

# OFFICE OF FISCAL ANALYSIS

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

sSB-1104

AN ACT CONCERNING COMMUNITY RESTORATION FUNDS.

## **OFA Fiscal Note**

### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 22 \$</b>	<b>FY 23 \$</b>
Department of Revenue Services	GF - Potential Cost	286,189	490,547
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Potential Cost	97,546	202,596
Treasurer	GF - Potential Cost	75,000	None
Treasurer	Community Development Trust Fund - Potential Revenue / Potential Cost	See Below	See Below

Note: GF=General Fund

### **Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 22 \$</b>	<b>FY 23 \$</b>
Various Municipalities	Potential Revenue Gain	See Below	See Below

### **Explanation**

Conditional upon enactment of legalized recreational cannabis, the bill imposes a 20% state sales tax and 3% local sales tax on cannabis and cannabis products. Projected annual revenues are anticipated to be \$116 million (state) and \$18 million (municipal) by FY 25. There would

<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 41.3% of payroll in FY 22 and FY 23.

be corresponding costs to administer the programs under the bill.

The bill results in a one-time cost to the Treasurer to establish the Community Development Corporation Trust Fund. To the extent that revenues are available to support the various programs established by the bill, there is an annual cost to the Treasurer to hire staff to administer such programs.

Potential administrative costs to the Department of Revenue Services are estimated at \$383,735 in the first fiscal year following legalization and \$693,143 in the subsequent fiscal year. This includes salary and fringe benefit costs for two Revenue Agents and five Revenue Examiners, as well as a one-time set-up and information technology programming cost estimated at \$50,000 in the first year only.

### ***The Out Years***

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