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Economic Affairs Interim Committee

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DRAFT FINAL REPORT TO THE 68TH MONTANA
LEGISLATURE

[Text in Italics and highlighted indicates material added since the Committee's initial review of the draft report in August 2022]

OVERSEEING A BUDDING INDUSTRY: SJ 31 STUDY ON RECREATIONAL MARIJUANA IMPLEMENTATION



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This report is a summary of the work of the Economic Affairs Interim Committee, on Senate Joint Resolution 31 (2021). Members received additional information and public testimony on the subject. This report highlights key information and the processes followed by the Economic Affairs Interim Committee in reaching its conclusions. To review additional information, including audio minutes, and exhibits, visit the Economic Affairs Interim Committee website: www.leg.mt.gov/eaic

A full report, including links to the documents referenced in this print report, is available at the Economic Affairs Interim Committee website: www.leg.mt.gov/eaic

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OVERVIEW

In November 2020, voters passed Initiative 190 (I-190) to allow adult-use, or recreational, marijuana in Montana. The implementation of I-190 was a highly debated topic during the 2021 Legislature, with 17 bills regarding marijuana introduced during the session. Four bills were ultimately enacted, with House Bill 701 acting as the primary implementation bill for the adult-use program.

While I-190 did not affect medical marijuana laws, HB 701 moved administration of the program from the Department of Public Health and Human Services (DPHHS) to the Department of Revenue (DOR). HB 701 also includes provisions for licensing, advertising, expungement and decriminalization, local-option marijuana excise tax, local government approval for operation in a jurisdiction, and directions for disbursement of revenue.

2021 Enacted Marijuana Legislation	
HB 701	Implementation of Recreational Marijuana
HB 249	Marijuana Advertising
HB 517	Revised Penalties for Underage Possession and Use
HB 655	Revised Labor Laws Relating to Marijuana

Study Directives

The study resolution suggested the committee:

- evaluate the state's current marijuana program;
- review the effects that legalization of recreational marijuana has had on Montana, including but not limited to the effects on:
 - state and local government tax collections; and
 - recidivism, addiction, and expungements;
- monitor changes in federal policy that could affect recreational marijuana laws in the states; and
- evaluate the potential benefits and drawbacks of continuing the medical marijuana system in Montana.

The study ranked 20th out of 28 study resolutions in the postsession poll of legislators. The Legislative Council assigned Senate Joint Resolution 31 to the Economic Affairs Interim Committee, the third of three assigned studies. The committee moved to devote roughly 50% of committee time to SJ 31, which included agency monitoring of the Cannabis Control Division and administrative rule review for the new program.

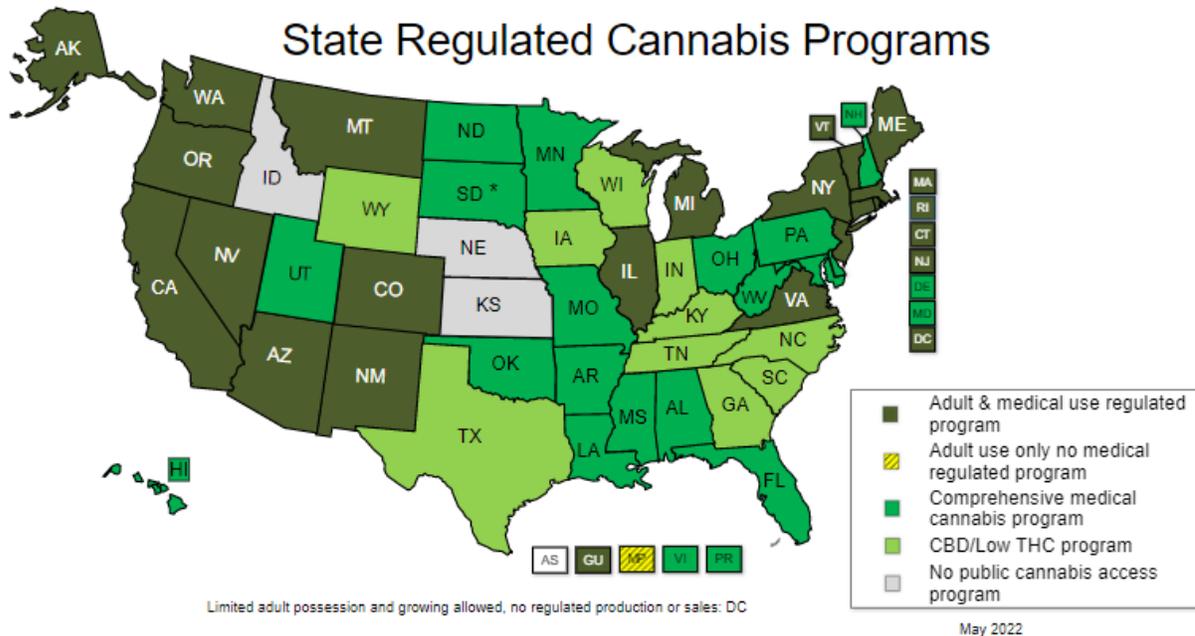
In addition to the study topics listed in SJ 31, the committee planned a spring tour of licensed marijuana facilities, including a cultivator, manufacturer, testing facility, and dispensary.

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BLAZING TRAILS: MARIJUANA LEGALIZATION THROUGHOUT THE UNITED STATES

First the States...

Marijuana was first legalized for medical purposes in California in 1996. Since then, 47 of the 50 states have some form of cannabis legalized, with the only states having no public cannabis access program being Idaho, Kansas, and Nebraska. The first states to legalize marijuana for recreational use were Colorado and Washington, both in 2012.



<https://www.ncsl.org/research/civil-and-criminal-justice/marijuana-overview.aspx>

Now the Country?

On a federal level, enforcement policy shifts with every change in administration. Congress has tried several times to pass legislation to legalize, deschedule or decriminalize marijuana, or otherwise progress the industry.

For example, the Secure and Fair Enforcement Banking ([SAFE](#)) Act has been around in some form for 10 years and creates a safe harbor from federal penalties for banks who elect to service state-licensed

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marijuana-related businesses. The SAFE Act most recently passed the US House of Representatives in July 2022 as an amendment to the National Defense Authorization Act¹ and awaits a vote in the Senate.

The U.S. Senate held its first-ever hearing² on marijuana legalization in July 2022, when Senator Chuck Schumer's Cannabis Administration and Opportunity Act (CAOA) was introduced to the Subcommittee on Criminal Justice and Counterterrorism. The CAO A aims to decriminalize and deschedule marijuana, expunge certain marijuana-related offenses, allow states that have legalized marijuana the authority to continue regulation, and establish a federal tax scheme similar to alcohol and tobacco.



While it's unlikely the CAO A will garner the 60 votes it needs to pass the Senate and may not even make it out of the subcommittee, it could help propel other marijuana reform bills, like the SAFE Banking Act, to pass now that the upper chamber of Congress has opened the door to major marijuana-related legislation.

ADMINISTRATIVE RULES: A JOINT EFFORT

Much of the fall and winter of 2021 was spent on reviewing the rule review packages the Department of Revenue (DOR) put together in preparation for the January 2022 launch. The committee chose to have significant involvement in administrative rule review and selected bipartisan liaisons to represent the committee's viewpoint on several topics, including cannabidiol (CBD) sales in dispensaries, manufacturing license fees, combined-use licensing, and the ability for cultivators to tier up at will during the moratorium.

The department revised several rules after multiple public comment periods and meetings with the committee. Administrative rule review continued throughout the interim as program implementation progressed, and the committee remained engaged with the process, reviewing all administrative rule proposals by the department, and conducting multiple hearings. A summary of the administrative rule review portion of the study is available on the committee's [website](#).

CULTIVATING KNOWLEDGE

In order to better understand the intricacies of the emerging industry, the EAIC took a physical and virtual field trip during their April 2022 meeting. The proprietors of Bloom in Helena led the EAIC as well as members of the Revenue Interim Committee around their dispensary, cultivation, and manufacturing site. The committees then returned to the Capitol where they were given a virtual tour by Fidelity Diagnostics' marijuana testing lab. Committee members asked both licensees for input on program implementation

¹ https://www.americanbar.org/advocacy/governmental_legislative_work/publications/washingtonletter/july-22-wl/safe-banking-0722wl/

² <https://mjbizdaily.com/schumer-marijuana-legalization-bill-finally-introduced-in-senate/>

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and requested suggestions for improvement, as they began thinking of policy improvement ideas for the 2023 legislative session.



DELVING INTO THE WEEDS

Because the study was the top priority for the committee during the interim, every meeting included a work session or hearing to collect stakeholder input on issues. Some issues proved to be minor and were easily resolved:

- [Inconsistency in Definitions](#)
- [Expungement Court](#)
- [Identity of Complainant](#)
- [Background Checks](#)
- [Criminal Distribution of Dangerous Drugs](#)
- [Repeal of Title 61](#)
- [Local-Option Tax Statutes](#)

Others received more attention, spanning several meetings and requiring multidepartmental analysis.

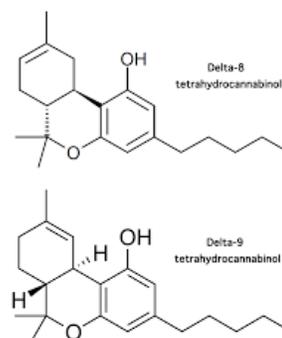
Definition of Hemp³

During administrative rule review, stakeholders raised questions regarding the interpretation of the definition of hemp, and whether the Legislature intended CBD products to be excluded from sales at dispensaries. The committee determined it was not the intent of the Legislature to exclude CBD products from dispensary sales and requested the DOR revise its rule.

³ <https://leg.mt.gov/content/Committees/Interim/2021-2022/Economic%20Affairs/Studies/SJR-31/June%202022/SJ31-Definition-Hemp-Analysis.pdf>

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The department revised ARM 42.39.409 to prohibit only the sale of hemp flower and hemp plants in dispensaries. In the meantime, the Department of Agriculture and the Department of Revenue began discussions on developments in cultivation of alternative intoxicating delta-8 and delta-10 tetrahydrocannabinol (THC) products as well as synthetic products. These products appear to be loopholes based on the way marijuana and hemp are both currently defined in statute. Both departments recommended⁴ the committee examine the topic further and indicated that comprehensive legislation may be necessary to address the regulation of these emerging products.



Catch-all Penalty

Legalizing the use of marijuana does not mean that it's a free-for-all in Montana. Section 16-12-108, MCA outlines types of unlawful conduct, such as the cultivation of marijuana in an unsecured location, smoking marijuana in public, and distribution of marijuana or marijuana paraphernalia to a minor. While the penalties for some of these infractions is clear, such as distribution to a minor, others appear to not include a penalty provision.

An [analysis](#) of the prohibitions and corresponding penalties gave the committee the option of creating a catch-all penalty to cover all the bases, or the option to assign individual penalties to each prohibition that appeared to be missing a penalty. The committee felt the prohibitions varied enough in severity that a catch-all penalty was inequitable.

The final committee bill includes amendments to 16-12-108, MCA that provide clarity to the prohibitions and corresponding penalties, including references to the Clean Indoor Air Act and other relevant sections of the criminal code.

Fee Structure for Manufacturers

The current fee structure for manufacturers consists of three tiers and allows the DOR to create additional tiers as necessary. During rulemaking, a provision was created that imposed an additional \$1,000 per pound of marijuana concentrate produced by a manufacturer over 15 pounds per month. Stakeholders argued this provision did not follow statute as the current language in 16-12-221, MCA creates the highest tier as "15 pounds or more."

The department provided an initial [recommendation](#) of crafting additional manufacturing tiers similar to cultivator tiers, and also gave presentations on a recent [price study](#) of marijuana concentrate and a

⁴ <https://leg.mt.gov/content/Committees/Interim/2021-2022/Economic%20Affairs/Meetings/August-2022/SJ31-PD0001-V3-Summary.pdf>

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manufacturing facility cost structure [analysis](#). *The committee ultimately decided the topic would be better addressed in a separate bill during the 2023 legislative session.*

Increasing Tiers

Included in HB 701 is an 18-month moratorium for new marijuana licenses to enter the market. From January 1, 2022 through June 30, 2023, only former medical marijuana providers are allowed to apply for marijuana business licenses. To give these licensees an additional advantage, 16-12-223, MCA allows cultivators to increase tier levels by more than one tier level at a time, up to a tier 5, during the moratorium. This came to be known as "tiering up".

The committee held several hearings to determine if tiering up was allowed only at the licensee's annual renewal or at their discretion. The committee maintained the Legislature's intent was to allow tiering up at the cultivator's discretion and requested a process change by the department to acquiesce.

Additionally, the committee felt it was important to resolve the issue to remove all doubt, and included an amendment in the committee bill to officially reiterate legislative intent.⁵

Combined-Use Licenses⁶

Because marijuana is illegal federally, there are no medical marijuana providers on tribal land. In order to allow the federally recognized tribes in Montana the opportunity to participate in the recreational market immediately, the bill includes a special license that bypasses the moratorium.

Makeup of Combined-Use License

The combined-use license is specifically for Montana's eight federally recognized tribes or entities that are majority owned by one of the tribes. Each tribe is allowed one combined-use license and it consists of one tier 1 canopy license and one dispensary license. Cultivation and dispensary facilities must be located at the same licensed premises, and operation of a combined-use license is allowed in "green" counties, cities, or municipalities that are located within 150 air miles of the exterior boundary of the associated tribal reservation of the licensee. Appendix B shows the current authorized combined-use license areas for each tribe.

⁵ <https://leg.mt.gov/content/Committees/Interim/2021-2022/Economic%20Affairs/Studies/SJR-31/June%202022/SJ31-Tier-Increase-Analysis.pdf>

⁶ <https://leg.mt.gov/content/Committees/Interim/2021-2022/Economic%20Affairs/Studies/SJR-31/February%20Meeting/Combined%20Use%20Licenses.pdf>

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Addressing Tribal Licenses

The current language of 16-12-225, MCA was a frequent topic of discussion with stakeholders, the department, and the committee. Stakeholders felt the statute put the tribes at a disadvantage compared to other licensees and did not provide for an opportunity for revenue sharing. Additionally, there was confusion on if the combined-use license was required to remain at a tier 1 canopy or if that was merely the starting point, and if it was just the starting point, whether the combined-use license was eligible to increase tiers immediately and at an advanced pace, similar to other cultivators.

The committee chose to address the concerns of the stakeholders in its committee bill and [removed language](#) in 16-12-225, MCA concerning tier levels and location requirements. The amendment will have an immediate effective date in order to allow the tribes to utilize the "tier-up" option as soon as possible in 2023 before the end of the moratorium.

HIGH AND DRY: LOCAL ORDINANCES AND TAXES

HB701 includes provisions that allow for local counties and municipalities to regulate how marijuana businesses operate in order to protect public health, safety, and welfare. The manner in which the options for regulation go into an ordinance or onto a ballot depends on if a county voted "green" or "red" on I-190.

Green County Options

A "green" county is a county in which the majority of the voters approved I-190. Green counties, and municipalities within them, fall under the provisions of 16-12-301(2), (7), and (8), MCA. These sections allow city councils and county commissions the ability to pass ordinances and add issues to a ballot for voters to approve or disapprove.

Ordinances and Ballot Measures

To protect public health, safety, and welfare, city councils and county commissions may pass ordinances, for example zoning regulations for types of businesses, distances from churches and schools, and smoking in public places (16-12-301(2), MCA). They may also ask whether voters want to prohibit specific categories of businesses, like dispensaries, cultivators, or manufacturers (16-12-301(7), MCA). Examples of city ordinances are:

- **Billings:** Cultivators are capped at 7,500 square feet, or a Tier 4 operation. Approved marijuana businesses are allowed only in industrial and heavy commercial zones, and must sit at least 1,000 feet from neighborhoods, schools, churches, parks, addiction recovery centers, and youth centers.
- **Bozeman:** Updated ordinance to implement 500 feet between dispensaries and schools and places of worship (previous ordinance was 400 feet). Existing dispensaries were grandfathered in.

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New ordinance requires cultivation, manufacturing, and testing facilities to have an air vent system to control discharge of particulates and odors.

- **Helena:** Dispensaries allowed in commercial and industrial areas; city ordinance for smoking in public places; cultivators can be in industrial zones, but only with a conditional use permit.
- **Kalispell:** Cultivators, dispensaries, and manufacturers in industrial zones only.
- **Missoula:** Updated ordinance includes a 500-foot buffer between dispensaries; ban on nontransparent glass storefronts; ban on home cultivation or manufacturing as a legally allowed home occupation.

Local Option Tax

Additionally, green counties can choose to ask voters to approve a local excise tax of up to 3% on recreational marijuana, medical marijuana, or both. If approved, 50% of the added revenue goes to the county, 45% to municipalities within the county, and the remaining 5% to the state for administrative costs.

16 counties enacted a local option marijuana tax in the first year of implementation.

Red County Options

A "red" county is a county in which the majority of the voters did not approve I-190. Red counties, and municipalities within them, fall under the provisions of 16-12-301(1) through (6) and (8), MCA. These sections generally state that since the county did not initially approve recreational marijuana, the county must "opt-in" to the new licenses formed under HB 701, including cultivator, manufacturer, new medical marijuana dispensary, adult-use dispensary, combined-use marijuana license, testing laboratory, and transporter.

Marijuana businesses licensed in good standing, or in the application process, prior to the passage of I-190, are "grandfathered in" and can remain in operation in red counties, but dispensaries remain medical-only. If a medical marijuana dispensary was licensed, or applied for a license, after the passage of I-190, and the county does not opt-in, the dispensary's license suspended on January 1, 2022 until either the county opts in or the dispensary relocates to a green county.

To opt-in to one or more of the recreational marijuana licenses, a county or local election must be held, and can be in conjunction with a regular election of the governing body, general election, or a regular local or special election. The election must be requested and held in accordance with Titles 7 and 13, MCA, which means the initiative is voter driven and must include canvassing and signature collecting. This is unlike green county ballot measures that need only a majority vote from city council or the county commission.

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An Ever-Changing Landscape

Since the passage of HB 701, the regulation landscape has changed several times as counties take the opportunity to place tax and ordinance options on ballots at each election. Appendix C shows how the landscape has changed in just one year and what the state could look like at the commencement of the 2023 legislative session.

GROWING LIKE A WEED: REVENUE AND TAXES

The fiscal note for HB 701 estimated \$285 million in marijuana sales for 2022, comprised of \$130 million in adult-use marijuana sales and \$155 million in medical marijuana sales. Because the adult-use program did not begin until January 1, 2022, the estimate for fiscal year 2022 was \$220 million.⁷

With a 20% tax on adult-use sales and a 4% tax on medical sales, the fiscal note estimated tax collections for fiscal year 2022 of nearly \$20 million -- \$13.03 million for adult-use and \$6.2 million for medical.

In addition to tax collections, the fiscal note estimated license fee revenue of \$3.9 million, resulting in an estimated \$23.13 million in revenue for distribution. After administrative costs to the department, revenue distribution is as follows:

- \$6 million to the marijuana healing and ending addiction through recovery and treatment (HEART) fund account, established in 16-12-122, MCA;
- 20% to Fish, Wildlife, and Parks for wildlife habitat as provided in 87-1-209, MCA;
- 4% each to the state park account, trails and recreational facilities account, and the nongame wildlife account;
- 3%, up to \$200,000, to the veterans and surviving spouses state special revenue account;
- \$150,000 per year to the board of crime control;
- \$300,000 for the biennium beginning July 1, 2021 to the Department of Justice (DOJ) for grant funding to local and state law enforcement for drug-detection canine training; and
- the remainder to the general fund.

⁷ https://leg.mt.gov/bills/2021/FNPDF//HB0701_3.pdf
<https://mtrevenue.gov/cannabis-sales-reports/>

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Sales

The table below shows estimated sales revenue through June 2022:⁸

Month	Medical Sales	Adult-Use Sales	Monthly Total	Year-to-Date Total
January	\$10,143,750	\$14,141,897	\$24,285,647	\$24,285,647
February	\$9,357,699	\$13,533,697	\$22,891,396	\$47,177,043
March	\$9,872,283	\$15,861,517	\$25,733,800	\$72,910,843
April	\$9,062,240	\$16,312,202	\$25,374,623	\$98,285,465
May	\$8,259,976	\$16,629,200	\$24,889,176	\$123,174,642
June	\$7,628,733	\$17,268,597	\$24,897,330	
Total	\$54,324,681	\$93,747,110		<u>\$148,071,791</u>
Average	\$9,054,114	\$15,624,518	\$24,678,632	
Projected 2022 Sales (based on average)	\$108,649,362	\$187,494,220		\$296,143,582

Medical marijuana sales have steadily declined while adult-use sales have steadily increased. If the trend continues throughout the year, total sales are projected to be around \$296 million, which is about 4% higher than the fiscal note estimate. However, the fiscal note for HB 701 estimated medical marijuana sales for 2022 at \$155 million and adult-use sales at \$130 million. If the sales trends continue along these same paths, medical sales will only achieve 70% of the estimated sales while adult-use sales will achieve nearly 144% of its estimate.

⁸ <https://mtrevenue.gov/cannabis-sales-reports/>

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Top Revenue Generators

Generally, the counties with the largest populations also generated the most marijuana sales. The table below shows the top 12 counties' estimated sales through June 2022.⁹

	County	Population	Total Sales (Est.)	Adult-Use	Medical
1	Yellowstone	> 100k	\$25.53M	\$15.49M	\$10.04M
2	Gallatin	> 100k	\$21.98M	\$14.95M	\$7.03M
3	Missoula	> 100k	\$20.80M	\$13.48M	\$7.32M
4	Flathead	> 100k	\$15.54M	\$10.37M	\$5.18M
5	Lewis and Clark	30-99k	\$11.08M	\$6.4M	\$4.68M
6	Cascade	30-99k	\$9.68M	\$5.89M	\$3.79M
7	Silver Bow	30-99k	\$7.58M	\$4.21M	\$3.37M
8	Hill	10-30k	\$4.32M	\$2.29M	\$2.03M
9	Ravalli	30-99k	\$3.97M	\$2.67M	\$1.3M
10	Richland	10-30k	\$3.39M	\$2.97M	\$0.42M
11	Park	10-30k	\$2.79M	\$1.76	\$1.03
12	Lake	30-99k	\$2.70M	\$2.19M	\$0.51M

While population size may play a role in higher sales, proximity to borders appears to also play a role. The following table shows the top 12 revenue generating counties as well as all the counties with per capita sales over \$100. *Appendix D shows a map of counties that have enacted a local-option tax and includes per capita sales.*

⁹ Data from [Marijuana Metrics](#) on the [SJ 31 study page](#), based on monthly [Cannabis Sales Reports](#) published by the Montana Department of Revenue

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Per Capita Rank	Total Sales Rank	County	Population Est. (as of 7/1/21) ¹⁰	Total Sales (Est.) through 6/22	Per Capita Sales ¹¹	Border
1	10	Richland	11,283	\$3.39M	\$300.45	North Dakota
2	13	Dawson	8,904	\$2.65M	\$297.62	North Dakota
3	8	Hill	16,179	\$4.32M	\$267.01	Canada
4	7	Silver Bow	35,411	\$7.58M	\$214.06	N/A
5	14	Roosevelt	10,821	\$1.99M	\$183.90	North Dakota
6	2	Gallatin	122,713	\$21.98M	\$179.12	Wyoming/Idaho
7	3	Missoula	119,533	\$20.80M	\$174.01	Idaho
8	11	Park	17,473	\$2.79M	\$159.67	Wyoming
9	5	Lewis and Clark	72,223	\$11.08M	\$153.41	N/A
10	15	Big Horn	12,957	\$1.98M	\$152.81	Wyoming
11	1	Yellowstone	167,146	\$25.53M	\$152.74	N/A
12	4	Flathead	108,454	\$15.54M	\$143.29	Canada
13	18	Carbon	10,847	\$1.42M	\$130.91	Wyoming
14	6	Cascade	84,511	\$9.68M	\$114.54	N/A
15	17	Glacier	13,785	\$1.57M	\$113.89	Canada
16	27	Sheridan	3,527	\$395.8K	\$112.22	Canada/North Dakota
19	9	Ravalli	45,959	\$3.97M	\$86.38	Idaho
21	12	Lake	32,033	\$2.70M	\$84.29	N/A

¹⁰ [Population and Housing Unit Estimates Program](#), U.S. Census Bureau, published by the Montana Department of Commerce

¹¹ Calculated as Total Sales/Population

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Taxes

For fiscal year 2022, the following taxes and fees were collected and distributed to the various funds per 16-12-111, MCA.

(millions)	Actual and Estimated Accruals through October 2022*	HB 701 Estimate
Medical Sales Tax	\$5.60	\$6.20
Recreational Sales Tax	\$18.82	\$13.03
License Fees	\$3.49	\$3.90
Other**	\$8.44	
Total revenue for distribution	\$36.35	\$23.13

*Data provided by the Department of Revenue and the Legislative Fiscal Division

**Includes a combination of the transfer from the medical marijuana program from DPHHS to DOR and some medical marijuana cardholder and license fee revenue and penalties from the first half of FY22.

(millions)	DOR Costs ¹²	HEART Fund	Habitat MT	Total to other 3 FWP accounts	Veterans' Services	Board of Crime Control	DOJ – Canines	General Fund
HB 701 Estimate	\$6.93	\$6.00	\$2.04	\$1.22	\$0.20	\$0.15	\$0.30	\$6.29
FY2022 Actual	\$8.13*	\$6.00	\$4.44	\$2.66	\$0.20	\$0.15	\$0.30	\$14.47
Difference	-\$1.2	\$-	\$2.40	\$1.44	\$-	\$-	\$-	\$8.18

*Includes \$7.05M in appropriations for DOR and DPHHS, and \$1.08M for 3-month operating reserve for DOR

Because recreational marijuana revenue exceeded expectations for fiscal year 2022, tax collections were higher than the HB 701 estimate. However, medical marijuana revenue and license fees were lower than projected. Appendix E shows a choropleth map of tax collections by county for fiscal year 2022. Counties with darker shades of green collected more tax revenue for the state.

¹² https://leg.mt.gov/bills/2021/FNPDF//HB0701_3.pdf

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JUST KEEP ROLLING

The committee concluded its work on the study with the following findings and recommendations:

Possible findings:

- Stakeholders were generally satisfied with the implementation of the recreational marijuana program. Throughout the interim, multiple industry groups, licensees, and tribes provided input on ways to improve the program.
- Revenue and tax collections were higher than anticipated.
- Administrative rule review will continue to be a topic of discussion as the program develops.
- Voters in counties are opting to add local tax to both recreational and medical marijuana, with initiatives on ballots in every election during the interim.
- An extension of the moratorium on licenses for cultivators, manufacturers, and dispensaries may be necessary in order to further study the development of the recreational program.

Possible recommendations:

- Amend marijuana statutes to address concerns of stakeholders.
- The Department of Agriculture and the Department of Revenue should continue to examine the development of delta-8 and delta-10 THC products and other intoxicating and synthetic products to address the proper regulation of these emerging products.
- The Legislature may consider re-evaluating some of the fee and tier structures, including the fee structure for manufacturers and additional tiers for cultivators.
- Transfer the marijuana testing lab authority from the Department of Public Health and Human Services to the Department of Revenue to create efficiencies in program administration.

The committee voted to introduce PD0001 to the 68th Legislature, which is:

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING MARIJUANA LAWS; CLARIFYING LEGISLATIVE MONITORING DUTIES; CLARIFYING PERMISSIVE ACTS AND EXCEPTIONS FOR REGISTERED CARDHOLDERS; CLARIFYING PENALTIES; REVISING PENALTIES FOR SUSPENDED LICENSES; TRANSFERRING AUTHORITY OVER MARIJUANA TESTING LABORATORIES; EXTENDING THE MORATORIUM FOR NEW MARIJUANA LICENSES; COMBINING SECTIONS ON LEGISLATIVE MONITORING; REMOVING THE IDENTITY DISCLOSURE REQUIREMENT FOR LICENSEE COMPLAINTS; REMOVING OUTDATED DATES; REMOVING THE BACKGROUND CHECK REQUIREMENT; CLARIFYING THE MINIMUM AGE TO ENTER A MARIJUANA BUSINESS; CLARIFYING LEGISLATIVE INTENT ON A CULTIVATOR'S ABILITY TO INCREASE TIERS; REVISING REQUIREMENTS FOR A COMBINED-USE LICENSE; REVISING REPORTING REQUIREMENTS FOR EMPLOYEE CONVICTIONS OR VIOLATIONS; COMBINING SECTIONS ON FRAUDULENT REPRESENTATION; CLARIFYING THE FORMULA FOR MUNICIPAL TAX REVENUE ALLOCATION; REMOVING CONFLICTING NOTICE REQUIREMENTS; REVISING DEFINITIONS; AMENDING SECTIONS; REPEALING SECTIONS; AND PROVIDING EFFECTIVE DATES."

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APPENDIX A:

ECONOMIC AFFAIRS INTERIM COMMITTEE MEMBERS

Before the close of each legislative session, the House and Senate leadership appoint lawmakers to interim committees. The members of the Economic Affairs Interim Committee, like most other interim committees, serve one 20-month term. Members who are reelected to the Legislature, subject to overall term limits and if appointed, may serve again on an interim committee. This information is included in order to comply with 2-15-155, MCA.

Senate Members

Senator Kenneth Bogner, Chair

1017 Pleasant Street
Miles City, MT 59301
Ph: 406.916.9690
Email: kenneth.bogner@mtleg.gov

Senator Carlie Boland

1215 6th Avenue North
Great Falls, MT 59401
Ph: 406.868.1029
Email: carlie.boland@mtleg.gov

Senator Jason Ellsworth

1073 Golf Course Road
Hamilton, MT 59840
Ph: 406.360.0009
Email: jason.ellsworth@mtleg.gov

Senator Shane Morigeau

808 Polaris Way
Missoula, MT 59803
Ph: 406.546.4290
Email: shane@shaneformt.com

House Members

Representative Derek Harvey, Vice Chair

PO Box 3111
Butte, MT 59701
Ph: 406.490.5472
Email: harvey4house@gmail.com

Representative Alice Buckley

107 South 10th Avenue
Bozeman, MT 59715
Ph: 406.404.0891
Email: aliceformontana@gmail.com

Representative Josh Kassmier

PO Box 876
Fort Benton, MT 59442
Ph: 406.781.5386
Email: joshua.kassmier@mtleg.gov

Representative Brandon Ler

11313 County Road 338
Savage, MT 59262
Ph: 406.480.5687
Email: doublefencing@gmail.com

Representative Mark Noland

PO Box 1852
Bigfork, MT 59911
Ph: 406.253.8982
Email: marknolandhd10@gmail.com

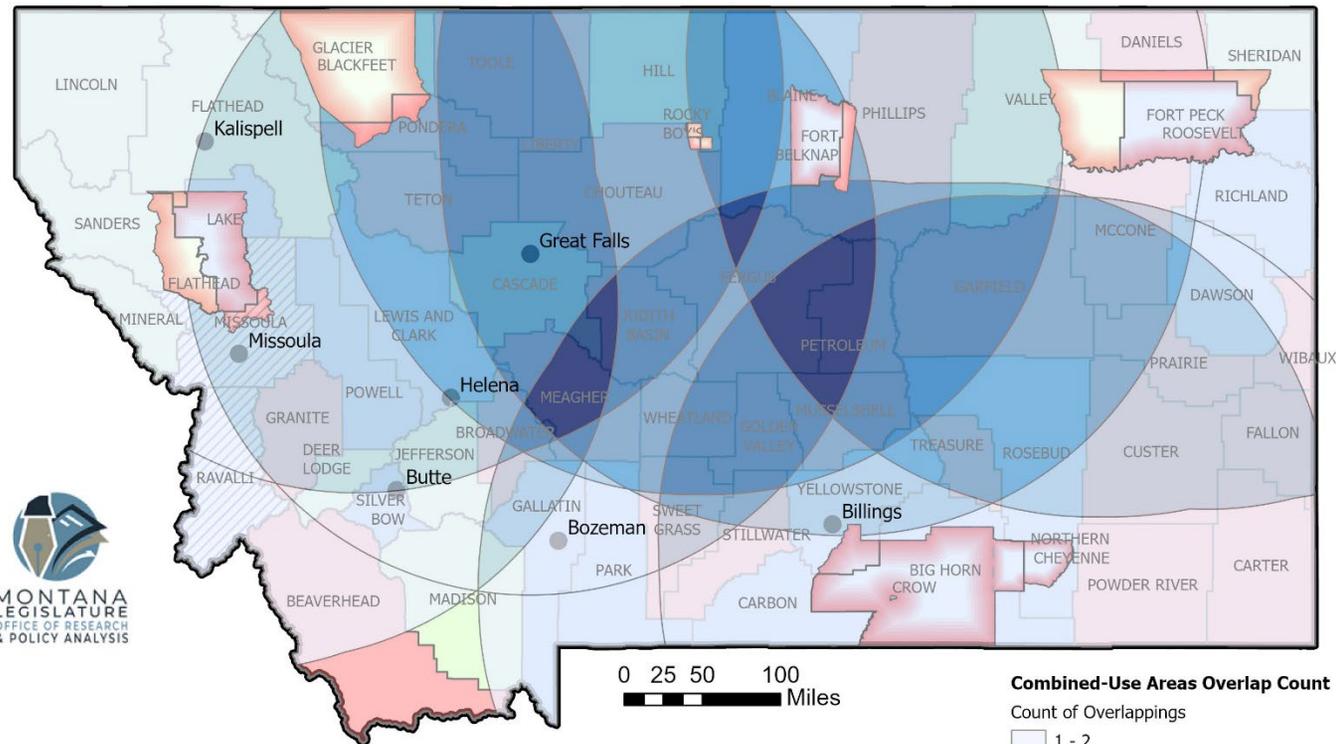
Representative Katie Sullivan

PO Box 1852
Missoula, MT 59807
Ph: 406.360.3614
Email: sullivanhd89@gmail.com

Economic Affairs Interim Committee Staff

Jameson Walker, Attorney | Erin Sullivan, Legislative Research Analyst | Fong Hom, Secretary

APPENDIX B: AUTHORIZED COMBINED-USE LICENSE AREAS FOR TRIBES



Overlay of legislative prescribed boundary areas for the combined-use marijuana licenses allowed specified by MCA 16-12-225 for federally recognized tribes.

Areas of boundary intersection are shaded by the count of overlapping areas.

Boundary polygons were generated using the exterior boundary of tribal reservation areas. For the Little Shell Chippewa Tribe only, the boundary represents 150 miles from the City of Great Falls.

Map Date: 08/31/2022
 Author: D. Kayser, Data Analyst, Montana Legislative Services Division

Implementation I-190

- Adult Use Sale Prohibited
- Adult Use Sales (Local Tax, AU Only)
- Adult Use Sales (Local Tax, Med & AU)
- Adult Use Sales Allowed (No Local Tax)

Combined-Use Areas Overlap Count

Count of Overlaps

- 1 - 2
- 3
- 4
- 5
- 6

Indian Reservations

- Indian Reservations

Big 7 Cities

- Big 7 Cities

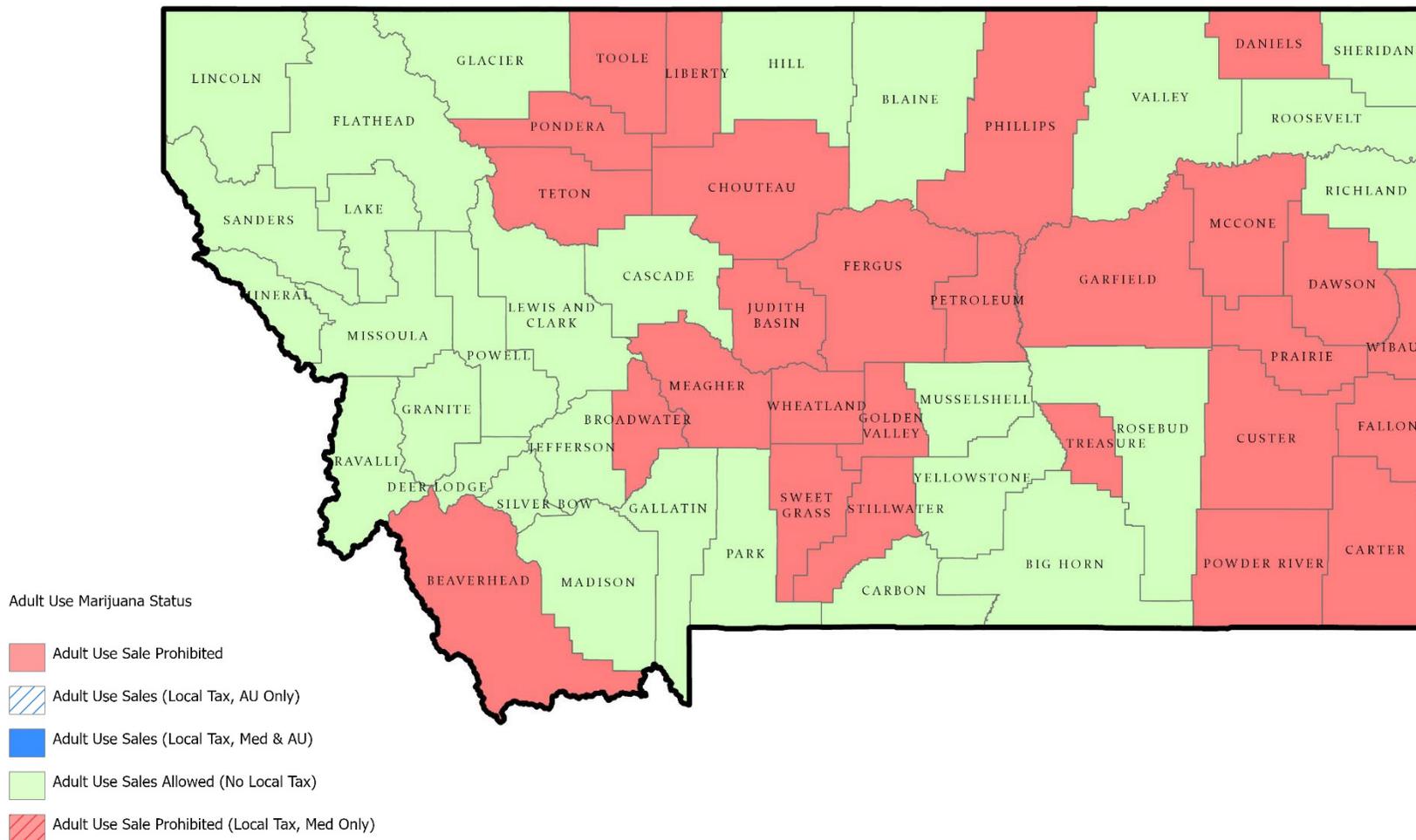
OVERSEEING A BUDDING INDUSTRY

Major Cities and Towns Located in Authorized Combined-Use License Areas

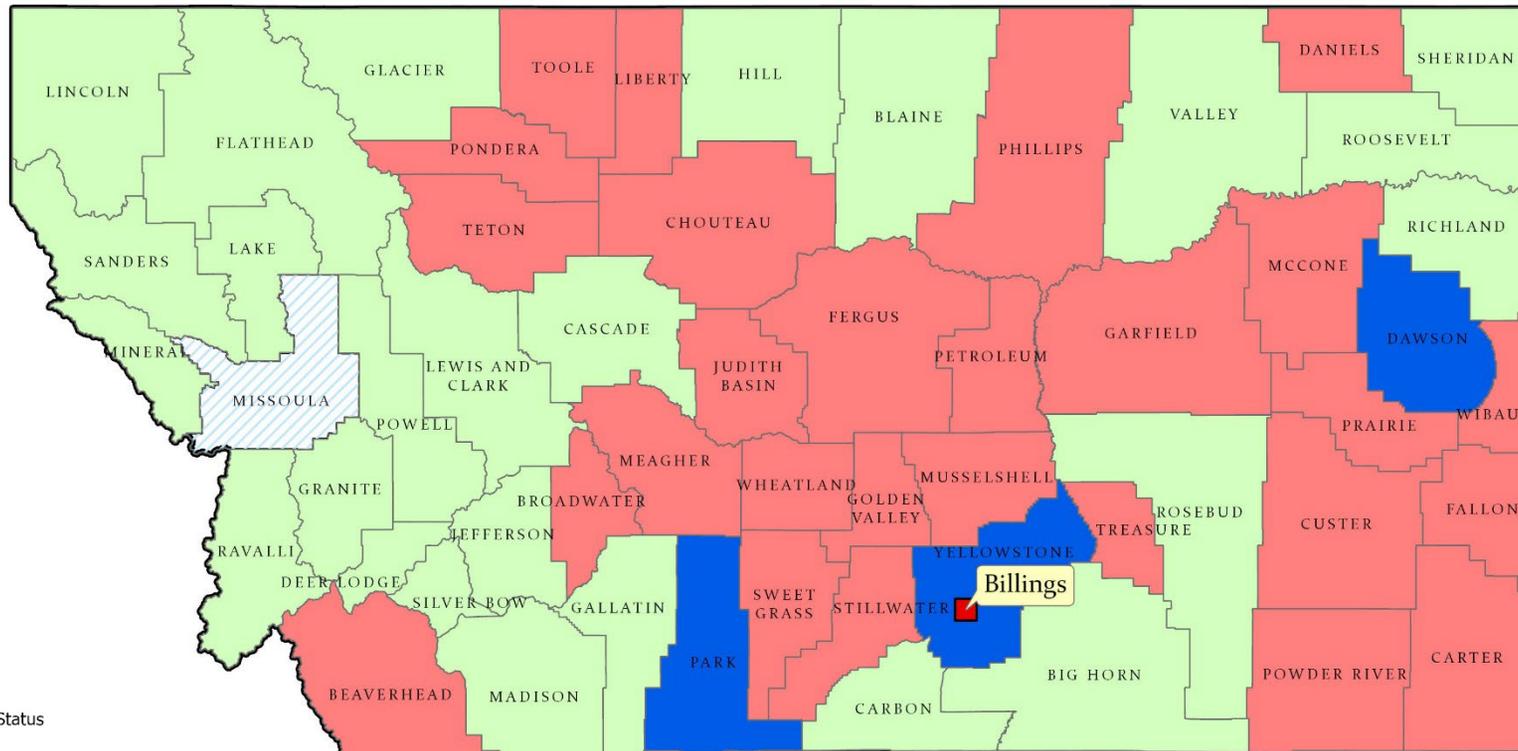
Tribe	Major Cities/Towns	Tribe	Major Cities/Towns	Tribe	Major Cities/Towns
Blackfeet	Great Falls Havre Helena Kalispell Libby Lolo Missoula	Crow	Belgrade Bozeman Forsyth Glendive Laurel Livingston Three Forks	Flathead	Butte Great Falls Helena Kalispell Libby Lolo Missoula Three Forks
Fork Belknap	Glasgow Great Falls Havre	Fort Peck	Forsyth Glasgow Glendive Havre	Little Shell Chippewa	Belgrade Bozeman Butte Great Falls Havre Helena Kalispell Livingston Lolo Missoula Three Forks
Northern Cheyenne	Forsyth Glendive Laurel	Rocky Boy's	Glasgow Great Falls Havre Helena		

APPENDIX C: MARIJUANA REGULATION LANDSCAPE OVER TIME

Adult Use Marijuana Landscape - July 2021



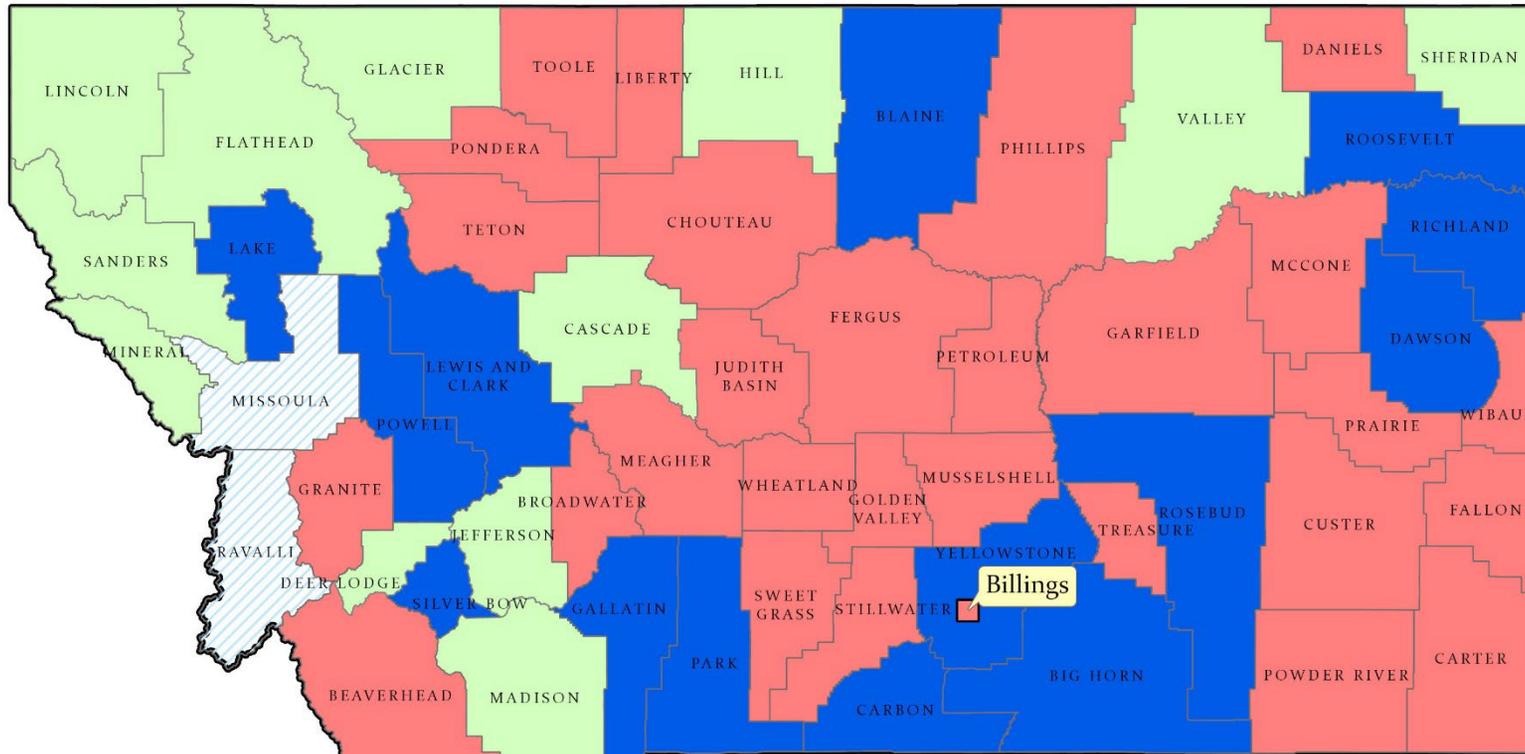
Adult Use Marijuana Landscape - January 2022



Adult Use Marijuana Status

- Adult Use Sale Prohibited
- Adult Use Sales (Local Tax, AU Only)
- Adult Use Sales (Local Tax, Med & AU)
- Adult Use Sales Allowed (No Local Tax)
- Adult Use Sale Prohibited (Local Tax, Med Only)

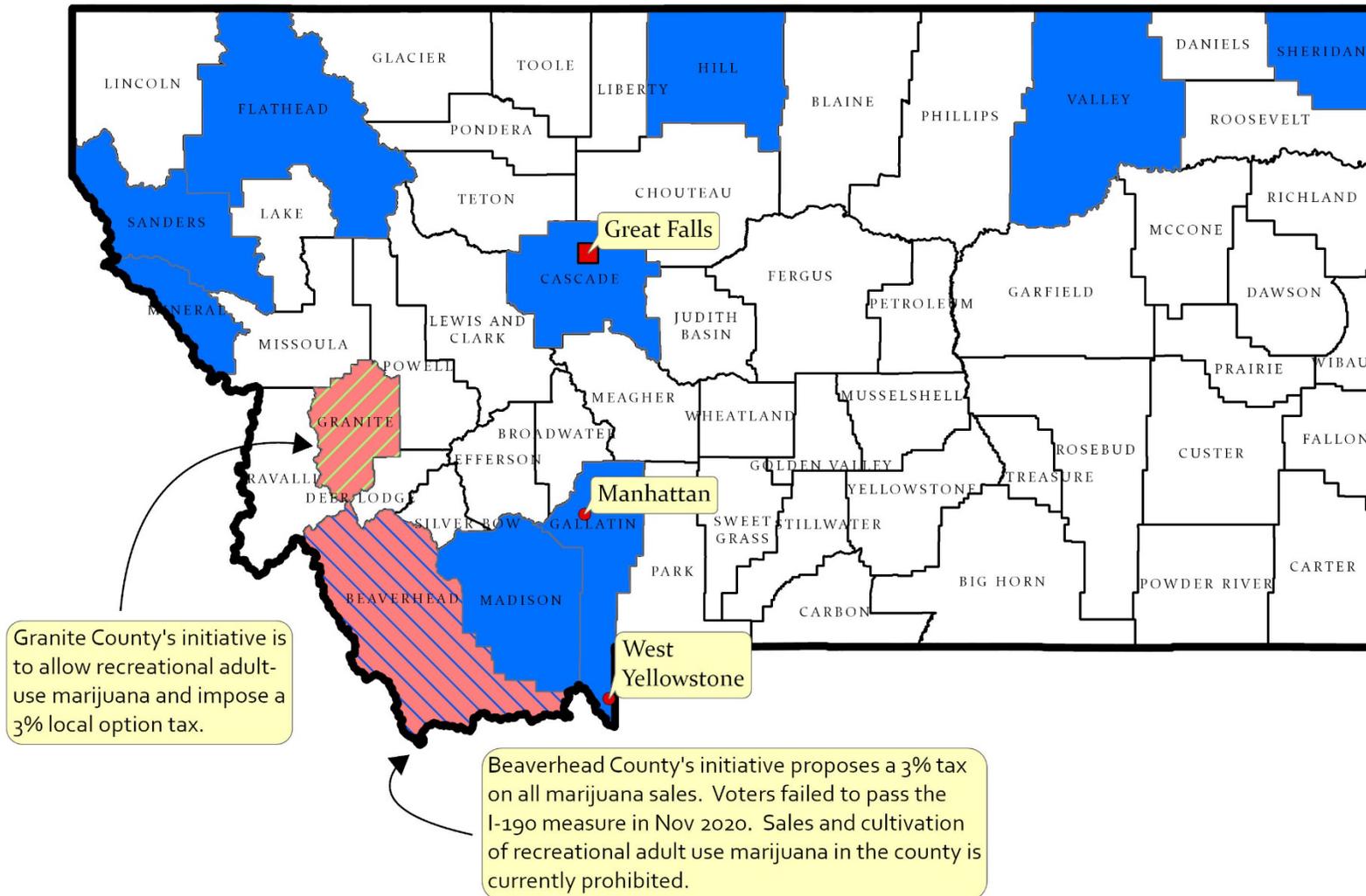
Adult Use Marijuana Landscape - July 2022



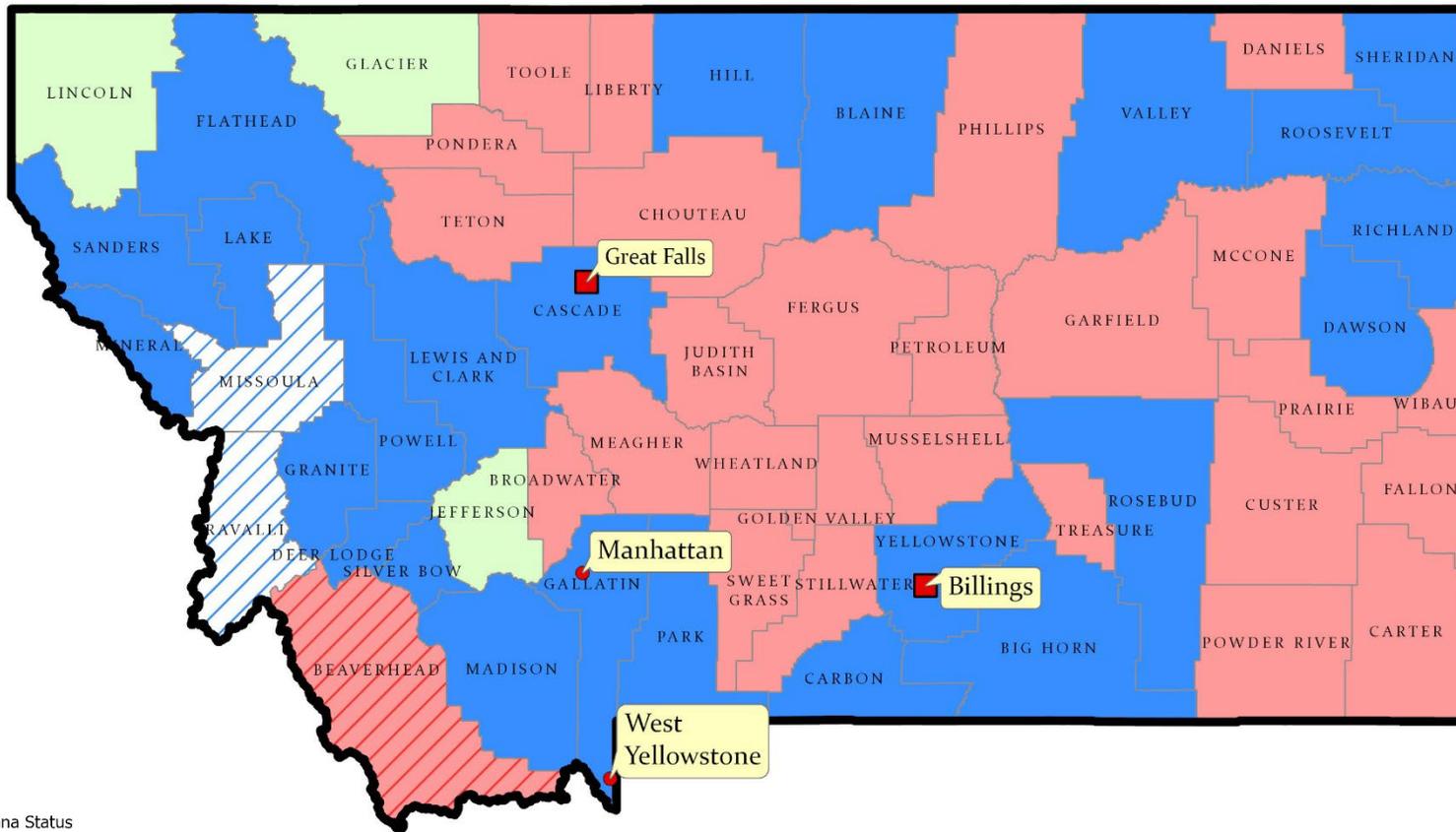
Adult Use Marijuana Status

- Adult Use Sale Prohibited
- Adult Use Sales (Local Tax, AU Only)
- Adult Use Sales (Local Tax, Med & AU)
- Adult Use Sales Allowed (No Local Tax)
- Adult Use Sale Prohibited (Local Tax, Med Only)

Ballot Initiatives on Marijuana Regulation - November 2022



Adult Use Marijuana Landscape - January 2023 Outlook



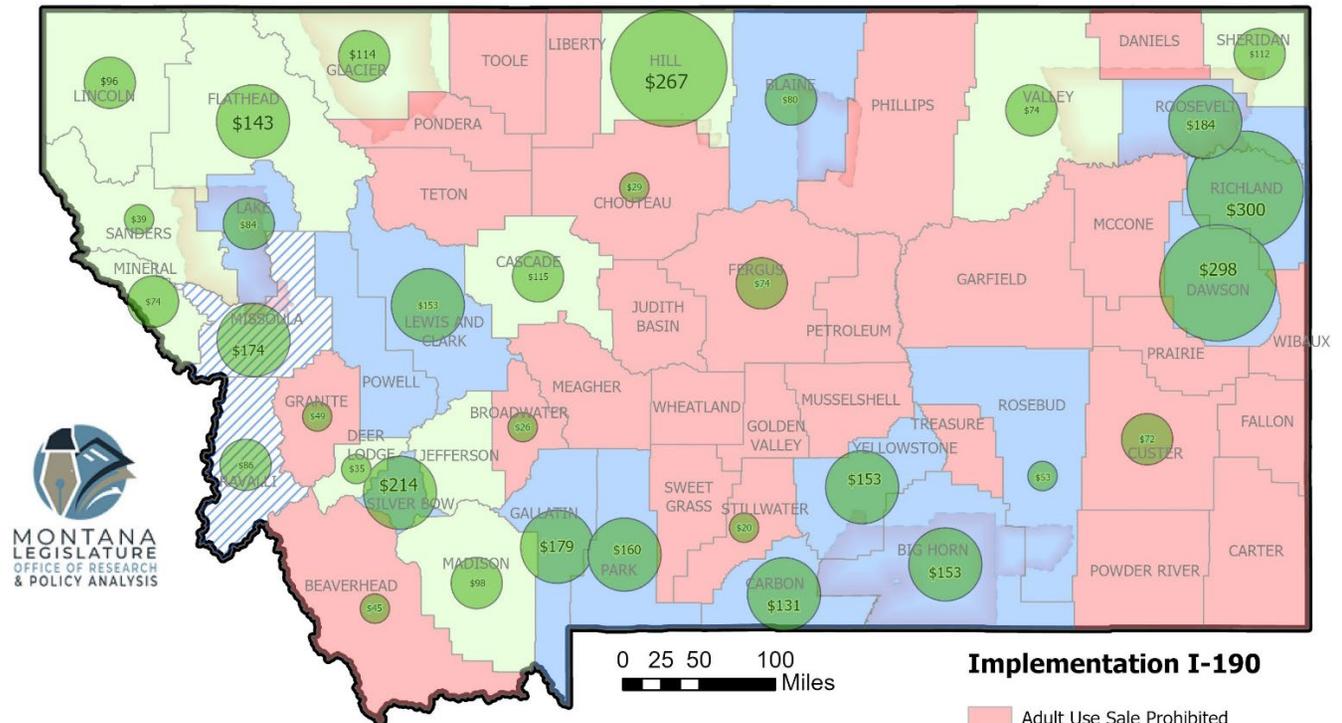
Adult Use Marijuana Status

- Adult Use Sale Prohibited
- Adult Use Sales (Local Tax, AU Only)
- Adult Use Sales (Local Tax, Med & AU)
- Adult Use Sales Allowed (No Local Tax)
- Adult Use Sale Prohibited (Local Tax, Med Only)

****This map assumes all known and potential initiatives succeed at ballot.***

OVERSEEING A BUDDING INDUSTRY

APPENDIX D: PER CAPITA SALES THROUGH JUNE 2022



Estimated totals of marijuana sales (adult-use and medical) for first six months of 2022 (January - June) per capita population.

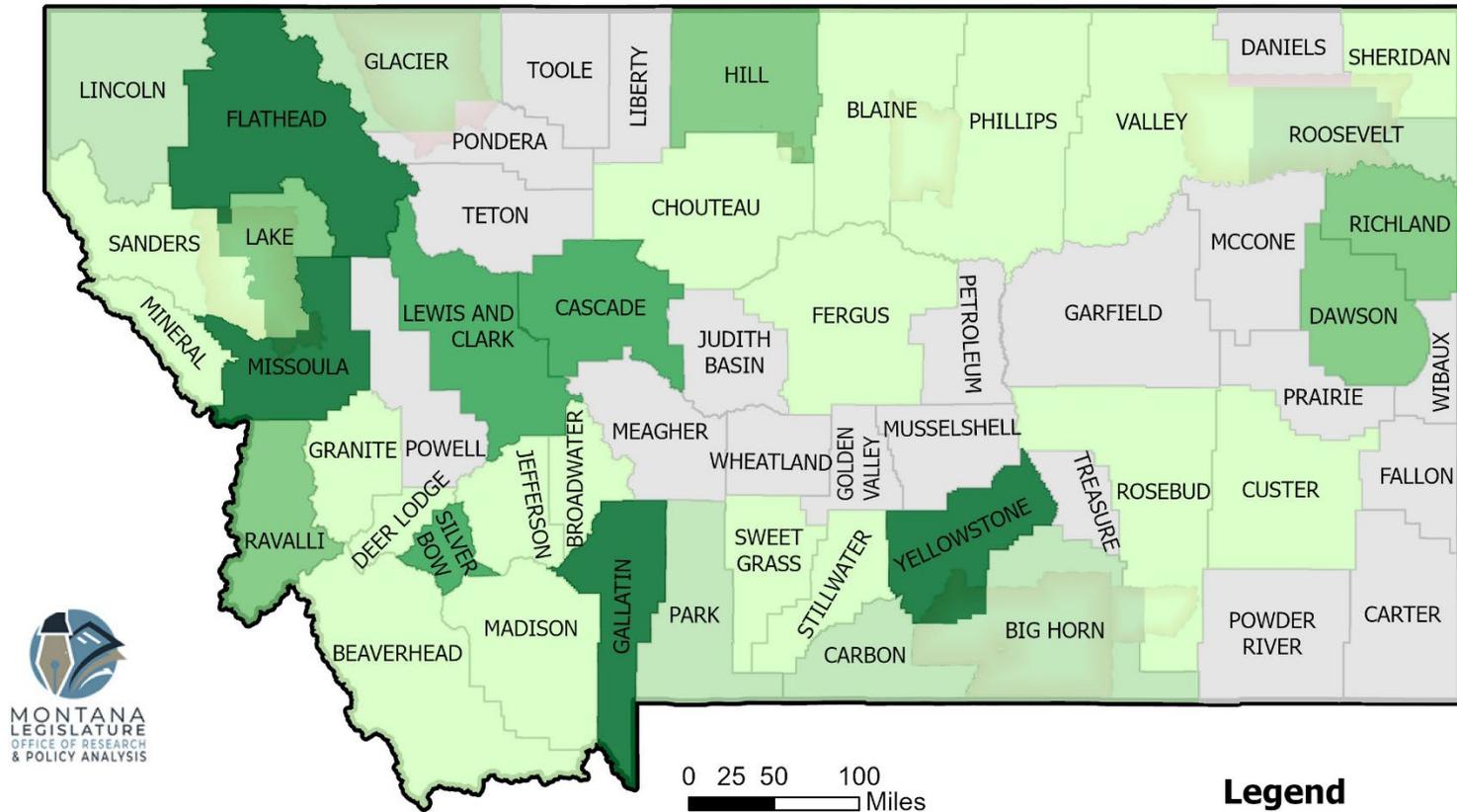
Sales data Montana Department of Revenue's from monthly cannabis sales reports (<https://mtrrevenue.gov/cannabis-sales-reports/>).

Population are 2021 estimates from the U.S. Census Bureau (https://dataportal.mt.gov/t/DOC/views/CEIC_PEP_POPULATION_SFE/Population?%3Aorigin=card_share_link&%3Aembed=y)

Map Date: 08/31/2022
 Author: D. Kayser, Data Analyst, Montana Legislative Services Division

OVERSEEING A BUDDING INDUSTRY

APPENDIX E: STATE TAX REVENUE BY COUNTY FY2022



Estimated state tax revenue generated from the sale of adult use and medical marijuana by Montana county between January and June of 2022.

Sales data Montana Department of Revenue's from monthly cannabis sales reports (<https://mrevenue.gov/cannabis-sales-reports/>).