

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5367 SB	<b>Title:</b> Products containing THC
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## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Liquor and Cannabis Board	1.5	0	0	440,396	1.2	0	0	318,564	1.2	0	0	318,564
Department of Agriculture	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	1.5	0	0	440,396	1.2	0	0	318,564	1.2	0	0	318,564

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Amy Hatfield, OFM	<b>Phone:</b> (360) 280-7584	<b>Date Published:</b> Final
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5367 SB	<b>Title:</b> Products containing THC	<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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.7	1.2	1.5	1.2	1.2
<b>Account</b>					
Dedicated Cannabis Account-State 315-1	281,114	159,282	440,396	318,564	318,564
<b>Total \$</b>	281,114	159,282	440,396	318,564	318,564

### 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: 01/16/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/19/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/19/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/19/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1(8): adds a definition for “Hemp consumable” – which means a product that is not a cannabis product, as defined in RCW 69.50.101, and is intended to be consumed or absorbed inside the body by any means, including inhalation, ingestion or insertion, that is sold or provided to another person with a THC concentration of not more than:

- (a) 1 mg THC per unit, as defined in RCW 69.50.101; and
- (b) 3 mg THC in a package of product, as defined in RCW 69.50.101

Section 1(11): strikes reference to Delta-9 in the definition of “postharvest test”.

Section 2(d): The definition of “cannabis” is rewritten for clarity.

Section 2(h): The definition of “cannabis products” is amended to clarify that cannabis products include any product intended to be consumed or absorbed inside the body, with a THC concentration greater than 1mg THC per unit or 3mg THC in a package of product. The term does not include cannabis health and beauty aids or hemp consumables.

Section 2(ii): The definition of “package” is added, meaning a container that has a single unit or group of units as defined in this section.

Section 2(vv): The definition of THC concentration is modified to eliminate reference to Delta-9 and add “including any hydrogenated or structural isomer forms of THC”

Section 2(xx): The definition of “unit” is added, meaning “an individual consumable item within a package of one or more consumable items in solid, liquid, gas, or any form intended for human consumption.”

Section 3(2): licensed cannabis producers and processors may use a CBD product, provided that the CBD product is not cannabis, or a cannabis product, or is not a hemp consumable. Reference to the THC level of 0.3% or less is stricken.

Section 4: packaging requirements are modified to include the amount of any synthetically derived CBD in the product sold or provided to the ultimate user.

Section 5: states that “Except as otherwise provided in this chapter, no person may manufacture, sell or distribute cannabis, cannabis concentrates, useable cannabis, or cannabis-infused products, or any cannabis products without a valid license issued by the board or pharmacy quality assurance commission. Any person performing any act requiring a license under this title, without having in force an appropriate and valid license issued to the person, is in violation of this chapter.”

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Enforcement Division:

The LCB keeps detailed statistics on all of its enforcement activities and tracks this activity using a unit of measure called a Field Increment (FI). All direct enforcement activities such as premise checks, inspections and investigations are tracked to determine how many FI’s are needed to accomplish each activity. Each FI is equivalent to 1/10th of an hour (6 minutes). For example, if a tavern premise check takes 2 FI’s and two officers, it is anticipated that one check will consume 4 FI’s. Using historical data to factor out indirect activities such as driving time, training, office time and leave, it has been

determined that officers are available for an average of 4,220 FI's each year.

In FY24 there is a projected need for 1.5 FTE LCB Enforcement Officer 2 (LEO2). This is primarily driven by educational efforts needed to explain to the industry the legal changes. The secondary driver is complaints which are part of any legal change. In FY25 and future years the FTE requirement is reduced to 1.2 FTE as education efforts and complaints are projected to decline as the industry matures.

Please see the attached "Concerning THC regulation - Enforcement Field Increment Calculator.pdf" for workload calculations.

FY24 - 1.5 FTE LCB Enforcement Officer 2 - \$184,101/yr (\$160,311 salary/benefits, \$23,790 in associated costs). Onetime costs of \$52,790 for equipment purchases.

FY25+ 1.2 FTE LCB Enforcement Officer 2 - \$147,282/yr (\$128,250 salary/benefits, \$19,032 in associated costs).

As part of a complaint investigation and officer observations the division will need to conduct THC tests to determine if a product meets the definition of cannabis or a hemp consumable. The cost of these tests is \$200 per test. In FY24, the division is expected to test 66 samples (66 x \$200 = \$13,200). In FY25 there is a predicted 10% decrease in sample demand and will fall to 60 test samples per year (60 x \$200 = \$12,000).

FY24: \$13,200

FY25+: \$12,000/yr

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**INFORMATION TECHNOLOGY DIVISION**

There will be one-time cost in staff hours to update the agency's internal systems in FY24.

0.2 FTE IT App Development - Senior/Specialist - \$31,023 (\$30,809 salary/benefits, \$214 in associated costs).

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
315-1	Dedicated Cannabis Account	State	281,114	159,282	440,396	318,564	318,564
<b>Total \$</b>			281,114	159,282	440,396	318,564	318,564

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.7	1.2	1.5	1.2	1.2
A-Salaries and Wages	139,286	92,434	231,720	184,868	184,868
B-Employee Benefits	51,834	35,816	87,650	71,632	71,632
C-Professional Service Contracts					
E-Goods and Other Services	45,784	17,232	63,016	34,464	34,464
G-Travel	24,740	13,392	38,132	26,784	26,784
J-Capital Outlays	19,470	408	19,878	816	816
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>281,114</b>	<b>159,282</b>	<b>440,396</b>	<b>318,564</b>	<b>318,564</b>

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
IT App Development - Senior/Specialist	118,716	0.2		0.1		
LCB Enforcement Officer 2	77,028	1.5	1.2	1.4	1.2	1.2
<b>Total FTEs</b>		<b>1.7</b>	<b>1.2</b>	<b>1.5</b>	<b>1.2</b>	<b>1.2</b>

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

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Enforcement Division (060)	250,091	159,282	409,373	318,564	318,564
Information Technology Division (070)	31,023		31,023		
<b>Total \$</b>	<b>281,114</b>	<b>159,282</b>	<b>440,396</b>	<b>318,564</b>	<b>318,564</b>

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

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

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

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

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

**Enforcement Field Increment (FI) Calculator**

**5367 SB: Concerning the regulation of products containing THC. (LCB Agency Request Legislation)**

**Year 1**

Event	# of events	Time Factor	Staffing Factor	FI Total	Officer	Consultant
THC Contact	99	10	1	985	985	
License Support and Education	158	10	1.3	2,049	2,049	
Complaint Investigations Cannabis	66	20	1.3	1,716	1,716	
Premises Checks	118	9	1	1,383	1,383	

**Total FI's      6,133      6,133      0**

**Total Field Increments per FTE      4,220      4,220      4,220**

**FTE's required      1.45      1.45      0.00**

**Round      1.50      1.50      0.00**

**Licenses**

Factors	Values
Licenses	3940
THC Contact	2.5%
License Support and Education	4%
Complaint Investigations Cannabis	66
Liquor Premises Checks	3%
Lab cost	\$13,200

**Year 2+**

Event	# of events	Time Factor	Staffing Factor	FI Total	Officer	Consultant
THC Contact	99	10	1	985	985	
License Support and Education	118	10	1.3	1,537	1,537	
Complaint Investigations Cannabis	60	20	1.3	1,560	1,560	
Liquor Premises Checks	118	9	1	1,064	1,064	

**Total FI's      5,145      5,145      0**

**Total Field Increments per FTE      4,220      4,220      4,220**

**FTE's required      1.22      1.22      0.00**

**Round      1.20      1.20      0.00**

**Licenses**

Factors	Values
Licenses	3940
THC Contact	2.5%
License Support and Education	3%
Complaint Investigations Cannabis	60
Premises Checks	3%
Lab cost	\$12,000

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5367 SB	<b>Title:</b> Products containing THC	<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: 01/16/2023
Agency Preparation: Gena Reich	Phone: 505394781	Date: 01/19/2023
Agency Approval: Jeannie Brown	Phone: 360-902-1989	Date: 01/19/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/19/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

SB 5367 Sec 1 (8) adds a new definition to RCW 15.140.020 for "Hemp consumable" and hemp consumables is a WSDA responsibility per rules of RCW 69.07. Overall this bill seeks to further define and detail expectations for products derived from Hemp (WSDA) and those derived from Cannabis products with a THC concentration (LCB) greater than .3 percent on a dry weight basis.

Under current rules in RCW 69.07.220 (1) "Until such time as hemp extract is federally authorized for use as a food ingredient, hemp extract is not an approved food ingredient in Washington State", so currently hemp consumables are not allowed products in the state. Unless this changes there is no impacts to WSDA from this bill.

No fiscal impact.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

No cash receipt impacts.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

No fiscal impacts.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals 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**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

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

NONE

No capital impacts.

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*