

Department of Finance and Administration

Legislative Impact Statement

Bill: HB2239

Bill Subtitle: TO AMEND THE ARKANSAS MEDICAL MARIJUANA AMENDMENT OF 2016 REGARDING THE TAXATION AND DISTRIBUTION OF PROCEEDS; AND TO CREATE THE GENERAL ASSEMBLY PROMISE SCHOLARSHIP PROGRAM.

Basic Change :

Sponsor: Representative Love

The bill would amend the Arkansas Medical Marijuana Amendment of 2016 regarding: (1) the distribution of sales tax proceeds on sales of medical marijuana; (2) to create the Medical Marijuana Commission Fund; (3) to create the Arkansas Medical Marijuana Implementation Operations Special Revenue Fund; and (4) to create the General Assembly Promise Scholarship Program Fund.

The bill provides that all sales tax revenues from the sale of medical marijuana would be deposited to the Arkansas Medical Marijuana Implementation and Operations Fund. DFA would use the funds to transfer monies to the Department of Health, the Medical Marijuana Commission, and the Alcoholic Beverage Control Division, and other state agencies to pay or reimburse the agencies for expenses incurred related to administration of the medical marijuana program. If insufficient funds are available to reimburse the agencies for all costs, each would receive their proportionate share of the amount available.

At the end of each fiscal year, if an unobligated balance exists in the Arkansas Medical Marijuana Implementation and Operations Fund, the monies would be distributed as follows:

- (1) Ten percent (10%) to the Skills Development Fund for the Office of Skills Development of the Department of Career Education or its successor for development and implementation of workforce training programs;
- (2) Fifty percent (50%) to the Department of Career Education for vocational start-up grants;
- (3) Two and five-tenths percent (2.5%) to the General Assembly Promise Scholarship Program Fund;
- (4) Two and five-tenths percent (2.5%) to the Department of Education Public School Fund Account for the Arkansas Better Chance Program; and
- (5) Thirty-five percent (35%) to General Revenue.

The bill also creates the General Assembly Promise Scholarship Program to be developed and administered by the State Treasurer to provide a financial contribution to an account for each person born in Arkansas on and after January 1, 2018 whose parent opts into the program to provide financing for the person's cost of attendance at an institution of higher education in Arkansas. The State Treasurer may enter into agreements with financial institutions to manage and administer the accounts. Annually, the State Treasurer would make the contribution to each account with no annual contribution exceeding \$100.00. The State Treasurer would make annual reports to the General Assembly of the scholarship program. The General Assembly Promise Scholarship Program would be implemented beginning January 1, 2018.

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Revenue Impact :

Sales tax revenues generated from the sale of medical marijuana would first be used to cover the expenses incurred by state agencies in administering the provisions of the Medical Marijuana Amendment.

Taxpayer Impact :

None.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Modify cash processing systems for the revised distribution of sales tax receipts on sales of medical marijuana.

Other Comments :

None.

Legal Analysis :

HB2239 modifies language in the Arkansas Medical Marijuana Amendment of 2016 ("Amendment") to provide alternative funding for the bill. This bill proposes a funding scheme that appears to be a hybrid of HB1369 and SB424 with additional funding provisions.

In the bill, all medical marijuana proceeds will be directed to the Medical Marijuana Commission Implementation and Operations Fund the Department of Finance and Administration ("DFA"). The Department then collects input from all medical marijuana affected agencies (Department of Health, Alcoholic Beverage Control Division, Medical Marijuana Commission, and any other agency involved in the process) on costs of the program. After collecting that data, DFA uses sales tax proceeds from medical marijuana to cover costs of the program. After funds have been transferred to cover the cost of the program, the remaining proceeds are distributed as follows: 10% to the Skills Development Fund, 50% to the Department of Career Education Public School Fund, 35% to the General Revenue Fund, 2.5% to the General Assembly Promise Scholarship Program Fund, and 2.5% to the Department of Education Public School Fund Account for the Arkansas Better Chance Program.

The bill further directs the Department of Career Education Public School Fund to use the funds to

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implement career and technical programs and short-term adult skills training programs. Finally, the bill includes the necessary language to create the Arkansas Medical Marijuana Implementation and Operations Fund and the Medical Marijuana Commission Fund.

The bill creates the General Assembly Promise Scholarship Program and the funding for the same. The bill mandates that this be implemented beginning January 1, 2018.