

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses
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## Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	12,000	0	603,000	0	856,000
Liquor and Cannabis Board	0	2,507,453	0	9,980,906	0	9,980,906
<b>Total \$</b>	<b>0</b>	<b>2,519,453</b>	<b>0</b>	<b>10,583,906</b>	<b>0</b>	<b>10,836,906</b>

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
<b>Local Gov. Total</b>						

## Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of the Governor	.1	43,594	43,594	.3	84,688	84,688	.0	0	0
Office of Attorney General	.0	0	12,000	2.2	0	603,000	3.1	0	856,000
Department of Commerce	.6	0	0	1.2	0	0	1.2	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Commission on Hispanic Affairs	.0	0	0	.0	0	0	.0	0	0
Commission on African-American Affairs	.0	0	0	.0	0	0	.0	0	0
Human Rights Commission	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.5	0	354,185	.0	0	919,586	.0	0	1,164,586
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>1.2</b>	<b>43,594</b>	<b>409,779</b>	<b>3.7</b>	<b>84,688</b>	<b>1,607,274</b>	<b>4.3</b>	<b>0</b>	<b>2,020,586</b>

## Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Commission on Hispanic Affairs	.0	0	0	.0	0	0	.0	0	0
Commission on African-American Affairs	.0	0	0	.0	0	0	.0	0	0
Human Rights Commission	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

### Estimated Capital Budget Breakout

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<b>Prepared by:</b> Ramona Nabors, OFM	<b>Phone:</b> (360) 902-0547	<b>Date Published:</b> Final 3/23/2020
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses	<b>Agency:</b> 075-Office of the Governor
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## 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	0.3	0.1	0.3	0.0
<b>Account</b>					
General Fund-State      001-1	0	43,594	43,594	84,688	0
<b>Total \$</b>	0	43,594	43,594	84,688	0

### 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:	Phone:	Date: 03/10/2020
Agency Preparation:    Jim Jenkins	Phone: 360-902-0403	Date: 03/11/2020
Agency Approval:        Aaron Butcher	Phone: 360-902-0406	Date: 03/11/2020
OFM Review:                Bryan Way	Phone: (360) 902-0650	Date: 03/23/2020

## 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.

Section 5(5)- If Engrossed Second Substitute House Bill No. 1783 is enacted by June 30, 2020, then responsibility for providing staff support for the legislative task force on social equity in marijuana must be transferred to the office of equity created by Engrossed Second Substitute House Bill No. 1783 when requested by the office of equity.

### 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.

Staff support for the task force, including arranging the first meeting of the task force and assisting the chair of the task force in arranging subsequent meetings would require a .25 FTE Policy Analyst with an annual salary of \$108,156 plus benefits, cost of goods and services, travel, and one-time equipment costs. These costs would end June 30, 2022.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	0	43,594	43,594	84,688	0
<b>Total \$</b>			0	43,594	43,594	84,688	0

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

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.3	0.1	0.3	
A-Salaries and Wages		27,044	27,044	54,088	
B-Employee Benefits		8,700	8,700	17,400	
C-Professional Service Contracts					
E-Goods and Other Services		6,000	6,000	12,000	
G-Travel		600	600	1,200	
J-Capital Outlays		1,250	1,250		
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	43,594	43,594	84,688	0

### 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
Policy Analyst	108,156		0.3	0.1	0.3	
<b>Total FTEs</b>			0.3	0.1	0.3	0.0

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

NONE

**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**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Legal Services Revolving Account-State 405-1		12,000	12,000	603,000	856,000
<b>Total \$</b>		12,000	12,000	603,000	856,000

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.1	0.0	2.2	3.1
<b>Account</b>					
Legal Services Revolving Account-State 405-1	0	12,000	12,000	603,000	856,000
<b>Total \$</b>	0	12,000	12,000	603,000	856,000

### 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:	Phone:	Date: 03/10/2020
Agency Preparation: Stacia Hollar	Phone: (360) 664-0865	Date: 03/13/2020
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 03/13/2020
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 03/20/2020

## 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.*

Bill Summary:

Section 1 is a statement of legislative intent.

Section 2 adds a new section to chapter 69.50 RCW to allow the Liquor and Cannabis Board (LCB) to reissue marijuana retailer licenses that have been forfeited, revoked, or cancelled, and issue licenses that have not previously been issued, to social equity applicants. Applicants must submit a social equity plan, and applicants may be prioritized based on the extent to which the application meets social equity goals. LCB may adopt rules to implement this section.

Section 3 adds a new section to chapter 43.330 RCW to create a marijuana social equity technical assistance competitive grant program administered by the Department of Commerce (COM).

Section 4 amends RCW 69.50.540 to earmark moneys in the dedicated marijuana account to COM for the program created in Section 3.

Section 5 adds a new section to chapter 69.50 RCW to create a legislative task force on social equity in marijuana. Membership of the task force includes the Attorney General's Office.

Section 6 amends RCW 69.50.325 to permit LCB to issue marijuana retailer licenses under Section 2.

### 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.*

Cash receipts are assumed to equal the Legal Services Revolving Account cost estimates. These will be billed through the revolving account to the client agency.

The client agencies are the Department of Commerce (COM) and the Liquor & Cannabis Board (LCB). The Attorney General's Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies' fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

COM will be billed \$12,000 in FY 2021.

LCB will be billed:

FY 2023: \$603,000.

FY 2024: \$724,000.

FY 2025: \$132,000.

## 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.*

### Attorney General's Office (AGO) Agency Assumptions:

1. This bill is assumed effective 90 days after the end of the 2020 legislative session.
2. The AGO Administration Division (HQ-ADMIN) has reviewed this bill and determined it will not significantly increase the division's workload. The AGO's participation in the new social equity task force (Section 5) will not result in noteworthy workload. These legal services will be provided with existing resources and costs are not included in this request.
3. The AGO Government Compliance & Enforcement Division (GCE) has reviewed this bill and determined it will not increase or decrease the division's workload in representing the Commission on Hispanic Affairs and the Commission on African-American Affairs. New Section 5 creates a legislative task force on social equity in marijuana. One member from both of these commissions will be appointed to the task force. GCE does not anticipate any advice requests generated by these clients as a result of their service on this task force. New legal services are assumed to be nominal and costs are not included in this request.
4. The AGO Licensing & Administrative Law Division (LAL) has reviewed this bill and determined it will not significantly increase the division's workload in representing the Liquor and Cannabis Board (LCB). This bill will result in a need for legal advice for rulemaking to implement Section 2 and further refine the definitions in that section. These legal services will be provided with existing resources. Costs are not included in this request.
5. Agency administration support FTE are included in the tables below, using a Management Analyst 5 as a representative classification.
6. There is potential for one or more legal challenges to this law. Legal service costs are not included in this request.

### Assumptions for the AGO Agriculture & Health Division (AHD) Legal Services for the Department of Commerce (COM):

1. The AGO will bill COM for legal services based on the enactment of this bill.
2. In FY 2021, 0.05 Assistant Attorney General (AAG) will be required to provide legal advice and guidance to implement the new grant program in Section 3, and for rulemaking.
3. In FY 2022 and subsequent years, legal services will be provided for ongoing legal advice and guidance related to the new grant program. These costs are assumed nominal and will be provided with existing resources.
4. Total workload impact in FY 2021: 0.05 AAG at a cost of \$12,000.

### Assumptions for the AGO GCE Division's Legal Services for the LCB:

1. The AGO will bill LCB for legal services based on the enactment of this bill.
2. GCE litigates marijuana retailer license denials for LCB.
3. Beginning December 1, 2020, this bill allows LCB to issue currently available marijuana retail licenses to social equity applicants meeting the qualifications for licensure. An application could be denied if it failed to meet social equity goals or plan requirements, or if it did not otherwise meet, the LCB's licensing requirements. The LCB may, but not required to, prioritize applicants in license issuance.
4. This bill also creates a legislative task force on social equity in marijuana. This purpose of the task force is to make recommendations to LCB relating to the establishment of a social equity program for issuance and reissuance of existing marijuana retail licenses. The task force's recommendations will be submitted by December 1, 2020.
5. The LCB will have authority to adopt rules to implement the social equity licensure process. GCE assumes LCB will complete the rulemaking authorized by this bill by the end of FY 2021.
6. GCE assumes that applications for the existing available marijuana retail licenses will be received shortly after the LCB completes its rulemaking, and that all licensing decisions will be made by the end of FY 2022.
7. According to the LCB, out of 569 existing marijuana retail licenses in the state, LCB currently has 34 licenses available. LCB assumes that it will receive approximately 1,000 applications for the remaining licenses. LCB further assumes approximately 20 percent, or 200 of the applications will be administratively closed prior to consideration. This will result in approximately 800 applications being considered for 34 licenses, which will result in 766 license denials. GCE agrees with these assumptions.
8. It is unknown whether the LCB will utilize a lottery or priority system, or some combination thereof, to allocate the licenses. GCE assumes that any legal challenges to the process implemented by the LCB will be litigated by the AGO LAL.
9. Based on past experience with litigating marijuana license denials resulting from both priority and lottery licensing processes, GCE assumes approximately 20 percent, or 154 of the denials will result in an administrative action to challenge the decision. GCE further assumes that because marijuana retail license denial cases often result in extensive discovery which extends the process, approximately 77 of these cases will be litigated in FY 2023 and the remaining 77 would be litigated in FY 2024.
10. Based on past experience, GCE assumes each administrative case to utilize 50 AAG hours. Paralegal (PL) legal services are also assumed for this new work at a ratio of 1 PL hour for every 3 AAG hours. Therefore, the administrative litigation resulting from the license denials will result in an increase of 3,850 AAG hours and 1,283 PL hours during FY 2023 and FY 2024.
11. GCE assumes approximately 20 percent, or 15 of the litigants will seek judicial review in Superior Court. Each judicial review will utilize 60 AAG hours. As a result, GCE anticipate that in FY 2024 and FY 2025, an increase of 900 (15 x 60) AAG hours is required for judicial review litigation.
12. In FY 2025, GCE assumes to receive 1 new appellate case from license denial litigation. GCE assumes to

utilize 75 AAG hours to litigate this appeal.

13. Legal services carrying over into FY 2026 are assumed nominal and will be provided with existing resources.

14. Total workload impact:

FY 2023: 2.14 AAG, 0.71 PL and 1.07 Legal Assistant (LA) at a cost of \$603,000.

FY 2024: 2.64 AAG, 0.71 PL and 1.32 LA at a cost of \$724,000.

FY 2025 and in each FY thereafter: 0.54 AAG and 0.27 LA at a cost of \$132,000.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
405-1	Legal Services Revolving Account	State	0	12,000	12,000	603,000	856,000
<b>Total \$</b>			0	12,000	12,000	603,000	856,000

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

	FY 2020	FY 2021	2019-21	2021-23	2023-25	
FTE Staff Years		0.1	0.0	2.2	3.1	
A-Salaries and Wages		8,000	8,000	386,000	550,000	
B-Employee Benefits		3,000	3,000	133,000	189,000	
E-Goods and Other Services		1,000	1,000	74,000	104,000	
G-Travel				5,000	6,000	
J-Capital Outlays				5,000	7,000	
<b>Total \$</b>		0	12,000	12,000	603,000	856,000

#### 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
Assistant Attorney General	108,156		0.1	0.0	1.1	1.6
Legal Assistant 3	54,108				0.5	0.8
Management Analyst 5	88,644				0.3	0.4
Paralegal 2	67,248				0.4	0.4
<b>Total FTEs</b>			0.1	0.0	2.2	3.2

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

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25	
Agriculture & Health Division (AHD)		12,000	12,000			
Government Compliance & Enforcement Division (GCE)				603,000	856,000	
<b>Total \$</b>			12,000	12,000	603,000	856,000

### 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**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses	<b>Agency:</b> 103-Department of Commerce
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## 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	1.2	0.6	1.2	1.2
<b>Account</b>					
<b>Total \$</b>					

**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:	Phone:	Date: 03/10/2020
Agency Preparation: Karen McArthur	Phone: 360-725-4027	Date: 03/12/2020
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 03/12/2020
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 03/20/2020

## 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.*

Differences between amendment 2870 E2SHB AMS ENGR S7233.E and the engrossed second substitute bill:

Section 1(3) limits the number of marijuana retailer licenses to the number of licenses established by the Liquor and Cannabis Board (board) before January 1, 2020.

Section 2(5) is added regarding the annual fee for issuance, reissuance, or renewal for any marijuana retailer license under the social equity provisions, and states that the fee must be equal to the current marijuana license fee.

Section 5(2)(H) adds the Department of Commerce (department) to the task force.

Section 5(5) removes the senate committee services and house of representatives office of program research from the role of providing staff support to the task force, and adds staff support to be provided by the health equity council of the governor's interagency council on health disparities.

Summary of amendment 2870 E2SHB AMS ENGR S7233.E:

Section 3 adds a new section to 43.330 RCW creating a competitive technical assistance grant program in the department for marijuana retailer license applicants who are social equity applicants submitting social equity plans.

### 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.*

The department does not set, administer or collect the fee contained in this bill.

### 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.*

#### Section 3 – Small Business Technical Assistance Grant Program

The costs the department would incur would be reimbursed through an interagency agreement with the State Liquor and Cannabis Board (board). The department would develop and manage a competitive grant program focusing on small business development. To accomplish this work the department estimates:

1.0 FTE Commerce Specialist 3 (2,088 hours in FY21-25) to work with the board in the creation of the grant program application process, including application guidelines and deadlines as well as represent the department on the task force. In addition, staff would set up and provide support to a grant application review committee, including establishing criteria for ranking applicants, screening applications for consideration by the grant review committee, monitoring grants, and reviewing reports and invoices received from grantees.

Salaries and Benefits

FY21-25: \$103,689 per fiscal year

Goods and Services, Travel and Equipment

FY21: \$80,572

FY22: \$67,572

FY23-24: \$59,572 per fiscal year

FY 25: \$60,888

Grants

FY21-25: \$1,100,000 per fiscal year

Note: Attorney General costs are based on an estimate from the AGO. Travel includes stakeholder meetings and task force attendance. Standard goods and services costs include supplies and materials, employee development and training and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

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Total Estimated Costs

FY21: \$1,284,261

FY22: \$1,271,261

FY23-24: \$1,263,261 per fiscal year

FY25: \$1,264,577

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

NONE

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

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		1.2	0.6	1.2	1.2
A-Salaries and Wages		76,422	76,422	152,844	152,844
B-Employee Benefits		27,267	27,267	54,534	54,534
C-Professional Service Contracts					
E-Goods and Other Services		72,572	72,572	121,144	113,144
G-Travel		3,000	3,000	6,000	6,000
J-Capital Outlays		5,000	5,000		1,316
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		1,100,000	1,100,000	2,200,000	2,200,000
P-Debt Service					
S-Interagency Reimbursements		(1,284,261)	(1,284,261)	(2,534,522)	(2,527,838)
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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*

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>2019-21</b>	<b>2021-23</b>	<b>2023-25</b>
Agency Administration	69,552		0.2	0.1	0.2	0.2
Commerce Specialist 3	74,196		1.0	0.5	1.0	1.0
<b>Total FTEs</b>			1.2	0.6	1.2	1.2

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

NONE

**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**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses	<b>Agency:</b> 105-Office of Financial Management
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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:	Phone:	Date: 03/10/2020
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 03/10/2020
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 03/10/2020
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 03/10/2020

## 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.*

The amendments to this bill version does not affect the Office of Financial Management (OFM) and has no fiscal impact.

### 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.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**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*

NONE

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

NONE

## 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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses	<b>Agency:</b> 118-Commission on Hispanic Affairs
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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:	Phone:	Date: 03/10/2020
Agency Preparation: Paul Bitar	Phone: 360-407-8129	Date: 03/11/2020
Agency Approval: Paul Bitar	Phone: 360-407-8129	Date: 03/11/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/11/2020

## 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.*

None of the changes included in 2870-S2.E AMS ENGR S7233.E would result in any costs to CHA.

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None of the changes included in 2870 E2S HB would result in any costs to CHA.

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Section 5 of 2870 SHB would require CHA to participate in a social equity in marijuana task force. The task force would convene in July 2020, and issue a report by December 1, 2020.

CHA assumes that there would be no more than 3-4 meetings, and that the meetings would be held in Olympia. Accordingly, CHA does not anticipate any costs associated with this bill.

### 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.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**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*

NONE

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

NONE

## 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**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses	<b>Agency:</b> 119-Commission on African-American Affairs
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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:	Phone:	Date: 03/10/2020
Agency Preparation: Chad Johnson	Phone: (360) 407-8130	Date: 03/10/2020
Agency Approval: Chad Johnson	Phone: (360) 407-8130	Date: 03/10/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/10/2020

## 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.*

Section 5 creates a legislative task force to make recommendations to the board - CAAA is identified to be on this task force. The agency assumes all costs will be absorbed as the meetings will be held in Olympia.

### 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.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**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*

NONE

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

NONE

## 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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses	<b>Agency:</b> 120-Human Rights Commission
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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:	Phone:	Date: 03/10/2020
Agency Preparation: Laura Lindstrand	Phone: 360-753-6770	Date: 03/12/2020
Agency Approval: Laura Lindstrand	Phone: 360-753-6770	Date: 03/12/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/13/2020

## 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.*

This bill does not require the Human Rights Commission to take any action, nor does it give any additional investigative power or authority to the Human Rights Commission. There is no fiscal impact.

### 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.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**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*

NONE

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

NONE

## 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

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses	<b>Agency:</b> 195-Liquor and Cannabis Board
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Dedicated Marijuana Account-State 315-1		2,507,453	2,507,453	9,980,906	9,980,906
<b>Total \$</b>		2,507,453	2,507,453	9,980,906	9,980,906

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.9	0.5	0.0	0.0
<b>Account</b>					
Dedicated Marijuana Account-State 315-1	0	354,185	354,185	919,586	1,164,586
<b>Total \$</b>	0	354,185	354,185	919,586	1,164,586

### 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:	Phone:	Date: 03/10/2020
Agency Preparation: Thea McNally	Phone: 360-664-4552	Date: 03/13/2020
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 03/13/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/17/2020

## 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.*

Section 2(1): Until July 1, 2028, marijuana retailer licenses that have been subject to forfeiture, revocation, or cancellation by the Washington State Liquor and Cannabis Board ("Board"), or licenses that could have been issued without exceeding the cap on the statewide number of marijuana retail licenses, may be issued or reissued to an applicant that meets the marijuana retailer license requirements of this chapter.

Section 2(2): To qualify for a license under Section 2(1), applicants must be a social equity applicant and submit a social equity plan, along with other marijuana retailer license requirements to the Board.

Section 2(3): The Board may prioritize applicants based on the extent by which the application addresses the social equity plan requirements.

Section 2(4): The Board may adopt rules to implement this section. Rules may include strategies for receiving advice on the social equity program from communities the program is intended to benefit.

Section 3(1): The technical assistance competitive grant program is established and is to be administered by the Department of Commerce (COM).

Section 3(2): The technical assistance competitive grant program must award grants on a competitive basis to marijuana retailer license applicants who are submitting social equity plans under section 2 of this act. COM must award grants primarily based on the strength of the social equity plans submitted by applicants but may also consider additional criteria if deemed necessary or appropriate. Technical assistance activities eligible for funding under the technical assistance competitive grant program include:

- (a) Assistance navigating the marijuana retailer licensure process;
- (b) Marijuana-business specific education and business plan development;
- (c) Regulatory compliance training;
- (d) Financial management training and assistance in seeking micro loans;
- (e) Connecting applicants with established industry members and tribal marijuana enterprises and programs for mentoring and other forms of support approved by the Board and local jurisdictions.

Section 4(1i): \$1.1 million annually is appropriated in the Dedicated Marijuana Account to the Department Of Commerce to fund the technical assistance competitive grant program under section 3 of this act.

Section 5: Establishes a task force on marijuana social equity for the purpose of making recommendations to the LCB on establishing a social equity program for the issuance and reissuance of existing marijuana licenses.

- Requires the task force to submit a report on recommended policies that will facilitate the development of a marijuana social equity program in Washington to the Governor, the Board and the appropriate committees of the Legislature by December 1, 2020.
- Provides that the Board may adopt rules to implement the recommendations of the task force.

\*\*\*\*\*

CHANGES FROM 2870 E2S HB (prior version)

Section 2(5) – adds language to ensure the license fee for the social equity program will be the same as existing license fees;

Section 5(2) – adds a labor organization involved in the marijuana industry and the Dept. of Commerce to the legislative task force on social equity in marijuana;

Section 5(5) - The legislative task force created in the bill to advise the LCB on program development and advise the governor and Legislature on potential future expansion or further development of the social equity program would no longer be staffed by legislative committee staff. Instead, the health equity council of the governor’s interagency council on health disparities would provide staff support to the task force, and that role would be transferred to the new Washington State Office of Equity in the governor’s office being created under House Bill 1783, if it passes and once the transfer is requested after the Office of Equity is staffed up and ready to take on this project.

Section 5(10) – Adds language to encourage the task force to offer recommendations to the LCB about initial program structure as soon as possible, to accelerate the launch of the program without any delay that might be caused by lumping those program design suggestions in with policy recommendations for the Legislature to consider in a single report not due until December;

Section 5(11) – Adds language to specify that any recommendation by the task force to increase the number of retail outlets above the current limit requires legislative approval;

## **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.*

Based on the last 12 months of marijuana retail sales activity, the yearly average of marijuana excise tax collected per retailer was \$765,000. The Board currently has 13 licenses available to be issued. If those 13 licenses were issued and 50% of taxes collected from each new license was attributable to new sales rather than shifting from existing licensees, the amount of new marijuana excise tax collections per year could be \$382,500 for each new license. Total annual tax revenues would be \$4,972,500 (\$382,500 x 13 licenses). FY2021 revenues assume the 13 licensees do not become operational and begin generating excise tax revenue until January 1, 2021.

The application fee for a marijuana retailer license is \$250 (one-time) and the renewal fee is \$1,381 per year. If all 13 retailer licenses are issued in FY21, license fee revenues would be:

Application fees (FY21 only): \$3,250 (13 x \$250)

Renewal fees (annual): \$17,953 (13 x \$1,381)

FY21: \$21,203

FY22+: \$17,953

Total cash receipts:

FY21: \$2,507,453

FY22+: \$4,990,453

## **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.*

**INFORMATION TECHNOLOGY DIVISION:**

To track licenses issued under the provisions of this bill, there would be IT implementation costs relating to modifying the existing iSeries, Oracle, Replication, and SSRS reporting systems. A new input form would also need to be created. Contracted costs (iSeries) are assumed at \$24,000 (160 hours x \$150/hr). Agency staff costs are assumed to be 0.9 FTE of Senior/Specialist time, \$138,892 (\$136,204 in salary/benefits, \$2,688 in associated costs). All IT costs are one-time in FY21.

**BOARD DIVISION:**

The Attorney General's Office (AGO) anticipates billing the Board for legal work from this legislation. \$12,000 in FY21, \$603,000 in FY23, \$724,000 in FY24, and \$132,000 in FY25.

\*\*\*\*\*

**Interagency agreements:**

The Department of Commerce has the responsibility of managing the technical assistance competitive grant program (Sect 3). Costs incurred by the Department of Commerce to administer the grant program would be billed to the Board, so these costs are assumed as interagency reimbursements. The Department of Commerce assumes that 1 FTE of Commerce Specialist 3 would be required to manage the grant program - \$164,293 in FY21, \$154,293 each year thereafter. (\$103,689 in salary/benefits, \$60,604 in associated costs in FY21 and \$50,604 each year thereafter).

Additional Attorney General costs for the Department of Commerce would be \$15,000 for FY2021 and \$8,000 for FY2022

**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	354,185	354,185	919,586	1,164,586
<b>Total \$</b>			0	354,185	354,185	919,586	1,164,586

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

	FY 2020	FY 2021	2019-21	2021-23	2023-25	
FTE Staff Years		0.9	0.5			
A-Salaries and Wages		103,486	103,486			
B-Employee Benefits		32,718	32,718			
C-Professional Service Contracts						
E-Goods and Other Services		36,988	36,988	603,000	856,000	
G-Travel						
J-Capital Outlays		1,700	1,700			
M-Inter Agency/Fund Transfers						
N-Grants, Benefits & Client Services						
P-Debt Service						
S-Interagency Reimbursements		179,293	179,293	316,586	308,586	
T-Intra-Agency Reimbursements						
9-						
<b>Total \$</b>		0	354,185	354,185	919,586	1,164,586

**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
IT APP DEVELOPMENT - SENIOR/SPECIALIST	114,984		0.9	0.5		
<b>Total FTEs</b>			0.9	0.5		0.0

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

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Board Division (010)		12,000	12,000	603,000	856,000
Finance Division (020)		179,293	179,293	316,586	308,586
Information Technology Division (070)		162,892	162,892		
<b>Total \$</b>		354,185	354,185	919,586	1,164,586

**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**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Section 2(4): The Board may adopt rules to implement this section (social equity plans).

Section 5(11): Provides that the Board may adopt rules to implement the recommendations of the task force.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses	<b>Agency:</b> 495-Department of Agriculture
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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:	Phone:	Date: 03/10/2020
Agency Preparation: Steven Howe	Phone: 360-584-3711	Date: 03/12/2020
Agency Approval: Nicholas Johnson	Phone: (360) 902-2055	Date: 03/12/2020
OFM Review: Leslie Connelly	Phone: (360) 902-0543	Date: 03/23/2020

## 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.*

The proposed legislation has no fiscal impact on Washington State Department of Agriculture (WSDA).

Section. 4. (1)(h) Six hundred thirty-five thousand dollars for fiscal year 2020 and six hundred thirty-five thousand dollars for fiscal year 2021 to WSDA for compliance-based laboratory analysis of pesticides in marijuana.

### 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.*

The proposed legislation has no cash receipt impact on WSDA.

### 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.*

The proposed legislation has no expenditure impact on WSDA.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**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*

NONE

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

NONE

## 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**

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

<b>Bill Number:</b> 2870 E 2S HB AMS ENGR S7233.E	<b>Title:</b> Marijuana retail licenses
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## Part I: Jurisdiction

Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities: Potential revenue from additional marijuana retailers
- Counties: Same as above
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Increase in tax revenue from greater number of retail establishments.

### Estimated revenue impacts to:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Tracy Schreiber	Phone: 360-725-3126	Date: 03/11/2020
Leg. Committee Contact:	Phone:	Date: 03/10/2020
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 03/11/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/11/2020

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.*

#### CHANGES FROM PRIOR BILL VERSION (E2SHB 2870)

The proposed legislation:

- clarifies the intent of the legislation is to benefit individuals from disproportionately impacted areas;
- adds provisions to clarify that there will not be additional retail marijuana licenses above the current state limit established by the Liquor and Cannabis board before January 1, 2020 and that increasing the statewide limit on retail outlets must be approved by the legislature;
- requires task force staff support would come through the Health Equity Council of the Governor's Interagency Council on Health Disparities or to the Office of Equity if E2SHB 1783 is enacted;
- clarifies the reporting requirements of the task force;
- stipulates that if funding is not provided in the omnibus appropriations act, the legislation is null and void.

Local government expenditure and revenue analysis was not impacted.

#### SUMMARY OF CURRENT BILL (2870 E2S HB AMS ENGR S7233.E)

This legislation continues to focus on the distribution of the remaining licenses within the current statewide maximum.

Section 1 discusses background and contextual language concerning barriers to entry and participation in the cannabis industry and adds that the legislation would not impact the total number of established retail marijuana licenses in the state. The legislation proposes creating a social equity program to further an equitable cannabis industry through offering services like financial and technical assistance and license application benefits to disproportionately impacted areas.

Section 2(5) is added requiring the annual fee for issuance, re-issuance, or renewal to be equal to the fee established in RCW 69.50.325.

Section 7 adds a stipulation that if specific funding is not provided by June 30, 2020 in the omnibus appropriations act, the legislation is null and void.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.*

This legislation would not impact local government expenditures.

### **C. SUMMARY OF REVENUE IMPACTS**

*Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.*

The revenue impact to local government is indeterminate.

Current statute requires that beginning in FY 2018, the legislature appropriate an amount equal to 30 percent of all marijuana excise taxes to be deposited into the general fund the prior fiscal year and distributed to counties, cities, and towns, if excise taxes in the prior fiscal year exceeded \$25 million.

The proposal would distribute up to the maximum statewide number of retail marijuana licenses, thus increasing the current operating number of retail establishments. Adding more retail licenses, specifically focused disproportionately impacted areas, may also expand the retail marijuana market. The expanded number of operating licenses would likely increase marijuana-generated revenue, therefore, increased excise taxes, resulting in more revenue to cities, towns and counties.

#### BACKGROUND:

The LCB reports excise taxes on marijuana have well exceeded \$25 million.

Table of total excise taxes per fiscal year:

FY 2014 \$1,575

FY 2015 \$64,881,111.46

FY 2016 \$185,669,140.99

FY 2017 \$314,839,660.49

FY 2018 \$120,615,211.27

Source: Liquor and Cannabis Board

The State Auditor reports marijuana excise tax distribution by county as \$1,346,460 in 2017 and \$7,241,893 in 2018. The marijuana excise taxes distributed to cities and towns totaled \$1,244,522 in 2017 and \$7,555,989 in 2018. In total, the excise taxes distributed to local governments were \$2,590,982 in 2017 and \$14,801,882 in 2018.

#### SOURCES

Washington State Liquor and Cannabis Board