the Nevada cannabis sector would recover to above 2022 levels.

Also on the following page, Figure 2 shows projected state tax collections under the same three scenarios: actual tax collections (black bars) and projected tax collections (gray bars) with the current barriers in place; projected tax collections with Barrier 1 (delivery restrictions) removed (orange bars); and projected tax collections with Barriers 2 and 3 (1,500-foot rule and financial co-involvement) removed (blue bars).

Figure 1. Nevada Retail Cannabis Revenue in Three Scenarios

12-month trailing sum of monthly taxable retail cannabis revenue reported to NV DOT
September 2025–December 2027 projected based on linear trend (R-squared = 0.89)

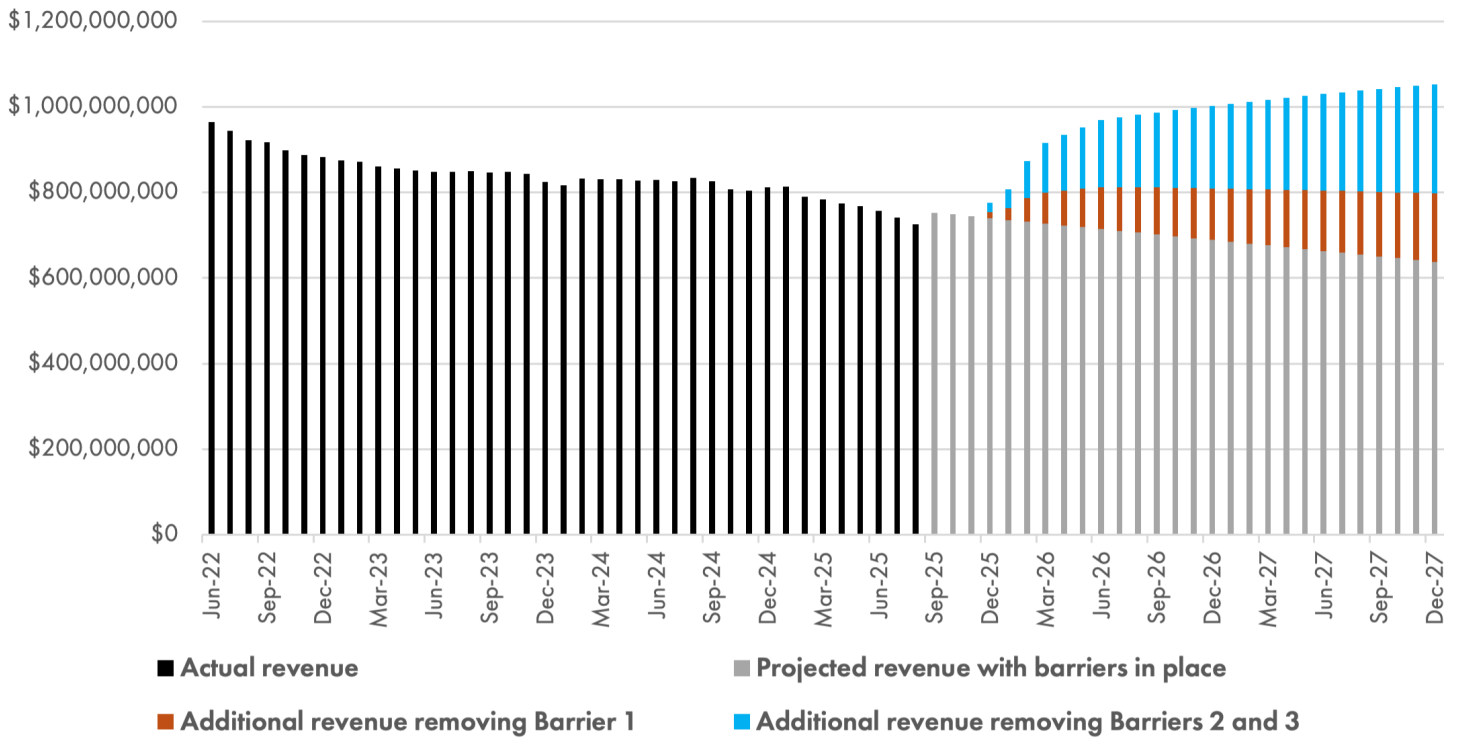
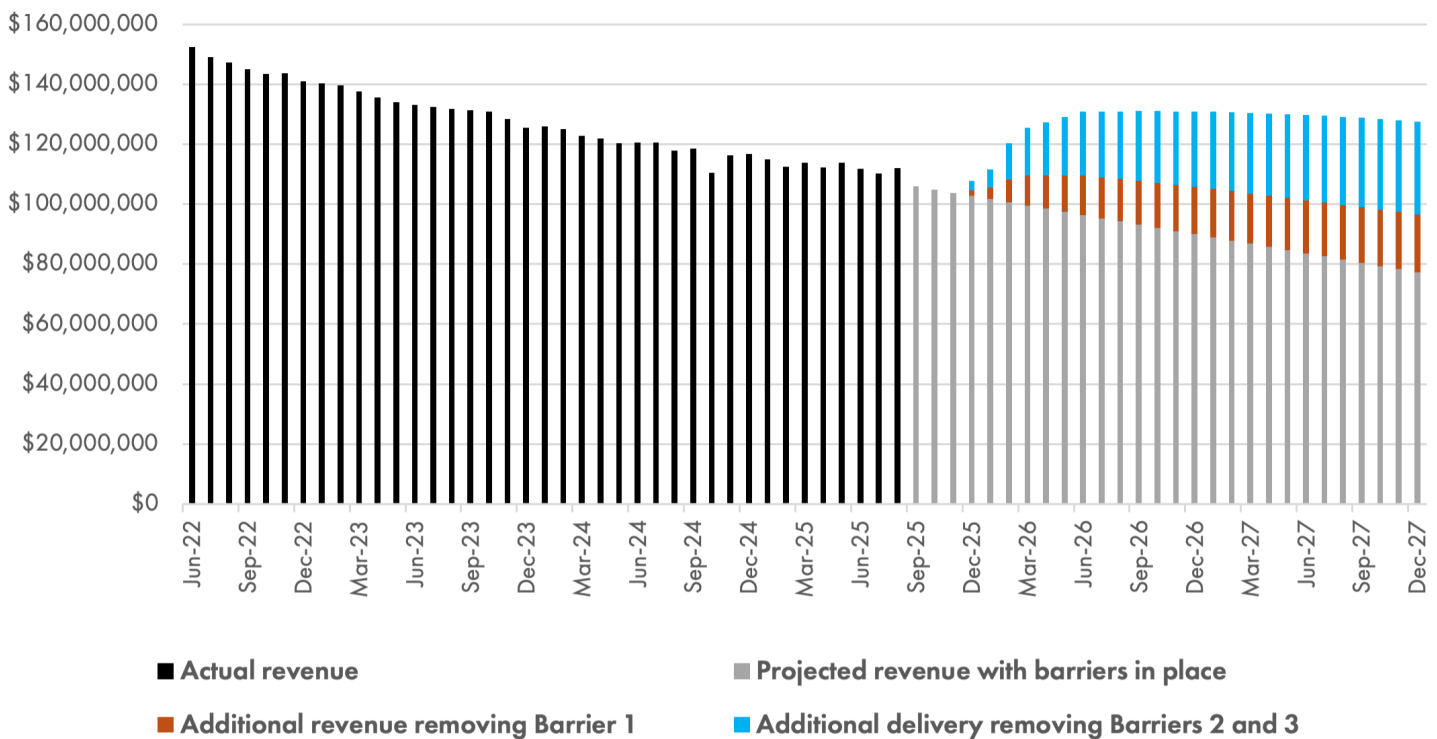


Figure 2. Nevada Cannabis Tax Collections in Three Scenarios

12-month trailing sum of monthly taxable retail cannabis revenue reported to NV DOT
September 2025–December 2027 projected based on linear trend (R-squared = 0.89)



PUBLIC OPINION

2025

A survey from the University of Nevada, Las Vegas Cannabis Policy Institute found about 70% of American adults are in favor of having designated cannabis consumption areas at casinos and resorts, and about 40% would be more inclined to visit a casino if cannabis use was allowed.³⁵

2024

A report on gaming trends reported 83.9% of millennials said non-gaming activities significantly impacted their decision-making process for a local casino.³⁶

2020

A report on travel trends found that 29% of all active leisure travelers want to do cannabis-related activities on vacation.³⁷

35 Jaeger, K. (2025, May 27). 70 Percent Of Americans Support Allowing Marijuana Use At Casinos And Resorts, New Poll Shows. Marijuana Moment. <https://www.marijuanamoment.net/70-percent-of-americans-support-allowing-marijuana-use-at-casinos-and-resorts-new-poll-shows>.

36 2024 LaneTerralerver Casino Player Trends Report . LaneTerralerver. (n.d.). <https://www.lt.agency/industries/casino-marketing-agency/casino-non-gaming-player-insights-report-2024>.

37 Turner, M. (2020, July 10). Stats: 29% of Leisure Travelers Interested in Cannabis-Related Tourism. Travel Agent Central. <https://www.travelagentcentral.com/your-business/stats-29-leisure-travelers-interested-cannabis-related-tourism>.

6. CONCLUSION: TOWARD RATIONAL CONVERGENCE

In sum, we find that Nevada’s decision to maintain a set of strict legal separations between its cannabis and gaming industries has created one of the state’s most persistent economic inefficiencies, and the maintenance of such separations over time—even as markets modernize and normalize cannabis in other jurisdictions around the US—is currently contributing to problems of decreasing business revenue and state tax revenue from the cannabis industry, as well as the proliferation of a vibrant and expanding illegal cannabis market.

The cannabis-gaming barriers were originally implemented for rational reasons to protect the gaming sector from federal risk and reputational harm, but we find that each of the three barriers has outlived its original rationale.

Today, the separations act as severe constraints on capital mobility, tourism synergy, and public-revenue growth, without any corresponding economic, public health or safety, or risk benefits

to market participants in either market. Regulators and operators alike acknowledge that the restriction reflects inertia and caution more than genuine legal necessity.³⁸

The original separation between cannabis and gaming was a rational precaution in 2014. A decade later, it is an economic and policy anachronism. Both industries now operate under professional, transparent oversight. Both contribute to public revenues and depend on the same tourists. Maintaining an artificial, legally created separation between the two industries and markets does not prevent risk; it perpetuates inefficiency, and it endangers public safety.

Nevada could preserve its gaming integrity while modernizing its cannabis policy by revising the 2014 NGCB memo and amending state law to integrate the cannabis and gaming industries and permit harmonious, symbiotic co-existence of the two types of businesses. At a minimum, the Nevada Legislature could begin by requiring a joint report to prepare for eventual integration or modernization of the cannabis-gaming barriers.

The changes modeled in Section 5 of this report, if implemented carefully, could align both systems under a unified logic of risk management and efficiency—transforming a once-reasonable, now-archaic, relic of early-2010s cannabis policy into an engine of coordinated growth and public health and safety in the state.

Economic evidence from comparable jurisdictions shows that integration increases spending, employment, and tax yield without measurable harm to oversight integrity. Nevada’s competitive advantage lies in innovation and regulatory sophistication. Applying those same strengths to cannabis integration would reaffirm the state’s global leadership in managed hospitality.

In economic terms, convergence is not deregulation—it is optimization. Nevada has the opportunity to replace outdated prohibitions with a coherent, data-driven framework that strengthens both sectors and enhances the visitor economy. The longer the state waits, the higher the opportunity cost of inaction.

38 Durrett, R., & Dempsey, C. (2024). Nevada Cannabis Report: An Examination of the Policy Environment, Market Factors and Stakeholder Views. Retrieved November 7, 2025 from <https://www.unlv.edu/sites/default/files/media/document/2025-01/2024%20Policy%20Report.pdf>.

APPENDIX: DETAIL ON METHODOLOGY

Our analysis of impacts of lifting various restrictions between cannabis and gaming depends, in large part, on estimating how much of licensed cannabis demand in Nevada currently is, and (if access were increased) could be, coming from tourists.

We estimate that about 17% of people in Las Vegas and 28% of people in Reno, on average throughout the year, are out-of-town visitors. This is based on the following calculations, drawing on information published by the Las Vegas Convention and Visitors Authority and Nevada state government sources:

	Visitors per year	Avg length of stay	Avg visitors per day	Resident population	Percent tourists
Las Vegas	42 million	3.3 days	400,000	2.4 million	17%
Reno	10.5 million	2.5 days	72,000	260,000	28%

Data on the percent of non-resident customers at legal cannabis retailers in tourist areas of Nevada are not readily available, but anecdotal reports from Las Vegas retailers and interviewees range from 40–60%. We infer that tourists visit cannabis retailers at a rate that is perhaps three times more than local residents.

Drawing on these and other tourism and cannabis statistics from Nevada, as well as data and learnings from other licensed cannabis states across America (especially California and Colorado), we arrived at estimates of a 25% increase in both retail revenue and tax collections (due to increased demand across the supply chain, including the cultivation and wholesale segments) resulting from enabling hotel delivery; and an additional 40% increase in both retail revenue and tax collections (again, due to increased demand across the supply chain, including the cultivation and wholesale segments) resulting from lifting the 1,500-foot separation between cannabis and gaming establishments, the practical effects of which would be enabling legal, licensed cannabis retail on the Las Vegas Strip and direct access to its 30 million overnight guests per year without the need to take a taxi to areas off the Strip in order to purchase legal cannabis.

These estimates are used in combination with statistics below obtained from the Nevada Department of Taxation to arrive at the estimated revenue and tax collection differences between the current regulatory situation and potential regulatory alternatives as shown in Section 3 above.

Figure 3. Monthly Taxable Retail Cannabis Sales, Nevada

Aggregate taxable monthly retail cannabis revenue reported to DOT, FY 2022–2025

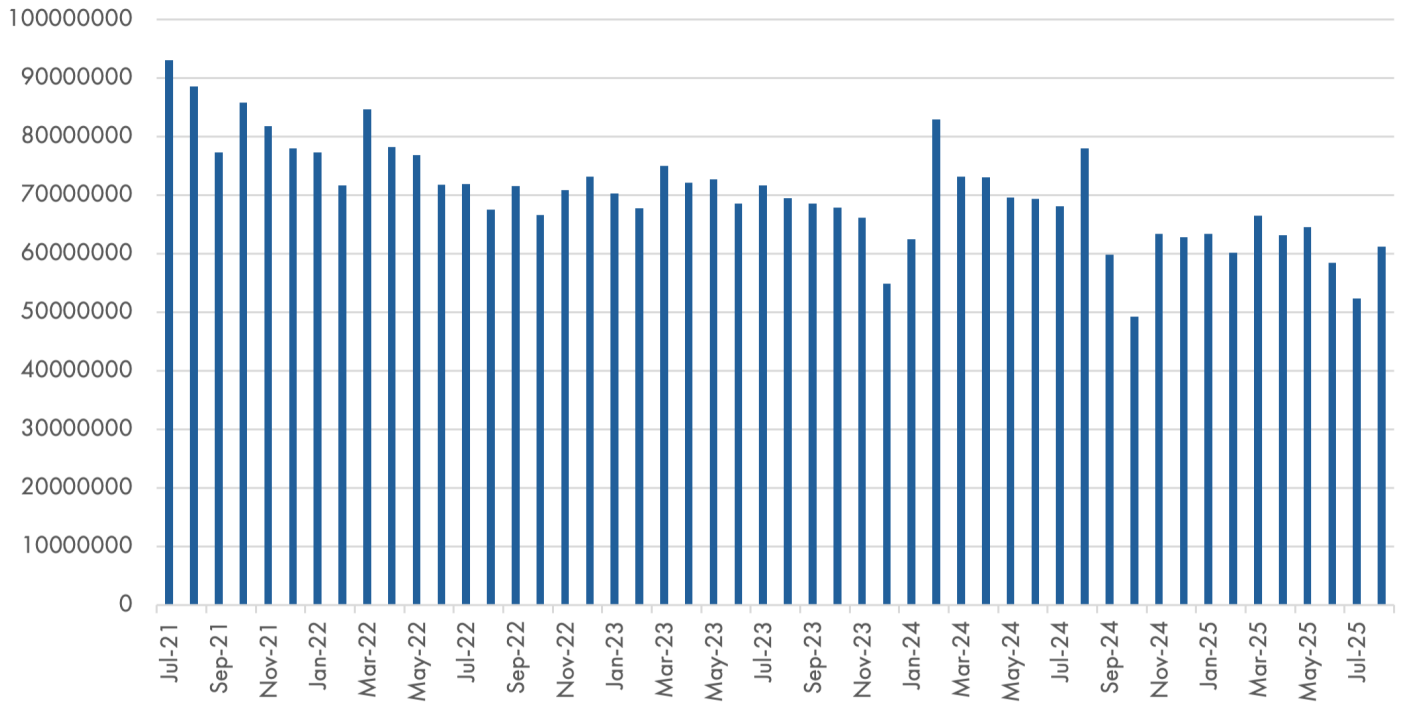


Figure 4. Annual Retail Cannabis Revenue, Nevada

12-month trailing sum of aggregate taxable retail cannabis revenue reported to DOT

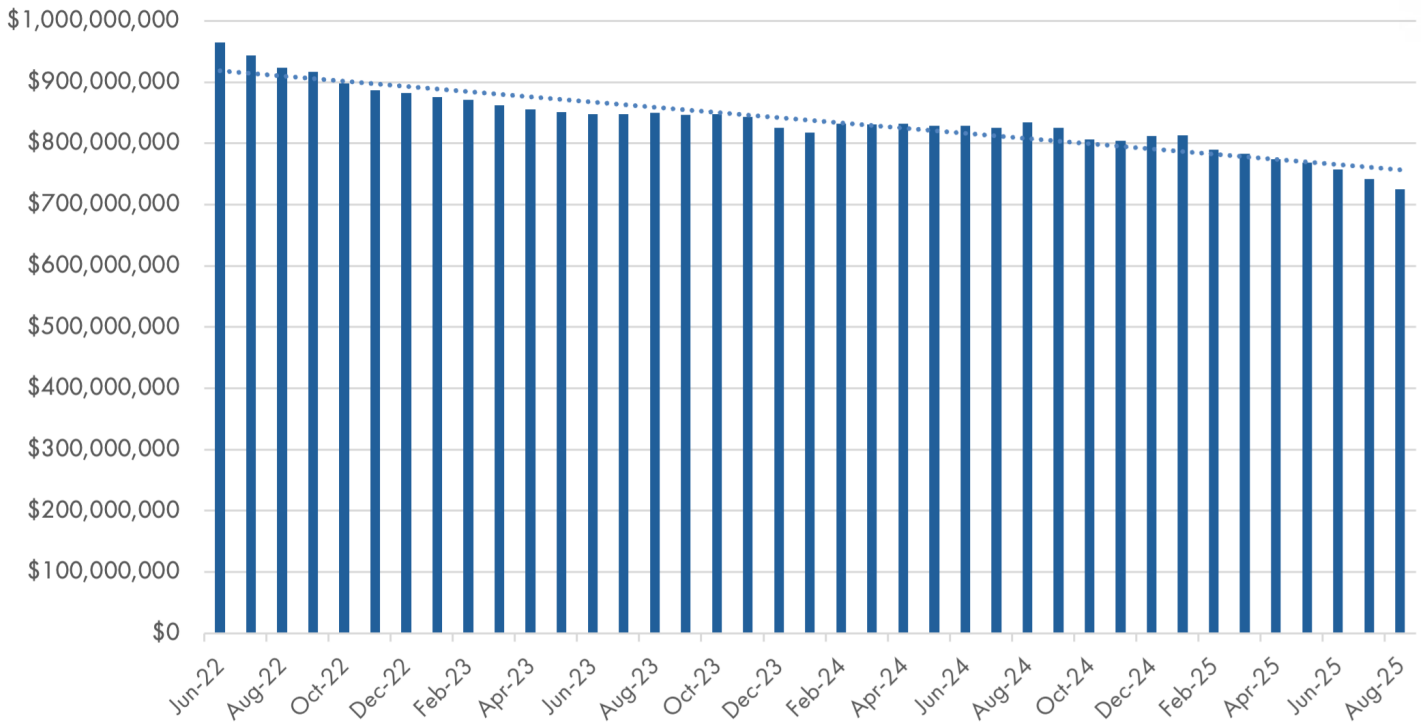


Figure 5. Monthly Cannabis Tax Collections, Nevada

Aggregate cannabis excise tax (wholesale + retail) collected by DOT, FY 2022–2025

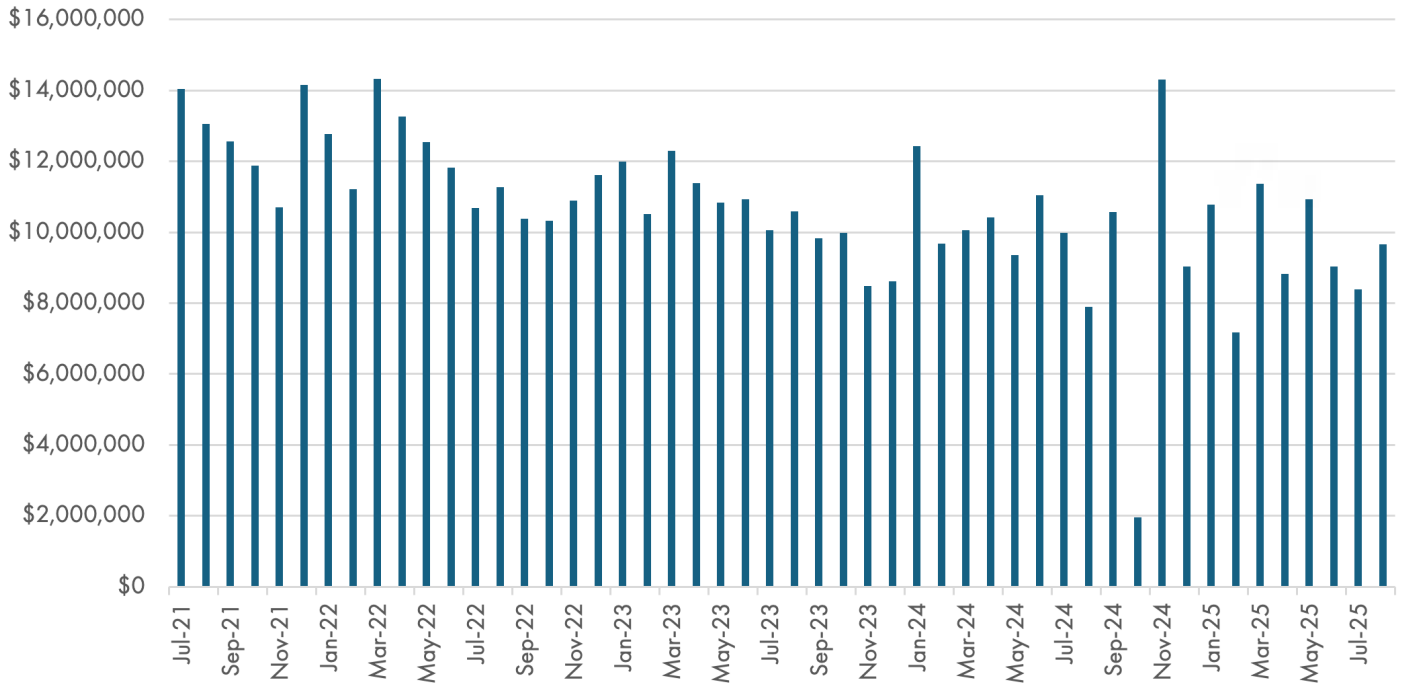
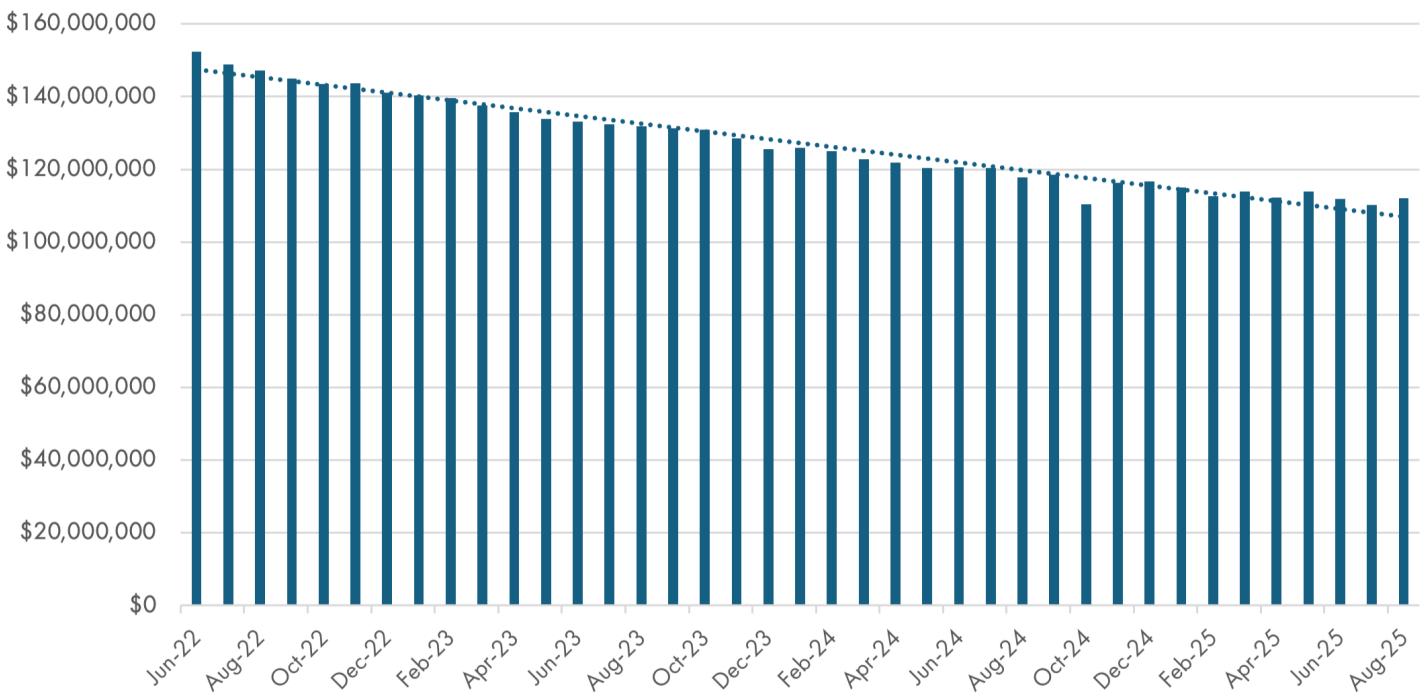


Figure 6. Annual State Cannabis Tax Collections, Nevada

12-month trailing sum of monthly tax collections by DOT



Projections in Section 3 were made based on the assumption of a two-year ramp-up period during which the 25% and 40% bumps from hotel delivery and lifting the 1,500-foot cannabis-gambling separation were reached gradually, over time, on the following schedule (assuming, arbitrarily, immediate implementation of such a policy):

Table 4. Assumptions for growth projections in alternative regulatory scenarios

Month	Percent of Total
Dec-25	7.5%
Jan-26	15.0%
Feb-26	30.0%
Mar-26	40.0%
Apr-26	45.0%
May-26	50.0%
Jun-26	55.0%
Jul-26	57.5%
Aug-26	60.0%
Sep-26	62.5%
Oct-26	65.0%
Nov-26	67.5%
Dec-26	70.0%
Jan-27	72.5%
Feb-27	75.0%
Mar-27	77.5%
Apr-27	80.0%
May-27	82.5%
Jun-27	85.0%
Jul-27	87.5%
Aug-27	90.0%
Sep-27	92.5%
Oct-27	95.0%
Nov-27	97.5%
Dec-27	100.0%