



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0128 - Generally revise marijuana laws (Kassmier, Joshua)	
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 checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input 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>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$11,475)	(\$14,495)	(\$11,983)	(\$9,429)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$11,475)	(\$14,495)	(\$11,983)	(\$9,429)
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: HB 128 clarifies many components of the administration of adult-use and medical marijuana and transfers the administration of marijuana testing labs from the Department of Public Health and Human Services (DPHHS) to the Department of Revenue (DOR). This would result in an additional 2.00 FTE for the department, 1.50 of which will be transferred from DPHHS. The bill contains an appropriation for spending by DOR.

FISCAL ANALYSIS

Assumptions:

Department of Revenue (DOR)

1. HB 128 makes clarifying changes to DOR's administration of the adult-use and medical marijuana industry in Montana.
2. The amendments made in House Business and Labor Committee changes the date in the definition of "former medical marijuana licensee" to December 31, 2021, and corrects the appropriation amount in section 30 to equal the current budget authority for managing the state laboratory at DPHHS, and to clarify the 1.50 FTE transferred to DOR and 0.50 new FTE for DOR from HB 2.

3. Some of the changes make compliance and licensing easier, such as removing some background check requirements, and clarifying some age restrictions and limitations.
4. HB 128 extends the moratorium on new licenses from July 1, 2023, to July 1, 2025. This is not expected to significantly change total sales or tax revenue, because there is no indication of any supply shortage, meaning sales are being dictated by consumer demand.
5. The bill also transfers authority over marijuana testing labs from DPHHS to DOR, which will require two new positions, with 1.50 FTE transferring from DPHHS to DOR and 0.50 new FTE for DOR.
6. The total additional cost to DOR would be \$191,419 for FY 2024, \$188,399 for FY 2025, \$190,911 for FY 2026, and \$193,465 for FY 2027.
7. Authority transferred from DPHHS, in excess of personal services and operating costs at DOR, is listed as Excess Authority in the summary tables on pages 3 and 4.

Department of Public Health and Human Services (DPHHS)

8. To meet the requirement of HB 129, the Public Health and Safety Division (PHSD) would transfer 2.00 permanent FTE to the DOR.
9. Salary and benefits for the 1.50 FTE positions within PHSD are \$120,334 in each year of the 2025 Biennium.
10. Additional state special authority for cannabis fund in the DPHHS budget will also be transferred to DOR. Total authority transferred to DOR is \$202,894 in each year of the 2025 Biennium.

Department of Public Health and Human Services Impact

	<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>
<u>Fiscal Impact:</u>				
FTE	(1.50)	(1.50)	(1.50)	(1.50)
<u>Expenditures:</u>				
Personal Services	(\$120,334)	(\$120,334)	(\$120,334)	(\$120,334)
Operating Expenses	(\$82,560)	(\$82,560)	(\$82,560)	(\$82,560)
TOTAL Expenditures	<u>(\$202,894)</u>	<u>(\$202,894)</u>	<u>(\$202,894)</u>	<u>(\$202,894)</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$202,894)	(\$202,894)	(\$202,894)	(\$202,894)
TOTAL Funding of Exp.	<u>(\$202,894)</u>	<u>(\$202,894)</u>	<u>(\$202,894)</u>	<u>(\$202,894)</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$202,894	\$202,894	\$202,894	\$202,894

Department of 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>
<u>Fiscal Impact:</u>				
FTE	2.00	2.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services	\$168,303	\$171,005	\$173,191	\$175,409
Operating Expenses	\$23,116	\$17,394	\$17,720	\$18,056
TOTAL Expenditures	\$191,419	\$188,399	\$190,911	\$193,465
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$191,419	\$188,399	\$190,911	\$193,465
TOTAL Funding of Exp.	\$191,419	\$188,399	\$190,911	\$193,465
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$191,419)	(\$188,399)	(\$190,911)	(\$193,465)

STATEWIDE IMPACT				
	<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>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$47,969	\$50,671	\$52,857	\$55,075
Operating Expenses	(\$59,444)	(\$65,166)	(\$64,840)	(\$64,504)
TOTAL Expenditures	<u>(\$11,475)</u>	<u>(\$14,495)</u>	<u>(\$11,983)</u>	<u>(\$9,429)</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$11,475)	(\$14,495)	(\$11,983)	(\$9,429)
TOTAL Funding of Exp.	<u>(\$11,475)</u>	<u>(\$14,495)</u>	<u>(\$11,983)</u>	<u>(\$9,429)</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$11,475	\$14,495	\$11,983	\$9,429

Technical Notes:

1. Section 21 (2) on page 57 should be amended to change “canopy” to “cultivator” because canopy is outdated language.

SK

Sponsor's Initials

3-30-23

Date

[Signature]

Budget Director's Initials

3-29-23

Date