

Multiple Agency Fiscal Note Summary

Bill Number: 1650 S HB 1650-S H2046.1	Title: Cannabis prohibitions
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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	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

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
Office of the Secretary of State	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of State Treasurer	Fiscal note not available											
Liquor and Cannabis Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	Fiscal note not available											
Washington State University	Fiscal note not available											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Secretary of State	.0	0	0	.0	0	0	.0	0	0
Office of State Treasurer	Fiscal note not available								
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
University of Washington	Fiscal note not available								
Washington State University	Fiscal note not available								
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

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Individual State Agency Fiscal Note

Bill Number: 1650 S HB 1650-S H2046.1	Title: Cannabis prohibitions	Agency: 085-Office of the Secretary of State
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

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

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/18/2024
Agency Preparation: Mike Woods	Phone: (360) 704-5215	Date: 01/22/2024
Agency Approval: Bonnie Luntzel	Phone: 360-570-5575	Date: 01/22/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/22/2024

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.

Changes in SHB 1650 compared to the previous version (HB 1650, 2023 session).

Section 1 would allow cities, towns, and counties to hold local elections proposing the prohibition of the siting of cannabis retail businesses. The elections must take place on a date after July 1, 2024. The previous version would have required the elections take place after July 1, 2023.

Summary of SHB 1650

Section 1 would allow cities, towns, and counties to hold local elections proposing the prohibition of the siting of cannabis retail businesses. The elections must take place on a date after July 1, 2024.

Section 2 provides the state of Washington has the sole authority to regulate cannabis retailers, with certain exceptions.

Section 6 modifies language regarding the legislature's appropriations of funds for the administration of this act.

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.

Indeterminate, but minimal fiscal impact to the Office of the Secretary of State (OSOS). The impact would be function of how many local jurisdictions choose to initiate an ordinance by submitting a ballot proposition at a general election. OSOS has no way to estimate if and when this could happen.

This bill allows a city, town, or county to place a measure on the ballot. The state would not be responsible for a share of the costs for that measure. The local measure being on the ballot could impact the proportional share for which the state is responsible, however it would likely reduce the state share and increase the city, town, or county share.

There are other possible impacts including increasing the cost of the voters' pamphlet. And there are scenarios that could lead to a second page of a ballot if the combination of races and measures cannot fit onto one page. However, those costs are unlikely to be directly related to the addition of a single measure on the ballot.

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: *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

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 1650 S HB 1650-S H2046.1	Title: Cannabis prohibitions	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

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

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/18/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/18/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/18/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/19/2024

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(1): Beginning July 1, 2028, a city, town, or county may prohibit the siting or operation of any business or facility to be used for the retail sale of cannabis products under this chapter only if:

- (a) The city, town, or county initiates an ordinance by submitting a ballot proposition at a general election prohibiting the siting or operation of any business or facility to be used for the retail sale of cannabis under this chapter;
- (b) A majority of the voters of the county, city, or town voting in the election approve the prohibition; and
- (c) The election is held on a date after July 1, 2024.

Section 2:

(1) Except as provided in section 1 of this act and in subsections (2) through (4) of this section, the state of Washington has sole authority to regulate cannabis retailers licensed under this chapter and counties, cities, and towns are preempted from engaging in the regulation of cannabis retailers.

(2) Cities, towns, and counties retain their existing zoning authority regarding the siting of cannabis retailers.

(3)(a) Except as provided in section 1 of this act and in (b) of this subsection, counties, cities, and towns may not enact any ordinance, regulation, or land use plan that has the effect of precluding the siting or operation of cannabis retailers within their jurisdictional boundaries.

(b) A city, town, or county that prohibits the siting and operation of any retail business within its jurisdictional boundaries may enact an ordinance or regulation that precludes the siting and operation of state cannabis businesses.

(5) Following the passage of an ordinance under section 1 of this act, the board may not issue a license under RCW 69.50.325(3) for the retail sale of cannabis with respect to a business that is either located or proposed to be located within an area subject to the ordinance.

Section 6(4): Until July 1, 2033, an amount equivalent to the total cannabis excise taxes generated by retail outlets in cities, towns, and counties that, on the effective date of this section, have a ban or moratorium on the operation or siting of cannabis retailers and have no cannabis retailers operating in their jurisdiction, and that, after the effective date of this section, authorize cannabis retail activity in accordance with section 1 of this act, must be disbursed annually as follows:

- (a) 50 percent of funds must be used to support substance abuse disorder prevention treatment services including development of best practices for programs and services; and
- (b) 50 percent of funds must be used for cannabis research including research conducted by the University of Washington and Washington State University under subsection (1)(f) of this section.

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 6(4): Until July 1, 2033, an amount equivalent to the total cannabis excise taxes generated by retail outlets in cities, towns, and counties that, on the effective date of this section, have a ban or moratorium on the operation or siting of cannabis retailers and have no cannabis retailers operating in their jurisdiction, and that, after the effective date of this section, authorize cannabis retail activity in accordance with section 1 of this act, must be disbursed annually as follows:

(a) 50 percent of funds must be used to support substance abuse disorder prevention treatment services including development of best practices for programs and services; and

(b) 50 percent of funds must be used for cannabis research including research conducted by the University of Washington and Washington State University under subsection (1)(f) of this section.

INDETERMINATE impact to cash receipts. It is unknown what jurisdictions, if any, would choose to lift their existing bans, under which the provisions of this section would apply. Because of this, it is also unknown the impacts to cannabis tax distributions as described in this paragraph.

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 impact to the agency.

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

Part V: New Rule Making Required

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