

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue
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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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Washington State Health Care Authority	0	0	7,621,000	0	0	29,653,000	0	0	38,754,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>7,621,000</b>	<b>0</b>	<b>0</b>	<b>29,653,000</b>	<b>0</b>	<b>0</b>	<b>38,754,000</b>

Agency Name	2021-23		2023-25		2025-27	
	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.					
Local Gov. Total						

## 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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Commerce	.6	0	0	2,391,000	1.2	0	0	4,782,000	1.2	0	0	4,782,000
Department of Commerce	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Washington State Health Care Authority	.0	6,297,000	6,297,000	6,297,000	.0	1,256,000	1,256,000	1,256,000	.0	0	0	0
Liquor and Cannabis Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Health	.1	0	0	384,000	.1	0	0	768,000	.1	0	0	768,000
Superintendent of Public Instruction	Non-zero but indeterminate cost and/or savings. Please see discussion.											
University of Washington	.2	0	0	62,000	.4	0	0	124,000	.4	0	0	124,000
Washington State University	.1	74,000	74,000	74,000	.1	74,000	74,000	74,000	.1	74,000	74,000	74,000
The Evergreen State College	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Ecology	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Agriculture	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>1.0</b>	<b>6,371,000</b>	<b>6,371,000</b>	<b>9,208,000</b>	<b>1.8</b>	<b>1,330,000</b>	<b>1,330,000</b>	<b>7,004,000</b>	<b>1.8</b>	<b>74,000</b>	<b>74,000</b>	<b>5,748,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.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

<b>Prepared by:</b> Cheri Keller, OFM	<b>Phone:</b> (360) 584-2207	<b>Date Published:</b> Final 2/26/2022
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<b>Agency:</b> 090-Office of State Treasurer
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## 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:

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

### 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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/09/2022
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/09/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/09/2022

## 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.*

2SSB 5796 restructures the cannabis revenue appropriations. The community reinvestment account is created, coupled with the general fund as the recipient of the earnings from investments under RCW 43.84.092 (4).

In addition, this bill modifies the name of the dedicated marijuana account to the dedicated cannabis account. There is no fiscal impact to the office associated with name changes.

### 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.*

Transfers and projected cash flows are currently unavailable; therefore, transfers and earnings from investments are indeterminable.

### 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 states in part:

- By September 15th of each year, the board must provide the state treasurer the annual distribution amount made under this subsection (3)(c), if any, for each county and city as determined in (c)(i) and (ii) of this subsection
- Estimates are currently unavailable.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

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

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

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

**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**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<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 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.0	1.2	0.6	1.2	1.2
<b>Account</b>					
Dedicated Marijuana Account-State 315-1	0	2,391,000	2,391,000	4,782,000	4,782,000
<b>Total \$</b>	0	2,391,000	2,391,000	4,782,000	4,782,000

In addition to the estimates above, there are additional indeterminate costs and/or savings . Please see discussion.

### 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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Josh Woodson	Phone: 360-725-4048	Date: 02/25/2022
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 02/25/2022
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/25/2022

## 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 .*

Differences between the second substitute bill and the substitute bill :

Section 2 subsection items are removed and remaining subsections are renumbered.

Section 2 (1)(D)(c)(i) is amended to increase funding from \$1,650,000 to \$3,000,000 for the department to fund social equity technical assistance grant and loan program.

Section 2 (3) states after appropriation of the amounts identified in subsections (1) of this section, the legislature must annually appropriate such remaining amounts for the purposes listed in this subsection (3) and states the criteria. The section further states thirty five percent must be deposited in the state general fund. By December 31, 2022, up to \$125,000,000 of the amount in this subsection (3)(d) must be transferred to the Community Reinvestment Account under Section 3 of this act.

Summary of 2SSB 5796:

Section 2 amends RCW 69.50.540 for the following items for the Department of Commerce :

Section 2 (2)(D)(c)(i) increases funding from \$1,650,000 to \$3,000,000 for department to fund Social Equity Technical Assistance Grant and Loan Program.

Section 2 (2)(D)(c)(ii) increases funding from \$159,000 to \$200,000 for department to fund a roster of mentors for social equity technical assistance grant program.

Section 2 (3) states after appropriation of the amounts identified in subsections (1) of this section, the legislature must annually appropriate such remaining amounts for the purposes listed in this subsection (3) and states the criteria. The section further states thirty five percent must be deposited in the state general fund. By December 31, 2022, up to \$125,000,000 of the amount in this subsection (3)(d) must be transferred to the Community Reinvestment Account under Section 3 of this act.

Section 3 adding a new section, creating the Community Reinvestment Account. Moneys in the account may be spent only after appropriation and may be used to fund four categories :

- Economic development and homeownership ;
- Civil and criminal legal assistance ;
- Community-based violence intervention and prevention; and
- Reentry services.

Distribution of the grants under this section must be done in collaboration with the Governor's Office of Indian Affairs and "by and for community organizations" as defined by the Department of Commerce and 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.*

Section 2 increases funding from \$1,650,000 to \$3,000,000 the Social Equity Technical Assistance Grant Program, increases funding from \$159,000 to \$200,000 for a roster of mentors for social equity technical assistance grant program, and provides \$1,000,000 to administer low interest loans. To accomplish the work in this section, the department estimates the following will be needed:

1.0 FTE Commerce Specialist 4 (2,088 hours) in FY23-FY27 to create and administer loan and grant program.

### Salaries and Benefits:

FY23-FY27: \$112,357 per fiscal year

### Contracted Services:

The department assumes contracting with an entity to administer a low interest loan program (\$250 per hour x 560 hours of work).

FY23-FY27: \$140,000 per fiscal year

### Goods and Services, Travel and Equipment:

FY23: \$24,485

FY24-FY25: \$13,739 per fiscal year

FY26: \$15,485

FY27: \$13,739

### Grants, Benefits, Client Services:

FY23: \$2,077,703

FY24-FY27: \$2,086,703 per fiscal year

### Intra-agency Reimbursements:

FY23-FY27: \$38,201 per fiscal year

Section 3 adding a new section, creating the Community Reinvestment Account. Moneys in the account may be spent only after appropriation.

The cost associated with this section are indeterminate and subject to an appropriation.

## FOR ILLUSTRATIVE PURPOSES ONLY

### Agency Assumptions:

The department has no way of estimating what level of appropriation may be provided for the activities listed in the bill. The level of staffing required to administer funding would depend on the level of appropriation.

There are four program categories that may be funded with the appropriation each fiscal year. The vast majority of those efforts would be managed by or through the Community Services and Housing Division. The categories are as follows :

1. Economic development, which includes addressing wealth disparities to promote asset building such as home ownership and expanding access to financial resources including, but not limited to, grants and loans for small businesses and entrepreneurs, financial literacy training, and other small business training and support activities ;



2. Civil and criminal legal assistance to provide post-conviction relief and case assistance, including the expungement of criminal records and vacation of criminal convictions ;
3. Community-based violence intervention and prevention services; and
4. Reentry services to facilitate successful transitions for persons formerly incarcerated in an adult correctional facility or juvenile residential facility in Washington.

To administer these funds, the department would separate the first category into two subsections funding each equally. The subsections would be:

- 1a. Economic Development/small business assistance, training, support; and
- 1b. Asset Building/Homeownership.

With this, the department would allocate the funding across five program areas with a fiscal year appropriation of approximately \$25,000,000 (20%) per area.

As an illustrative example, if the department was given a \$125 million appropriation as illustrated in the prior version of the bill, the following would be needed:

1.0 FTE Budget Analyst 4 (2,088 hours) in FY23-FY27 to support all areas eligible for funding from the Community Reinvestment Account. Responsibilities of the position include building conceptual financial analytics to support the five categories, provide or develop the capacity to eventually monitor budget and expenditures, conduct detailed analysis, and provide consultative planning for all activities established in this bill.

5.0 FTE Commerce Specialist 1 (10,440 hours) in FY23-FY27 to provide support for one of the five areas of programming. Responsibilities of these positions include providing program data analysis, review and work towards processing payments to vendors. Work will include preparing proposals, and developing monthly summary reports on the programs. Provide technical support (reviewing plans, RCWs, policies, statements of work, review criteria) to Commerce Specialist 3's and other senior-level staff or managers.

5.0 FTE Commerce Specialist 3 (10,440 hours) in FY23-FY27 for grant administration, monitoring and management for one of the five areas of grants. Responsibilities of these positions include provide or build capacity around solicitation, origination, management, and the monitoring of project contracts. Compliance may include site visits and corresponding compliance reports. Assist senior management with drafting legislation, representing the agency, developing policy positions, and coordinating the state's role with respect to the implementation of the programs.

1.0 FTE Commerce Specialist 5 (2,088 hours) in FY23-FY27 to hire, supervise and provide day-to-day direction of staff upon hire. This includes assigning contracts and program planning elements to staff. Staff will also provide support work to policy and rule development.

**Salaries and Benefits:**

FY23-FY27: \$1,193,584 per fiscal year

**Goods and Other Services:**

FY23-FY27: \$150,145 per fiscal year

**Equipment and Capital Outlays:**

In addition to the standard goods and services estimates, the department assumes the purchase of standard workstations for the new staff in fiscal year 2023 and the purchase of replacement laptops /tablets in fiscal year 2026 based on the department's replacement cycle.

FY23: \$44,000  
 FY26: \$14,476

**Grants, Benefits, and Client Services :**

The department estimates the follow for grants for each activity :

1. Homeownership: \$24.6 million, estimated 334 households served
  
2. Economic development to include expanding access to financial resources including but not limited to grants and loans for small businesses and entrepreneurs, financial literacy training and other small business training and support activities. \$24.6 Million, estimated 3,000 organizations/businesses served
  - Small business resiliency network program
  - Small business flex fund
  - Go Global
  - Scale Up
  
3. Civil and criminal legal assistance to provide post-conviction relief and case assistance, including the removal of criminal records and convictions: \$24.6 million, the OCLA will provide an estimate on numbers served
  - The funds will pass through to the Office of Civil Legal Aid and the Office of Public Defense via interagency agreements
  
4. Community-based violence and intervention services: \$24.6 million, estimated 100 organizations served
  - OFSVP
  
5. Reentry services to facilitate successful transitions for persons formerly incarcerated in an adult correctional facility or juvenile detention facility in Washington: \$24.6 Million, estimated 3,000 individuals served
  - Reentry Grant Program

FY23: \$123,206,452  
 FY24: \$123,250,452  
 FY25: \$123,250,452  
 FY26: \$123,235,976  
 FY27: \$123,250,452

**Intra-agency Reimbursements:**

FY23-FY27: \$405,819 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training. Attorney General costs, and agency administration. Intra-agency administration Reimbursement-Agency administrations costs (e.g., payroll, HR, IT are funded under a federally approved cost allocation plan.)

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**Total Costs:**

FY23-FY27: \$2,391,000 each fiscal year

**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	2,391,000	2,391,000	4,782,000	4,782,000
<b>Total \$</b>			0	2,391,000	2,391,000	4,782,000	4,782,000

In addition to the estimates above, there are additional indeterminate costs and/or savings . Please see discussion.

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

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		1.2	0.6	1.2	1.2
A-Salaries and Wages		82,901	82,901	165,802	165,802
B-Employee Benefits		29,456	29,456	58,912	58,912
C-Professional Service Contracts		140,000	140,000	280,000	280,000
E-Goods and Other Services		17,539	17,539	25,078	25,078
G-Travel		1,200	1,200	2,400	2,400
J-Capital Outlays		4,000	4,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services		2,077,703	2,077,703	4,173,406	4,173,406
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		38,201	38,201	76,402	76,402
9-					
<b>Total \$</b>	0	2,391,000	2,391,000	4,782,000	4,782,000

In addition to the estimates above, there are additional indeterminate costs and/or savings . Please see discussion.

**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
Administrative Services - Indirect	69,552		0.2	0.1	0.2	0.2
Commerce Specialist 4	82,091		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

**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

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<b>Agency:</b> 107-Washington State Health Care Authority
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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
Basic Health Plan Trust Account-Non-Appropriated 172-6	8,149,000	(528,000)	7,621,000	29,653,000	38,754,000
<b>Total \$</b>	8,149,000	(528,000)	7,621,000	29,653,000	38,754,000

### Estimated Operating Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
<b>Account</b>					
General Fund-State 001-1	2,353,000	3,944,000	6,297,000	1,256,000	0
<b>Total \$</b>	2,353,000	3,944,000	6,297,000	1,256,000	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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Cari Tikka	Phone: 360-725-1181	Date: 02/11/2022
Agency Approval: Michael Paquette	Phone: 360-725-0875	Date: 02/11/2022
OFM Review: Bryan Way	Phone: (360) 522-3976	Date: 02/11/2022

## 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.

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
001-1	General Fund	State	2,353,000	3,944,000	6,297,000	1,256,000	0
<b>Total \$</b>			2,353,000	3,944,000	6,297,000	1,256,000	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	2,353,000	3,944,000	6,297,000	1,256,000	
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	2,353,000	3,944,000	6,297,000	1,256,000	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)

Program	FY 2022	FY 2023	2021-23	2023-25	2025-27
HCA - Other (200)	2,353,000	3,944,000	6,297,000	1,256,000	
<b>Total \$</b>	2,353,000	3,944,000	6,297,000	1,256,000	

## **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

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

NONE

None

## **Part V: New Rule Making Required**

# HCA Fiscal Note

Bill Number: 5796 2SSB

HCA Request #: 22-129

## Part II: Narrative Explanation

This bill is AN ACT Relating to restructuring cannabis revenue appropriations creating a cascading three subsection system where each new subsequent subsection is allocating funds by the remains of the previous subsection. Any remaining amounts under each subsection must be distributed as indicated in each section.

The current second substitute version differs from the previous substitute version by restructuring distributions in the substitute bill to the following:

- The Legislature must annually appropriate \$250,000, which will be adjusted annually based on the Seattle-area consumer price index (CPI), from the Cannabis Account to the Health Care Authority (HCA) to contract with the Washington State Institute for Public Policy (WSIPP); and
- Of the remaining amounts in the Cannabis Account, the Legislature must appropriate: **(1) 50 percent to the Basic Health Trust Plan Account for Medicaid services; (2) 10 percent to the Health Care Authority (HCA) for the administration of certain reporting and prevention work relative to substance use, and community health services;** (3) one and one-half percent to local governments based on proportional, jurisdictional cannabis revenue collections; (4) three and one-half percent to local governments ratably on a per capita basis; and (5) 35 percent to the State General Fund, of which of the amount going to the State General Fund in fiscal year 2023, up to \$125,000,000 must be transferred to the Community Reinvestment Account..

\*\*\*\*\*

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

Section 1 – Amends RCW 69.50.530 (Dedicated Marijuana Account). This section renames the Dedicated Marijuana Account to the Dedicated Cannabis Account. states that the dedicated cannabis account is created in the state treasury. And all moneys received by the board, or any employee thereof, from marijuana-related transactions must be deposited into the account.

Section 2 – Amends RCW 69.50.540 (Dedicated Marijuana Account – Appropriations).

(1) The legislature must appropriate:

- a) \$12,500,000 annually to the board for administration of this chapter.
- b) \$11,000,000 annually to the Department of Health (DOH).
- c) \$3,000,000 annually to the Department of Commerce (COM) to fund cannabis social equity grants and loans and \$200,000 annually to the COM to fund technical assistance through a roster of mentors.
- d) \$250,000 annually, until June 30, 2032, to HCA to contract with WSIPP for public policy to conduct the cost-benefit evaluations and produce the reports.
- e) \$25,000 annually to the University of Washington alcohol and drug abuse institute.
- f) \$300,000 annually to the University of Washington and \$175,000 annually to the Washington State University for research on the short-term and long-term effects of marijuana use.
- g) \$550,000 annually to the Office of the Superintendent of Public Instruction (OSPI).
- h) \$2,423,000 for fiscal year 2022 and \$2,793,000 for fiscal year 2023 to the Washington State Patrol for a drug enforcement task force.
- i) \$270,000 for fiscal year 2022 and \$464,000 for fiscal year 2023 to the Department of Ecology for implementation of accreditation of marijuana product testing laboratories.
- j) \$800,000 for each of fiscal years 2020 through 2023 to the DOH for the administration of the marijuana authorization database.

# HCA Fiscal Note

Bill Number: 5796 2SSB

HCA Request #: 22-129

- k) \$621,000 for fiscal year 2022 and \$635,000 for fiscal year 2023 to the Department of Agriculture.

(2) Subsections (1)(a) through (g) of this section must be adjusted annually based on the United States bureau of labor statistics' consumer price index (CPI) for the Seattle area.

(3) Any amounts remaining after the distributions made under subsection (1) of this section must be annually appropriated as follows:

- a) Fifty percent to the state Basic Health Plan Trust Account.
- b) Ten percent to HCA to:
  - i. Design and administer the Washington State Healthy Youth Survey, analyze the collected data, and produce reports, in collaboration with OSPI, DOH, COM, family policy council, and board. The survey must be conducted at least every two years.
  - ii. Develop, implement, maintain, and evaluate programs and practices aimed at the prevention or reduction of maladaptive substance use, substance use disorder, substance abuse or substance dependence, as these terms are defined in the diagnostic and statistical manual of mental disorders, among middle school and high 20school-age students, whether as an explicit goal of a given program or practice or as a consistently corresponding effect of its implementation, mental health services for children and youth, and services for pregnant and parenting women. In deciding which programs 24and practices to fund under this subsection (3)(b)(ii), HCA must consult, at least annually, with the University of Washington's social development research group and the University of Washington's alcohol and drug abuse institute.
  - iii. Contract 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 (Community and migrant health centers—Maternity health care centers—People of color—Underserved populations).
- c) One and one-half percent to counties, cities, and towns where licensed marijuana retailers are physically located.
- d) Thirty-five percent must be deposited in the state general fund. By December 31, 2022, up to \$125,000,000 of the amount in this subsection (3)(d) must be transferred to the Community Reinvestment Account under section 3 of this act.

New Section 3 - The Community Reinvestment Account is created in the state treasury. Money from the distribution required in RCW 69.50.540 must be deposited into the account. Moneys in the account may be spent only after appropriation.

## II. B - Cash Receipts Impact

The requirements of this bill related to the Basic Health Trust Account impact HCA's revenue.

II. B - Estimated Cash Receipts to:

ACCOUNT	FY-2022	FY-2023	FY-2024	FY-2025	2021-23	2023-25	2025-27
Basic Health Plan Trust Acct-Non Appr 172-6	8,149,000	(528,000)	10,276,000	19,377,000	7,621,000	29,653,000	38,754,000
<b>Totals</b>	<b>\$ 8,149,000</b>	<b>\$ (528,000)</b>	<b>\$ 10,276,000</b>	<b>\$ 19,377,000</b>	<b>\$ 7,621,000</b>	<b>\$ 29,653,000</b>	<b>\$ 38,754,000</b>

## II. C – Expenditures

HCA requests \$6,297,000 GF-State in the 2021-2023 biennium to cover the estimated fiscal impact to from this proposed legislation.

This bill restructures cannabis revenue appropriations creating a cascading three subsection system where each new subsequent subsection is allocating funds by the remains of the previous subsection.



# HCA Fiscal Note

Bill Number: 5796 2SSB

HCA Request #: 22-129

Any remaining amounts under each subsection must be distributed as indicated in each section. HCA estimates the cost of the new appropriation methodology for distributing DMA funding will have a significant fiscal impact to HCA's Apple Health programs.

**II. C - Operating Budget Expenditures**

Account	Account Title	Type	FY-2022	FY-2023	FY-2024	FY-2025	2021-23	2023-25	2025-27
001-1	General Fund	State	2,353,000	3,944,000	1,256,000	-	6,297,000	1,256,000	-
<b>Totals</b>			<b>\$ 2,353,000</b>	<b>\$ 3,944,000</b>	<b>\$ 1,256,000</b>	<b>\$ -</b>	<b>\$ 6,297,000</b>	<b>\$ 1,256,000</b>	<b>\$ -</b>

**II. C - Expenditures by Object Or Purpose**

		FY-2022	FY-2023	FY-2024	FY-2025	2021-23	2023-25	2025-27
N	Grants, Benefits & Client Services	2,353,000	3,944,000	1,256,000	-	6,297,000	1,256,000	-
<b>Totals</b>		<b>\$ 2,353,000</b>	<b>\$ 3,944,000</b>	<b>\$ 1,256,000</b>	<b>\$ -</b>	<b>\$ 6,297,000</b>	<b>\$ 1,256,000</b>	<b>\$ -</b>

**II. C - Operating FTE Detail:** List FTEs by classification and corresponding annual compensation.

Job title	Salary	FY-2022	FY-2023	FY-2024	FY-2025	2021-23	2023-25	2025-27
<b>Totals</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**II. C - Expenditures By Program (optional)**

Program	FY-2022	FY-2023	FY-2024	FY-2025	2021-23	2023-25	2025-27
200 HCA - Other	2,353,000	3,944,000	1,256,000	-	6,297,000	1,256,000	1,256,000
<b>Totals</b>		<b>\$ 2,353,000</b>	<b>\$ 3,944,000</b>	<b>\$ 1,256,000</b>	<b>\$ -</b>	<b>\$ 6,297,000</b>	<b>\$ 1,256,000</b>

## Part IV: Capital Budget Impact

None

## Part V: New Rule Making Required

None

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<b>Agency:</b> 195-Liquor and Cannabis Board
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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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Colin O Neill	Phone: (360) 522-2281	Date: 02/09/2022
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 02/09/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/09/2022

## 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 restructures the appropriations in the Dedicated Marijuana Account and changes the name of the account to the Dedicated Cannabis Account.

However, the Liquor and Cannabis Board's (Board) appropriation is not impacted by the changes made by the bill as the appropriation in section 2(1)(a) is consistent with the omnibus appropriations act.

Additionally, the Board is responsible for distributing revenues from the account to local governments. Although section 2(1)(b)(i) of the bill changes where these distributions fall in the hierarchy of appropriations in the account and increases the amount to distribute, the distribution formula remains the same so there is no additional workload from this change.

This version (5796 2SSB) makes the following minor changes, none of which affect the Board.

- Restructures distributions in the substitute bill to the following:
  - o The Legislature must annually appropriate specified amounts, which are adjusted annually based on the Seattle-area consumer price index (CPI), from the Cannabis Account to the Liquor and Cannabis Board, Department of Health, Department of Commerce, and others for specified purposes; and
  - o Of the remaining amounts in the Cannabis Account, the Legislature must appropriate:
    1. 50 percent to the Basic Health Trust Plan Account for Medicaid services ;
    2. 10 percent to the Health Care Authority for the administration of certain reporting and prevention work relative to substance use, and community health services ;
    3. One and one-half percent to local governments based on proportional, jurisdictional cannabis revenue collections;
    4. Three and one-half percent to local governments ratably on a per capita basis; and
    5. 35 percent to the state General Fund.
  - o Appropriations expiring in 2022-2023 are reinstated, which are not adjusted annually based on the CPI.
- Provides that, in fiscal year 2023, the State Treasurer must transfer \$125 million from the State General Fund to the Community Reinvestment Account (Community Account).
- Adds the Governor's Office of Indian Affairs to the list of organizations the Department of Commerce must collaborate with in distributing funds from the Community Account.
- Includes after-school programs in the community-based violence intervention and prevention services for which funds from the Account may be used.

### 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

**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

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<b>Agency:</b> 303-Department of Health
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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	0.1	0.1	0.1	0.1
<b>Account</b>					
OTHER I-State      NEW-1	0	384,000	384,000	768,000	768,000
<b>Total \$</b>	0	384,000	384,000	768,000	768,000

### 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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Bobbi Berschauer	Phone: 3602364378	Date: 02/10/2022
Agency Approval: Alisa Weld	Phone: (360) 236-2907	Date: 02/10/2022
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/11/2022

## 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 second substitute senate bill version changed the appropriation amount to the Department of Health (department) and added new activities to do with those funds.

Section 2: Reduced the appropriation to the department from \$12,000,000 to \$11,000,000 to add vapor product and commercial tobacco to the department’s education and public health program. Also added marijuana use by youth and marijuana cessation treatment.

### 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: The following is how the department intends to implement the new activities identified in the bill :

The appropriation change would add \$384,000/FY to the department from the Dedicated Marijuana Account (DMA), the Youth Cannabis and Commercial Tobacco Prevention Program (YCCTPP) would enhance the current policy, systems, and environmental work already being implemented with the nine regional contractors and five priority populations. Fourteen community contractors will receive an additional \$23,857/FY in their contract to better support of the current regional networks formed throughout the state to prevent initiation of youth cannabis and commercial tobacco use and address cannabis and commercial tobacco-related disparities.

The department will also add \$50,000 to the existing contract with Health Care Authority for the hotline to address marijuana referrals for cessation treatment services.

Starting with FY2023, costs are \$384,000 each following year.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2022	FY 2023	2021-23	2023-25	2025-27
NEW-1	OTHER 1	State	0	384,000	384,000	768,000	768,000
<b>Total \$</b>			0	384,000	384,000	768,000	768,000

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

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.1	0.1	0.1	0.1
A-Salaries and Wages		3,000	3,000	6,000	6,000
B-Employee Benefits		1,000	1,000	2,000	2,000
C-Professional Service Contracts		379,000	379,000	758,000	758,000
E-Goods and Other Services		1,000	1,000	2,000	2,000
9-					
<b>Total \$</b>	0	384,000	384,000	768,000	768,000

**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 2022	FY 2023	2021-23	2023-25	2025-27
Fiscal Analyst 2	53,000		0.1	0.1	0.1	0.1
<b>Total FTEs</b>			0.1	0.1	0.1	0.1

**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

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<b>Agency:</b> 350-Superintendent of Public Instruction
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

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

**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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Tisha Kuhn	Phone: 360 725-6424	Date: 02/11/2022
Agency Approval: Jami Marcott	Phone: (360) 725-6230	Date: 02/11/2022
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/14/2022



## 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.*

Changes compared to SSB 5796:

Section 2(2)(g) This substitute bill increased the funding amount to the Office of the Superintendent of Public Instructions from \$530,000 to \$550,000.

This bill restructures the Cannabis Revenue Appropriation, an appropriation from which the Office of the Superintendent of Public Instruction (OSPI) receives spending authority.

Summary of 2SSB 5796:

Section 1: Renames the dedicated marijuana account to the dedicated cannabis account.

Section 2(1): Restructures, modifies, and/or removes appropriations to the Board for Administration, Department of Health, Department of Commerce, Health Care Authority, UW Alcohol and Drug Abuse Institute, UW, WSU, OSPI, Washington State Patrol, Department of Ecology, Department of Health, and the Department of Ag.

Section 2(2): Indicates that subsections (1)(a) through (g) of section 2 must be adjusted annually based on the US Bureau of Labor Statistics' consumer price index for the Seattle area.

Section 2(3): After appropriation of the amounts identified in subsection (1) of this section, requires the legislature to annually appropriate remaining amounts to certain agencies, local governments, and the state general fund for specific purposes.

Section 3: Creates the community reinvestment account in the state treasury. Outlines what expenditures that can be made from this account by the Department of Commerce. Requires that any distribution of grants under this section must be done in collaboration with the governor's office of Indian affairs and "by and for community organizations" as defined by the Department of Commerce and 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.*

No cash receipts impact anticipated.

### 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.*

This bill would have an indeterminate expenditure impact on OSPI.

OSPI currently collaborates with HCA on the Healthy Youth Survey, but does not receive any funding, and the collaborative work is done within existing agency resources. It is assumed for this fiscal note that the same level of collaboration with HCA would occur in the future and no additional funding would be needed. This would have no expenditure impact on OSPI.

OSPI currently receives a yearly appropriation for the Building Bridges Program from the Dedicated Marijuana Account, the amount has varied over the last three biennia, with FY 2018 at \$513,000, FY2019 at \$515,000, FY 2020 at \$522,000, FY

2021 at \$530,000, and the current biennium funding is \$520,000 for FY 2022, and \$533,000 for FY 2023.

This bill would set the amount at \$550,000 per state fiscal year, going forward with no yearly variation. OSPI assumes for this fiscal note that the legislature is "right-sizing" the proviso funding that it receives from the Cannabis Account, and any increase or decrease would be addressed in another agency fund source.

### **Part III: Expenditure Detail**

#### **III. A - Operating Budget Expenditures**

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

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

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

**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

No capital budget impact is anticipated.

### **Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<b>Agency:</b> 360-University of Washington
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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	0.4	0.2	0.4	0.4
<b>Account</b>					
Dedicated Marijuana Account-State 315-1	0	62,000	62,000	124,000	124,000
<b>Total \$</b>	0	62,000	62,000	124,000	124,000

### 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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Jed Bradley	Phone: 2066164684	Date: 02/11/2022
Agency Approval: Kelsey Rote	Phone: 2065437466	Date: 02/11/2022
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 02/17/2022

## 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 .*

The changes in the Second Substitute SB 5796 revise the appropriation amounts previously in the bill, and would subject those amounts to an inflationary increase :

2 S SB 5796 modifies appropriations from the Dedicated Marijuana Account (renamed by the bill to the Dedicated Cannabis Account). The following changes are relevant to the University of Washington :

Section 2 removes all previous appropriations to the UW, including a quarterly \$5,000 appropriation to the Alcohol and Drug Abuse Institute (ADAI, now renamed the Addictions, Drug, and Alcohol Institute) for the purposes of web-based public education materials about the health and safety risks of marijuana use, as well as a percentage-based distribution to the University of Washington or cannabis research, which has been suspended each biennium in favor of static annual appropriations.

These previous appropriations are replaced by annual appropriations (starting p.8 line 3) of \$25,000 to ADAI and \$300,000 for cannabis research.

Section 2 (page 8, line 29) also requires that the appropriations be adjusted annually based on the consumer price index (CPI) for the Seattle area.

### 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.*

The University currently receives a total of \$263,000 per year from the Dedicated Marijuana Account. Currently, \$20,000 of this allocation is distributed directly to ADAI for web-based education materials and the remainder is distributed by UW Research for cannabis research activity. In total, the bill would increase the direct allocation to ADAI by \$5,000 per year, and would increase the research portion by \$57,000 (\$300,000 - \$243,000), for a total of \$62,000. While these amounts would be subject to an inflationary increase in subsequent years, we are not assuming increases per fiscal note instructions, and because CPI is unknown.

The additional \$5,000 for ADAI would be used to add new interactive elements to the LearnAboutMarijuana.org website and expand outreach and marketing of its resources to communities in Washington State and beyond.

UW Research has directed the research portion of the funding to ADAI to perform and oversee cannabis research efforts since July 2015. Consistent with RCW 69.50.530 and 69.50.540, these funds are used to support “research on the short and long-term effects of marijuana use, to include but not be limited to formal and informal methods for estimating and measuring intoxication and impairment, and for the dissemination of such research”, as documented in the 2015-17, 2017-2019 and 2020-21 UW ADAI Research Reports disseminated to the public every biennium.

The University has a robust portfolio of cannabis research and significant interest in additional research. By legislative request, potential additional research projects were submitted as part of the University’s 2017-19 budget request (ML AD Marijuana Research).

Additional funding would likely allow expansion of the Cannabis Small Grants Program. This program supports UW researchers selected through a rigorous peer-reviewed process to investigate cannabis use consequences and develop /test prevention, treatment, and public health approaches to minimize risks associated with its use. Funding could also support the addition of one full time investigator to UW ADAI Cannabis Research and Education Program focused on cannabis legalization impact on social and health equity.

Given that it is unknown which projects or additional activity would be selected out of a competitive pool to be funded by this increase, we have estimated a salary and benefits split based on the faculty benefit load rate (23.2 percent) and total new funding of \$57,000 (for an estimated .42 FTE total in FY23 and beyond, \$46,266 in salary and \$10,734 benefits). In reality, the activity would likely be a combination of faculty researcher salaries and benefits, research assistant (RA) salaries and benefits (a similar benefit load rate to faculty), and supplies and materials.

**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	62,000	62,000	124,000	124,000
<b>Total \$</b>			0	62,000	62,000	124,000	124,000

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

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.4	0.2	0.4	0.4
A-Salaries and Wages		46,266	46,266	92,532	92,532
B-Employee Benefits		10,734	10,734	21,468	21,468
C-Professional Service Contracts					
E-Goods and Other Services		5,000	5,000	10,000	10,000
G-Travel					
J-Capital Outlays					
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	62,000	62,000	124,000	124,000

**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 2022	FY 2023	2021-23	2023-25	2025-27
Faculty Researcher	110,000		0.4	0.2	0.4	0.4
<b>Total FTEs</b>			0.4	0.2	0.4	0.4

**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

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<b>Agency:</b> 365-Washington State University
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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	0.1	0.1	0.1	0.1	0.1
<b>Account</b>					
General Fund-State 001-1	37,000	37,000	74,000	74,000	74,000
<b>Total \$</b>	37,000	37,000	74,000	74,000	74,000

### 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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Anne-Lise Brooks	Phone: 509-335-8815	Date: 02/10/2022
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 02/10/2022
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 02/17/2022

## 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 .

SB 5796 states that Washington State University will receive an additional \$37,000 per year bringing the total to \$175,000 annually from the dedicated cannabis account for research on the long and short term effects of marijuana use.

### 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.

Funding from the dedicated cannabis account would fund additional cannabis research through WSU's Center for Cannabis Policy, Research, and Outreach. The Director (0.02 FTE), Assistant Director (0.01 FTE), and Administrative Assistant (0.02 FTE) would be partially funded with cannabis account funds. The majority of funds (approximately \$24,000) would fund grants for research projects across multiple academic disciplines.

## 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	37,000	37,000	74,000	74,000	74,000
<b>Total \$</b>			37,000	37,000	74,000	74,000	74,000

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

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	6,471	6,471	12,942	12,942	12,942
B-Employee Benefits	1,812	1,812	3,624	3,624	3,624
C-Professional Service Contracts					
E-Goods and Other Services	2,681	2,681	5,362	5,362	5,362
G-Travel	1,787	1,787	3,574	3,574	3,574
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	24,249	24,249	48,498	48,498	48,498
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	37,000	37,000	74,000	74,000	74,000

### 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 2022	FY 2023	2021-23	2023-25	2025-27
Admin Support	50,000	0.0	0.0	0.0	0.0	0.0
Assistant Director	174,000	0.0	0.0	0.0	0.0	0.0
Director	175,000	0.0	0.0	0.0	0.0	0.0
<b>Total FTEs</b>		0.1	0.1	0.1	0.1	0.1



**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

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<b>Agency:</b> 376-The Evergreen State College
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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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Catherine Nicolai	Phone: (360) 664-9087	Date: 02/09/2022
Agency Approval: Laura Coghlan	Phone: (360) 867-6510	Date: 02/09/2022
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 02/17/2022

## 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 .*

The proposed language in 2SSB 5796 does not change WSIPP's assignment or have an associated cost.

### 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

**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

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<b>Agency:</b> 461-Department of Ecology
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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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Gary Koshi	Phone: 360-407-7222	Date: 02/09/2022
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 02/09/2022
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 02/09/2022

## 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 .*

Compared to SSB 5796, 2SSB 5796 does not contain any changes related to Ecology. Differences between the two versions affect other agencies and accounts that receive funding from the Dedicated Marijuana (Cannabis) Account. Therefore, there remains no fiscal impact to Ecology.

Under current law, Ecology has an appropriation of \$284,000 in FY 2022 and \$290,000 in FY 2023 from the Dedicated Marijuana Account, as provided in the 2021-23 Enacted Operating Budget (ESSB 5092). Ecology participated on the cannabis science task force to develop recommendations for laboratory quality standards, and is responsible for accreditation of marijuana-testing laboratories beginning July 1, 2024.

Section 1 of this bill would amend RCW 69.50.530 to change the name of the Dedicated Marijuana Account to the Dedicated Cannabis Account. There are no changes to the uses of the account.

Section 2 of the bill would amend RCW 69.50.540 to restructure how funding is appropriated within the Dedicated Cannabis Account.

Section 2(1)(i) of the bill states that the legislature must appropriate \$270,000 for FY 2022 and \$464,000 for FY 2023 from the Dedicated Cannabis Account to Ecology for “implementation of accreditation of marijuana product testing laboratories”. This bill more explicitly codifies the amounts appropriated for said purposes. For Ecology, the FY 2023 appropriation indicated in this bill is higher than Ecology’s current appropriation. However, the agency’s appropriation is determined separately under the budget appropriations bill, so this bill would not change Ecology’s appropriation from the Dedicated Cannabis Account. Since the bill does not add any additional workload to Ecology, nor does it modify any of Ecology’s existing responsibilities, the bill would not affect Ecology’s planned expenditures and would have no fiscal impact on Ecology.

### 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

**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

<b>Bill Number:</b> 5796 2S SB	<b>Title:</b> Cannabis revenue	<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: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Preparation: Kelle Davis	Phone: 360 902-1851	Date: 02/10/2022
Agency Approval: Nicholas Johnson	Phone: (360) 902-2055	Date: 02/10/2022
OFM Review: Jim Cahill	Phone: (360) 790-2630	Date: 02/10/2022



## 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.*

Second Substitute Senate Bill 5796 restructures the dedicated cannabis account appropriations to provide transparency and accountability and to increase community infrastructure and investment. The second substitute was amended to strike all appropriations in Section 2, (1) (a) (vi) and restates them in Sec 2, (1) (k) Washington State Department of Agriculture (WSDA).

The bill has little to no impact to Washington State Department of Agriculture (WSDA), as it only amends the 2023 appropriation to WSDA from \$627,000 to \$635,000, an increase of \$8,000.

### 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.*

Minimum to zero impact - a small increase in appropriation will be allocated to those WSDA programs already receiving cannabis monies.

## 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

**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**

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 5796 2S SB

**Title:** Cannabis revenue

## Part I: Jurisdiction—Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities: Revenue based on per capita basis.
- Counties: Revenue based on per capita basis.
- Special Districts:
- Specific jurisdictions only: Location where licensed marijuana retailers are physically located based on proportional share of revenue generation.
- 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: Changes in revenue distribution compared to current law

### 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: Lauren Gilmore	Phone: 564-999-3560	Date: 02/14/2022
Leg. Committee Contact: Matthew Shepard-Koningsor	Phone: 360-786-7627	Date: 02/08/2022
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/14/2022
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/15/2022

## **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 BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:**

This bill amends the previous amounts of revenue distributed to counties, cities and towns from set amounts to percentages. After appropriation of the amounts identified in subsection 3, the legislature must annually appropriate :

- 1.5% to counties, cities, and towns where licensed marijuana retailers are physically located.
- 3.5% to counties, cities, and towns ratably on a per capita basis. Counties must receive 60 percent of the distribution based on each county's total proportional population. Funds may only be distributed to jurisdictions that do not prohibit the siting of any state licensed marijuana producer, processor, or retailer.

Distribution amounts allocated to each county, city, and town must be distributed in four installments by the last day of each fiscal quarter.

#### **SUMMARY OF CURRENT BILL VERSION:**

This bill restructures cannabis revenue appropriations to provide transparency and accountability and to increase community infrastructure and investment, including quarterly distributions of :

- 1.5% to counties, cities, and towns where licensed marijuana retailers are physically located.
- 3.5% to counties, cities, and towns ratably on a per capita basis. Counties must receive 60 percent of the distribution based on each county's total proportional population. Funds may only be distributed to jurisdictions that do not prohibit the siting of any state licensed marijuana producer, processor, or retailer.

This bill expands on the established grants program under the department of health to support development and implementation of coordinated intervention strategies for the prevention and reduction of commercial tobacco, vapor product, and marijuana use by youth and marijuana cessation treatment services, including grant programs to local health departments or other local community agencies. This program emphasizes outreach to priority populations regarding commercial tobacco, vapor product, and marijuana use, prevention, and cessation.

### **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.*

#### **NO CHANGES FROM PRIOR BILL VERSION:**

This legislation has no impact on 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.*

#### **CHANGES FROM PRIOR BILL VERSION:**

The second substitute changes the indeterminate revenue impacts discussed below as they are now percentages, rather than the previous set amount of \$27.8 million dollars per biennium.

#### **SUMMARY OF CURRENT BILL VERSION:**

This bill would have indeterminate revenue impact. This proposed bill would change the allocation amount for local governments from \$27.8 million dollars to a set total percentage per biennium. Because the current law provides a variable allocation rate to local governments the revenue impact of this bill is indeterminate.

After appropriation of the amounts identified in subsection 3, the legislature must annually appropriate :

- 1.5% to counties, cities, and towns where licensed marijuana retailers are physically located.
- 3.5% to counties, cities, and towns ratably on a per capita basis. Counties must receive 60% of the distribution based

on each county's total proportional population. Funds may only be distributed to jurisdictions that do not prohibit the siting of any state licensed marijuana producer, processor, or retailer.

Distribution amounts allocated to each county, city, and town must be distributed in four installments by the last day of each fiscal quarter.

**Background:**

Under existing statute local governments are awarded money collected from marijuana sales taxes from the general fund. These funds are allocated to be 30% of the previous year's marijuana excise taxes deposited in the general fund provided that year exceeded \$25 million in total collections. According to the Washington State Liquor and Cannabis Board, in the 19-21 biennium local governments received \$15 million and in the 21-23 biennium counties have been allocated \$20 million. Cannabis revenue has increased significantly since the current statute was enacted. The revenue set in this bill may not be as high as would occur under the existing statute. However, the November 2021 update from the Washington State Economic and Revenue Forecast Council suggests that cannabis revenues may be stabilizing which could result in a revenue increase or little change from the existing statute.

**SOURCES:**

Washington State Liquor and Cannabis Board

Washington State Economic and Revenue Forecast Council, November 2021 Revenue Notebook

Senate Bill Report SB 5796