



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

Date: March 8, 2022

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### **H.701 – An act relating to cannabis fees As Passed by the House and Amended by the Senate**

#### URL for bill:

<https://legislature.vermont.gov/Documents/2022/WorkGroups/Senate%20Finance/Bills/H.701/Drafts,%20Amendments%20and%20Legal%20Documents/H.701~Anthea%20Dexter-Cooper~%20Draft%201.1,%202-23-2022~2-25-2022.pdf>

#### **Bill Summary**

**T**his bill sets fees for cannabis establishments regulated by the Cannabis Control Board, as well as caregivers, and dispensaries that participate in the Vermont Medical Cannabis Registry. It also establishes a local processing fee for municipalities who host entities regulated by the Cannabis Control Board.

#### **Fiscal Impact**

JFO estimates this bill increase State revenues by \$955,000 in Fiscal Year (FY) 2023 and \$1.41 million in FY 2024. These increase revenues will be deposited into the Cannabis Regulation Fund.

#### **Details and analysis**

This estimate relies upon estimates made by the Cannabis Control Board who based their estimates upon actual fee revenue collection experiences in other states.

The revenues collected from the fees in this bill will depend upon the structure of the regulated cannabis market. Act 164 of 2020, Vermont's legislation enabling a legal cannabis market, makes clear the Legislature's intent to have a market that is favorable for smaller retailers, manufacturers, and cultivators. The fee structure in this bill reflects that, as the bill sets lower fees for smaller cultivators and manufacturers.

This estimate assumes that Vermont's market will be, to a great extent, composed of small and medium-sized cultivators and manufacturers. Because larger cultivators pay higher fees in this bill, if Vermont's market is composed of larger players than expected, the amount of fees collected will be greater.

The fee revenue estimate also reflects a market size commensurate with the forecasted cannabis revenues in the January 2022 Consensus Revenue forecast. That forecast projected total cannabis revenues of \$8 million in FY 2023 (\$5.6 million in State excise tax and \$2.4 million in Sales & Use Tax) and \$17.3 million in FY

2024 (\$12.1 million in State excise tax and \$5.2 million in Sales & Use Tax).

**Sources:**

Cannabis Control Board testimony to the Committee on Ways and Means. January 6, 2022.

<https://legislature.vermont.gov/Documents/2022/WorkGroups/House%20Ways%20and%20Means/Cannabis%20Control%20Board/W~Brynn%20Hare~Cannabis%20Control%20Board%20Updated%20Fee%20Proposal,%20January%206,%202022~1-6-2022.pdf>

January 2022 Consensus Revenue Forecast.

<https://ljfo.vermont.gov/assets/Uploads/7d2ac79b4a/January-2022-Economic-Review-and-Revenue-Forecast-Update-Revised-January-15-2022.pdf>