



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0948 - Revise marijuana laws regarding synthetic marijuana products (Galloway, Steven)

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	\$213,139	\$210,231	\$213,071	\$215,958
Revenue:				
General Fund	(\$142,803)	(\$140,855)	(\$142,758)	(\$144,692)
State Special Revenue	(\$70,336)	(\$69,376)	(\$70,313)	(\$71,266)
Net Impact-General Fund Balance:	<u>(\$142,803)</u>	<u>(\$140,855)</u>	<u>(\$142,758)</u>	<u>(\$144,692)</u>

Description of fiscal impact: HB 948 prohibits the manufacturing and sales of synthetic marijuana products and creates a synthetic marijuana products advisory council to be established by the Department of Revenue. The Department of Revenue would need an additional 2.00 FTE to administer the provisions of this bill.

FISCAL ANALYSIS

Assumptions:

1. HB 948 prohibits the manufacturing and sales of synthetic marijuana products and moves the definition of hemp in Montana Code Annotated (MCA) from 16-12-102 to 80-18-101.
2. The bill also creates a synthetic marijuana products advisory council to be established by the Department of Revenue and to be made up of the following members:
 - a. One from the Department of Agriculture;
 - b. One from the Department of Justice;
 - c. One from the Department of Public Health and Human Services;
 - d. One from the Department of Revenue;
 - e. One from the Board of Pharmacy;

- f. Two from the marijuana industry; and
 - g. One member from the public with experience in toxicology, organic chemistry, or nutraceutical/pharmaceutical/dietary supplements.
3. The advisory council would be scheduled to terminate December 31, 2024.
 4. In order to establish and be a part of the above advisory council, report on the findings, and handle the additional complaints and enforcement related to synthetic marijuana, the Department of Revenue would need an additional compliance specialist and lawyer, for a total of 2.00 FTE, beginning in FY 2024. Total costs to the Department of Revenue would be \$213,139 in FY 2024, \$210,231 in FY 2025, \$213,071 in FY 2026, and \$215,958 in FY 2027.
 5. The bill appropriates \$2,500 from the marijuana state special revenue account to the Department of Revenue and the remainder of the costs would also come from the marijuana state special revenue account and the final distributions from the account would be impacted accordingly. This would reduce general fund distribution by about \$140,000 per year and state special revenue distributions by about \$70,000 per year.



Department of Public Health and Human Services

6. HB 948 provides the Department of Revenue with the appropriation for the advisory council. The fiscal impact to the department would be associated with the one department employee chosen to participate in the council. This fiscal impact would be small and could be absorbed within current budget.

	<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	\$190,023	\$193,137	\$195,656	\$198,221
Operating Expenses	\$23,116	\$17,094	\$17,415	\$17,747
TOTAL Expenditures	<u>\$213,139</u>	<u>\$210,231</u>	<u>\$213,071</u>	<u>\$215,968</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$213,139	\$210,231	\$213,071	\$215,968
TOTAL Funding of Exp.	<u>\$213,139</u>	<u>\$210,231</u>	<u>\$213,071</u>	<u>\$215,968</u>
<u>Revenues:</u>				
General Fund (01)	(\$142,803)	(\$140,855)	(\$142,758)	(\$144,692)
State Special Revenue (02)	(\$70,336)	(\$69,376)	(\$70,313)	(\$71,266)
TOTAL Revenues	<u>(\$213,139)</u>	<u>(\$210,231)</u>	<u>(\$213,071)</u>	<u>(\$215,958)</u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$142,803)	(\$140,855)	(\$142,758)	(\$144,692)
State Special Revenue (02)	(\$283,475)	(\$279,607)	(\$283,384)	(\$287,234)

			<u>3-30-23</u>
Sponsor's Initials	Date	Budget Director's Initials	Date