

**128th MAINE LEGISLATURE****LD 1650****LR 2395(02)****An Act To Amend the Marijuana Legalization Act****Fiscal Note for Bill as Amended by Committee Amendment "A"****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	\$3,021,383	\$10,164,998	(\$110,332)	(\$8,090,037)
Highway Fund	\$0	\$23,962	\$24,656	\$25,369
Appropriations/Allocations				
General Fund	\$767,383	\$2,746,358	\$3,325,668	\$3,428,843
Highway Fund	\$0	\$23,962	\$24,656	\$25,369
Other Special Revenue Funds	\$200,000	\$1,908,959	\$4,324,757	\$6,135,719
Revenue				
General Fund	(\$2,254,000)	(\$7,418,640)	\$3,436,000	\$11,518,880
Other Special Revenue Funds	\$154,000	\$1,727,715	\$4,573,075	\$6,890,195
Transfers				
Other Special Revenue Funds	\$0	\$0	\$0	\$0

Fiscal Detail and Notes

This bill implements the recommendations of the Joint Standing Committee on Marijuana Legalization Implementation regarding the establishment of a regulated marketplace in the State for the adult use of marijuana under the Marijuana Legalization Act (MLA). The bill retains the division of regulatory authority, with the Department of Administrative and Financial Services (DAFS) designated as the primary regulatory authority in the implementation, administration and enforcement of the MLA and the Department of Agriculture, Conservation and Forestry (ACF) retaining regulatory authority concerning the cultivation, manufacture, testing, packaging and labeling of adult use of marijuana and marijuana products. It clarifies the roles and responsibilities, including the respective rulemaking authorities, of DAFS and ACF related to the MLA.

This bill increases the sales tax rate on marijuana from 10% to 20% and distributes 12% of the sales tax revenue received to the Adult Use Marijuana Public Health and Safety Fund (see next paragraph) and 6% to municipalities. Maine Revenue Services has assumed a delay in the effective date of the sales tax to January 1, 2019. General Fund revenue is reduced by \$2,254,000 in fiscal year 2017-18 and by \$7,418,640 in fiscal year 2018-19 and Local Government Fund revenue is reduced by \$46,000 in fiscal year 2017-18 and by \$138,000 in fiscal year 2018-19. The bill includes an Other Special Revenue Funds allocation of \$228,000 in fiscal year 2018-19 to DAFS in order to remit a portion of the sales tax to municipalities.

The bill establishes the Adult Use Marijuana Public Health and Safety Fund to facilitate public health and safety awareness and education programs, initiatives, campaigns and activities and enhanced law enforcement training programs for local, county and state law enforcement officers. The 12% of sales tax revenue dedicated to this fund should generate \$428,640 in fiscal year 2018-19 and \$3,147,120 by fiscal year 2020-21.

The bill also 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.

The bill creates manufacturing, retail store, social club, testing and tiered cultivation licenses and sets the fee structure that DAFS may charge for each license. In fiscal year 2017-18 license revenue is estimated to generate \$200,000 in Other Special Revenue Funds revenue; in fiscal year 2018-19 this revenue is estimated to increase to \$1,209,075.

The bill includes General Fund appropriations to DAFS of \$172,815 in fiscal year 2017-18 and \$1,984,225 in fiscal year 2018-19 for 26 permanent positions. The bill also includes Other Special Revenue Funds allocations to DAFS of \$175,000 in fiscal year 2017-18 and \$600,000 in fiscal year 2018-19 for All Other costs associated with these positions. The bill also includes a one-time appropriation of \$550,000 in fiscal year 2017-18 to DAFS for Tracking System and Licensing System software. The bill includes General Fund appropriations to ACF of \$94,568 in fiscal year 2017-18 and \$595,481 in fiscal year 2018-19 for 7 permanent positions. The bill also includes Other Special Revenue Funds allocations to ACF of \$25,000 and \$507,319 in fiscal year 2018-19 for 5 permanent positions and related All Other costs.

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.

This bill may lead to a reduction in the number of Maine Medical Marijuana Program licenses, as some licensees may decide to participate only in the non-medical marijuana industry. If this occurs it would reduce revenue from license 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.

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 the increased revenue has not been determined at this time.

This bill includes General Fund deappropriations of \$50,000 in fiscal year 2017-18 and \$75,000 in fiscal year 2018-19 from the Maine Commission on Indigent Legal Services to reflect savings from a reduction in the cost of assigned counsel related to marijuana violations.

General Fund fine revenue is expected to be reduced from fewer marijuana violations. Costs to the Department of the Attorney General may be reduced as well. No estimate of these changes is made at this time.

Additional costs to the Department of Labor to consult with DAFS and ACF regarding workplace, employment or other labor matters can be absorbed within existing budgeted resources.

The bill includes an Other Special Revenue Funds allocation of \$145,000 to DAFS in fiscal year 2018-19 to reimburse the Maine Criminal Justice Academy for enhanced law enforcement training for marijuana enforcement.

The bill includes a General Fund appropriation of \$197,951 in fiscal year 2018-19 to DAFS for two 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.