

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5546 E S SB AMH RSG H1758.2	<b>Title:</b> Cannabis commission
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Liquor and Cannabis Board	0	0	0	0	0	1,238,328	0	0	1,415,232
Total \$	0	0	0	0	0	1,238,328	0	0	1,415,232

## 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	.0	0	0	0	2.0	0	0	0	1.9	0	0	0
Department of Agriculture	.1	0	0	0	.1	0	0	0	.1	0	0	0
Total \$	0.1	0	0	0	2.1	0	0	0	2.0	0	0	0

## 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

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<b>Prepared by:</b> Matthew Hunter, OFM	<b>Phone:</b> (360) 529-7078	<b>Date Published:</b> Final 4/ 4/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5546 E S SB AMI RSG H1758.2	<b>Title:</b> Cannabis commission	<b>Agency:</b> 195-Liquor and Cannabis Board
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
WA State Cannabis Commission-Non-Appropriated NEW-6				1,238,328	1,415,232
<b>Total \$</b>				1,238,328	1,415,232

### Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	2.0	1.9
<b>Total \$</b>					

### 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:	Phone:	Date: 03/30/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 04/04/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 04/04/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 04/04/2023

## 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: The legislature finds that the Washington state liquor and cannabis board exists to promote safe communities and public safety. However, there is no agency to oversee research and education of the cannabis industry within the state. The legislature declares that the Washington state cannabis commission (commission) may be established to benefit the people of the state and its economy; for the public purpose of administering the revenue of the commission to serve the public interest by materially advancing the producing and processing of cannabis and improving sustainability in the producing and processing sectors; and to serve the general welfare of the people of the state by the research and development of best practices surrounding safe cultivation and processing activities of cannabis. The commission is intended to support social equity efforts in the cannabis industry.

Section 2(1), Section 2(2): Defines active cannabis producer and active cannabis producer/ processor as such licenses who reported gross income that is subject to tax under chapter 82.04 RCW in the calendar year before the date of a referendum under section 3 of this act.

Section 3:

(1): Provides that, upon receipt of a petition containing the signatures of five active cannabis producers or active cannabis producer/processors, the WSDA Director must conduct a referendum of active producers and producer/processors within 60 days of the petition's receipt.

(1b): Requires WSDA to create a list of active producers and producer/ processors eligible to vote in the referendum in collaboration with LCB and DOR.

(2): States that a referendum is approved if at least 51 percent of the referendum's participants vote affirmatively; and 40 percent of the active producers and 40 percent of the active producer/processors have been represented in the referendum.

(3): Provides that the Commission is not established, assessments are not collected, and the Director must not take further action to implement or enforce the chapter unless and until the requisite assent has been given in a referendum.

Section 3(7): Specifies that no referendum to establish the commission may be conducted until July 1, 2025, unless the director of the Washington state department of agriculture receives written notice from the liquor and cannabis board (LCB) that, pursuant to separate legislation enacted after January 1, 2023, the LCB has issued or reissued the maximum number of cannabis producer and processor licenses made available for issuance or reissuance to applicants meeting social equity criteria under the terms of the separately enacted legislation.

Section 5(2k): The Commission may obtain from the board a list of the names and addresses of producers, processors, producer/processors, and retailers, and such other available data from the state as requested by the commission with respect to the discharge of the duties of the commission.

Section 5(2n): The Commission may possess cannabis products for the limited purposes of section 5 of this act (research, education, training).

Section 7(1): The commission shall consist of 13 voting members: Eight producer or producer/processor members from the districts; one statewide at-large producer or producer/processor member; one statewide tier one or equally small producer or producer/processor member; one statewide tier two or equally medium producer or producer/processor member; one statewide tier three or equally large producer or producer/processor member; and the director.

Section 10: The commission shall deposit moneys collected under this chapter and section 15 of this act in a separate account in the name of the commission in any bank that is a state depository.

Section 11: The fee levied under section 15 of this act constitutes a personal debt of every person charged or who otherwise owes the fee, and the fee is due and payable to the commission.

Section 12. (1) Financial and commercial information and records submitted to either the board or the commission to administer this chapter may be shared between the board and the commission.

Section 14: Costs incurred by the board for activities under this chapter must also be fully reimbursed by the commission. Costs incurred under this section must include initial estimates of work and line item accounting of the costs incurred.

Sec. 15. A new section is added to chapter 69.50 RCW to read as follows:

(1) Pursuant to referendum under section 3 of this act, to provide for permanent funding of the cannabis commission, agricultural commodity assessments must be levied by the board on cannabis producers and cannabis producer/processors as follows:

(a) the initial rate of assessment on each producer licensee who is not a producer/processor subject to the assessment under (b) of this subsection is 0.29 percent of all sales revenues.

(b) the initial rate of assessment on each producer/processor licensee is 0.145 percent of all sales revenues.

(3) Requires that changes to the assessment must be submitted for approval by referendum and at least 60 percent of active cannabis producers and active cannabis processors subject to the assessment approve the modification and at least 40 percent of the active cannabis producers and producer/processors must have been represented.

(4) Assessments collected under this section must be disbursed quarterly to the Washington state cannabis commission for use in carrying out the purposes of this act.

(5) Until October 31, 2028, the assessments on producers and producer/processors in this section do not apply to a producer or producer/processor who is licensed through the cannabis social equity program created under this chapter.

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#### CHANGES MADE BY THE COMMITTEE STRIKING AMENDMENT:

1) Adds intent that the Washington state cannabis commission (commission) is intended to support social equity efforts in the cannabis industry, including increasing participation in licensed cannabis production and licensed cannabis production and processing by persons who reside in, or have resided in, a disproportionately impacted area, or who are both a socially and economically disadvantaged individual as defined by the office of minority and women's business enterprises (OMWBE), with a goal of reducing accumulated harm suffered by individuals, families, and local areas subject to severe impacts from the historical application and enforcement of cannabis prohibition laws.

(2) Modifies the commission's purposes as follows:

(a) Eliminates the purpose of fostering conditions favorable to investment in cannabis produced in Washington in accordance with state and federal laws;

(b) removes a reference to ensuring reliable and economical cannabis product in Washington, in the context of the purpose of discovering and developing new and improved cultivars;

(c) removes a reference to ensuring a balanced and sufficient supply of cannabis and cannabis products of good quality during all seasons and at all times, in the context of the purpose of protecting the interest of consumers and Washington by advising on the overall production of cannabis; and

(d) adds a purpose of the commission to support Washington state's policies and work to improve social equity in the cannabis industry by increasing participation in licensed cannabis production and licensed cannabis production and processing by persons who reside in, or have resided in, a disproportionately impacted area, or who are both a socially and economically disadvantaged individual as defined by OMWBE, and raising awareness about and working to eliminate unconscious bias.

(3) Requires commission members to complete training on unconscious bias.

(4) Specifies that no referendum to establish the commission may be conducted until July 1, 2025, unless the director of the Washington state department of agriculture receives written notice from the liquor and cannabis board (LCB) that, pursuant to separate legislation enacted after January 1, 2023, the LCB has issued or reissued the maximum number of cannabis producer and processor licenses made available for issuance or reissuance to applicants meeting social equity criteria under the terms of the separately enacted legislation.

(5) Specifies that the statewide at-large cannabis producer or cannabis producer/processor member of the 13-member commission:

(a) Must be licensed by the LCB pursuant to social equity criteria under separately enacted legislation expanding the existing cannabis social equity program to include issuing or reissuing cannabis producer and processor licenses; and

(b) is not subject to the requirements that the member be engaged in the active production of cannabis within Washington for a period of three years and have, during that period, derived a substantial portion of his or her income from cannabis production.

## 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.*

Sec. 15. A new section is added to chapter 69.50 RCW to read as follows:

(1) Pursuant to referendum under section 3 of this act, to provide for permanent funding of the cannabis commission, agricultural commodity assessments must be levied by the board on cannabis producers and cannabis producer/processors as follows:

(a) the initial rate of assessment on each producer licensee who is not a producer/processor subject to the assessment under (b) of this subsection is 0.29 percent of all sales revenues.

(b) the initial rate of assessment on each producer/processor licensee is 0.145 percent of all sales revenues.

(4) Assessments collected under this section must be disbursed quarterly to the Washington state cannabis commission for use in carrying out the purposes of this act.

(5) Until October 31, 2028, the assessments on producers and producer/processors in this section do not apply to a producer or producer/processor who is licensed through the cannabis social equity program created under this chapter.

Section 3(7) prohibits a referendum from being conducted until July 1, 2025 unless the director of WSDA receives written notice from the liquor and cannabis board that, pursuant to separate legislation enacted after January 1, 2023, the liquor and cannabis board has issued or reissued the maximum number of cannabis producer and processor licenses made available for issuance or reissuance to applicants meeting social equity criteria under the terms of the separately enacted legislation.

### Assumptions:

The agency assumes that the referendum will not be conducted any sooner than July 1, 2025 (makes no assumption about passage of separately enacted legislation), and that receipts from the assessments would begin October 2025. FY26 has 3/4 of the estimated annual receipts from the assessments.

Producer-only licenses: 168

Producer/processor licenses: 868

An analysis of producer and producer/processor sales gives an estimate of \$707,616 in assessments annually beginning in FY27 (\$530,712 in FY26)

Producer estimated annual sales:  $\$22,074,342 \times 0.29\% = \$64,016$  in assessments

Producer/processor estimated annual sales:  $\$443,861,937 \times 0.145\% = \$643,600$  in assessments

Section 15(5) addresses an exemption on the assessments for social equity producers and producer/processors until

October 31, 2028. This analysis does not make any assumptions regarding what sales and assessments might look like for these licensees.

Note: these cash receipts do not take into account the reimbursements due to the Board for costs to administer the assessments. The Board's expenses are outlined in Part II.C of this fiscal note.

FY26: Assessments of \$530,712 less Board expenses of \$190,810 = \$339,902 net assessment revenue.

FY27+: Assessments of \$707,616 less Board expenses of \$167,136 = \$540,480 net assessment revenue.

## 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.*

### ASSUMPTIONS:

Producer-only licenses: 168

Producer/processor licenses: 868

The agency assumes that the referendum will not be conducted any sooner than July 1, 2025 (makes no assumption about passage of separately enacted legislation), and that receipts from the assessments would begin October 2025.

Section 14: Costs incurred by the board for activities under this chapter must also be fully reimbursed by the commission. Costs incurred under this section must include initial estimates of work and line item accounting of the costs incurred. These reimbursements are reflected in the table as object S.

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### FINANCE DIVISION:

Collecting the assessments listed in Section 15 would have a workload impact on the Cannabis Tax & Fee unit. This includes an assumption that the assessment fee would be collected monthly beginning in November 2025 (for October 2025 activity). The assumed workload impact is expected to begin July 1 in order to get new staff trained and develop processes for the assessment collection.

FY26+

1.5 FTE Fiscal Analyst 2 - \$126,621/yr (\$122,466 salary/benefits, \$4,155 in associated costs). Onetime costs in FY26 of \$12,210 for equipment purchases.

0.3 FTE Fiscal Analyst 3 - \$28,550/yr (\$27,719 salary/benefits, \$831 in associated costs).

FY26 only:

0.2 FTE Fiscal Analyst 5 - \$22,929/yr (\$22,375 salary/benefits, \$554 in associated costs).

FY27+:

0.1 FTE Fiscal Analyst 5 - \$11,465/yr (\$11,188 salary/benefits, \$277 in associated costs).

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### INFORMATION TECHNOLOGY DIVISION:

There will be increased software licensing costs to the agency's excise tax system due to increased licenses. \$500/year ongoing beginning in FY26.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				2.0	1.9
A-Salaries and Wages				236,694	228,404
B-Employee Benefits				97,239	94,342
C-Professional Service Contracts					
E-Goods and Other Services				11,467	10,994
G-Travel					
J-Capital Outlays				12,546	532
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements				(357,946)	(334,272)
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	0	0	0	0

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Fiscal Analyst 2	57,324				1.5	1.5
Fiscal Analyst 3	66,420				0.3	0.3
Fiscal Analyst 5	82,896				0.2	0.1
<b>Total FTEs</b>					2.0	1.9

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

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Finance Division (020)				356,946	333,272
Information Technology Division (070)				1,000	1,000
<b>Total \$</b>				357,946	334,272

## 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.*

Rules will be needed regarding the assessments in Section 15.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5546 E S SB AMI RSG H1758.2	<b>Title:</b> Cannabis commission	<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:**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
<b>Account</b>					
<b>Total \$</b>					

**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:	Phone:	Date: 03/30/2023
Agency Preparation: Megan Finkenbinder	Phone: 360-902-2043	Date: 04/03/2023
Agency Approval: Jeannie Brown	Phone: 360-902-1989	Date: 04/03/2023
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 04/03/2023

## 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.*

5546 ESSB AMH RSG is a Committee amended bill to the engrossed substitute bill 5546 which is related to establishing a state cannabis commission, amending RCW 41.06.070 and adding new chapters to RCW 69.50 and Title 15.

Changes between the amended and engrossed bills are as follows:

Section 1 (c) added:

The Washington state cannabis commission (commission) is intended to support social equity efforts in the cannabis industry, including increasing participation in licensed cannabis production and licensed cannabis production and processing by persons who reside in, or have resided in, a disproportionately impacted area, or who are both a socially and economically disadvantaged individual as defined by the office of minority and women's business enterprises (OMWBE), with a goal of reducing accumulated harm suffered by individuals, families, and local areas subject to severe impacts from the historical application and enforcement of cannabis prohibition laws.

Section 3 (7) added:

No referendum to establish the commission may be conducted until July 1, 2025, unless the director of the Washington state department of agriculture receives written notice from the liquor and cannabis board (LCB) that, pursuant to separate legislation enacted after January 1, 2023, the LCB has issued or reissued the maximum number of cannabis producer and processor licenses made available for issuance or reissuance to applicants meeting social equity criteria under the terms of the separately enacted legislation.

Section 4 (11) removed: Eliminates the purpose of fostering conditions favorable to investment in cannabis produced in Washington in accordance with state and federal laws

Section 4 (11) added:

Purpose of the commission to support Washington state's policies and work to improve social equity in the cannabis industry by increasing participation in licensed cannabis production and licensed cannabis production and processing by persons who reside in, or have resided in, a disproportionately impacted area, or who are both a socially and economically disadvantaged individual as defined by OMWBE, and raising awareness about and working to eliminate unconscious bias.

Section 4 (13) (b): removes a reference to ensuring reliable and economical cannabis product in Washington, in the context of the purpose of discovering and developing new and improved cultivars

Section 4 (15): removes a reference to ensuring a balanced and sufficient supply of cannabis and cannabis products of good quality during all seasons and at all times, in the context of the purpose of protecting the interest of consumers and Washington by advising on the overall production of cannabis

Section 7 (1) (6): Specifies that the statewide at-large cannabis producer or cannabis producer/processor member of the 13-member commission must be licensed by the LCB pursuant to social equity criteria under separately enacted legislation expanding the existing cannabis social equity program to include issuing or reissuing cannabis producer and processor licenses.

Section 7 (5): Requires commission members to complete training on unconscious bias.

Based on changes in Section 3, the referendum process timeline is impacted by LCB's work to license and re-license producers and processors, however the does not preclude the referendum from occurring anytime between the bill passing and July 1, 2025. WSDA anticipates the referendum process could occur in FY2024. Therefore, there are no changes in

the amended engrossed bill that would change fiscal impacts.

Any costs incurred by WSDA are reimbursed by the commission so there is no net fiscal impact to WSDA.

## **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.*

Section 15 (1) states that assessments will be levied by the board (Liquor Cannabis Board) on cannabis producers and processors. WSDA is not responsible for collecting the assessments under this bill.

## **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.*

5546 ESSB AMH RSG is a Committee amended bill to the engrossed substitute bill 5546 which is related to establishing a state cannabis commission, amending RCW 41.06.070 and adding new chapters to RCW 69.50 and Title 15.

Changes between the amended and engrossed bills are as follows:

Section 1 (c) added:

The Washington state cannabis commission (commission) is intended to support social equity efforts in the cannabis industry, including increasing participation in licensed cannabis production and licensed cannabis production and processing by persons who reside in, or have resided in, a disproportionately impacted area, or who are both a socially and economically disadvantaged individual as defined by the office of minority and women's business enterprises (OMWBE), with a goal of reducing accumulated harm suffered by individuals, families, and local areas subject to severe impacts from the historical application and enforcement of cannabis prohibition laws.

Section 3 (7) added:

No referendum to establish the commission may be conducted until July 1, 2025, unless the director of the Washington state department of agriculture receives written notice from the liquor and cannabis board (LCB) that, pursuant to separate legislation enacted after January 1, 2023, the LCB has issued or reissued the maximum number of cannabis producer and processor licenses made available for issuance or reissuance to applicants meeting social equity criteria under the terms of the separately enacted legislation.

Section 4 (11) removed: Eliminates the purpose of fostering conditions favorable to investment in cannabis produced in Washington in accordance with state and federal laws

Section 4 (11): Added:

Purpose of the commission to support Washington state's policies and work to improve social equity in the cannabis industry by increasing participation in licensed cannabis production and licensed cannabis production and processing by persons who reside in, or have resided in, a disproportionately impacted area, or who are both a socially and economically disadvantaged individual as defined by OMWBE, and raising awareness about and working to eliminate unconscious bias.

Section 4 (13) (b): removes a reference to ensuring reliable and economical cannabis product in Washington, in the context of the purpose of discovering and developing new and improved cultivars

Section 4 (15): removes a reference to ensuring a balanced and sufficient supply of cannabis and cannabis products of good quality during all seasons and at all times, in the context of the purpose of protecting the interest of consumers and Washington by advising on the overall production of cannabis

Section 7 (1) (6): Specifies that the statewide at-large cannabis producer or cannabis producer/processor member of the 13-member commission must be licensed by the LCB pursuant to social equity criteria under separately enacted legislation expanding the existing cannabis social equity program to include issuing or reissuing cannabis producer and processor licenses.

Section 7 (5): Requires commission members to complete training on unconscious bias.

Based on changes in Section 3, the referendum process timeline is impacted by LCB's work to license and re-license producers and processors, however the does not preclude the referendum from occurring anytime between the bill passing and July 1, 2025. WSDA anticipates the referendum process could occur in FY2024.

Therefore, there are no changes in the amended engrossed bill that would change fiscal impacts or timing of fiscal impacts.

Any costs incurred by WSDA are reimbursed by the commission so there is no net fiscal impact to WSDA.

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No change from prior fiscal note:

One time in FY24

Anticipated referendum process costs and supplies, printing and distribution = \$1,700

Ongoing

Commodity commission program administrator (Commerce Specialist 5, 64/L), .05 FTE, 100 hours, salaries, benefits, supplies, and facilities = \$6,655/year

Printing costs and supplies associated with board elections = \$1,755/year (based on number producers and processors)

Travel costs associated with attending 2 public hearings, \$270 each = \$540/year

One time in FY24:

Rulemaking costs, supplies, printing, and distribution = \$3,140 one time

One time FY24-FY26

Attorney general costs associated with commission orientation = \$2,800/year

Updated costs with SSB impacts:

Total costs in FY24 = \$16,590

Total costs in FY25-FY26 = \$11,750/year

Total costs FY27 and after = \$8,950/year

## **Part III: Expenditure Detail**

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

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	4,400	4,400	8,800	8,800	8,800
B-Employee Benefits	1,600	1,600	3,200	3,200	3,200
C-Professional Service Contracts					
E-Goods and Other Services	10,050	5,210	15,260	7,620	4,820
G-Travel	540	540	1,080	1,080	1,080
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements	(16,590)	(11,750)	(28,340)	(20,700)	(17,900)
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	0	0	0	0

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Commerce Specialist 5 (64/L)	91,524	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.1	0.1	0.1	0.1	0.1

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

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

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

NONE

**IV. C - Capital Budget Breakout**

*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.*

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



# Multiple Agency Ten-Year Analysis Summary

<b>Bill Number</b>	<b>Title</b>
5546 E S SB AMH RSG H1758.2	Cannabis commission

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

## Estimated Cash Receipts

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Liquor and Cannabis Board	0	0	530,712	707,616	707,616	707,616	707,616	707,616	707,616	707,616	5,484,024
Department of Agriculture	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>530,712</b>	<b>707,616</b>	<b>5,484,024</b>						



# Ten-Year Analysis

<b>Bill Number</b> 5546 E S SB AMH RSG H1758.2	<b>Title</b> Cannabis commission	<b>Agency</b> 195 Liquor and Cannabis Board
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                 
  **Partially Indeterminate Cash Receipts**
                 
  **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Cannabis producer agricultural commodity assessment	NEW			48,012	64,016	64,016	64,016	64,016	64,016	64,016	64,016	496,124
Cannabis producer/processor agricultural commodity assessment	NEW			482,700	643,600	643,600	643,600	643,600	643,600	643,600	643,600	4,987,900
<b>Total</b>				<b>530,712</b>	<b>707,616</b>	<b>5,484,024</b>						

**Biennial Totals**
1,238,328
1,415,232
1,415,232
1,415,232
5,484,024

## Narrative Explanation (Required for Indeterminate Cash Receipts)

Sec. 15. A new section is added to chapter 69.50 RCW to read as follows:

(1) Pursuant to referendum under section 3 of this act, to provide for permanent funding of the cannabis commission, agricultural commodity assessments must be levied the board on cannabis producers and cannabis producer/processors as follows:

(a) the initial rate of assessment on each producer licensee who is not a producer/processor subject to the assessment under (b) of this subsection is 0.29 percent of sales revenues.

(b) the initial rate of assessment on each producer/processor licensee is 0.145 percent of all sales revenues.

(4) Assessments collected under this section must be disbursed quarterly to the Washington state cannabis commission for use in carrying out the purposes of this act.

(5) Until October 31, 2028, the assessments on producers and producer/processors in this section do not apply to a producer or producer/processor who is licensed through the cannabis social equity program created under this chapter.

Section 3(7) prohibits a referendum from being conducted until July 1, 2025 unless the director of WSDA receives written notice from the liquor and cannabis board that, pursuant to separate legislation enacted after January 1, 2023, the liquor and cannabis board has issued or reissued the maximum number of cannabis producer and processor licenses made available for issuance or reissuance to applicants meeting social equity criteria under the terms of the separately enacted legislation.



# Ten-Year Analysis

Bill Number	Title	Agency
5546 E S SB AMH RSG H1758.2	Cannabis commission	195 Liquor and Cannabis Board

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

## Narrative Explanation (Required for Indeterminate Cash Receipts)

### Assumptions:

The agency assumes that the referendum will not be conducted any sooner than July 1, 2025 (makes no assumption about passage of separately enacted legislation), and that receipts from the assessments would begin October 2025. FY26 has 3/4 of the estimated annual receipts from the assessments.

Producer-only licenses: 168

Producer/processor licenses: 868

An analysis of producer and producer/processor sales gives an estimate of \$707,616 in assessments annually beginning in FY27 (\$530,712 in FY26)

Producer estimated annual sales:  $\$22,074,342 \times 0.29\% = \$64,016$  in assessments

Producer/processor estimated annual sales:  $\$443,861,937 \times 0.145\% = \$643,600$  in assessments

Section 15(5) addresses an exemption on the assessments for social equity producers and producer/processors until October 31, 2028. This analysis does not make any assumptions regarding what sales and assessments might look like for these licensees.

Note: these cash receipts do not take into account the reimbursements due to the Board for costs to administer the assessments. The Board's expenses are outlined in Part II.C of this fiscal note.

FY26: Assessments of \$530,712 less Board expenses of \$190,810 = \$339,902 net assessment revenue.

FY27+: Assessments of \$707,616 less Board expenses of \$167,136 = \$540,480 net assessment revenue.

Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 4/4/2023 2:28:32 pm
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 4/4/2023 2:28:32 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 5546 E S SB AMH RSG H1758.2	<b>Title</b> Cannabis commission	<b>Agency</b> 495 Department of Agriculture
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Megan Finkenbinder	Phone: 360-902-2043	Date: 4/3/2023 12:56:45 pm
Agency Approval: Jeannie Brown	Phone: 360-902-1989	Date: 4/3/2023 12:56:45 pm
OFM Review:	Phone:	Date: