



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0669 - Revise laws related to allocation of marijuana tax revenues (Mercer, Bill)	
Status:	As Introduced

- | | | |
|---|--|--|
| <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 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$13,679,000)	(\$14,212,000)	(\$14,738,000)	(\$15,282,000)
Revenue:				
General Fund	\$13,679,000	\$14,212,000	\$14,738,000	\$15,282,000
State Special Revenue	(\$13,679,000)	(\$14,212,000)	(\$14,738,000)	(\$15,282,000)
Net Impact-General Fund Balance:	<u>\$13,679,000</u>	<u>\$14,212,000</u>	<u>\$14,738,000</u>	<u>\$15,282,000</u>

Description of fiscal impact: HB 669 revises the distribution of marijuana tax and license fee revenue to eliminate the distributions to six state special revenue accounts and distribute that revenue to the general fund. Without an appropriation in HB 669, this fiscal note assumes services authorized under current law are discontinued. The net impact of this bill would be an increase in general fund revenue of \$13,679,000 in FY 2024, \$14,212,000 in FY 2025, \$14,738,000 in FY 2026, and \$15,282,000 in FY 2027. Total state special revenue distributions would decrease by equivalent amounts.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. HB 669 revises the distribution from the marijuana state special revenue account in 16-12-111, MCA, to eliminate the distributions to all the state special revenue accounts other than the HEART fund. All remaining revenue after the \$6 million to the HEART fund would be distributed to the general fund.
2. The current law distribution from the marijuana state special revenue account at the end of each fiscal year, after covering the Department of Revenue's administrative costs, is:
 - \$6 million to the healing and ending addiction through recovery and treatment (HEART) account
 After the HEART account distribution, the net balance is distributed as follows:

- 20% to the credit of the department of fish, wildlife, and parks for wildlife habitat
- 4% to the state park account
- 4% to the trails and recreational facilities account
- 4% to the nongame wildlife account
- 3% or \$200,000, whichever is less, to the veterans and surviving spouses state special revenue account
- \$150,000 to the board of crime control
- The remainder to the general fund

3. The following table shows the HJ 2 forecast projected distributions under current law.

Current Law Distributions from Marijuana State Special Revenue Account (millions)								
FY	HJ2	DOR Costs	Heart Fund	FWP Habitat	4% Accounts			
	Marijuana Revenue				(State Parks, Trails & Rec, Nongame)	Veterans Account	Crime Control	General Fund
2024	\$52.904	\$5.250	\$6.000	\$8.331	\$1.666	\$0.200	\$0.150	\$27.975
2025	\$54.599	\$5.280	\$6.000	\$8.664	\$1.733	\$0.200	\$0.150	\$29.107
2026	\$56.242	\$5.280	\$6.000	\$8.992	\$1.798	\$0.200	\$0.150	\$30.224
2027	\$57.941	\$5.280	\$6.000	\$9.332	\$1.866	\$0.200	\$0.150	\$31.379

4. The distribution from the marijuana state special revenue account under HB 669 after covering the Department of Revenue administrative costs would be as follows:

- \$6 million to the healing and ending addiction through recovery and treatment (HEART) account
- The remainder to the general fund.

5. The following table shows the projected distributions from the marijuana state special revenue account under HB 669. The total HJ 2 marijuana revenue and DOR costs would not change from current law.

HB 669 Distributions from the Marijuana State Special Revenue Account (millions)								
FY	HB 669 Marijuana Revenue	DOR Costs	Heart Fund	FWP Habitat	4% Accounts			
					(State Parks, Trails & Rec, Nongame)	Veterans Account	Crime Control	General Fund
2024	\$52.904	\$5.250	\$6.000	\$0.000	\$0.000	\$0.000	\$0.000	\$41.654
2025	\$54.599	\$5.280	\$6.000	\$0.000	\$0.000	\$0.000	\$0.000	\$43.319
2026	\$56.242	\$5.280	\$6.000	\$0.000	\$0.000	\$0.000	\$0.000	\$44.962
2027	\$57.941	\$5.280	\$6.000	\$0.000	\$0.000	\$0.000	\$0.000	\$46.661

6. The following table shows the changes to the distributions from the marijuana state special revenue because of HB 669.

Change in Distributions from Current Law to HB 669 (millions)							
FY	Heart Fund	FWP Habitat	4% Accounts				General Fund
			(State Parks, Trails & Rec, Nongame)	Veterans Account	Crime Control	General Fund	
2024	\$0.000	(\$8.331)	(\$1.666)	(\$0.200)	(\$0.150)	\$13.679	
2025	\$0.000	(\$8.664)	(\$1.733)	(\$0.200)	(\$0.150)	\$14.212	
2026	\$0.000	(\$8.992)	(\$1.798)	(\$0.200)	(\$0.150)	\$14.738	
2027	\$0.000	(\$9.332)	(\$1.866)	(\$0.200)	(\$0.150)	\$15.282	

7. The net impact of this bill would be an increase in general fund revenue of \$13,679,000 in FY 2024, \$14,212,000 in FY 2025, \$14,738,000 in FY 2026, and \$15,282,000 in FY 2027. Total state special revenue to the accounts shown in the above tables would decrease by equivalent amounts.

8. The Department of Revenue would not incur significant additional costs because of this bill.

Montana Department of Military Affairs (DMA)

9. HB 669 would decrease Montana Veteran Affairs Division’s state special revenue by \$200,000 per fiscal year.

10. The \$200,000 in state special revenue from marijuana funds is currently being used to pay for:

- a. A modified position for a Landscape Technician 3 in Miles City Cemetery (approximately \$65,000)
- b. Training costs for Veteran Service Officers (VSOs) and cemetery managers (approximately \$15,000 - trainings are out of state)
- c. Cemetery maintenance and shop repairs (approximately \$50,000)
- d. Equipment maintenance (approximately \$20,000)
- e. Motor pool costs to support outreach efforts
- f. Expenses such as overage of ITSD, new computers, replacing office equipment, and other expenses.

Department of Fish, Wildlife and Parks (FWP).

11. Loss of funding from marijuana tax reduces the ability of FWQP to address non-game species management for the prevention of Federal listing.

	<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>				
<u>Expenditures:</u>				
Transfers to State Special Revenue Accounts	(\$13,679,000)	(\$14,212,000)	(\$14,738,000)	(\$15,282,000)
TOTAL Expenditures	<u>(\$13,679,000)</u>	<u>(\$14,212,000)</u>	<u>(\$14,738,000)</u>	<u>(\$15,282,000)</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$13,679,000	\$14,212,000	\$14,738,000	\$15,282,000
State Special Revenue (02)	(\$13,679,000)	(\$14,212,000)	(\$14,738,000)	(\$15,282,000)
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)	\$13,679,000	\$14,212,000	\$14,738,000	\$15,282,000
State Special Revenue (02)	(\$13,679,000)	(\$14,212,000)	(\$14,738,000)	(\$15,282,000)

Technical Notes:

1. The revenue effects presented in this fiscal note are based on HJ 2 revenue projections. The Governor’s budget includes assumptions based on the Governor’s revenue estimates. The following table includes the impact of HB 669 if the Governor’s revenue estimates for cannabis tax are used.

Tax Revenue Change by Fiscal Year Relative to HB 669 using Governor's Revenue Estimates		
Fiscal Year	State Special Change (Millions)	General Fund Change (Millions)
2024	(\$24.366)	\$24.366
2025	(\$27.567)	\$27.567
2026	(\$28.595)	\$28.595
2027	(\$29.551)	\$29.551

2. There are currently several bills introduced in relation to the marijuana tax revenue and coordination would be needed if multiple bills were to pass.

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date



Budget Director's Initials



Date