



Fiscal Note
S.B. 211 1st Sub. (Green)
2017 General Session
Cannabinoid Product Act
by Vickers, E. (Vickers, Evan.)



General, Education, and Uniform School Funds

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$(500)	\$(593,700)	\$(594,200)

Enactment of this legislation could have the following impacts on state revenue: 1. Department of Health - \$300,000 in FY 2018 and \$500,000 in FY 2019 in revenue to the newly created Cannabinoid Product Restricted Account from application fees; 2. Tax Commission - \$1,109,800 in FY 2018 and \$1,132,000 in FY 2019 in revenue to the Cannabinoid Product Restricted Account; 3. Department of Public Safety - \$75,000 ongoing in Dedicated Credit revenue beginning in FY 2018, and \$36,000 ongoing in Pass-Through revenue beginning in FY 2018 for background check application fees; 4. Department of Commerce - \$270,000 in FY 2018 and \$145,000 in FY 2019 in fee revenue from applications and licenses to the Cannabinoid Product Restricted Account and \$4,000 ongoing in dedicated credit revenue for background checks; 5. Department of Agriculture - \$235,800 in FY 2018 and every other year thereafter in revenue to the newly created Cannabinoid Product Restricted Account from licensing fees; and 6. Financial Institutions - \$5,000 in FY 2018 and \$3,100 in FY 2019 in fee revenue to the Cannabinoid Product Restricted Account. In addition, this bill could transfer about \$598,800 to the General Fund in FY 2019.

Revenues	FY 2017	FY 2018	FY 2019
General Fund, One-Time	\$0	\$0	\$598,800
Dedicated Credits	\$0	\$79,000	\$79,000
Pass-through	\$0	\$36,000	\$36,000
New Account Created By Legislation	\$0	\$1,920,600	\$1,181,300
Total Revenues	\$0	\$2,035,600	\$1,895,100

Enactment of this bill could have the following costs to state agencies: 1. Department of Commerce - \$400,100 ongoing beginning in FY 2018 from the newly created Cannabinoid Product Restricted Account for program costs and \$4,000 ongoing in dedicated credits for background checks; 2. Department of Agriculture - \$552,700 in FY 2018 from the General Fund and \$1,084,000 from the Cannabinoid Product Restricted Account. In FY 2019 it could cost \$399,200 from the Cannabinoid Product Restricted Account for data infrastructure and inspection program costs; 3. Department of Public Safety - \$40,000 one-time from the General Fund in FY 2017 for programming changes; \$75,000 ongoing in FY 2018 for Dedicated Credits expenses and \$36,000 ongoing in Pass-Through expenses in FY 2018 for background check costs; 4. Department of Health - \$121,000 in FY 2018 and \$102,500 in FY 2019 from the Cannabinoid Product Restricted Account for program costs; and 5. Attorney General - \$310,500 ongoing from the General Fund beginning in FY 2018 for legal representation costs for regulatory agencies mentioned above and prosecuting violations of the new law among other costs. 6. Department of Financial Institutions - \$5,000 in FY 2018 and \$3,100 in FY 2019 from the newly created restricted account for application review. 7. Department of Administrative Services - \$1,500 in FY 2018 and \$500 in FY 2019 for managing the newly created restricted account which the department submits they can absorb.

Expenditures	FY 2017	FY 2018	FY 2019
General Fund	\$0	\$500	\$500
General Fund, One-Time	\$40,000	\$553,700	\$0
Dedicated Credits	\$0	\$79,000	\$79,000
Pass-through	\$0	\$36,000	\$36,000
New Account Created By Legislation	\$0	\$1,920,600	\$1,181,300
Total Expenditures	\$40,000	\$2,589,800	\$1,296,800

Net All Funds	\$(40,000)	\$(554,200)	\$598,300
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Local Government

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

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: An unspecified number of business could pay a total of about \$514,800 in FY 2018 and \$152,100 in FY 2019 for application and licensing costs; 2. Certain Individuals will pay a total of about \$1,109,800 in FY 2018, \$1,132,000 in FY 2019 and each year thereafter in cannabis taxes (sales tax equivalent of 5.77%); 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 3,000 applicants will pay \$37 for a total \$111,000 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

JR4-2-404

No performance note required for this bill

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.