

Multiple Agency Fiscal Note Summary

Bill Number: 1710 HB	Title: An act relating to establishing a Washington state cannabis commission
-----------------------------	--

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	707,600	0	0	2,122,800	0	0	2,122,800
Department of Agriculture	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	707,600	0	0	2,122,800	0	0	2,122,800

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
Liquor and Cannabis Board	1.1	0	0	189,720	2.0	0	0	324,630	2.0	0	0	324,630
Department of Agriculture	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	1.1	0	0	189,720	2.0	0	0	324,630	2.0	0	0	324,630

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
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
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

--

Prepared by: Cheri Keller, OFM

Phone:
(360) 584-2207

Date Published:
Final

Individual State Agency Fiscal Note

Bill Number: 1710 HB	Title: An act relating to establishing a Washington state cannabis commission	Agency: 195-Liquor and Cannabis Board
-----------------------------	--	--

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		707,600	707,600	2,122,800	2,122,800
Total \$		707,600	707,600	2,122,800	2,122,800

Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	2.1	1.1	2.0	2.0
Account					
Dedicated Marijuana Account-State 315-1	0	189,720	189,720	324,630	324,630
Total \$	0	189,720	189,720	324,630	324,630

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/05/2022
Agency Preparation: Thea McNally	Phone: 360-664-4552	Date: 01/10/2022
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/10/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/10/2022

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 would create the WA State Cannabis Commission to benefit the people of the state of Washington and its economy.

Sec. 5. (20) states that the Cannabis Commission may obtain from the Liquor and Cannabis Board (Board) a list of the names and addresses of producers, processors, and retailers, and such other available data from the state as requested by the commission to be used to disseminate information among and solicit the opinions of producers with respect to the discharge of the duties of the commission, directly, or by arrangement with trade associations or other instrumentalities ;

Sec. 10. (1) states that financial and commercial information and records submitted to either the Board or the commission to administer this chapter may be shared between the Board and the commission.

Sec. 13. A new section is added to chapter 69.50 RCW to read as follows :

(1) To provide for permanent funding of the cannabis commission, agricultural commodity assessments must be levied by the Board on cannabis producers and cannabis producer/processors as follows:

(a) Beginning on October 31, 2022, the assessment on each producer licensee is 0.29 percent of all sales revenues conducted by the producer license.

(b) Beginning on October 31, 2022, the assessment on each producer /processor licensee is 0.145 percent of all sales revenues conducted by the processor license.

(2) Assessments collected under this section must be disbursed quarterly to the Washington state cannabis commission for use in carrying out the purposes of chapter 15.--- RCW (the new chapter created in section 15 of this act).

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.

Sec. 13. Of the bill establishes an assessment on cannabis producer and producer /processor licenses based on their sales as follows:

(1)(a) Beginning on October 31, 2022, the assessment on each producer licensee is 0.29 percent of all sales revenues conducted by the producer license.

(1)(b) Beginning on October 31, 2022, the assessment on each producer /processor licensee is 0.145 percent of all sales revenues conducted by the processor license.

Although the assessments are collected by the Board, they must be disbursed quarterly to the WA State Cannabis Commission so the funds are not retained in the Dedicated Marijuana Account.

CASH RECEIPTS ASSUMPTIONS:

Based on the most current available data from the Department of Revenue (DOR), the producer, processor, and producer/processor licenses generated \$800 million in sales revenue during CY 2019. The percentage of sales broken down by license type is as follows:

Producer Sales = 1%

*Processor Sales = 9.5%

Producer/Processor Sales = 89.5%

*The bill does not assess a fee on sales by a standalone processor license.

Using CY 2019 sales levels, estimated cash receipts from the new assessment are:

Producer:

FY23 $\$800,000,000 \times 1\% \times .29\% = \$15,467$

FY24+ $\$800,000,000 \times 1\% \times .29\% = \$23,200$

Producer/Processor:

FY23 $\$800,000,000 \times 89.5\% \times .145\% = \$692,133$

FY24+ $\$800,000,000 \times 89.5\% \times .145\% = \$1,038,200$

NOTE: FY23 cash receipts are for a partial year as the assessment does not begin until October 31, 2022.

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 .

LICENSING DIVISION:

Sec. 5. (20) states the Cannabis Commission may obtain from the Liquor and Cannabis Board (Board) a list of the names and addresses of producers, processors, and retailers, and such other available data from the state as requested by the commission to be used to disseminate information among and solicit the opinions of producers with respect to the discharge of the duties of the commission, directly, or by arrangement with trade associations or other instrumentalities ;

The Board has determined, based on this language that it would require one Data Consultant 1 position to facilitate the requests and generate the data for the commission. The language is vague about what information could be requested from the Board, so the assumption is that it opens the agency up to provide all data obtainable relating to cannabis.

FY 2023: 1.0 FTE Data Consultant 1 - \$80,072/yr (\$77,302 salary/benefits, \$2,770 in associated costs). Onetime costs in FY23 of \$6,105 for equipment purchases.

FY 2024+: 1.0 FTE Data Consultant 1 - \$80,072/yr (\$77,302 salary/benefits, \$2,770 in associated costs).

FINANCE DIVISION:

Sec. 13. requires the Board to levy and collect an agricultural commodity assessment on cannabis producers and cannabis producer/processors. The Board does not currently collect taxes from producers and processors. The new assessment will be levied on approximately 1,066 producers and producer /processors, requiring the need for a new Fiscal Analyst 2 to handle the new workload.

FY 2023: 1.0 FTE Fiscal Analyst 2 - \$81,743/yr (\$78,973 salary/benefits, \$2,770 in associated costs). One time additional costs \$6,105.

FY 2024+: 1.0 FTE Fiscal Analyst 2 - \$81,743/yr (\$78,973 salary/benefits, \$2,770 in associated costs).

There are no additional costs anticipated for audit functions as the Board assumes that the agency will not be responsible for verifying assessments.

INFORMATION TECHNOLOGY DIVISION:

Sec. 10. (1) states that financial and commercial information and records submitted to either the board or the commission to administer this chapter may be shared between the board and the commission. The Board is assuming that the only involvement will be in respect to the data sharing agreement required and owned by security when the agency shares data outside the agency. This will have a small one-time workload impact to develop the data sharing agreement.

FY 2023: 0.1 FTE IT App Development - Senior/Specialist - \$15,195/yr (\$11,918 salary/benefits, \$277 in associated costs).

Additionally, there will be an ongoing cost of \$500 per year for an increased number of licenses needed for the Board's tax and fee collection system.

ENFORCEMENT DIVISION:

There are no enforcement related costs anticipated as the Board assumes the agency will not be involved with the enforcement of nonpayment of the levied assessment.

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	189,720	189,720	324,630	324,630
Total \$			0	189,720	189,720	324,630	324,630

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		2.1	1.1	2.0	2.0
A-Salaries and Wages		121,131	121,131	219,264	219,264
B-Employee Benefits		50,062	50,062	93,286	93,286
C-Professional Service Contracts					
E-Goods and Other Services		6,233	6,233	11,520	11,520
G-Travel					
J-Capital Outlays		12,294	12,294	560	560
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	189,720	189,720	324,630	324,630

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
Data Consultant 1	54,108		1.0	0.5	1.0	1.0
Fiscal Analyst 2	55,524		1.0	0.5	1.0	1.0
IT App Development - Senior/Specialist	114,984		0.1	0.1		
Total FTEs			2.1	1.1	2.0	2.0

III. D - Expenditures By Program (optional)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
Finance Division (020)		87,848	87,848	163,486	163,486
Licensing Division (050)		86,177	86,177	160,144	160,144
Information Technology Division (070)		15,695	15,695	1,000	1,000
Total \$		189,720	189,720	324,630	324,630

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: 1710 HB	Title: An act relating to establishing a Washington state cannabis commission	Agency: 495-Department of Agriculture
-----------------------------	--	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

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: Peter Clodfelter	Phone: 360-786-7127	Date: 01/05/2022
Agency Preparation: Hannah Flournoy	Phone: (360) 902-1809	Date: 01/10/2022
Agency Approval: Natasha Roberts	Phone: (360) 902-1988	Date: 01/10/2022
OFM Review: Jim Cahill	Phone: (360) 790-2630	Date: 01/13/2022

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:

Outlines justification for establishing a cannabis commission. Makes reference to rules adopted under this chapter.

Workload that has revenue or expenditure impact: There will be significant costs incurred by the department to help establish the commission as a state agency, this will include, liaising with other state agencies such as OFM and DES.

Section 3:

Establishes definitions and makes reference to establishing 'tier' production licensing categories by rule.

Workload that has revenue or expenditure impact: the commodity commission program administrator will work closely with the commission to conduct rulemaking to establish the tiers.

Section 4:

Outlines the cannabis commission's responsibilities including: plan /conduct programs for cannabis-related matters; provide for conducting research; cooperate with other parties toward standardizing methods to identify and determine genetics, strains, cultivars, phenotypes, standards, and grades of cannabis and advise on packaging and labeling; conduct reviews, surveys, and inquires regarding market metrics and analytics; inform /advise producers and processors in all matters regarding cannabis; provide education/training; cooperate with local, state, and federal government; advance knowledge/practice of production; foster conditions favorable to investment in production; and limit youth access/exposure.

Section 5:

Outlines the responsibilities of the cannabis commission relative to administration and operations associated with carrying out their duties. Provides the cannabis commission the authority to adopt rules to implement the chapter.

Workload that has revenue or expenditure impact: This section will incur significant costs associated with support from the commodity commission program administrator in the establishment of the commission. The commodity commission program administrator will very likely be responsible for providing new board members information and conducting training in support of their compliance with state laws related to procurement, real estate, public records and public meetings.

Section 5 (14) allows the commission to enter into contracts or cooperative agreements for research as provided in this chapter.

Section 5 (15) allows the commission to enter into contracts or interagency agreements with any other interested parties to carry out this chapter in accordance with applicable provisions of Title 39 RCW.

Workload that has revenue or expenditure impact: The commodity commission program administrator will need to provide a significant level of support for all commission contract and procurement work.

Section 5 (24) allows the commission to adopt rules to implement this chapter.

Workload that has revenue or expenditure impact: The commodity commission program administrator serves as the rules coordinator and hearing officer for commodity commissions. This section will incur significant costs during the establishment of the commission and its rules. To establish initial rules, costs would be determined on which rulemaking

process will be utilized, whether expedited or regular.

Section 6:

Specifies that the cannabis commission will consist of 13 voting members that are licensed producers or licensed producer/processors and the director. Creates a nonvoting advisory council consisting of a processor and testing lab. Initial cannabis commission board members are appointed by the director; subsequent ones are elected by a vote of producers or producer/processors.

Workload that has revenue or expenditure impact: The department will incur costs associated with establishing the initial board and continued costs to conduct nominations and elections to seat future board members. Under RCW 43.23.033, commodity commissions contribute to fund one-half FTE (commodity commission program administrator) that supports much of this work. However, this bill does not include language requiring the cannabis commission to support this position financially. The bill language specifies that the cannabis commission will reimburse the department for rulemaking and other actions. The department will need to track the time the commodity commission program administrator spends assisting the cannabis commission and also costs such as printing and mailing in order to obtain reimbursement from the cannabis commission.

There will be costs incurred by the commodity commission program administrator for time spent on board member orientation. This cost will be significant during the establishment of the board as the commodity commission program administrator will be responsible for conducting the initial orientations and training for all appointed board members.

Section 7:

Requires the cannabis commission annually submit its research, education, and training plans, and its budget to the department for approval.

Workload that has revenue or expenditure impact: The commodity commission program administrator handles the budget review process, including an initial review of the submitted documents, coordination of an internal review team, any follow-up with the commission deemed necessary by the review team and then finalizing the approval documents for the Director's review/signature.

Section 7 (4) – this section requires the commission to submit to the director for review any of the commission's education program to ensure they are keeping with state and federal laws.

Workload that has revenue or expenditure impact: The commodity commission program administrator will complete an initial review of all documents submitted and may need to coordinate with the AAG for their advice or assistance prior to final approval from the Director. The AAG costs incurred will need to be reimbursed by the commission.

Section 12:

Requires the cannabis commission reimburse WSDA for rulemaking and other actions.

Workload that has revenue or expenditure impact: The workload associated with reimbursement from the commission requires the commodity commission program administrator track time and other expenditures associated with supporting the commission. Time will also be spent by the commodity commission program administrator preparing invoices for the commission.

Section 13: Imposes an assessment on licensed cannabis producers and producer /processors that is levied by the Liquor and Cannabis Board (LCB) beginning October 31, 2022. LCB is required to disburse the assessment to the cannabis commission quarterly.

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 .

If the cannabis commission is established, and RCW 43.23.033 is amended to include the cannabis commission, the commission will be billed for its share in support of the one-half FTE. This amount is indeterminate at this time as it is dependent upon the amount the cannabis commission receives in assessments along with the other 21 agricultural commodity commissions. The assessment amount and volume of cannabis produced is unknown. It is anticipated that the commission will provide its share of the one-half FTE in FY 2023. If RCW 43.23.033 is not amended to include the cannabis commission in the one-half FTE support, the department will enter into an interagency agreement with the cannabis commission that reflects the services the department will provide to the cannabis commission and how it will be reimbursed.

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 .

Commodity commission program administrator time 100 hrs. @ \$42.45 = \$15,652

Admin. Regs. manager time 10 hrs

Seating the board: Section 6 HB 1710 includes language for the seating of an initial board. It requires the director appoint the initial members of the board. This will require a mailing to go out to all cannabis groups to be represented on the board. Based on current data provided by LCB, there are 1,066 producers and 1,137 processors.

DES printing 2203 calls for nominations - \$785

CMS mailing 2203 @ \$.40 - \$881

Envelopes 2203 @.04 - \$88

Rulemaking: CR-102 mailing.

This goes out to everyone on the LCB lists. Based on current data provided by LCB, there are 1,066 producers and 1,137 processors.*

Envelopes (large/flat) 2,203 @ \$.22 - \$485

DES printing/insertion 2,203 - \$1,640

CMS mailing/distribution 2,203 @ \$.46 - \$1,013

Based on estimated 15 double-sided pages

Public Hearings

One Eastside (Ellensburg) including travel - \$234

One Westside (Olympia) - \$0

Board orientation, establishing commission as a state agency, etc. AAG time \$2,800.00

TOTAL \$23,578

*Estimated costs if regular rulemaking is necessary. Costs will be significantly reduced if rulemaking falls under expedited rulemaking under chapter 34.05 RCW.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years					
A-Salaries and Wages		10,956	10,956		
B-Employee Benefits		4,696	4,696		
C-Professional Service Contracts					
E-Goods and Other Services		7,692	7,692		
G-Travel		234	234		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		(23,578)	(23,578)		
9-					
Total \$	0	0	0	0	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

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

While this provision does not require WSDA to adopt or repeal /revise existing rules, the WSDA commodity commission program administrator will work closely with the cannabis commission to adopt administrative rules.



Multiple Agency Ten-Year Analysis Summary

Bill Number 1710 HB	Title An act relating to establishing a Washington state cannabis commission
-------------------------------	--

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	2022-31 TOTAL
Liquor and Cannabis Board	0	707,600	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	9,198,800
Department of Agriculture Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Total	0	707,600	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	9,198,800



Ten-Year Analysis

Bill Number 1710 HB	Title An act relating to establishing a Washington state cannabis commission	Agency 195 Liquor and Cannabis Board
-------------------------------	--	--

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	2022-31 TOTAL
Producer Agriculture Commodity Assessment	315		15,467	23,200	23,200	23,200	23,200	23,200	23,200	23,200	23,200	201,067
Producer/Processor Agriculture Commodity Assessment	315		692,133	1,038,200	1,038,200	1,038,200	1,038,200	1,038,200	1,038,200	1,038,200	1,038,200	8,997,733
Total			707,600	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	1,061,400	9,198,800
Biennial Totals			707,600	2,122,800	2,122,800	2,122,800	2,122,800	2,122,800	2,122,800	2,122,800	2,122,800	9,198,800

Narrative Explanation (Required for Indeterminate Cash Receipts)

Sec. 13. Of the bill establishes an assessment on cannabis producer and producer/processor licenses based on their sales as follows:

- (1)(a) Beginning on October 31, 2022, the assessment on each producer licensee is 0.29 percent of all sales revenues conducted by the producer license.
- (1)(b) Beginning on October 31, 2022, the assessment on each producer/processor licensee is 0.145 percent of all sales revenues conducted by the processor license.

Although the assessments are collected by the Board, they must be disbursed quarterly to the WA State Cannabis Commission so the funds are not retained in the Dedicated Marijuana Account.

CASH RECEIPTS ASSUMPTIONS:

Based on the most current available data from the Department of Revenue (DOR), the producer, processor, and producer/processor licenses generated \$800 million in sal revenue during CY 2019. The percentage of sales broken down by license type is as follows:



Ten-Year Analysis

Bill Number 1710 HB	Title An act relating to establishing a Washington state cannabis commission	Agency 195 Liquor and Cannabis Board
-------------------------------	--	--

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

Producer Sales = 1%
 *Processor Sales = 9.5%
 Producer/Processor Sales = 89.5%

*The bill does not assess a fee on sales by a standalone processor license.

Using CY 2019 sales levels, estimated cash receipts from the new assessment are:

Producer:
 FY23 \$800,000,000 x 1% x .29% = \$15,467
 FY24+ \$800,000,000 x 1% x .29% = \$23,200

Producer/Processor:
 FY23 \$800,000,000 x 89.5% x .145% = \$692,133
 FY24+ \$800,000,000 x 89.5% x .145% = \$1,038,200

NOTE: FY23 cash receipts are for a partial year as the assessment does not begin until October 31, 2022.

Agency Preparation: Thea McNally	Phone: 360-664-4552	Date: 1/10/2022 3:00:58 pm
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 1/10/2022 3:00:58 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 1710 HB	Title An act relating to establishing a Washington state cannabis commission	Agency 495 Department of Agriculture
-------------------------------	--	--

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts
 Partially Indeterminate Cash Receipts
 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

If the cannabis commission is established, and RCW 43.23.033 is amended to include the cannabis commission, the commission will be billed for its share in support of the one-half FTE. This amount is indeterminate at this time as it is dependent upon the amount the cannabis commission receives in assessments along with the other 21 agricultural commodity commissions. The assessment amount and volume of cannabis produced is unknown. It is anticipated that the commission will provide its share of the one-half FTE in FY 2023. If RCW 43.23.033 is not amended to include the cannabis commission in the one-half FTE support, the department will enter into an interagency agreement with the cannabis commission that reflects the services the department will provide to the cannabis commission and how it will be reimbursed.

Agency Preparation: Hannah Flournoy	Phone: (360) 902-1809	Date: 1/10/2022 10:08:41 pm
Agency Approval: Natasha Roberts	Phone: (360) 902-1988	Date: 1/10/2022 10:08:41 pm
OFM Review:	Phone:	Date: