

H.321 and Cannabis Revenue Allocations
 Ted Barnett, JFO
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FY 2026 Governor’s Recommended Budget Language

<p>D.101(a)(8)</p>	<p>From the Cannabis Regulation Fund (#21998) to the:</p> <p>(A) General Fund (#10000): Seventy percent of the unencumbered and unexpended balance of the fund in excess of \$4,035,000 following the close of fiscal year 2025. The Commissioner of Finance and Management shall report the amount of this transfer to the Joint Fiscal Committee. For purposes of developing the fiscal year 2026 budget this amount is estimated to be \$5,900,000.</p> <p>(B) Substance Misuse Prevention Special Fund (#21995): Thirty percent of the unencumbered and unexpended balance of the fund in excess of \$4,035,000 following the close of fiscal year 2025. The Commissioner of Finance and Management shall report the amount of this transfer to the Joint Fiscal Committee. For purposes of developing the fiscal year 2026 budget this amount is estimated to be \$2,500,000.</p>	<p>The Cannabis Control Board anticipates total fiscal year 2026 cost of operations to be \$6,649,000. Fiscal year 2026 anticipated revenues from fees and fines, which originally were supposed to fund operations, are expected to be \$2,614,000. This language allows the first \$4,035,000 of fiscal year 2025 year-end balance to be retained in the fund to meet the Cannabis Control Board’s expected cost of operations. The \$8.4M estimated residual balance beyond this amount is transferred 70 percent to the General Fund and 30 percent to the newly established Substance Misuse Prevention Special Fund (E.312.4)</p>
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This language supports the FY 2026 operational expenses of the Cannabis Control Board (CCB) using FY 2025 excise tax revenues. Routing the cannabis excise tax to the Cannabis Regulation Fund in FY 2026 would duplicate the expenses of the CCB unless the construct above is

changed. **The budget construct relies on both the \$8.4 million revenue from this transfer and the \$15.8 million in available GF revenue from the FY 2026 excise tax. Extending excise tax revenue allocation to the Cannabis Regulation Fund would push the transfer of FY 2026 excise revenues to FY 2027, so they would not be available this upcoming fiscal year.**

Decisions of how to allocate cannabis excise tax revenue also impacts substance misuse funding. Under current law, substance misuse receives 30% of total excise tax revenue. Should current session law be extended for one year, 30% of the amount remaining in the Cannabis Regulation Fund at the end of the fiscal year will go to substance misuse. This would result in less funding available for substance misuse in fiscal year 2026 compared to allocating 30% of the total excise revenue.

Other Fiscal Impacts of H.321

The bill would have a minimal impact on fee revenue for the Cannabis Regulation Fund.

1. Fewer than 10 establishments are expected to apply for the proposed \$500 harvest and trim license.
2. In addition, the provision in Section 12 that would allow establishments to apply for a two year employee or longer-term product licensing fee prorated at the current \$50 annual rate. This provision would change the timing of revenues received by the Cannabis Regulation Fund for those fees but the revenue received over two years is not expected to change.

In addition, the enforcement attorney authorized in fiscal year 2026 is estimated by the Cannabis Control Board to cost \$150,000 per year. The costs of this position are currently not accounted for in the bill.