

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017  
4  
5 By: Senator J. English  
6

# A Bill

SENATE BILL 424

## For An Act To Be Entitled

8 AN ACT TO AMEND THE ARKANSAS MEDICAL MARIJUANA  
9 AMENDMENT OF 2016 REGARDING THE TAXATION AND  
10 DISTRIBUTION OF PROCEEDS; TO CREATE THE MEDICAL  
11 MARIJUANA COMMISSION FUND AND THE ARKANSAS MEDICAL  
12 MARIJUANA IMPLEMENTATION AND OPERATIONS SPECIAL  
13 REVENUE FUND; AND FOR OTHER PURPOSES.  
14

## Subtitle

15  
16 TO AMEND THE ARKANSAS MEDICAL MARIJUANA  
17 AMENDMENT OF 2016 REGARDING THE TAXATION  
18 AND DISTRIBUTION OF PROCEEDS; AND TO  
19 CREATE VARIOUS FUNDS FOR THE  
20 IMPLEMENTATION OF THE ARKANSAS MEDICAL  
21 MARIJUANA AMENDMENT OF 2016.  
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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27 SECTION 1. Pursuant to § 23 of Arkansas Constitution, Amendment 98,  
28 also known as the "Arkansas Medical Marijuana Amendment of 2016", Arkansas  
29 Constitution, Amendment 98, § 17, is amended to read as follows:

30 § 17. Taxation and distribution of proceeds.

31 (a) The sale of usable marijuana is subject to all state and local  
32 sales taxes at the same rate as other goods.

33 (b) The ~~states~~ state sales tax revenues received by the Department of  
34 Finance and Administration from the sale of usable marijuana under this  
35 amendment shall be distributed as follows:

36 (1) All moneys received as part of this amendment are designated



1 as special revenue and the funds collected shall be deposited in the State  
2 Treasury and credited to the Arkansas Medical Marijuana Implementation and  
3 Operations Fund;

4 (2) All moneys received as part of this amendment prior to the  
5 effective date of this section shall be immediately transferred to the  
6 Arkansas Medical Marijuana Implementation and Operations Fund upon the  
7 effective date of this section;

8 (3) In order for the Chief Fiscal Officer of the State to  
9 determine the expenses that state agencies incurred due to the passage of  
10 this amendment, the following state entities shall submit a report to the  
11 Chief Fiscal Officer of the State no later than May 1 of each year of the  
12 projected expenses for the next fiscal year, including without limitation  
13 expenses as set out in subdivision (b)(4) of this section:

14 (A) The Alcoholic Beverage Control Division of the  
15 Department of Finance and Administration;

16 (B) The Department of Health;

17 (C) The Medical Marijuana Commission; and

18 (D) Any other state agency that incurs implementation,  
19 administration, or enforcement expenses related to this amendment; and

20 (4)(A) From time to time, the Chief Fiscal Officer of the State  
21 shall transfer on his or her books and those of the Treasurer of State and  
22 the Auditor of State the amounts as set out in subdivision (b)(3) of this  
23 section or so much as is available in proportion to the amount identified by  
24 each agency in subdivision (b)(3) of this section from the Arkansas Medical  
25 Marijuana Implementation and Operations Fund to the Miscellaneous Agencies  
26 Fund Account for the Alcoholic Beverage Control Division of the Department of  
27 Finance and Administration, the paying account as determined by the Chief  
28 Fiscal Officer for the Department of Health, the Medical Marijuana Commission  
29 Fund, and any other fund necessary to the implementation, administration, or  
30 enforcement of this amendment to pay for or reimburse personal services,  
31 operating expenses, professional fees, equipment, monitoring, auditing, and  
32 other miscellaneous expenses of this amendment.

33 (B) At the end of each fiscal year, any unobligated  
34 balances of the amounts transferred shall be deducted from the amount  
35 transferred in the next fiscal year as authorized in subdivision (b)(4)(A) of  
36 this section.

1                   (C) Any unanticipated expenses or expenses over the amount  
 2 transferred may be added from time to time to the transfer amount authorized  
 3 in subdivision (b)(4)(A) of this section.

4                   (D) The Department of Finance and Administration shall  
 5 report at the end of the fiscal year to the Legislative Council or the Joint  
 6 Budget Committee if during a legislative session the following information:

7                   (i) The total annual amount received as a result of  
 8 this amendment;

9                   (ii) The amount transferred to each agency; and

10                   (iii) Copies of the report submitted to the Chief  
 11 Fiscal Officer of the State identifying estimated expenses as set out in  
 12 subdivision (b)(3) of this section.

13                   (c) After the transfer described in subsection (b) of this section,  
 14 the amounts remaining in the Arkansas Medical Marijuana Implementation and  
 15 Operations Fund shall be distributed as follows:

16                   ~~(1) Five percent (5%) to the Department of Health paying account~~  
 17 ~~or its successor fund or fund account;~~

18                   ~~(2) Two percent (2%) to the Miscellaneous Agencies Fund or its~~  
 19 ~~successor fund or fund account to be used exclusively by the Department of~~  
 20 ~~Finance and Administration — Alcoholic Beverage Control Administration~~  
 21 ~~Division or its successor;~~

22                   ~~(3) Two percent (2%) to the Miscellaneous Agencies Fund or its~~  
 23 ~~successor fund or fund account to be used exclusively by the Department of~~  
 24 ~~Finance and Administration — Alcoholic Beverage Control Enforcement Division~~  
 25 ~~or its successor;~~

26                   ~~(4)(A) One percent (1%) to a special revenue account credited to~~  
 27 ~~the Medical Marijuana Commission Fund or its successor fund or fund account~~  
 28 ~~to be used exclusively by the Medical Marijuana Commission.~~

29                   ~~(B) The General Assembly shall by law created the Medical~~  
 30 ~~Marijuana Commission Fund no later than July 1, 2017;~~

31                   ~~(5)(A)(1)(A)~~ Ten percent (10%) to the Skills Development Fund or  
 32 its successor fund or fund account, to be used exclusively by the Office of  
 33 Skills Development of the Department of Career Education or its successor for  
 34 the development and implementation of workforce training programs.

35                   (B) The Office of Skills Development of the Department of  
 36 Career Education or its successor may use revenues received under subdivision

1 ~~(b)(6)(A)~~ (c)(1)(A) of this section to:

2 (i) Supplement or enhance existing programs,  
3 including without limitation grant programs; or

4 (ii) Establish new programs, including without  
5 limitation grant programs.

6 (C) If the Office of Skills Development of the Department  
7 of Career Education or its successor establishes a new program under  
8 subdivision ~~(b)(6)(B)~~ (c)(1)(B) of this section, ~~it~~ the Office of Skills  
9 Development of the Department of Career Education shall promulgate rules to  
10 implement the program;

11 ~~(6)(A)(2)(A)~~ Fifty percent (50%) ~~to a special revenue account~~  
12 ~~credited to the Vocational and Technical Training Special Revenue Fund~~  
13 Department of Career Education Public School Fund Account or its successor  
14 fund or fund account, to be used exclusively by the ~~Department of Finance and~~  
15 ~~Administration~~ Department of Career Education or its successor for vocational  
16 start-up grants to: ~~technical institutes and vocational technical schools for~~  
17 ~~personal services and operating expenses, scholarships, research, development~~  
18 ~~and delivery of education coursework and math and science coursework, land~~  
19 ~~acquisition, equipment acquisition, infrastructure costs, including without~~  
20 ~~limitation site development costs, construction, improvements, landscaping,~~  
21 ~~renovation, dormitory renovation, major maintenance, and the building of~~  
22 ~~roads and parking lots~~

23 (i) Start and upgrade career and technical programs,  
24 including without limitation vocational programs;

25 (ii) Support the minimum required equipment to meet  
26 program standards; and

27 (iii) Support short-term adult skills training  
28 classes.

29 ~~(B) The General Assembly shall by law create the Vocational and~~  
30 ~~Technical Training Special Revenue Fund no later than July 1, 2017.~~

31 ~~(C) The Department of Finance and Administration~~ Department of  
32 Career Education or its successor shall promulgate rules to implement the  
33 grant program described in this subdivision ~~(b)(7)~~ (c)(2) by July 1, 2017;  
34 and

35 ~~(7)(3) Thirty percent (30%)~~ Forty percent (40%) to the General  
36 Revenue Fund.

1        ~~(e)~~(d) An entity receiving a grant of state sales tax revenue under  
2 subsection (b) or subsection (c) of this section may make one (1) or more  
3 successive grant applications for the same project or projects.  
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5        SECTION 2. Arkansas Code § 19-5-305(a)(2), concerning the Department  
6 of Career Education Public School Fund Account, is amended to read as  
7 follows:

8                (2) Department of Career Education Public School Fund Account.  
9 The Department of Career Education Public School Fund Account shall be used  
10 for grants and aids for the programs administered by the Department of Career  
11 Education consisting of, but not limited to:

12                        (A) General adult education grants;

13                        (B) Adult basic education grants;

14                        (C) Manpower development and training grants;

15                        (D) Vocational-technical and adult education, including  
16 without limitation starting and upgrading career and technical programs as  
17 described in Arkansas Constitution, Amendment 98, § 17(c)(2); and

18                        (E) Such other grants and aids as may be authorized by law  
19 for disbursement by the Department of Career Education; and  
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21        SECTION 3. Arkansas Code § 19-6-301, concerning the enumeration of  
22 special revenues, is amended to add an additional subdivision to read as  
23 follows:

24                (255) All sales tax revenues collected by the Department of Finance  
25 and Administration from the sale of usable marijuana under the Arkansas  
26 Medical Marijuana Amendment of 2016.  
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28        SECTION 4. Arkansas Code § 19-6-830(b), concerning the Skills  
29 Development Fund, is amended to read as follows:

30                (b) The fund shall consist of:

31                        (1) Moneys obtained from private grants or other sources that  
32 are designated to be credited to the fund; ~~and~~

33                        (2) Ten percent (10%) of the sales tax revenues collected by the  
34 Department of Finance and Administration from the sale of usable marijuana  
35 under the Arkansas Medical Marijuana Amendment of 2016; and

36                        (3) Any other revenues as may be authorized by law.

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2 SECTION 5. Arkansas Code Title 19, Chapter 6, Subchapter 8, is amended  
3 to add additional sections to read as follows:

4 19-6-833. Arkansas Medical Marijuana Implementation and Operations  
5 Fund.

6 (a) There is created on the books of the Treasurer of State, the  
7 Auditor of State, and the Chief Fiscal Officer of the State a special revenue  
8 fund to be known as the "Arkansas Medical Marijuana Implementation and  
9 Operations Fund".

10 (b) The fund shall consist of:

11 (1) Moneys obtained pursuant to Arkansas Constitution, Amendment  
12 98, § 17, from taxation of medical marijuana; and

13 (2) Any other revenues as may be authorized by law.

14 (c) The fund shall be used to pay expenses of state agencies incurred  
15 due to the passage of Arkansas Constitution, Amendment 98, and for transfers  
16 of the distributions as set out by Arkansas Constitution, Amendment 98.

17  
18 19-6-834. Medical Marijuana Commission Fund.

19 (a) There is created on the books of the Treasurer of State, the  
20 Auditor of State, and the Chief Fiscal Officer of the State a special revenue  
21 fund to be known as the "Medical Marijuana Commission Fund".

22 (b) The fund shall consist of:

23 (1) One percent (1%) of the sales tax revenues collected by the  
24 Department of Finance and Administration from the sale of usable marijuana  
25 Arkansas Constitution, Amendment 98, § 17; and

26 (2) Other revenues and funds authorized by law.

27 (c) The Medical Marijuana Commission shall use the fund for the  
28 administration of the commission and other purposes under Arkansas  
29 Constitution, Amendment 98.

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