



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0027: Generally revise marijuana licensing laws**

Primary Sponsor: **Kenneth Bogner**

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</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 (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 |
| Revenues | | | | |
| General Fund (01) | (\$178,000) | (\$355,000) | \$0 | \$0 |
| State Special Revenue (02) | (\$83,000) | (\$168,000) | \$0 | \$0 |
| Net Impact | <u>(\$178,000)</u> | <u>(\$355,000)</u> | <u>\$0</u> | <u>\$0</u> |
| General Fund Balance | | | | |

Description of fiscal impact

SB 27 extends the moratorium on new marijuana licensees two years to July 1, 2027, and prohibits the Department of Revenue from issuing any new premises licenses. This effectively caps the number of licensed locations at the current level at the end of FY 2025 and is estimated to reduce license fee revenue in FY 2026 and FY 2027.

FISCAL ANALYSIS

Assumptions

1. SB 27 revises marijuana licensing laws, with the biggest changes being extending the moratorium on new licensees from June 30, 2025 to July 1, 2027 and expanding the moratorium to also prohibit any additional licensed premises. This effectively will cap the number of licensed premises at the current number although it does allow for a change in location for a licensed premise.
2. It is assumed that the supply available from the current licensed premises is sufficient to satisfy the continued moderate demand for marijuana and that this bill would not significantly impact marijuana tax revenue from what is estimated in HJ 2.
3. The effective date of the bill is June 30, 2025 and it is expected that the number of licensees will remain constant from then until July 1, 2027. Therefore, it is assumed the license fee revenue will stay constant at the FY 2025 HJ 2 estimate for FY 2026 and FY 2027. The following table shows the current law HJ 2 estimated license fee revenue and the estimated license fee revenue under this bill.

| Marijuana License Fee Revenue Impact | | | |
|--------------------------------------|-------------------------------|------------------------------|----------------------------------|
| Fiscal Year | Current Law HJ 2 Estimates | SB 27 License Fee Revenue | Change in License Fee Revenue |
| 2025 | \$7,292,000 | \$7,292,000 | \$0 |
| 2026 | \$7,553,000 | \$7,292,000 | -\$261,000 |
| 2027 | \$7,815,000 | \$7,292,000 | -\$523,000 |
| 2028 | \$8,024,000 | \$8,024,000 | \$0 |
| 2029 | \$8,266,000 | \$8,266,000 | \$0 |

- SB 27 is estimated to decrease marijuana license fee revenue by approximately \$261,000 in FY 2026 and \$523,000 in FY 2027. Based on the current law distribution of marijuana tax and license fee revenue out of the marijuana state special revenue account (16-12-111, MCA), this license fee revenue impact corresponds to a decrease in general fund revenue of \$178,000 in FY 2026 and \$355,000 in FY 2027. The remaining decrease in revenue would be distributed among the state special revenue accounts that receive distributions from the marijuana state special revenue account.
- The Department of Revenue does not expect to incur significant additional costs as a result of this bill.

Fiscal Analysis Table

| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|----------------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| <u>Funding of Expenditures</u> | | | | |
| <u>Revenues</u> | | | | |
| General Fund (01) | (\$178,000) | (\$355,000) | \$0 | \$0 |
| State Special Revenue (02) | (\$83,000) | (\$168,000) | \$0 | \$0 |
| TOTAL Revenues | (\$261,000) | (\$523,000) | \$0 | \$0 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$178,000) | (\$355,000) | \$0 | \$0 |
| State Special Revenue (02) | (\$83,000) | (\$168,000) | \$0 | \$0 |

Technical Concerns

Department of Revenue

- The effective date of June 30, 2025 creates potential confusion with implementing the bill on the last day of a fiscal year. Changing the effective date to July 1, 2025 from June 30, 2025 would be cleaner and make implementation for the Department of Revenue more straightforward.

NO SPONSOR SIGNATURE

Sponsor's Initials

Date

1/7/25

Budget Director's Initials

1/2/2025

Date

