

UNSOLICITED
EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 27, 2023

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Personnel (Expense)		\$64,630	\$88,152	\$176,304
Operating Expenses (Expense)		\$5,086	\$4,075	\$8,150
Equipment (Expense)		\$4,608		
Information Services (Expense)		\$8,315	\$460	\$920
AG Cost Allocation Plan (Expense)				\$38,125
Total	0	\$82,639	\$92,687	\$223,499

Explanation

(Use Additional Sheets of Attachments, if required)

The amendment to this bill revises the definition of “vapor products” and revises provisions governing the excise tax on cannabis; revises the excise tax on the wholesale sale of cannabis to apply the tax only to the first wholesale sale and to provide that the tax is at the rate of 15 percent of: (1) the fair market value at wholesale for sales made to an affiliate of the medical cannabis cultivation facility or adult-use cannabis cultivation facility; or (2) the sales price, if the sale is made to a cannabis establishment that is not an affiliate of the medical cannabis cultivation facility or adult-use cannabis cultivation facility; defines “affiliate”. The bill as amended will require the Department of Taxation to adopt certain regulations, revise forms and implement changes into the computer system, and to hire an additional position to ensure compliance with the bill.

This request is for one Compliance Audit Investigator II and associated operating costs beginning in October 2023. This request includes funding for overtime for IT staff and MSA Programmer expenses to implement changes into the Department's computer system. This request also funds an increase to the Department's Attorney General (AG) Cost Allocation due to an increase in services. The Department will incur recurring expenses as follows each biennium: Personnel of \$176,304; Operating Expenses of \$8,150; and Information Services of \$920 including required EITS Assessment costs (phone, productivity suite, etc). The expenses for Equipment, overtime for IT staff, and the MSA Programmer are one time in nature. Finally, there will be an increased expense for the Attorney General (AG) Cost Allocation Plan in the amount of \$38,125 in future biennia.

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