

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◊ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

sHB-7371

AN ACT CONCERNING THE RETAIL SALE OF CANNABIS.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Consumer Protection, Dept.	GF - Cost	1,000,234	3,338,421
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	205,058	1,095,086
Consumer Protection, Dept.	GF - Revenue Loss	4.5 million	5.8 million
Consumer Protection, Dept.	GF - Revenue Gain	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

### **Explanation**

The bill allows consumers over age 21 to purchase cannabis and creates a Cannabis Commission with the Department of Consumer Protection (DCP) resulting in various costs and revenue impacts described below.

#### **Costs:**

- To implement the requirements of the bill DCP would need to hire 8 staff in FY 20 and 27 additional staff in FY 21 for a cost of \$705,292 in FY 20 and \$3,933,507 in FY 21 for salaries, fringe benefits, and associated costs. The bill also requires

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.19% of payroll in FY 20 and FY 21.

the Commission to receive a budget of at least \$500,000 per year to educate people from communities disproportionately harmed by cannabis about ownership and employment opportunities in the cannabis market.

**Revenue Impact:**

- The bill removes the application and renewal fees for the medical marijuana program resulting in a revenue loss of approximately \$4.5 million in FY 20 and \$5.8 million in FY 21.
- The bill results in a revenue gain once the Commission begins licensing and enforcing the retail sale of cannabis. The revenue will be dependent on the number of license applications, the license fees set by the Commission, the definition of equity applicant, and any fines and civil penalties imposed.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of licenses, and the number of fines and civil penalties.