



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0265 - Revise laws related to marijuana dispensaries and licenses (Smith, Tanner)

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 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	\$49,435	\$47,251	\$47,881	\$48,522
Transfers to GF & SSRs	(\$49,435)	(\$47,251)	(\$47,881)	(\$48,522)
Revenue:				
General Fund	(\$33,616)	(\$32,131)	(\$32,559)	(\$32,995)
State Special Revenue	(\$15,819)	(\$15,120)	(\$15,322)	(\$15,527)
Net Impact-General Fund Balance:	<u>(\$33,616)</u>	<u>(\$32,131)</u>	<u>(\$32,559)</u>	<u>(\$32,995)</u>

Description of fiscal impact: HB 265 increases the required distance between a dispensary and a school or place of worship from 500 feet to 1,000 feet. The bill also prohibits new dispensaries in precincts that voted against I-190 and this provision would not be expected to impact total sales or tax revenue around the state but would require an addition 0.50 FTE for the Department of Revenue to administer. Total costs to the Department of Revenue would be \$49,435 in FY 2024, \$47,251 in FY 2025, \$47,881 in FY 2026, and \$48,522 in FY 2027. Increased costs would result in reduced transfers to state special and general funds.

FISCAL ANALYSIS

Assumptions:

1. HB 265 increases the required distance between a dispensary and a school or place of worship and prohibits new dispensaries in precincts that voted against I-190.
2. The required distance between a dispensary and a school or place of worship would be increased from 500 feet to 1,000 feet and the measurement definition from the entrances of the buildings to the corners of the buildings. These changes would require some dispensaries that are currently operating in compliance with the

- Department of Revenue to close or relocate. This requirement would go into effect January 1, 2024, and prohibit the Department of Revenue from approving the renewal of licensees that violate this requirement.
3. The second component of this bill would require the Department of Revenue to deny adult-use or medical dispensary licenses for proposed premises in voting precincts (referred to as closed precincts for the rest of this fiscal note) where the majority of voters opposed I-190 on November 3, 2020. This provision would apply to new license applications submitted after October 1, 2023, and any existing licenses that are on revocation or suspension. The bill makes no changes to the current laws regarding counties being opted-in or opted-out of allowing adult-use dispensaries (red/green counties).
 4. It is assumed that all current dispensaries, and any new ones that open before October 1, 2023, would be allowed to continue operating in these closed precincts, as long as they remain in good standing with the Department of Revenue and do not have their license suspended. This provision would prevent new adult-use and medical dispensaries from opening in closed precincts within green counties. Adult-use dispensaries are already prohibited within red counties.
 5. These provisions are not expected to have a significant impact on current licensees, or the supply and demand of adult-use and medical marijuana from current law. It is assumed that total statewide sales and tax revenue would not be impacted from the current HJ 2 estimates.
 6. There is a possibility that this provision could impact the geographical distribution of sales and resulting local-option marijuana tax revenue for some municipalities and counties if new dispensaries are only able to open in certain precincts within a county.
 7. There are 663 voting precincts statewide, within the 56 counties, and with this bill, the Department of Revenue would have to evaluate new license applications at both the county and precinct level. This would be a significant increase in workload and the Department of Revenue estimates it would add an average of 22 hours per week to the licensing/inspecting process. The Department of Revenue would require an additional 0.50 FTE to administer this bill.
 8. The total costs to the Department of Revenue for the 0.50 FTE compliance specialist would be \$49,435 in FY 2024, \$47,251 in FY 2025, \$47,881 in FY 2026, and \$48,522 in FY 2027. Personal services costs are \$42,076 in FY 2024, \$42,751 in FY 2025, \$43,298 in FY 2026, and \$43,853 in FY 2027, with operating expenses making up the difference.
 9. The increased costs to the Department of Revenue would result in a reduction in the amount of distributable revenue and corresponding statutory distributions to various state special revenue funds and the general fund. The tables below show the current distributions, the distributions as proposed in HB 265, and the net impact of HB 265.

Present Law Distributions									
FY	Distributable Revenue	HEART	Wildlife	Parks	Trails	NonGame	Vets	Crisis	General Fund
2024	\$81,048,565	\$6,000,000	\$15,009,713	\$3,001,943	\$3,001,943	\$3,001,943	\$200,000	\$150,000	\$50,683,024
2025	\$91,052,413	\$6,000,000	\$17,010,483	\$3,402,097	\$3,402,097	\$3,402,097	\$200,000	\$150,000	\$57,485,641
2026	\$94,264,095	\$6,000,000	\$17,652,819	\$3,530,564	\$3,530,564	\$3,530,564	\$200,000	\$150,000	\$59,669,584
2027	\$97,254,169	\$6,000,000	\$18,250,834	\$3,650,167	\$3,650,167	\$3,650,167	\$200,000	\$150,000	\$61,702,835

HB 265 Proposed Distributions									
FY	Distributable Revenue	HEART	Wildlife	Parks	Trails	NonGame	Vets	Crisis	General Fund
2024	\$80,999,130	\$6,000,000	\$14,999,826	\$2,999,965	\$2,999,965	\$2,999,965	\$200,000	\$150,000	\$50,649,408
2025	\$91,005,162	\$6,000,000	\$17,001,032	\$3,400,206	\$3,400,206	\$3,400,206	\$200,000	\$150,000	\$57,453,510
2026	\$94,216,214	\$6,000,000	\$17,643,243	\$3,528,649	\$3,528,649	\$3,528,649	\$200,000	\$150,000	\$59,637,025
2027	\$97,205,647	\$6,000,000	\$18,241,129	\$3,648,226	\$3,648,226	\$3,648,226	\$200,000	\$150,000	\$61,669,840

Difference/Fiscal Impact									
FY	Distributable Revenue	HEART	Wildlife	Parks	Trails	NonGame	Vets	Crisis	General Fund
2024	(\$49,435)	\$0	(\$9,887)	(\$1,977)	(\$1,977)	(\$1,977)	\$0	\$0	(\$33,616)
2025	(\$47,251)	\$0	(\$9,450)	(\$1,890)	(\$1,890)	(\$1,890)	\$0	\$0	(\$32,131)
2026	(\$47,881)	\$0	(\$9,576)	(\$1,915)	(\$1,915)	(\$1,915)	\$0	\$0	(\$32,559)
2027	(\$48,522)	\$0	(\$9,704)	(\$1,941)	(\$1,941)	(\$1,941)	\$0	\$0	(\$32,995)

Fiscal Note Request – As Introduced

(continued)

	<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	\$42,076	\$42,751	\$43,298	\$43,853
Operating Expenses	\$7,359	\$4,500	\$4,583	\$4,669
Transfers to GF & SSRs	(\$49,435)	(\$47,251)	(\$47,881)	(\$48,522)
TOTAL Expenditures	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	(\$33,616)	(\$32,131)	(\$32,559)	(\$32,995)
State Special Revenue (02)	(\$15,819)	(\$15,120)	(\$15,322)	(\$15,527)
TOTAL Revenues	(\$49,435)	(\$47,251)	(\$47,881)	(\$48,522)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$33,616)	(\$32,131)	(\$32,559)	(\$32,995)
State Special Revenue (02)	(\$15,819)	(\$15,120)	(\$15,322)	(\$15,527)


Sponsor's Initials

1/25/23
Date


Budget Director's Initials

1-25-23
Date