

Multiple Agency Fiscal Note Summary

| | |
|----------------------------------|--------------------------------|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue |
|----------------------------------|--------------------------------|

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 | 9,102,000 | 0 | 0 | 30,031,000 | 0 | 0 | 37,958,000 |
| Total \$ | 0 | 0 | 9,102,000 | 0 | 0 | 30,031,000 | 0 | 0 | 37,958,000 |

| 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 | 1,391,000 | 1.2 | 0 | 0 | 2,782,000 | 1.2 | 0 | 0 | 2,782,000 |
| Washington State Health Care Authority | .0 | 5,073,000 | 5,073,000 | 5,073,000 | .0 | 977,000 | 977,000 | 977,000 | .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 | .4 | 74,000 | 74,000 | 74,000 | .4 | 74,000 | 74,000 | 74,000 | .4 | 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 |
| Total \$ | 1.3 | 5,147,000 | 5,147,000 | 6,984,000 | 2.1 | 1,051,000 | 1,051,000 | 4,725,000 | 2.1 | 74,000 | 74,000 | 3,748,000 |

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 |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

Estimated Capital Budget Breakout

| | | |
|---------------------------------------|---------------------------------|---|
| Prepared by: Cheri Keller, OFM | Phone: (360) 584-2207 | Date Published: Final 3/ 3/2022 |
|---------------------------------------|---------------------------------|---|

Individual State Agency Fiscal Note

| | | |
|----------------------------------|--------------------------------|--|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 090-Office of State Treasurer |
|----------------------------------|--------------------------------|--|

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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Dan Mason | Phone: (360) 902-8990 | Date: 02/22/2022 |
| Agency Approval: Dan Mason | Phone: (360) 902-8990 | Date: 02/22/2022 |
| OFM Review: Cheri Keller | Phone: (360) 584-2207 | Date: 02/22/2022 |

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.

E2SSB 5796 restructures the cannabis revenue appropriations.

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

Revised

| | | |
|----------------------------------|--------------------------------|---|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 103-Department of Commerce |
|----------------------------------|--------------------------------|---|

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 |
| Account | | | | | |
| Dedicated Marijuana Account-State 315-1 | 0 | 1,391,000 | 1,391,000 | 2,782,000 | 2,782,000 |
| Total \$ | 0 | 1,391,000 | 1,391,000 | 2,782,000 | 2,782,000 |

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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Josh Woodson | Phone: 360-725-4048 | Date: 03/03/2022 |
| Agency Approval: Joyce Miller | Phone: 360-725-2710 | Date: 03/03/2022 |
| OFM Review: Gwen Stamey | Phone: (360) 790-1166 | Date: 03/03/2022 |

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 engrossed second substitute bill and the second substitute bill :

Section 2 removed the \$1,000,000 to administer low interest loans.

Section 3 removed creating the Community Reinvestment Account and the activities for appropriation.

Summary of E2SSB 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.

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. 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

Goods and Services, Travel and Equipment:

FY23: \$22,739

FY24-FY27: \$13,739 per fiscal year

Grants, Benefits, Client Services:

FY23: \$1,217,703

FY24-FY27: \$1,226,703 per fiscal year

Intra-agency Reimbursements:

FY23-FY27: \$38,201 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: \$1,391,000 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 | 1,391,000 | 1,391,000 | 2,782,000 | 2,782,000 |
| Total \$ | | | 0 | 1,391,000 | 1,391,000 | 2,782,000 | 2,782,000 |

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 | | | | | |
| 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 | | 1,217,703 | 1,217,703 | 2,453,406 | 2,453,406 |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | 38,201 | 38,201 | 76,402 | 76,402 |
| 9- | | | | | |
| Total \$ | 0 | 1,391,000 | 1,391,000 | 2,782,000 | 2,782,000 |

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 |
|------------------------------------|--------|---------|---------|---------|---------|---------|
| 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 |
| Total FTEs | | | 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

| | | |
|----------------------------------|--------------------------------|---|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 107-Washington State Health Care Authority |
|----------------------------------|--------------------------------|---|

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 | 8,792,000 | 310,000 | 9,102,000 | 30,031,000 | 37,958,000 |
| Total \$ | 8,792,000 | 310,000 | 9,102,000 | 30,031,000 | 37,958,000 |

Estimated Operating Expenditures from:

| Account | FY 2022 | FY 2023 | 2021-23 | 2023-25 | 2025-27 |
|--------------------------|-----------|-----------|-----------|---------|---------|
| General Fund-State 001-1 | 2,024,000 | 3,049,000 | 5,073,000 | 977,000 | 0 |
| Total \$ | 2,024,000 | 3,049,000 | 5,073,000 | 977,000 | 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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Cari Tikka | Phone: 360-725-1181 | Date: 02/24/2022 |
| Agency Approval: Michael Paquette | Phone: 360-725-0875 | Date: 02/24/2022 |
| OFM Review: Bryan Way | Phone: (360) 522-3976 | Date: 02/24/2022 |

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 | 2,024,000 | 3,049,000 | 5,073,000 | 977,000 | 0 |
| Total \$ | | | 2,024,000 | 3,049,000 | 5,073,000 | 977,000 | 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 | 2,024,000 | 3,049,000 | 5,073,000 | 977,000 | |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | | | | | |
| 9- | | | | | |
| Total \$ | 2,024,000 | 3,049,000 | 5,073,000 | 977,000 | 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) | 2,024,000 | 3,049,000 | 5,073,000 | 977,000 | |
| Total \$ | 2,024,000 | 3,049,000 | 5,073,000 | 977,000 | |

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 E2SSB

HCA Request #: 22-151

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 engrossed second substitute version differs from the previous second substitute version by removing the \$125 million transfer from the State General Fund to the Community Reinvestment Account (Account) and the section creating the 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.
- 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 2adjusted 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.

HCA Fiscal Note

Bill Number: 5796 E2SSB

HCA Request #: 22-151

- 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. Three and one-half percent to counties, cities, and towns ratably on a per capita basis.
- d) Thirty-five percent must be deposited in the state general fund.

This bill takes effect 90 days after adjournment of the session in which the bill is passed.

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 | 8,792,000 | 310,000 | 10,605,000 | 19,426,000 | 9,102,000 | 30,031,000 | 37,958,000 |
| Totals | \$ 8,792,000 | \$ 310,000 | \$ 10,605,000 | \$ 19,426,000 | \$ 9,102,000 | \$ 30,031,000 | \$ 37,958,000 |

II. C – Expenditures

HCA requests \$5,073,000,000 GF-State in the 2021-2023 biennium to cover the estimated fiscal impact 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. 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.

HCA Fiscal Note

Bill Number: 5796 E2SSB

HCA Request #: 22-151

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 | 2,024,000 | 3,049,000 | 977,000 | - | 5,073,000 | 977,000 | - |
| Totals | | | \$ 2,024,000 | \$ 3,049,000 | \$ 977,000 | \$ - | \$ 5,073,000 | \$ 977,000 | \$ - |

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 | 2,024,000 | 3,049,000 | 977,000 | - | 5,073,000 | 977,000 | - |
| Totals | | \$ 2,024,000 | \$ 3,049,000 | \$ 977,000 | \$ - | \$ 5,073,000 | \$ 977,000 | \$ - |

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 |
|---------------|--------|------------|------------|------------|------------|------------|------------|------------|
| Totals | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

II. C - Expenditures By Program (optional)

| Program | FY-2022 | FY-2023 | FY-2024 | FY-2025 | 2021-23 | 2023-25 | 2025-27 | |
|-------------------|-----------|---------------------|---------------------|-------------------|-------------|---------------------|-------------------|-------------|
| 200 HCA - Other | 2,024,000 | 3,049,000 | 977,000 | - | 5,073,000 | 977,000 | - | |
| Totals | | \$ 2,024,000 | \$ 3,049,000 | \$ 977,000 | \$ - | \$ 5,073,000 | \$ 977,000 | \$ - |

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

Individual State Agency Fiscal Note

| | | |
|----------------------------------|--------------------------------|--|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 195-Liquor and Cannabis Board |
|----------------------------------|--------------------------------|--|

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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Colin O Neill | Phone: (360) 522-2281 | Date: 02/22/2022 |
| Agency Approval: Aaron Hanson | Phone: 360-664-1701 | Date: 02/22/2022 |
| OFM Review: Cheri Keller | Phone: (360) 584-2207 | Date: 02/22/2022 |

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 in RCW 69.50.540 and changes the name of the account to the Dedicated Cannabis Account.

The bill amends the RCW by increasing the Liquor and Cannabis Board's (Board) FY23 appropriation to \$12.5 million to be 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.

Under this bill:

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

- 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.

- Appropriations expiring in 2022-2023 are reinstated, which are not adjusted annually based on the CPI.

CHANGES MADE BY THIS VERSION (5796 E2SSB)

References to the Community Reinvestment Account in Sections 2 (3d) and Section 3 of the prior version are struck.

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

| | | |
|----------------------------------|--------------------------------|---|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 303-Department of Health |
|----------------------------------|--------------------------------|---|

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 |
| Account | | | | | |
| OTHER I-State NEW-1 | 0 | 384,000 | 384,000 | 768,000 | 768,000 |
| Total \$ | 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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Bobbi Berschauer | Phone: 3602364378 | Date: 02/24/2022 |
| Agency Approval: Alisa Weld | Phone: (360) 236-2907 | Date: 02/24/2022 |
| OFM Review: Breann Boggs | Phone: (360) 485-5716 | Date: 03/03/2022 |

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 engrossed second substitute senate bill version didn't make any changes that affected the Department of Health's (department) fiscal impact.

Section 2: No change to this section. \$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.

Ongoing, additional funds will be contracted out to community contractors.

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 |
| Total \$ | | | 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- | | | | | |
| Total \$ | 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 |
| Total FTEs | | | 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

| | | |
|----------------------------------|--------------------------------|---|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 350-Superintendent of Public Instruction |
|----------------------------------|--------------------------------|---|

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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Troy Klein | Phone: (360) 725-6294 | Date: 02/28/2022 |
| Agency Approval: Jami Marcott | Phone: (360) 725-6230 | Date: 02/28/2022 |
| OFM Review: Val Terre | Phone: (360) 280-3973 | Date: 03/01/2022 |

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 2SSB 5796: This version of the bill removes section 3 of the previous version of the bill, which was the creation of the community reinvestment account.

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 E2SSB 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.

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

| | | |
|----------------------------------|--------------------------------|---|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 360-University of Washington |
|----------------------------------|--------------------------------|---|

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 |
| Account | | | | | |
| Dedicated Marijuana Account-State 315-1 | 0 | 62,000 | 62,000 | 124,000 | 124,000 |
| Total \$ | 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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Jed Bradley | Phone: 2066164684 | Date: 02/24/2022 |
| Agency Approval: Kelsey Rote | Phone: 2065437466 | Date: 02/24/2022 |
| OFM Review: Ramona Nabors | Phone: (360) 742-8948 | Date: 02/24/2022 |

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 Engrossed Second Substitute SB 5796 do not change the impact to the UW compared to the Second Substitute.

E2S 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 of \$25,000 to ADAI and \$300,000 for cannabis research.

Section 2 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 |
| Total \$ | | | 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- | | | | | |
| Total \$ | 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 |
| Total FTEs | | | 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

| | | |
|----------------------------------|--------------------------------|--|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 365-Washington State University |
|----------------------------------|--------------------------------|--|

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 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Account | | | | | |
| General Fund-State 001-1 | 37,000 | 37,000 | 74,000 | 74,000 | 74,000 |
| Total \$ | 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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Anne-Lise Brooks | Phone: 509-335-8815 | Date: 02/25/2022 |
| Agency Approval: Chris Jones | Phone: 509-335-9682 | Date: 02/25/2022 |
| OFM Review: Ramona Nabors | Phone: (360) 742-8948 | Date: 02/26/2022 |

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 E2S SB 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 |
| Total \$ | | | 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 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| 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- | | | | | |
| Total \$ | 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 | 60,000 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Assistant Director | 174,000 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Director | 175,000 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total FTEs | | 0.4 | 0.4 | 0.4 | 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

| | | |
|----------------------------------|--------------------------------|--|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 376-The Evergreen State College |
|----------------------------------|--------------------------------|--|

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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Catherine Nicolai | Phone: (360) 664-9087 | Date: 02/22/2022 |
| Agency Approval: Laura Coghlan | Phone: (360) 867-6510 | Date: 02/22/2022 |
| OFM Review: Ramona Nabors | Phone: (360) 742-8948 | Date: 02/23/2022 |

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 E2SSB 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

| | | |
|----------------------------------|--------------------------------|--|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 461-Department of Ecology |
|----------------------------------|--------------------------------|--|

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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Gary Koshi | Phone: 360-407-7222 | Date: 02/24/2022 |
| Agency Approval: Erik Fairchild | Phone: 360-407-7005 | Date: 02/24/2022 |
| OFM Review: Lisa Borkowski | Phone: (360) 742-2239 | Date: 02/26/2022 |

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 2SSB 5796, E2SSB 5796 has no changes related 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

| | | |
|----------------------------------|--------------------------------|--|
| Bill Number: 5796 E 2S SB | Title: Cannabis revenue | Agency: 495-Department of Agriculture |
|----------------------------------|--------------------------------|--|

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: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Preparation: Kelle Davis | Phone: 360 902-1851 | Date: 02/23/2022 |
| Agency Approval: Nicholas Johnson | Phone: (360) 902-2055 | Date: 02/23/2022 |
| OFM Review: Jim Cahill | Phone: (360) 790-2630 | Date: 02/23/2022 |

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 .

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

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 \$8000.

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 E 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: 02/25/2022 |
| Leg. Committee Contact: Andy Toulon | Phone: 360-786-7178 | Date: 02/22/2022 |
| Agency Approval: Alice Zillah | Phone: 360-725-5035 | Date: 02/25/2022 |
| OFM Review: Cheri Keller | Phone: (360) 584-2207 | Date: 02/25/2022 |

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 removes section 3 establishing the community reinvestment account, including the requirement to transfer funds to the account by December 31, 2022.

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.

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

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.

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