

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 29, 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)		\$66,456	\$91,664	\$183,328
Operating Expenses (Expense)		\$2,862	\$3,197	\$6,394
Equipment (Expense)		\$4,608		
Information Services (Expense)		\$5,403	\$2,274	\$4,548
AG Cost Allocation Plan (Expense)		\$25,376	\$12,749	
Total	0	\$104,705	\$109,884	\$194,270

Explanation

(Use Additional Sheets of Attachments, if required)

This bill deems each cannabis establishment to be a dual licensee for both adult-use and medical use cannabis. Section 15 of the bill provides that the retail excise tax does not apply to the sale of medical use of cannabis or cannabis product to the holder of a registry identification card or letter of approval by an adult use cannabis retail store that has been deemed to be a dual licensee. There will be an increased need for the Department of Taxation to conduct audits to confirm medical exemptions from the excise tax. Additionally, the Department will be responsible to ensure that licensees are properly registered for a seller's permit if the licensee does not already have one. The Department anticipates additional cash counts each month, the requirement to draft regulations, and an increase in appeals.

This request is for one Auditor II position and associated operating costs beginning in October 2023. This request also includes an increase to the Department's AG Cost Allocation due to an increase in services.

The Department will incur recurring expenses as follows each biennium: Personnel Services of \$183,328; Operating Expenses of \$6,394; and Information Services of \$4,548 including required EITS Assessment costs (phone, productivity suite, etc). The expense for Equipment in FY24 is \$4,608 and one-time in nature. Finally, there will be an increased expense for the Attorney General (AG) Cost Allocation Plan in the amount of \$25,376 in FY24 and \$12,749 in FY25. This expense will not recur after FY25.

Name Adriane Roberts-Larson

Title Deputy Executive Director -
Administrative Services

GOVERNOR'S OFFICE OF FINANCE COMMENTS

The agency's response appears reasonable.

Date Wednesday, March 29, 2023

Name Amy Stephenson

Title Director