



Fiscal Note
S.B. 89 2nd Sub. (Salmon)
2016 General Session
Medical Cannabidiol Amendments
by Vickers, E. (Vickers, Evan.)



General, Education, and Uniform School Funds

JR4-5-101

| | Ongoing | One-time | Total |
|----------------------------------|----------------|-----------------|---------------|
| Net GF/EF/USF (rev.-exp.) | \$90,900 | \$(1,112,100) | \$(1,021,200) |

S.B. 89 2nd Sub. (Salmon)

Enactment of this legislation could have the following impacts on state revenue: 1. State General Fund - \$738,100 in FY 2017 and \$902,800 in each year thereafter in new General Fund revenue for additional sales tax revenue; 2. Department of Health - \$300,000 in FY 2017 and \$500,000 in FY 2018 in Dedicated Credit revenue for application fees; 3. Department of Public Safety - \$54,000 in Dedicated Credit revenue in FY 2017 and \$44,000 each year thereafter, and \$51,500 in Pass-Through revenue in FY 2017 and \$25,500 each year thereafter from background check application fees; 4. Department of Commerce - \$130,000 in FY 2017, \$80,000 in FY 2018 and \$40,000 each year thereafter in Commerce Service Fund fee revenue from applications, licenses, and \$9,000 in Dedicated Credit revenue from citations and background checks (this Commerce Service Fund revenue increase, combined with the Commerce Service Fund Costs below, could decrease transfers to the General Fund by \$131,500 in FY 2017 and \$116,100 in FY 2018); and 5. Department of Agriculture - \$235,800 in FY 2017 and \$198,000 in FY 2019 and every other year after that in Dedicated Credit revenue from licensing fees.

| Revenues | FY 2016 | FY 2017 | FY 2018 |
|----------------------------|------------|--------------------|--------------------|
| General Fund | \$0 | \$755,200 | \$755,200 |
| General Fund, One-Time | \$0 | \$(148,600) | \$31,500 |
| Dedicated Credits | \$0 | \$598,800 | \$553,000 |
| Commerce Service Fund | \$0 | \$40,000 | \$40,000 |
| Commerce Service, One-time | \$0 | \$90,000 | \$40,000 |
| Other | \$0 | \$51,500 | \$25,500 |
| Total Revenues | \$0 | \$1,386,900 | \$1,445,200 |

Enactment of this bill could have the following costs to state agencies: 1. Department of Commerce - \$261,500 in FY 2017, \$196,100 in FY 2018 and \$196,100 each year thereafter from the Commerce Service Fund for costs associated with operating registration program (spending from the Commerce Service Fund impacts year-end transfers to the General Fund), also \$4,000 in Dedicated Credits costs in FY 2017 for background checks; 2. Department of Agriculture - \$136,700 in FY 2017, and \$99,200 each year thereafter in Dedicated Credits expenses for inspection program costs; 3. Department of Public Safety - \$40,000 one-time from the General Fund in FY 2016 for programming changes; \$54,000 in FY 2017 for Dedicated Credits expenses (\$44,000 each year thereafter) and \$51,500 in Pass-Through expenses (\$25,500 each year thereafter) for background check costs; 4. Department of Health - \$1,277,300 from the General Fund in FY 2017 and \$353,800 each year thereafter for information technology infrastructure and maintenance costs; and 5. Attorney General - \$310,500 ongoing from the General Fund beginning in FY 2017 for legal representation costs for regulatory agencies mentioned above and prosecuting violations of the new law among other costs.

| Expenditures | FY 2016 | FY 2017 | FY 2018 |
|----------------------------|-----------------|--------------------|--------------------|
| General Fund | \$0 | \$664,300 | \$664,300 |
| General Fund, One-Time | \$40,000 | \$923,500 | \$0 |
| Dedicated Credits | \$0 | \$194,700 | \$143,200 |
| Commerce Service Fund | \$0 | \$187,600 | \$187,600 |
| Commerce Service, One-time | \$0 | \$73,900 | \$8,500 |
| Other | \$0 | \$51,500 | \$25,500 |
| Total Expenditures | \$40,000 | \$2,095,500 | \$1,029,100 |

| | | | |
|----------------------|-------------------|--------------------|------------------|
| Net All Funds | \$(40,000) | \$(708,600) | \$416,100 |
|----------------------|-------------------|--------------------|------------------|

Local Government

UCA 36-12-13(2)(c)

Local governments may collect an additional \$315,400 in local sales tax revenue in FY 2017 and an additional \$386,100 ongoing in FY 2018. To the extent that there are violations under the new requirements created in this bill, local governments could collect more revenue however the amount is unknown.

Individuals & Businesses

UCA 36-12-13(2)(d)

Enactment of this bill could have the following impacts to business and individuals: 1. Businesses: In FY 2017 and FY 2018, an estimated 50 applicants could pay a \$2,000 fee for cannabis business licenses for a total of \$50,000, from which 5 business may pay an additional \$10,000 for a total of \$50,000 every other year. In FY 2017 and FY 2018, Certain businesses may pay an estimated \$240/employee on 100 employees for a total of \$24,000; and other specific businesses could pay \$100/employee on 100 employees for a total of \$10,000. An additional six specific businesses will pay \$39,300 for inspections for a total of \$235,800 in FY 2017. An average of 1 violating business/year could pay \$5,000; 2. Certain Individuals will pay a total of about \$738,100 in FY 2017, \$902,800 in FY 2018 and each year thereafter in state sales taxes and an additional \$315,400 in local sales taxes in FY 2017 and an additional \$386,100 ongoing in FY 2018; 3. An estimated 3,000 individuals will pay a \$100 application fee for a cannabis registration card in FY 2017 and an additional 5,000 individuals will pay the \$100 application fee in FY 2018 for a total of \$300,000 and \$500,000 respectively; and 4. An estimated 2,000 applicants will pay \$52.75 in FY 2017 for a total of \$105,500 for background checks and \$34.75 each year thereafter for a total \$69,500 beginning in FY 2018. 5. To the extent that there are violations under the new requirements created in this bill, certain violators could pay more, however the amount is unknown.

Performance Note

JR4-2-404

Required of the Agriculture and due by February 17, 2016

Notes on Notes

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.