Joint Budget Committee. If necessary, the bill refers a ballot issue to the voters at the November 3, 2015, statewide election to allow the state to retain and spend state revenues that would otherwise be refunded for exceeding an estimate included in the ballot information booklet for proposition AA, which was the referendum by which voters approved retail marijuana taxes. If voters reject the ballot issue, then the monies will be refunded as follows based on current projections:

- $13.3 million will be refunded through a temporary retail marijuana sales tax rate reduction from 10% of the sales price to 0.01% beginning on January 1, 2016, and ending on or before June 30, 2016;
- $19.7 million will be refunded to the marijuana cultivation facilities for all of the retail marijuana excise taxes collected during the fiscal year 2015-16; and
- $25 million will be refunded through a sales and use tax refund.

If voters approve the ballot measure, then monies set aside for the potential refund related to proposition AA will instead be used as follows:

- $40 million is transferred to the public school capital construction assistance fund;
- $12 million is appropriated for youth programs, marijuana education and prevention programs, law enforcement services, substance abuse programs, poison control services, which are expanded to include other means of communication such as text messaging, instant messaging, and email, and the newly created local government retail marijuana impact grant program; and
- $6 million will remain in the general fund.

The refund or alternative spending is made or backfilled from revenue in the newly created proposition AA account, which consists of $27.7 million from the marijuana tax cash fund and $30.3 million from the general fund. To repay the general fund, the existing transfers of marijuana tax revenue from the general fund to the marijuana tax cash fund are reduced in the future. The amount repaid and the number of years it will take to repay the general fund depend on whether a refund is made.

In addition to the rate-reduction refund, if actual fiscal year spending or the marijuana tax revenue for the fiscal year 2014-15 exceeds the estimates included in the ballot information booklet for proposition AA, then the rates for both the retail marijuana taxes are reduced on September 16, 2015, as required by the state constitution. Then, consistent with the authority conferred by voters through proposition AA, the rates are increased back to their current levels on September 17, 2015. Finally, beginning on July 1, 2017, and unrelated to either the potential rate reduction or refund, the retail marijuana sales tax rate is reduced
from 10% to 7% of the amount of the sale.

Beginning July 1, 2017, the local government distribution of the retail marijuana tax revenue (local government share) is reduced from 15% of the gross retail marijuana sales tax revenue to 10%. If refunds are required, the a local government government's share is halved until the total reduction in the grants and local government's distributions is equal to the amount of retail marijuana sales tax revenue that the local governments government received for the fiscal year 2014-15. which The total amount of distributions to all local governments for the fiscal year 2014-15 is currently estimated to be to $5.9 million.

Any marijuana excise taxes above $40 million collected in a fiscal year are credited to the public school fund created in the state constitution, instead of the marijuana tax cash fund. The permissible uses for the moneys in the marijuana tax cash fund are broadened. The marijuana enforcement division in the department of revenue is required to include a link on its web site that describes how the retail marijuana taxes and the 2.9% state sales tax on retail marijuana are expended for each fiscal year.