

OFFICE OF FISCAL ANALYSIS

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sSB-1085

AN ACT CONCERNING THE LEGALIZATION OF THE RETAIL SALE AND POSSESSION OF CANNABIS AND CONCERNING ERASURE OF CRIMINAL RECORDS IN THE CASE OF CONVICTIONS BASED ON THE POSSESSION OF A SMALL AMOUNT OF CANNABIS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Consumer Protection, Dept.	GF - Cost	155,497	159,364
State Comptroller - Fringe Benefits ¹	GF - Cost	58,920	62,161
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Correction, Dept.; Judicial Dept. (Probation)	GF - Potential Savings	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Loss	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill legalizes the retail sale and possession of cannabis and results in a cost and various revenue impacts to the state.

The Department of Consumer Protection (DCP) will be responsible for overseeing the verification processes related to cannabis sales resulting in a cost of \$214,417 in FY 20 and \$221,525 in FY 21 for salary

¹The 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.

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4/26/19

and benefits. DCP will need to hire one consumer information representative and a drug control agent to oversee the complaints and conduct investigations (e.g. coordinating sting operations with local police departments for cannabis retailers who have allegations of sales to minors). Subsequently, there is a potential revenue gain to the state for penalties and fines related to enforcement of the provisions of this bill.

The bill also results in potential savings due to the elimination or reduction of the various cannabis related penalties in the bill. To the extent that offenders are prosecuted for reduced offenses under this bill, potential savings for incarceration or probation supervision in the community, or judicial revenue loss will result. On average, the marginal cost to the state for incarcerating an offender for the year is \$1,800² while the average marginal cost for supervision in the community is less than \$700³ each year.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the number of violations.

² Inmate marginal cost is based on increased consumables (e.g. food, clothing, water, sewage, living supplies, etc.) This does not include a change in staffing costs or utility expenses because these would only be realized if a new unit or facility opened.

³ Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.