



**Fiscal Note**  
**H.B. 3001 6th Sub. (Ivory)**  
 2018 Third Special Session  
 Utah Medical Cannabis Act  
 by Hughes, G. (Hughes, Gregory.)



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

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$1,200	\$(324,800)	\$(323,600)

**State Government**

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

Revenues	FY 2019	FY 2020	FY 2021
General Fund	\$0	\$2,100	\$2,100
General Fund, One-Time	\$(3,100)	\$(6,200)	\$0
Commerce Service Fund	\$0	\$17,900	\$17,900
Commerce Service Fund, One-Time	\$3,100	\$6,200	\$0
New Account Created By Legislation	\$0	\$5,515,100	\$11,395,100
<b>Total Revenues</b>	<b>\$0</b>	<b>\$5,535,100</b>	<b>\$11,415,100</b>

Enactment of this legislation could increase state revenue by \$5.5 million in FY 2020 and \$11.4 million in FY 2021, primarily from sale and licensing of medical cannabis. Various funds and accounts could be impacted as follows: (1) the newly-created Qualified Distribution Enterprise Fund \$5,725,000 in FY 2020 and \$11,521,000 in FY 2021; (2) the newly-created Qualified Production Enterprise Fund (\$209,900) in FY 2020 and (\$125,900) in FY 2021; (3) the Commerce Service Fund \$3,100 in FY 2019, \$24,100 in FY 2020 and \$17,900 in FY 2021; and (4) the General Fund (\$3,100) in FY 2019, (\$4,100) in FY 2020 and \$2,100 in FY 2021. Spending from the Commerce Service Fund impacts year-end transfers to the General Fund.

Expenditures	FY 2019	FY 2020	FY 2021
General Fund	\$0	\$900	\$900
General Fund, One-Time	\$156,700	\$158,800	\$0
Commerce Service Fund	\$0	\$17,900	\$17,900
Commerce Service Fund, One-Time	\$3,100	\$6,200	\$0
New Account Created By Legislation	\$0	\$5,575,100	\$11,420,100
<b>Total Expenditures</b>	<b>\$159,800</b>	<b>\$5,758,900</b>	<b>\$11,438,900</b>

Enactment of this legislation could cost state agencies a total of \$159,800 in FY 2019, \$5.8 million in FY 2020, \$11.4 million in FY 2021, and \$11.5 million ongoing beginning in FY 2022 for regulating medical cannabis businesses and employees, as well as paying for a state central fill pharmacy. Of

the above totals, costs to the General Fund are \$156,700 one-time in FY 2019 plus \$158,800 one-time and \$900 ongoing in FY 2020.

	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>
<b>Net All Funds</b>	<u>\$(159,800)</u>	<u>\$(223,800)</u>	<u>\$(23,800)</u>

### **Local Government**

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

Enactment of this legislation could generate approximately \$1.0 million annually in revenue and costs for the fifteen local health departments for handling medical cannabis pharmacy shipments. For each misdemeanor conviction under this bill, local justice systems may see costs of \$400 and revenues of up to \$1,000.

### **Individuals & Businesses**

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

Enactment of this legislation could reduce authorized cannabis cultivation facilities by five, which in turn would reduce the total impact of licensing fees to cultivators by an estimated \$231,100 in FY 2020 and \$147,100 ongoing beginning in FY 2021. Three to four fewer medical cannabis pharmacies will pay licensing fees, thus avoiding \$126,000 in ongoing costs beginning in FY 2020. Cannabis cultivators, processors, and independent labs would pay in total about \$11,200 ongoing starting FY 2020 for additional background checks. Some businesses would need to pay \$5 per agent to subscribe to the Federal Bureau of Investigation Rap Back System. Individuals would pay \$1 per medical cannabis pharmacy transaction for a total of \$100,000 in FY 2020 and \$300,000 ongoing beginning in FY 2021. Qualified medical providers wishing to prescribe medical cannabis could pay \$300 in initial registration fees and \$50 in renewal fees every two years, as well as \$100 annually for two hours of continuing education, with total impact on these providers as follows: \$450,000 in FY 2020, \$120,000 in FY 2021, \$165,000 in FY 2022, and \$206,300 ongoing beginning in FY 2023. Individuals convicted of a misdemeanor under this bill could pay up to \$1,000 per conviction. Violators of this legislation could pay \$100 per violation for a total of \$15,000 annually in fines beginning in FY 2020.

### **Regulatory Impact**

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

Enactment of this legislation likely will not change the regulatory burden for Utah residents or businesses.

### **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.