

**128th MAINE LEGISLATURE****LD 1719****LR 2805(02)****An Act To Implement a Regulatory Structure for Adult Use Marijuana****Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Marijuana Legalization Implementation****Fiscal Note Required: Yes****Fiscal Note**

	FY 2017-18	FY 2018-19	Projections FY 2019-20	Projections FY 2020-21
Net Cost (Savings)				
General Fund	\$0	\$1,843,457	(\$2,328,517)	(\$1,964,738)
Highway Fund	\$0	\$23,962	\$24,656	\$25,369
Appropriations/Allocations				
General Fund	\$0	\$3,285,041	\$3,490,483	\$3,591,172
Highway Fund	\$0	\$23,962	\$24,656	\$25,369
Other Special Revenue Funds	(\$91,032)	\$1,123,768	\$2,802,714	\$3,459,081
Revenue				
General Fund	\$0	\$1,441,584	\$5,819,000	\$5,555,910
Other Special Revenue Funds	\$0	\$1,213,876	\$3,095,890	\$3,743,980
Transfers				
Other Special Revenue Funds	\$0	\$0	\$0	\$0

Correctional and Judicial Impact Statements

Increases the number of civil suits.

The additional workload associated with the minimal number of new cases filed in the court system does not require additional funding at this time.

The collection of additional filing fees may increase General Fund revenue by minor amounts.

Fiscal Detail and Notes

The bill designates the Department of Administrative and Financial Services (DAFS) as the sole regulatory agency in the implementation, administration and enforcement of the Marijuana Legalization Act. The role of the Department of Agriculture, Conservation and Forestry (ACF) is limited to consulting activities related to adoption of certain rules.

The bill establishes the following excise taxes:

- 1) Excise tax on marijuana flower and mature marijuana plants - \$335 per pound
- 2) Excise tax on marijuana trim - \$94 per pound
- 3) Excise tax on immature marijuana plants and seedlings - \$1.50 per immature plant or seedling
- 4) Excise tax on marijuana seeds - \$0.30 per marijuana seed

Excise taxes, 12% of excise taxes, and 12% of existing sales tax - The revenue from these excise taxes is to be credited to the General Fund, except that 12% of this revenue will be credited to the Adult Use Marijuana Public Health and Safety Fund (PHSF) within DAFS to be used for public health and safety awareness and education programs and for enhanced law enforcement training. The bill also requires that 12% of the existing sales tax on marijuana and marijuana products also go to the PHSF. The net impact on General Fund revenue will be an increase of \$1,441,584 in fiscal year 2018-19, rising to more than \$5,000,000 in subsequent years. The PHSF will receive \$358,416 in fiscal year 2018-19, rising to more than \$1,800,000 in subsequent years.

License fee revenue - The bill creates manufacturing, retail store, testing and tiered cultivation licenses and sets the fee structure that DAFS may charge for each license. License fees are estimated to generate Other Special Revenue Funds revenue of \$855,460 in fiscal year 2018-19 and more than \$1,200,000 in subsequent years.

Balance transfer - The bill creates the Adult Use Marijuana Regulatory Coordination Fund and transfers the balance of the Retail Marijuana Regulatory Coordination Fund, currently \$1,224,246, into it.

Medical Marijuana revenue - This bill may lead to a reduction in the number of Maine Medical Marijuana Program registrations, as some registrants may decide to participate only in the non-medical marijuana industry. If this occurs it would reduce revenue from registration fees that is now credited to the Maine Medical Use of Marijuana Fund to support that program. Any such reduction is expected to be minor.

Department of Administrative and Financial Services - The bill includes General Fund appropriations to DAFS of \$3,173,339 in fiscal year 2018-19. Of this amount, \$2,028,806 is for 32 ongoing permanent positions, \$550,000 is a one-time appropriation to design and/or acquire tracking system and licensing system software and \$594,533 is for Maine Revenue Services within DAFS for 2 Tax Examiner positions, related programming and All Other costs to process and audit income tax filings. Two additional Senior Revenue Agent positions will be required beginning in fiscal year 2019-20. Other Special Revenue Funds allocations to DAFS include \$358,416 in fiscal year 2018-19 for the PHSF, \$828,017 including 3 positions for the Adult Use Marijuana Regulatory Coordination Fund and \$1,085,931 for the Medical Use of Marijuana Fund that includes 6.25 positions transferred from DHHS.

Department of Health and Human Services - The bill transitions the administration and enforcement of the Maine Medical Use of Marijuana Act from the Department of Health and Human Services (DHHS) to DAFS. The bill includes net deallocations to DHHS of \$1,056,295 beginning in fiscal 2018-19 for the transfer from the Medical Use of Marijuana Fund within the Department of Health and Human Services to the Medical Use of Marijuana Fund within the Department of Administrative and Financial Services. \$140,751 is appropriated to the Maternal and Child Health Block Grant Match program in DHHS to restore 1.2 Public Service Coordinator II positions and \$29,636 is allocated to the Maine Center for Disease Control and Prevention to restore 0.5 Office Assistant II positions that are moving with the Medical Use of Marijuana Fund as it moves to DAFS.

Department of Agriculture, Conservation and Forestry - Allocations of \$91,032 in fiscal year 2017-18 and \$92,301 in fiscal year 2018-19 for the Marijuana Regulation and Licensing Fund within ACF are removed.

Department of Public Safety - The bill includes a General Fund appropriation of \$43,701 and a Highway Fund allocation of \$23,962 in fiscal year 2018-19 to the Department of Public Safety for one Identification Specialist II position and related costs to process criminal history background checks for marijuana establishment operators. Other Special Revenue Funds revenue to the Department of Public Safety will be increased by the amount charged for each background check. The amount of this increased revenue has not been estimated at this time.

Maine Commission on Indigent Legal Services - The bill includes an ongoing General Fund deappropriation of \$75,000 in 2018-19 to the Maine Commission on Indigent Legal Services to reflect fewer cases of assigned counsel related to marijuana offenses.

Legislature - This bill provides an ongoing appropriation of \$2,250 in 2018-19 to the Legislature for the costs of legislators serving on the Marijuana Advisory Commission.

Labor - Additional costs to the Department of Labor to serve on the Marijuana Advisory Commission can be absorbed within existing budgeted resources.

DHHS - If marijuana use increases because of legalization, the number of child welfare cases reported to the Department of Health and Human Services could rise. Any increase in the number of investigations is not expected to increase costs to the department significantly.