

Multiple Agency Fiscal Note Summary

Bill Number: 5004 S SB	Title: Medical marijuana tax ex.
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Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Liquor and Cannabis Board	0	0	(5,295)	0	0	(5,552)	0	0	0
Total \$	0	0	(5,295)	0	0	(5,552)	0	0	0

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Joint Legislative Audit and Review Committee	.0	4,100	4,100	4,100	1.1	322,800	322,800	322,800	.0	0	0	0
Washington State Health Care Authority	.0	0	0	(1,000)	.0	0	0	(1,000)	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	.1	0	0	21,764	.2	0	0	32,647	.0	0	0	0
Total \$	0.1	4,100	4,100	24,864	1.3	322,800	322,800	354,447	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review Committee	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Ramona Nabors, OFM	Phone: (360) 902-0547	Date Published: Final 3/ 3/2021
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Individual State Agency Fiscal Note

Bill Number: 5004 S SB	Title: Medical marijuana tax ex.	Agency: 014-Joint Legislative Audit and Review Committee
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.0	0.0	1.1	0.0
Account					
General Fund-State 001-1	4,100	0	4,100	322,800	0
Total \$	4,100	0	4,100	322,800	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: Alia Kennedy	Phone: 360-786-7405	Date: 02/24/2021
Agency Preparation: Scott Hancock	Phone: 360-786-5193	Date: 03/02/2021
Agency Approval: Keenan Konopaski	Phone: 360-786-5187	Date: 03/02/2021
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 03/03/2021

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 1 of S SB 5004 establishes an exemption to the 37% excise tax on marijuana. The preference is effective January 1, 2022 and expires January 1, 2025.

Section 2 of S SB 5004 requires a JLARC study of consumer behavior and tax revenues in response to this exemption. The JLARC study must be submitted to the committee by December 1, 2024, one month prior to the expiration of the tax exemption.

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.

Section 2 of the bill specifies the matters the JLARC study must include.

Immediately after the passage of the bill, JLARC staff will reach out to the Department of Health and the Liquor and Cannabis Board to identify appropriate data sources.

JLARC staff will work with stakeholders and prepare and analyze data to estimate the number of new qualifying patients and designated providers occurring after the effective date of the bill, and the changes in the amount of sales of tax-exempt products. This may include using statistical methods such as regression analysis. Work with stakeholders may also lead to the discovery and analysis of other information necessary to assess any changes in consumer behavior or revenue collections resulting from the tax exemption.

This audit will require an estimated 16 audit months.

JLARC Audit Months: JLARC calculates its staff resources in "Audit Months" to estimate the time and effort to undertake and complete its studies. An "Audit Month" reflects a JLARC analyst's time for a month, together with related administrative, support, and goods/services costs. JLARC's anticipated 2021-23 costs are calculated at approximately \$20,300 per audit month.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
001-1	General Fund	State	4,100	0	4,100	322,800	0
Total \$			4,100	0	4,100	322,800	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years				1.1	
A-Salaries and Wages	2,500		2,500	201,900	
B-Employee Benefits	800		800	63,600	
C-Professional Service Contracts					
E-Goods and Other Services	700		700	52,500	
G-Travel	100		100	4,800	
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	4,100	0	4,100	322,800	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 2022	FY 2023	2021-23	2023-25	2025-27
Research Analyst	113,827				0.7	
Support staff	77,705				0.4	
Total FTEs					1.1	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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5004 S SB	Title: Medical marijuana tax ex.	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
Account					
Dedicated Marijuana Account-State 315-1	0	(1,000)	(1,000)	(1,000)	0
Total \$	0	(1,000)	(1,000)	(1,000)	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: Alia Kennedy	Phone: 360-786-7405	Date: 02/24/2021
Agency Preparation: Hanh OBrien	Phone: 360-725-1447	Date: 03/01/2021
Agency Approval: Michael Paquette	Phone: 360-725-0875	Date: 03/01/2021
OFM Review: Bryan Way	Phone: (360) 522-3976	Date: 03/01/2021

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.

See attached narrative

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.

See attached narrative

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.

See attached narrative

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
315-1	Dedicated Marijuana Account	State	0	(1,000)	(1,000)	(1,000)	0
Total \$			0	(1,000)	(1,000)	(1,000)	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		(1,000)	(1,000)	(1,000)	
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	(1,000)	(1,000)	(1,000)	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

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

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

HCA Fiscal Note

Bill Number: 5004 SSB

HCA Request #: 21-106

Part II: Narrative Explanation

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

The current substitute version differs from the previous version by:

Section 1(2)(a) adds the proposed tax exemption will expire January 1, 2025.

Section 2 adds a new section to require the joint legislative audit and review committee to review the tax exemption to identify any changes in consumer behavior and determine whether the exemption results in an unanticipated decrease in state revenue and submit a report of its findings to the legislature by December 1, 2024.

Section 1(2)(a) adds a new section to provide an exemption to the 37 percent excise tax for marijuana concentrates, usable and infused products for qualifying marijuana patients or designated providers who are in the statewide database and hold a recognition card until January 1, 2025.

Section 3 adds a new section to provide an effective date January 1, 2022.

II. B - Cash Receipts Impact

This bill would exempt qualifying patients (or their designated providers) that have been issued a recognition card, from the 37% marijuana excise tax on purchases of Department of Health (DOH) compliant marijuana products (as defined in WAC 246-70), when purchased at a marijuana retailer with a medical marijuana endorsement.

The proposed legislation reduces the amount of tax revenues that is directed to the Dedicated Marijuana Account (DMA). There are appropriations from the DMA which are directed to the Health Care Authority (HCA) to carry out the activities under RCW 69.50.540, therefore the reduction of tax collection / revenue proposed in this bill would directly affect the amount of funding to HCA.

- RCW 69.50.540 (2)(a) appropriates each fiscal year a minimum of \$25,560,000 and up to 15 percent of the DMA funds for the development, implementation, maintenance, and evaluation of programs and practices aimed at the prevention or reduction of maladaptive substance use, SUD, substance abuse or substance dependence, among middle school and high school-age students, mental health services for children and youth, and services for pregnant and parenting women;
- RCW 69.50.540 (2)(e) appropriates 5 percent to be expended exclusively through contracts with community health centers to provide primary health and dental care services, migrant health services, and maternity health care services as provided under RCW 41.05.220.

HCA anticipates up to 20% less in the appropriations from the DMA directed to HCA for each of the fiscal years to carry out the activities under RCW 69.50.540.

II. C - Expenditures

Fiscal impact is less than \$50,000.

Liquor and Cannabis Board (Board) fiscal note discusses the cash receipt impact of the excise tax exemption. Based on the data from the Board traceability system, the percentage of total marijuana sales that were sales of DOH compliant marijuana products was 0.0007% during the calendar year 2020 and assumes this percentage stays constant in future years. To calculate the estimated revenue impact of the excise tax exemption, the Board utilized the Economic Revenue Forecast Council's (ERFC) most recent forecast for marijuana excise tax from November 2020. Since the bill does not take

HCA Fiscal Note

Bill Number: 5004 SSB

HCA Request #: 21-106

effect until January 1, 2022 and the tax exemption expires January 1, 2025, the impact shown for FY22 and FY25 represents six months of lost revenue. The Board makes no assumptions regarding a potential increase in sales of DOH compliant products to registered cardholders or their designated providers, or the resulting increase in revenue loss.

- FY 2022: 496,189,392 x .0007% / 2 = 1,737
- FY 2023: 508,221,607 x .0007% = 3,558
- FY 2024: 523,001,065 x .0007% = 3,661
- FY 2025: 540,170,798 x .0007% / 2 = 1,891

HCA anticipates up to 20% less in the appropriations from the DMA directed to HCA to carry out the activities under RCW 69.50.540 for substance use disorder (SUD) prevention and treatment, and community health as discussed above. Based on the cash receipt impact in the Board fiscal note, HCA estimates the fiscal impact is \$0 FY 2022, \$(1,000) FY 2023, \$(1,000) FY 2024, and \$0 FY2025.

By Object:

Objects		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
N	Grants, Benefits Services	-	(1,000)	(1,000)	-	-	-
Total		-	(1,000)	(1,000)	-	-	-

By Fund:

Expenditures			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
315	Dedicated Marijuana Account	1	-	(1,000)	(1,000)	-	-	-
Total			-	(1,000)	(1,000)	-	-	-
Biennial Total				(1,000)		(1,000)		-

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Department of Revenue Fiscal Note

Bill Number: 5004 S SB	Title: Medical marijuana tax ex.	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated 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: Alia Kennedy	Phone: 360-786-7405	Date: 02/24/2021
Agency Preparation: Van Huynh	Phone: 360-534-1512	Date: 02/25/2021
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/25/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/25/2021

Request # 5004-2-1

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.

Note: This fiscal note reflects language in SSB 5004, 2021 Legislative Session.

SB 5004 and SSB 5004 differ in the following ways:

- Under SSB 5004, the proposed tax exemption will expire January 1, 2025.
- SSB 5004 requires the joint legislative audit and review committee to review the tax exemption to identify any changes in consumer behavior and determine whether the exemption results in an unanticipated decrease in state revenue.

This bill provides an exemption from the marijuana excise tax under RCW 69.50.535 for medical marijuana patients.

The marijuana excise tax is 37 percent of the selling price on each retail sale.

The bill is effective January 1, 2022.

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.

This bill does not impact taxes or fees administered by the Department of Revenue.

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 Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

III. C - 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

None.

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5004 S SB	Title: Medical marijuana tax ex.	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
Dedicated Marijuana Account-State 315-1	(1,737)	(3,558)	(5,295)	(5,552)	
Total \$	(1,737)	(3,558)	(5,295)	(5,552)	

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	0.2	0.1	0.2	0.0
Account					
Dedicated Marijuana Account-State 315-1	0	21,764	21,764	32,647	0
Total \$	0	21,764	21,764	32,647	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: Alia Kennedy	Phone: 360-786-7405	Date: 02/24/2021
Agency Preparation: Thea McNally	Phone: 360-664-4552	Date: 02/25/2021
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 02/25/2021
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/25/2021

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. 1 (2)(a) Until January 1, 2025, the marijuana excise tax does not apply to sales, by a marijuana retailer with a medical marijuana endorsement to qualifying patients or designated providers who have been issued a recognition card, of marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the department in rules adopted under RCW 69.50.375(4) in chapter 246-70 WAC as being compliant marijuana products.

(b) Each seller making exempt sales under this subsection (2) must maintain information establishing eligibility for the exemption in the form and manner required by the board.

(c) The board must provide a separate tax reporting line on the excise tax form for exemption amounts claimed under this subsection.

Sec. 2. The joint legislative audit and review committee must review the tax exemption under section 1 of this act to identify any changes in consumer behavior and determine whether the exemption results in an unanticipated decrease in state revenue. A report of the findings must be submitted to the legislature by December 1, 2024.

Sec. 3. This act takes effect January 1, 2022.

CHANGES MADE BY THE SUBSTITUTE:

Sec. 1 sets an expiration date of January 1, 2025 for the marijuana excise tax exemption.

Sec. 2 is new but does not have a fiscal impact to the Liquor and Cannabis Board.

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.

This bill would exempt qualifying patients, or their designated providers, that have been issued a recognition card, from the 37% marijuana excise tax on purchases of Department of Health (DOH) compliant marijuana products (as defined in WAC 246-70), when purchased at a marijuana retailer with a medical marijuana endorsement. The tax exemption takes effect January 1, 2022 and expires January 1, 2025.

Based on data from the Liquor and Cannabis Board's (Board) traceability system, the percentage of total marijuana sales that were sales of DOH compliant marijuana products to recognition cardholders was 0.0007% during the calendar year 2020. For the purpose of this fiscal note, it is assumed this percentage stays constant in future years. To calculate the estimated revenue impact of the excise tax exemption the Board utilized the Economic and Revenue Forecast Council's (ERFC) most recent forecast for marijuana excise tax from November 2020. Since the bill does not take effect until January 1, 2022 and the tax exemption expires January 1, 2025, the impacts shown for FY22 and FY25 represent six months of lost revenue.

FY22: $496,189,392 \times .0007\% / 2 = 1,737$

FY23: 508,221,607 x .0007% = 3,558
 FY24: 523,001,065 x .0007% = 3,661
 FY25: 540,170,798 x .0007% / 2 = 1,891

The Board realizes that the amount exempted has the potential to increase as marijuana processors may be incentivized to bring new products to the market and more patients may be incentivized to obtain a recognition card and register in the database for the express purpose of benefitting from the excise tax exemption. This would in turn increase the revenue loss to the state. However, the Board makes no assumption regarding a potential increase in sales of DOH compliant products to registered cardholders or their designated provider, or the resulting increase in revenue loss.

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. Please see the attached "5004 SSB Medical Marijuana Excise Tax - Enforcement Field Increment Calculator" for the workload calculations.

Based on 483 marijuana retailers, audits, complaint investigations and support and education would be conducted by the Enforcement Division requiring:

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 2022	FY 2023	2021-23	2023-25	2025-27
315-1	Dedicated Marijuana Account	State	0	21,764	21,764	32,647	0
Total \$			0	21,764	21,764	32,647	0

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.2	0.1	0.2	
A-Salaries and Wages		14,921	14,921	22,382	
B-Employee Benefits		6,289	6,289	9,434	
C-Professional Service Contracts					
E-Goods and Other Services		526	526	789	
G-Travel					
J-Capital Outlays		28	28	42	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	21,764	21,764	32,647	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 2022	FY 2023	2021-23	2023-25	2025-27
LCB Enforcement Officer 2	74,604		0.2	0.1	0.2	
Total FTEs			0.2	0.1	0.2	0.0

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Enforcement Division (060)		21,764	21,764	32,647	
Total \$		21,764	21,764	32,647	

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

IV. D - Capital FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB

NONE

Part V: New Rule Making Required

Enforcement Field Increment (FI) Calculator				
5004 SSB "Medical Marijuana Excise Tax"				
	Number of events	Time Factor	Staffing Factor	FI Total
Marijuana Tax Audit	3	10	1	34
Complaint Investigations Marijuana	10	20	1.3	251
License Support and Education	97	7	1	676
		40	1.3	

Total FI's	961
Total Field Increments per FTE	4,220
FTE's required	0.23
Round	0.20

INVESTIGATIONS			Number of Retailers
Marijuana Tax Audit	35%	Based on # of retailers	483
Complaint Investigations Marijuana	2%	Assumes 2% of 483 retailers would result in complaint investigations	
License Support and Education	20%	Based on # of retailers	