



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill information:

SB0443 – Revise drug laws to regulate THC levels

Status: As Introduced

Sen. Hertz

- ☐ Significant Local Gov Impact
 ☐ Needs to be included in HB 2
 ☒ Technical Concerns
- ☐ Included in the Executive Budget
 ☐ Significant Long-Term Impacts
 ☐ Dedicated Revenue Form Attached

	<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>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other - Proprietary	\$0	\$0	\$0	\$0
Revenue:				
General Fund	Unable to Determine	Unable to Determine	Unable to Determine	Unable to Determine
Other - Proprietary	Unable to Determine	Unable to Determine	Unable to Determine	Unable to Determine
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 443 restricts THC levels in adult-use marijuana and marijuana products to 15%. This bill may affect sales in the legal marijuana market in Montana and may show a shift to medical marijuana sales. The impact to both the state special revenue funds that receive marijuana tax funding and transfers to the general fund is unable to be determined.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- Under current law, THC limits may be established in rule by the Department of Revenue but cannot exceed 35% in marijuana sold as flower.
- SB 443 removes this rule making authority for the department regarding adult-use marijuana THC limits and reduces them to 15% total THC and applies to all forms of adult-use marijuana and marijuana products. The bill does not reduce the THC limits on medical marijuana or remove the rule making authority for the department to set those limits.
- There is no effective date designated in the bill, so the default effective date would be October 1, 2025.
- This bill may disrupt the adult-use marijuana in Montana and cause more consumers to return to the medical

marijuana cardholder program and purchase medical marijuana. If this were to occur, or consumers stopped purchasing adult-use marijuana for any other reason, marijuana tax revenue would decline. However, because this bill does not directly impact the demand for marijuana, and it is unknown how the industry would adapt to the restrictions imposed by the bill. Therefore, impacts to general fund and state special revenue funding is unable to be determined.

5. The department would have to amend some rules and approve new packaging and labels for licensees but expects to be able to implement the bill without significant additional costs.

Technical Concerns:

1. SB 443 defines “total THC” to include “Delta-9, THC, THCa, and THCP converted to delta-9 THC”. This definition is inconsistent with how the Department of Revenue, Department of Agriculture and federal government determine total THC. The department currently defines “total THC” in ARM 42.39.102 as “Total THC means the highest theoretical concentration of psychoactive THC available in a marijuana item achievable only through the complete conversion of THCa to THC with the application of heat during administration/consumption. Total potential psychoactive THC is the sum of THC and THCa calculated using the following equation: Total potential psychoactive THC = (THCa x 0.877) + THC.”

NO SPONSOR SIGNATURE**3/3**

Sponsor's Initials

Date

Budget Director's Initials

Date