



Fiscal Note
S.B. 89 5th Sub. (Gray)
2016 General Session
Cannabis-based Medicine Amendments
by Vickers, E. (Spendlove, Robert.)



General, Education, and Uniform School Funds

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$0	\$(979,200)	\$(979,200)

S.B. 89 5th Sub. (Gray)

Enactment of this legislation could have the following impacts on state revenue: 1. Department of Health - \$300,000 in FY 2017 and \$500,000 in FY 2018 in revenue to the newly created Medical Cannabis Restricted Account from application fees; 2. Tax Commission - \$376,000 in FY 2017 and \$324,600 in FY 2018 in revenue to the Medical Cannabis Restricted Account and an estimated \$578,200 in General Fund revenue in FY 2018; 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 - \$135,000 in FY 2017 and FY 2018 and \$40,000 each year thereafter in fee revenue to the Medical Cannabis Restricted Account from applications, licenses; 5. Department of Agriculture - \$235,800 in FY 2017 and \$198,000 in FY 2019 and every other year thereafter in revenue to the newly created Medical Cannabis Restricted Account from licensing fees; and 6. Financial Institutions - \$200 in ongoing fee revenue to the newly created Medical Cannabis Restricted Account in FY 2017.

Revenues	FY 2016	FY 2017	FY 2018
General Fund, One-Time	\$0	\$0	\$578,200
Dedicated Credits	\$0	\$54,000	\$44,000
Restricted Funds	\$0	\$1,047,000	\$959,800
Other	\$0	\$51,500	\$25,500
Total Revenues	\$0	\$1,152,500	\$1,607,500

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 newly created Medical Cannabis Restricted Account; 2. Department of Agriculture - \$136,700 in FY 2017, and \$99,200 each year thereafter from the Medical Cannabis Restricted Account 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 in FY 2017 (\$25,500 each year thereafter) for background check costs; 4. Department of Health - \$939,200 from the General Fund in FY 2017 and \$338,100 in FY 2018 and \$353,800 each year thereafter from the Medical Cannabis Restricted Account for data management 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. 6. Department of Financial Institutions - \$200 ongoing from the General Fund Restricted - Financial Institutions Account beginning in FY 2017 for application review.

Expenditures	FY 2016	FY 2017	FY 2018
General Fund, One-Time	\$40,000	\$939,200	\$0
Dedicated Credits	\$0	\$54,000	\$44,000
Restricted Funds	\$0	\$1,047,000	\$959,800
Other	\$0	\$51,500	\$25,500
Total Expenditures	\$40,000	\$2,091,700	\$1,029,300

Net All Funds	\$(40,000)	\$(939,200)	\$578,200
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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

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 \$100,000, 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 \$250/employee on 100 employees for a total of \$25,000; 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; 2. Certain Individuals will pay a total of about \$738,100 in FY 2017, \$902,800 in FY 2018 and each year thereafter in cannabis taxes (sales tax equivalent of 4.7%); 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. 6. Depending on the type of cannabis entity, they will be required to post bonds of \$2,000,000, \$1,000,000 or \$75,000.

Performance Note

Required of the Agriculture and due by March 08, 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.