



Fiscal Note

S.B. 1002

2019 First Special Session
 Medical Cannabis Amendments
 by Vickers, E.



General, Education, and Uniform School Funds

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$(12,300)	\$(12,300)	\$(24,600)

State Government

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

Revenues	FY 2020	FY 2021	FY 2022
General Fund	\$0	\$400	\$400
General Fund, One-Time	\$400	\$0	\$0
Commerce Service Fund	\$0	\$400	\$400
Commerce Service Fund, One-Time	\$400	\$0	\$0
Qualified Production Enterprise Fund	\$(190,000)	\$(90,000)	\$(90,000)
Qualified Patient Enterprise Fund	\$2,429,000	\$1,524,000	\$1,561,500
Qualified Distribution Enterprise Fund	\$(5,725,000)	\$(11,521,000)	\$(11,558,500)
Total Revenues	\$(3,485,200)	\$(10,086,200)	\$(10,086,200)

Enactment of this legislation could reduce state revenue by \$3.5 million in FY2020 and \$10.1 million ongoing beginning in FY2021, primarily from shifting the sales of medical cannabis from the state central fill medical cannabis pharmacy to private medical cannabis pharmacies. Various funds and accounts could be impacted as follows: (1) elimination of the Qualified Distribution Enterprise Fund and associated revenue of (\$5,725,000) in FY2020, (\$11,521,000) in FY2021, and (\$11,558,500) in FY2022; (2) transfer of some of the revenue from the eliminated Qualified Distribution Enterprise Fund to the Qualified Patient Enterprise Fund \$2,429,000 in FY2020, \$1,524,000 in FY2021, \$1,561,500 in FY2022; (3) less licensing revenue to the Qualified Production Enterprise Fund (\$190,000) in FY2020 and (\$90,000) ongoing beginning in FY2021; (4) the Commerce Service Account \$400 ongoing beginning in FY2020; and (5) the General Fund \$400 ongoing beginning in FY2020. Spending from the Commerce Service Account impacts year-end transfers to the General Fund.

Expenditures	FY 2020	FY 2021	FY 2022
General Fund	\$0	\$2,700	\$2,700
General Fund, One-Time	\$2,700	\$0	\$0
Education Fund	\$0	\$10,000	\$10,000
Education Fund, One-Time	\$10,000	\$0	\$0
Commerce Service Fund	\$0	\$400	\$400

Commerce Service Fund, One-Time	\$400	\$0	\$0
Qualified Production Enterprise Fund	\$(190,000)	\$(90,000)	\$(90,000)
Qualified Patient Enterprise Fund	\$2,219,000	\$914,000	\$951,500
Qualified Distribution Enterprise Fund	\$(5,525,000)	\$(10,921,000)	\$(10,958,500)
Total Expenditures	\$(3,482,900)	\$(10,083,900)	\$(10,083,900)

Enactment of this legislation could save state agencies a total of \$3.5 million in FY2020 and \$10.1 million ongoing in FY2021 from shifting the costs of selling medical cannabis from the state central fill medical cannabis pharmacy to private medical cannabis pharmacies, changes to medical cannabis regulations, as well as issuing medical cannabis research licenses. Of the above totals, costs to the General Fund are \$2,700 ongoing beginning in FY2020. Spending from the Commerce Service Fund impacts year-end transfers to the General Fund. Utah State University and the University of Utah may each pay up \$5,000 ongoing from the Education Fund beginning in FY2020 for medical cannabis research licenses.

	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>
Net All Funds	\$(2,300)	\$(2,300)	\$(2,300)

Local Government

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

Enactment of this legislation could reduce approximately \$1.6 million in FY2020 and \$1.2 million annually in revenue and costs for the fifteen local health departments for no longer handling medical cannabis pharmacy shipments.

Individuals & Businesses

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

Enactment of this legislation could reduce authorized cannabis cultivation facilities by two, which in turn would reduce the total impact of licensing fees to cultivators by an estimated \$200,000 in FY2020 and \$100,000 ongoing beginning in FY2021. Medical cannabis card holders may pay less in total fees of about \$95,000 ongoing beginning in FY 2020. Up to five more medical cannabis pharmacies may pay licensing fees, paying \$90,000 total in ongoing costs beginning in FY2020. Businesses and/or individuals may pay about \$10,000 total in FY2020 and FY2021 and then \$18,000 total annually to license around 26 sites and 100 agents as medical cannabis couriers. Violators of administrative rules could pay up to \$5,000 per violation for a total of \$10,000 annually in fines beginning in FY2020.

Regulatory Impact

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

Enactment of this legislation could result in a small increase in 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.