

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING RETAIL MARIJUANA TAXES, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Representative Hamner
Senator Steadman

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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/27/15.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The appropriation included in the bill provides \$212,369 to the Department of Local affairs regardless of the outcome of the ballot measure, however, the \$1,000,000 appropriation to the Department of Local Affairs for grant awards is contingent upon voters approving the measure. Joint Budget Committee Staff and Legislative Council Staff agree that the Department of Local Affairs requires only 1.0 FTE unless the ballot measure is approved. In addition, Joint Budget Committee staff and Legislative Council Staff agree on several other technical adjustments to the amounts required for the Department of Local Affairs. With these adjustments, the fiscal impact for administrative costs for the Department of Local Affairs is shown below.

Department of Local Affairs - Administrative Costs	FY 2015-16
<i>Fiscal Impact - not conditional</i>	
Personal Services	\$63,799
FTE	1.0
Operating/capital outlay	5,653
Information Technology Services	0
Legal Services	<u>1,890</u>
<i>Subtotal</i>	\$71,342
<i>Additional Conditional Fiscal Impact if ballot initiative is adopted</i>	
Personal Services	\$48,091
FTE	1.0
Operating/capital outlay	9,403
Information Technology Services	75,044
Legal Services	<u>2,835</u>

Department of Local Affairs - Administrative Costs	FY 2015-16
<i>Subtotal</i>	\$135,373
Total (not conditional and conditional amounts)	\$206,715

Legislative Council Staff and Joint Budget Committee staff also agree that:

- the amounts shown above for information technology services should be reappropriated to the Governor's Office and the amounts shown above for legal services should be reappropriated to the Department of Law; and
- for FY 2016-17, the Department of Local Affairs is estimated to require \$146,819 for administrative expenses if at least \$1,000,000 in grants is available for the Local Government Retail Marijuana Impact Grant Program.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.004	Staff-prepared appropriation amendment
L.005	Bill Sponsor amendment - does not change fiscal impact
L.004/J.005	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill includes an appropriation clause that makes a number of appropriations. The bill appropriates \$12.0 million contingent upon the voters approving the ballot measure proposed by the bill. It also provides a total of \$317,579 without regard to whether the ballot initiative is approved. For a detailed explanation of each appropriation, see the discussion of amendment J.004.

Description of Amendments in This Packet

J.004 Staff has prepared amendment **J.004** (attached) to adjust the appropriation provided to the Department of Local Affairs to account for the conditional nature of the first year of grant funding for the Local Government Marijuana Impact Program and to make the technical adjustments described above. The table below describes both the current appropriations included in the bill and the changes to the appropriations included in J.004:

Department	Current Appropriation	Appropriation Under J.004	Purpose
Conditional Appropriations			
Public Health and Environment	\$2,500,000	\$2,500,000	Marijuana education campaign
Public Health and Environment	1,000,000	1,000,000	Poison control centers

Department	Current Appropriation	Appropriation Under J.004	Purpose
Department of Education	2,000,000	2,000,000	School bullying prevention and education
Department of Education	2,000,000	2,000,000	Student re-engagement grants
Human Services	1,000,000	1,000,000	Youth mentoring services
Human Services	1,000,000	1,000,000	Tony Grampsas Youth Mentoring Program
Health Care Policy and Financing	500,000	500,000	Screening, Brief Intervention, and Referral to Treatment (SBIRT) services.
Department of Agriculture	300,000	300,000	Future Farmers of America and 4-H
Department of Local Affairs	1,000,000	1,000,000	Grant funding for newly created Local Government Marijuana Impact Grant Program
Department of Local Affairs	0	135,373	Administration of newly created Local Government Marijuana Impact Grant Program
Human Services	500,000	500,000	Treatment and detoxification contracts
Department of Law	200,000	200,000	Advanced roadside impaired driving enforcement training for peace officers
Department of Law	0	2,835	Legal services for the Department of Local Affairs to adopt program guidelines
Governor's Office of Information and Technology	0	75,044	Information and Technology services for the Department of Local Affairs for grant management.
Total	\$12,000,000	\$12,213,252	
Appropriations without a Condition			
Department of Local Affairs	\$212,369	\$63,799	Administration of Local Government Marijuana Impact Program
Governor's Office of Information and Technology	79,770	0	Information and Technology services for the Department of Local Affairs for grant management.
Department of Revenue	25,440	25,440	Programming state's tax software for tax holiday
Department of Law	0	1,890	Legal services for the Department of Local Affairs to adopt program guidelines

Department	Current Appropriation	Appropriation Under J.004	Purpose
Total	\$317,579	\$91,129	

L.005 Sponsor amendment **L.005** (attached) to H.B. 15-1367 provides statutory guidance and authority to the Department of Health Care Policy and Financing for the \$500,000 contingent appropriation provided to the Department for administering an evidence-based training and outreach program to health professionals related to screening, brief intervention, and referral to treatment for individuals at risk of substance abuse. **Amendment L.005 should be adopted regardless of whether any other amendments are adopted.**

- L.004/J.005** Sponsor amendment **L.004** (attached):
- ! modifies a definition for "documented retail marijuana impacts" to strike the word "retail" and expand the definition to non-retail activities;
 - ! enables the Department of Local Affairs to roll-forward unspent administrative and grant amounts for the Local Government Retail Marijuana Impact Grant Program from one fiscal year to the next;
 - ! eliminates the requirement that the Department adopt formal rules regarding the grant program and instead authorizes it to it to structure the program by adopting policies and procedures; and
 - ! clarifies that the marijuana tax revenue may be appropriated to regulate and test industrial hemp or hemp seeds and not solely for research and study of industrial hemp.

Fiscal Impact of Amendment L.004 on Department of Local Affairs

By eliminating the requirement that the Department adopt formal rules, the amendment reduces the Department's information technology costs associated with the bill. The fiscal impact of the bill on the Department of Local Affairs with amendment L.004 is shown in the table below.

Department of Local Affairs - Administrative Expenses with L.004	
	FY 2015-16
<i>Fiscal Impact - not conditional</i>	
Personal Services	\$63,799
FTE	1.0
Operating/capital outlay	5,653
Information Technology Services	0
Legal Services	<u>1,890</u>
<i>Subtotal</i>	\$71,342

Department of Local Affairs - Administrative Expenses with L.004	
<i>Additional Conditional Fiscal Impact if ballot initiative is adopted</i>	
Personal Services	\$48,091
FTE	1.0
Operating/capital outlay	9,403
Information Technology Services	21,803
Legal Services	<u>2,835</u>
<i>Subtotal</i>	\$82,132
Total (not conditional and conditional amounts)	\$153,474

FY 2016-17: If amendment L.004 is adopted, the Department of Local Affairs is estimated to require \$137,805 for administrative expenses in FY 2016-17 if at least \$1,000,000 in grants is available for the Local Government Retail Marijuana Impact Grant Program.

Fiscal Impact of Amendment L.004 on Department of Agriculture

Because L.004 authorizes use of the Marijuana Tax Cash Fund for additional purposes in the Department of Agriculture, it requires increases in the appropriation from the Marijuana Tax Cash Fund to the Department of Agriculture. Specifically, it requires an appropriation of \$314,633 cash funds from the Marijuana Tax Cash Fund for the Division of Plant Industry to fund:

- ! The Industrial Hemp Registration Program;
- ! Development of a list of substances not allowed to be used in marijuana production;
- ! To conduct integrated pest management training for marijuana growers;
- ! To inspect pesticide use by marijuana growers, and
- ! The purchase of legal services from the Department of Law.

The amendment also makes a minor technical change by correcting the name of the Marijuana Tax Cash Fund included in the appropriation to the Department of Revenue.

Amendment J.005

Amendment **J.005** (attached) modifies the bill's appropriation clause to be consistent with the bill's fiscal impact on the Departments of Local Affairs and Agriculture if amendment L.004 is adopted. **If amendment L.004 is adopted, amendment J.005 should be adopted and amendment J.004 should NOT be adopted.**

Points to Consider

None.