



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

SB0538 - Generally revise marijuana laws (Friedel, Chris )

**Status:** As Amended in House Committee

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns                         |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$22,200	\$22,200	\$22,200	\$22,200
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$22,200	\$22,200	\$22,200	\$22,200
<b>Net Impact-General Fund Balance:</b>	\$0	\$0	\$0	\$0

**Description of fiscal impact:** SB 538, as amended, adds a fee on dispensary license renewals to fund a drug education program, increases civil fines for individuals falsely representing themselves as a cannabis licensee, and allows for misdemeanor charges against individuals in violation of 16-12-107, MCA. About \$22,200 total in fees would be collected annually and used by the Department of Revenue to administer a drug education program.

### FISCAL ANALYSIS

**Assumptions:**

**Department of Revenue**

1. SB 538, as amended, adds an additional \$50 fee at each renewal for dispensaries. This additional fee would be used by the Department of Revenue to administer a drug education program.
2. It is assumed that with about 444 licensed dispensaries, these additional fees would generate approximately \$22,200 annually, which would be deposited in the marijuana state special revenue account.
3. The bill also provides that a law enforcement officer may seize marijuana and marijuana products from an individual who falsely represents themselves as a licensee or violates the provisions of 16-12-107, MCA, and may charge the individual with a misdemeanor.

4. The civil fines for an individual falsely representing themselves as a licensee would be increased from \$1,000 to \$1,500. Any increased fine revenue cannot be predicted.
5. Administrative rules, system and form changes required to implement this bill would be managed through normal maintenance and would not create any additional costs for the Department of Revenue. The drug education program would be administered by the department with the additional fee revenue.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses - Drug education	\$22,200	\$22,200	\$22,200	\$22,200
<b>TOTAL Expenditures</b>	<u>\$22,200</u>	<u>\$22,200</u>	<u>\$22,200</u>	<u>\$22,200</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$22,200	\$22,200	\$22,200	\$22,200
<b>TOTAL Funding of Exp.</b>	<u>\$22,200</u>	<u>\$22,200</u>	<u>\$22,200</u>	<u>\$22,200</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$22,200	\$22,200	\$22,200	\$22,200
<b>TOTAL Revenues</b>	<u>\$22,200</u>	<u>\$22,200</u>	<u>\$22,200</u>	<u>\$22,200</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

17-1-507, MCA – Dedicated Revenue

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay?**  
Yes, drug education program will be available statewide.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**  
Marijuana dispensaries contribute to administration of drug education program.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**  
No expected revenue is not sufficient to provide for programmatic costs.
- d) **Does the need for this state special revenue provision still exist? X\_\_Yes \_\_No**  
Yes, this fund will allow the department to offset some programmatic costs that would otherwise fall all on the general fund.
- e) **Does the dedicated revenue affect the legislature’s ability to scrutinize budgets, control expenditures, or establish priorities for state spending?**  
No, revenue collected will only be appropriated by the legislature.

f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need**

The dedicated revenue does help to provide for the identified need.

g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**

None, this will help to offset general fund obligations minimally.

NO SPONSOR SIGNATURE

*Sponsor's Initials*

4.26

*Date*



*Budget Director's Initials*

4-25-23

*Date*