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FISCAL NOTE
Requested by Legislative Council
03/23/2021

Amendment to: Engrossed HB 1420

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$1,499,000		\$1,144,300
Expenditures				\$1,429,791		\$1,325,142
Appropriations						

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

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	Counties	Cities	School Districts	Townships		
Counties						
Cities						
School Districts						
Townships						

- 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).*

Engrossed HB1420 with Senate amendments modifies penalties for the possession of marijuana, creates a new chapter of NDCC for adult use of marijuana including edible products, and modifies the term saliva to oral fluid language in motor vehicle laws.

- 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 11 would establish an adult use program that would have a fiscal impact on the Department of Health. Establishing a new program will require additional manufacturing facilities and dispensaries to be registered resulting in increased revenue. The new program will require additional FTE to adequately monitor operations, thus resulting in an increase in expenditures.

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.*

Revenue projections would be impacted. While revenue from patient/caregiver applications is projected to decrease, it is anticipated that this decrease would be offset by current manufacturing facilities increasing their plant count, application periods being open to register additional manufacturing facilities and dispensaries, and agents from these new facilities paying registration fees.

2021-2023 Biennium - \$1,499,000 Net Revenue

- Manufactures producing more plants \$560,000
 - Five new manufacturing facilities \$400,000
 - Projected ten new dispensaries at a lower fee \$200,000
 - Fees from open application periods \$410,000
 - Agent application fees for one year \$ 74,000
- Less a 25% decrease in Patient/caregiver application fees (\$145,000)

2023-2025 Biennium - \$1,144,300 Net Revenue
• Additional Plants \$560,000 (Same as last biennium)
• Manufacturing fee \$400,000 (Same as last biennium)
• Dispensary fee \$200,000 (Same as last biennium)
• Agent application fees \$148,000 (for two years)
Less a 25% decrease in Patient/caregiver application fees (\$163,700)

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.*

Adding an adult use program to the medical marijuana program will result in additional costs to adequately monitor operations. Seven additional FTE are projected for the 2021-23 Biennium. No additional FTE are anticipated in the 2023-2025 Biennium.

2021-2023 Biennium Expenditures - \$1,429,791

7 FTE - \$1,265,075 Salaries and Wages

Travel - \$28,256 increased current budgeted travel by 50% (impacted by placement of manufacturing facilities) and necessary training conference attended annually.

IT and rent costs - \$28,985

One-Time Expenditures:

Computers and office equipment- \$17,475

IT system programming changes - \$90,000 (current BioTrack system)

2023-2025 Biennium Expenditures - \$1,325,142

7 FTE - \$1,265,075 (continue 2021 - 2023 biennial costs)

Travel - \$31,082 (increase from 2021 - 2023 biennium of 10% as all facilities should be fully operational)

IT and rent costs - \$28,985

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 program operates under a continuing appropriation as established in NDCC. No appropriation is required. Revenue collected from the current 2019 - 2021 biennium in addition to the projected new revenue will be sufficient to cover anticipated expenditures.

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