

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

Date: April 17, 2019

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S.54 An act relating to the regulation of cannabis – As Amended by the House Committee on Government Operations

Proposed Amendment to S.54 as passed by the Senate

- Would allow current medical dispensaries to begin retail sales of cannabis by July of 2020.
- Medical dispensaries would pay \$75,000 fee for first year right to retail sales. For all other years, they would obtain licenses under the normal commercial system.

Revenue Estimates

The Joint Fiscal Office projects that this amendment will increase revenues relative to S.54 as it passed the Senate.

Fees

There are currently 5 medical dispensaries in Vermont. JFO estimates that all five will apply for the one-time license of \$75,000. **JFO estimates this will generate \$375,000 in additional fee revenues in FY20.**

In subsequent fiscal years, JFO estimates that fee revenue will be the same as S.54 as passed by the Senate. Although the fee schedule is yet to be established, the bill states that fees must be set to generate the Massachusetts-equivalent revenue. JFO estimates this will result in annualized fees revenues of \$650,000.

Excise Tax Revenues

JFO estimates that this bill will generate between \$500,000 and \$1,000,000 in new excise tax revenue in FY21. In future fiscal years, relative to S.54 as passed by the Senate, the amendment generates modestly higher revenues. The advanced start for the five dispensaries means that by FY22 the State would have at least five relatively mature retail stores selling cannabis, thereby mitigating a small portion of the regulatory and capacity issues that hamper overall tax receipts in FY22. Table 1 lays out the excise tax revenue impacts below.

Table 1: S.54 House Gov Ops Amendment				
Retail Excise Revenue (in Millions)				
	Year 0	Year 1	Year 2	Year 3
	FY21	FY22	FY23	FY24
Low	\$0.5	\$4.1	\$6.6	\$8.6
Mid	\$0.8	\$5.8	\$9.3	\$12.1
High	\$1.0	\$8.0	\$12.8	\$16.6

For reference, the excise tax revenue estimates for S.54 as it passed the Senate are in Table 2:

Table 2: S.54 (as passed Senate)				
Retail Excise Revenue (in Millions)				
	Year 0	Year 1	Year 2	Year 3
	FY21	FY22	FY23	FY24
Low	\$0.0	\$3.8	\$6.6	\$8.6
Mid	\$0.0	\$5.4	\$9.3	\$12.1
High	\$0.0	\$7.4	\$12.7	\$16.6