

FISCAL NOTE
Requested by Legislative Council
01/09/2019

Revised
 Amendment to: HB 1349

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$(52,559)	\$0	\$(142,925)	\$0	\$(142,925)
Expenditures	\$159,000	\$120,000	\$112,000	\$84,000	\$80,000	\$60,000
Appropriations	\$159,000	\$120,000	\$112,000	\$84,000	\$80,000	\$60,000

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill relates to the regulation of industrial hemp and proposed changes to the license fee structure.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of this bill assigns each industrial hemp producer and processor a license fee not to exceed \$350. The current fees in law are \$150 per applicant and \$25 per acre.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The revenue for the 17-19 biennium is calculated by subtracting the fees that would be collected under the current law or \$180,000 from the fees already collected plus the estimated fees collected due to the effect emergency clause or \$127,441, for a total revenue reduction of \$52,559. The revenue reductions in the 19-21 and 21-23 biennia are projected by subtracting the estimate revenue projected based on the new fees from the fees that would have been collected if the law was not changed. The law change projects the revenue amounts by the following: 100 applicants per biennium X \$350 fee = \$35,000; 50 background checks X \$41.50 BCI fee = \$2,075; for a total biennium revenue estimate of \$37,075. All revenue will be deposited in the agriculture commissioner's operating fund.

17-19 Biennium: \$127,441 - \$180,000 = (\$52,559)
 19-21 Biennium: \$37,075 - \$180,000 = (\$142,925)
 21-23 Biennium: \$37,075 - \$180,000 = (\$142,925)

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The agriculture commissioner will have expenditures to regulate industrial hemp growers and processor licensing and other regulatory functions. All expenditures will come out of the agriculture commissioner's budget (SB 2009) in the salaries and operating line items. Expenditures will be primarily for staff salaries, sampling, laboratory testing, travel, and supplies. Expenditures are projected to decrease over the 19-21 and 21-23 biennia due to a decrease in workload.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The appropriation amount matches the expenditure amount. The general fund appropriation will account for a portion of the staff salaries designated for the program. The special fund appropriation will account for the operating expenditures referenced in 3B and additional temporary salaries to assist with field inspection and sampling work. The appropriation amounts decrease in line with the expenditure amounts for the 19-21 and 21-23 biennia.

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