



128th MAINE LEGISLATURE

LD 1719

LR 2805(03)

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	\$1,273,234	(\$2,950,050)	(\$6,622,543)
Highway Fund	\$0	\$101,639	\$104,228	\$107,416
Appropriations/Allocations				
General Fund	\$0	\$2,838,784	\$3,319,950	\$3,423,707
Highway Fund	\$0	\$101,639	\$104,228	\$107,416
Other Special Revenue Funds	(\$91,032)	\$735,716	\$892,078	\$900,355
Revenue				
General Fund	\$0	\$1,565,550	\$6,270,000	\$10,046,250
Other Special Revenue Funds	\$0	\$865,860	\$1,727,355	\$1,926,105

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

This bill requires that, as the state licensing authority, the Department of Administrative and Financial Services (DAFS) may, or in some instances must, consult with other state agencies regarding rulemaking. It removes the regulatory authority of the Department of Agriculture, Conservation and Forestry (ACF).

Sales Tax - The bill increases the sales tax on recreational marijuana and marijuana related products from 10% to 17.5%. The impact on General Fund revenue will be an increase of \$1,565,550 in fiscal year 2018-19, rising to \$6,270,000 the following year. Local Government Fund revenue will increase by \$31,950 in fiscal year 2018-19, rising to \$330,000 the following year.

License fee revenue - The bill creates manufacturing, retail store, social club, testing, occupational, delivery, transport, storage, special event, research and tiered cultivation licenses. License fees are estimated to generate Other Special Revenue Funds revenue of \$833,910 in fiscal year 2018-19 and almost \$1,400,000 the following year.

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 \$2,723,845 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 \$145,039 is for Maine Revenue Services within DAFS for one Tax Examiner position, 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 of \$828,017 in fiscal year 2018-19 are for 3 positions and All Other costs for the Retail Marijuana Regulatory Coordination Fund.

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 General Fund appropriations of \$185,439 and Highway Fund allocations of \$101,639 to the Department of Public Safety in fiscal year 2018-19 for 2 Paralegal positions and related costs to review and make confidential all eligible marijuana convictions.

Maine Commission on Indigent Legal Services - This bill includes an ongoing 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 \$4,500 in 2018-19 to the Legislature for the costs of legislators serving on the Marijuana Advisory Commission and the Special Commission on Impaired Driving.

Education, Labor, UMS, MCCS - Additional costs to the Department of Education, the Department of Labor, the University of Maine System and the Maine Community College System to participate in the development of the marijuana research agenda 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.