

OFFICE OF FISCAL ANALYSIS

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HB-7371

AN ACT CONCERNING THE RETAIL SALE OF CANNABIS.
AMENDMENT

LCO No.: 7507

File Copy No.: 585

House Calendar No.: 358

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Consumer Protection, Dept.	GF - Cost	2,114,634	3,561,240
State Comptroller - Fringe Benefits ¹	GF - Cost	205,058	1,083,890
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 amendment strikes the underlying bill and its associated fiscal impact resulting in the following impact. This amendment 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.

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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Contributing Analyst(s):

5/15/19
(NF)

Costs:

- To implement the requirements of the amendment DCP would need to hire 8 staff in FY 20 and 27 additional staff in FY 21 for a cost of \$719,692 in FY 20 and \$3,895,130 in FY 21 for salaries, fringe benefits, and associated costs. The new staff is required to staff the commission and to regulate, license, and investigate the retail sale of cannabis.
- The amendment requires 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.
- A cost of up to \$250,000 in FY 21 to hire a consultant to study the feasibility of establishing a cannabis micro business retailer license.
- A cost of up to \$1 million in FY 20 to study the establishment of a program to subsidize purchases by low-income patients for the medical marijuana program.
- A cost of up to \$100,000 in FY 20 to hire a durational project manager to work with researchers for the purposes of developing a suitable handout or warning label for cannabis products.

Revenue Impact:

- The amendment 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 amendment 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 preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.