



## Fiscal Note

### S.B. 259

2015 General Session  
Medical Cannabis Amendments  
by Madsen, M.



#### *General, Education, and Uniform School Funds*

JR4-5-101

|                           | Ongoing   | One-time      | Total         |
|---------------------------|-----------|---------------|---------------|
| Net GF/EF/USF (rev.-exp.) | \$215,200 | \$(7,995,600) | \$(7,780,400) |

**State Government**

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

Enactment of this legislation could increase state sales tax revenue by \$845,000 annually beginning in FY 2017. Additional General Fund revenue of \$77,000 could be generated from the cannabis cards and transactions fees implemented in the legislation. The Department of Health could experience a \$20,000 reduction in dedicated credits from the elimination of the Hemp Extract Registration program. There will be corresponding savings shown below. Enactment of this legislation could also increase Commerce Service Fund revenue by \$218,500 annually and by \$274,500 one-time in FY 2016. This revenue increase combined with the Commerce Service Fund costs identified below could reduce the transfer to the General Fund by \$455,700 annually and increase General Fund one-time revenue in FY 2016 by \$175,300. The bill could also increase dedicated credits from background check fees by \$112,000 annually.

| <b>Revenues</b>            | <i>FY 2015</i> | <i>FY 2016</i>   | <i>FY 2017</i>     |
|----------------------------|----------------|------------------|--------------------|
| Commerce Service Fund      | \$0            | \$674,200        | \$674,200          |
| General Fund               | \$0            | \$466,300        | \$466,300          |
| Dedicated Credits          | \$0            | \$92,000         | \$92,000           |
| Commerce Service, One-time | \$0            | \$99,200         | \$0                |
| General Fund, One-Time     | \$0            | \$(746,700)      | \$0                |
| <b>Total Revenues</b>      | <b>\$0</b>     | <b>\$585,000</b> | <b>\$1,232,500</b> |

Enactment of this legislation could reduce dedicated credit expenditures for the Hemp Extract Registration Program in the Department of Health by \$20,000 annually. Tax Commission General Fund costs for computer system upgrades, staff support to monitor, develop and audit the sales tax and cannabis cards and transaction fees could be \$251,100 ongoing from the General Fund beginning in FY 2017 and \$7,500,000 one-time from the General Fund in FY 2016. The Department of Commerce could also incur costs of \$674,200 annually and \$99,200 one-time from the Commerce Service Fund for licensing, regulation, and inspections of the new facilities and licensees. Commerce could also experience costs of \$112,000 annually for background checks. Spending from the Commerce Service Fund impacts year-end transfers to the General Fund. Legislative General Counsel attached a Constitutional Note to this bill. If provisions in the bill are challenged in court, there will be costs associated with defending those provisions.

| <b>Expenditures</b>        | <i>FY 2015</i> | <i>FY 2016</i>     | <i>FY 2017</i>     |
|----------------------------|----------------|--------------------|--------------------|
| Commerce Service Fund      | \$0            | \$674,200          | \$674,200          |
| General Fund               | \$0            | \$251,100          | \$251,100          |
| Dedicated Credits          | \$0            | \$92,000           | \$92,000           |
| Commerce Service, One-time | \$0            | \$99,200           | \$0                |
| General Fund, One-Time     | \$0            | \$7,248,900        | \$0                |
| <b>Total Expenditures</b>  | <b>\$0</b>     | <b>\$8,365,400</b> | <b>\$1,017,300</b> |

|                      |            |                      |                  |
|----------------------|------------|----------------------|------------------|
| <b>Net All Funds</b> | <b>\$0</b> | <b>\$(7,780,400)</b> | <b>\$215,200</b> |
|----------------------|------------|----------------------|------------------|

**Local Government**

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

Enactment of this Legislation could increase local sales tax revenue by \$361,000 beginning in FY 2017.

Enactment of this legislation could cost an estimated 65 licensed facilities \$5,000 every other year for license fees. An estimated 2,800 licensed employees could pay a fee of \$40 every other year and \$60 as an initial application fee. An estimated 58,766 taxable transactions could occur per year at a cost of .25 cents per transaction. There is also a \$25 cost per cannabis card issued by the tax commission. Individuals purchasing medical cannabis will pay sales tax on the purchase price.

**Performance Note**

JR4-2-404

Required of the Commerce and due by February 26, 2015

**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.