



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **SB0074: Generally revise marijuana laws**

Primary Sponsor: **Josh Kassmier**

Status: **As Introduced**

☐ Included in the Executive Budget

☒ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☐ Technical Concerns

☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	(\$491,000)	(\$542,000)	(\$552,000)	(\$564,000)
State Special Revenue (02)	(\$231,000)	(\$255,000)	(\$260,000)	(\$266,000)
<b>Net Impact</b>	<u>(\$491,000)</u>	<u>(\$542,000)</u>	<u>(\$552,000)</u>	<u>(\$564,000)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

SB 74 makes some clean-up and clarifications to marijuana regulation and taxation. The two changes with an estimated fiscal impact are changing the definition of "retail price" and changing the structure of manufacturing license fees. This bill is estimated to reduce marijuana sales tax collections and license fee revenue collections by a combined \$722,000 in FY 2026, \$797,000 in FY 2027, \$812,000 in FY 2028 and \$830,000 in FY 2029 relative to the current law HJ2 forecast. Revenue to the general would decline by an estimated \$491,000 in FY 2026, \$542,000 in FY 2027, \$552,000 in FY 2028, and \$564,000 in FY 2029.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Revenue

1. SB 74 makes various changes and clean-ups to marijuana laws. The two main changes that have a fiscal impact on marijuana tax and license fee revenue collections are the change to the definition of "retail price" and the change to the structure of manufacturing license fees.
2. Under current law, "retail price" is defined as the price before any discount or reduction. This bill changes that definition to the price after any discount or reduction. In practice, the department allows some discounts and sales that apply to all customers to be non-taxable but specific discounts are still taxable. These specific discounts will change to being non-taxable due to the definition change of "retail price" in this bill.
3. Based on analysis and comparison of marijuana dispensary tax return data and real-time sales data from the seed-to-sale tracking system, it is estimated that the change in the definition of retail price will reduce taxable sales and resulting tax collections from medical and adult-use marijuana by approximately 1 percent

beginning with TY 2026. The following table shows the estimated impact on combined adult-use and medical marijuana tax collections by applying the 1 percent impact to the HJ2 forecast.

<b>Adult-use and Medical Marijuana Tax Collections Impact</b>			
<b>Fiscal Year</b>	<b>Current Law HJ 2 Estimates</b>	<b>SB 74 Tax Revenue</b>	<b>Change in License Fee Revenue</b>
2026	\$55,242,000	\$54,690,000	-\$552,000
2027	\$57,154,000	\$56,582,000	-\$572,000
2028	\$58,688,000	\$58,101,000	-\$587,000
2029	\$60,455,000	\$59,850,000	-\$605,000

4. This bill also changes manufacturing licensing from a separate license fee for each manufacturing location to one license fee for as many locations are under a single license in each tier. The license fee tiers remain the same:
5. \$5,000 for a licensee producing up to 10 pounds of concentrate a month;
6. \$10,000 for a licensee producing between 10 and 15 pounds of concentrate a month; and
7. \$20,000 for a licensee producing 15 pounds or more of concentrate a month.
8. There are currently 22 manufacturing licensees with more than one licensed location. Based on the number and sizes of these current manufacturing licensees, the Department of Revenue estimates that this change in fee structure will reduce total manufacturing license fee revenue by approximately \$225,000 per year.
9. The license fee change is effective October 1, 2025, so it is assumed the impact will be a reduction in revenue of approximately \$170,000 for FY 2026 and then the full \$225,000 each fiscal year after that.
10. Combining the tax revenue impact and the license fee revenue impact the total revenue to be distributed out of the marijuana state special revenue account will be reduced by approximately \$722,000 in FY 2026, \$797,000 in FY 2027, \$812,000 in FY 2028 and \$830,000 in FY 2029 relative to the current law HJ2 forecast. Of these reductions in revenue distributions, general fund revenue is estimated to decrease by approximately \$491,000 in FY 2026, \$542,000 in FY 2027, \$552,000 in FY 2028 and \$564,000 in FY 2029. The remaining decrease in revenue would impact the state special revenue deposited in the four FWP accounts.
11. The Department of Revenue does not expect to incur significant additional costs as a result of this bill.

## Fiscal Analysis Table

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
<b><u>Funding of Expenditures</u></b>				
<b><u>Revenues</u></b>				
General Fund (01)	(\$491,000)	(\$542,000)	(\$552,000)	(\$564,000)
State Special Revenue (02)	(\$231,000)	(\$255,000)	(\$260,000)	(\$266,000)
<b>TOTAL Revenues</b>	<b>(\$722,000)</b>	<b>(\$797,000)</b>	<b>(\$812,000)</b>	<b>(\$830,000)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$491,000)	(\$542,000)	(\$552,000)	(\$564,000)
State Special Revenue (02)	(\$231,000)	(\$255,000)	(\$260,000)	(\$266,000)

NO SPONSOR SIGNATURE

Sponsor's Initials

Date

1/10/25



Budget Director's Initials

1/7/2025

Date