

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2546 HB	<b>Title:</b> Marijuana product potency	<b>Agency:</b> 195-Liquor and Cannabis Board
-----------------------------	---	--

## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.2	0.1	0.2	0.2
<b>Account</b>					
Dedicated Marijuana Account-State 315-1	0	21,764	21,764	43,528	43,528
<b>Total \$</b>	0	21,764	21,764	43,528	43,528

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/30/2020
Agency Preparation: Thea McNally	Phone: 360-664-4552	Date: 01/30/2020
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/30/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 01/30/2020

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Sec.3(5) would allow only those licensed marijuana retailers who hold a medical marijuana endorsement to sell marijuana concentrates with a THC concentration greater than ten percent THC. Marijuana concentrates with a THC concentration greater than ten percent may be sold only to qualifying patients and designated providers who are entered into the medical marijuana authorization database and who hold a valid recognition card.

Sec.4(2) A marijuana processor may process, package, possess, deliver, distribute, and sell marijuana concentrates with a THC concentration greater than ten percent THC only when the marijuana concentrates are intended for sale to a marijuana retailer with a medical marijuana endorsement who will sell the products at retail.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

#### ENFORCEMENT:

The LCB keeps detailed statistics on all of its enforcement activities and tracks this activity using a unit of measure called a Field Increment (FI). All direct enforcement activities such as premise checks, inspections and investigations are tracked to determine how many FI's are needed to accomplish each activity. Each FI is equivalent to 1/10th of an hour (6 minutes). For example, if a tavern premise check takes 2 FI's and two officers, it is anticipated that one check will consume 4 FI's. Using historical data to factor out indirect activities such as driving time, training, office time and leave, it has been determined that officers are available for an average of 4,220 FI's each year.

Based on 483 retailers and 1347 producer/processors an assumed percentage of complaints related to product potency were calculated that will require:

0.2 FTE LCB Enforcement Officer 2 - \$21,764/yr (\$21,210 salary/benefits, \$554 in associated costs)

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
315-1	Dedicated Marijuana Account	State	0	21,764	21,764	43,528	43,528
Total \$			0	21,764	21,764	43,528	43,528

**III. B - Expenditures by Object Or Purpose**

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.2	0.1	0.2	0.2
A-Salaries and Wages		14,921	14,921	29,842	29,842
B-Employee Benefits		6,289	6,289	12,578	12,578
C-Professional Service Contracts					
E-Goods and Other Services		526	526	1,052	1,052
G-Travel					
J-Capital Outlays		28	28	56	56
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	21,764	21,764	43,528	43,528

**III. C - Operating FTE Detail:** List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
LCB Enforcement Officer 2	74,604		0.2	0.1	0.2	0.2
<b>Total FTEs</b>			0.2	0.1	0.2	0.2

**III. D - Expenditures By Program (optional)**

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Enforcement Division (060)		21,764	21,764	43,528	43,528
<b>Total \$</b>		21,764	21,764	43,528	43,528

**Part IV: Capital Budget Impact****IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

**Part V: New Rule Making Required**

Enforcement Field Increment (FI) Calculator				
6332 SB "Marijuana Product Potency"				
	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Marijuana	14	20	1.3	377
License Support and Education	28	7	1	196
Complaint Investigations Non Retail Marijuana	13	25	1.3	438

Total FI's	1,010
Total Field Increments per FTE	4,220
FTE's required	0.24
Round	0.20

Investigations		
Complaint Investigations Marijuana	3%	Retailer
License Support and Education		Producer/Processors
Complaint Investigations Non Retail Marijuana	1%	

483

1347