



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** SB0341

**Title:** Revise business laws related to sale of marijuana

**Primary Sponsor:** Howard, David

**Status:** As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<b>Expenditures:</b>				
General Fund	\$1,045,000	\$720,000	\$720,000	\$720,000
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	Unknown	Unknown	Unknown	Unknown
State Special Revenue	Unknown	Unknown	Unknown	Unknown
Federal Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,045,000)</u>	<u>(\$720,000)</u>	<u>(\$720,000)</u>	<u>(\$720,000)</u>

**Description of fiscal impact:** SB 341 reduces the amount of marijuana a consumer may purchase per week and prohibits the sale of marijuana products with a THC level over 15%. This bill creates additional requirements of the seed-to-sale tracking system that would increase the cost to the Department of Revenue for implementing and managing the system.

### FISCAL ANALYSIS

#### Assumptions:

- SB 341 amends some of the adult-use marijuana requirements in MCA Title 16, chapter 12, reducing the amount of marijuana a consumer may purchase from one ounce daily to one ounce weekly and only allows the sale of marijuana products with a THC level of 15% or less.
- This bill also limits the number of allowed dispensaries in each county to one per 10,000 in population.

3. Currently, the adult-use recreational marijuana market has yet to be implemented statewide. It is assumed that residents of major population centers in the state would still have access to purchase recreational marijuana in their community. Whether or not the limitation of the number of dispensaries would still be capable of supporting the demand for adult-use marijuana estimated under present law is unknown. As such the impact on the estimated amount of sales and tax revenue is unknown. If the limitation on dispensaries does reduce overall sales compared to present law estimates, then tax revenue would decrease, with an unknown impact on “black-market” sales.
4. This bill also requires the department to adopt a system that can track the purchases made by consumers, so they are not able to purchase more than the allowable amount. The system would also have to be able to communicate this information to the dispensaries prior to a sale occurring.
5. These additional requirements for the tracking system are estimated to increase the contracted costs of creating and implementing the system. The additional costs would be a one-time implementation cost of \$5,000 per dispensary and total maintenance fees of \$60,000 per month beginning in January 2022.
6. There are currently 242 medical marijuana dispensaries, but this bill would limit the number of dispensaries in each county to one per 10,000 in population. Based on current population estimates for each county, the maximum number of dispensaries allowed in the state would be 137 (see technical note #2). This would result in a one-time implementation cost of \$685,000. The total maintenance fees would be \$360,000 in FY 2022 and \$720,000 each year after.
7. The total additional costs to the department are estimated to be \$1,045,000 in FY 2022 and \$720,000 in FY 2023 and each year thereafter.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$1,045,000	\$720,000	\$720,000	\$720,000
<b>TOTAL Expenditures</b>	<u>\$1,045,000</u>	<u>\$720,000</u>	<u>\$720,000</u>	<u>\$720,000</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$1,045,000	\$720,000	\$720,000	\$720,000
<b>TOTAL Funding of Exp.</b>	<u>\$1,045,000</u>	<u>\$720,000</u>	<u>\$720,000</u>	<u>\$720,000</u>
<b><u>Revenues:</u></b>				
General Fund (01)	Unknown	Unknown	Unknown	Unknown
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,045,000)	(\$720,000)	(\$720,000)	(\$720,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Technical Notes:**

1. Section 8 of the bill references tobacco but MCA, Title 16, Chapter 12 does not define tobacco products and the definition of tobacco varies between 16-11-102, MCA, and 16-11-302, MCA, and the FDA’s rule. Adding a definition for tobacco products to this chapter of code would clarify this issue.

2. Section 9 of the bill limits the number of adult dispensary licenses for each county but does not indicate how it will be determined who gets the allowed licenses. If a county already has more medical marijuana dispensaries, determining which ones must close or are not allowed to sell adult-use marijuana could lead to litigation. This limitation on the number of licenses would also make it more difficult for the department to cover implementation costs with only license fee revenue.

**NO SPONSOR SIGNATURE**

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*Sponsor's Initials*

2/26  
*Date*

KA  
*Budget Director's Initials*

2/26/21  
*Date*