

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1212

Amendment Number: H1

Bill Subtitle: TO EXTEND THE SUNSET DATE FOR THE ARKANSAS MEDICAL MARIJUANA SPECIAL PRIVILEGE TAX ACT OF 2017.

Basic Change :

Sponsor: Rep. House

House Amendment 1 --- Amends the bill to add an emergency clause that would provide that the special excise tax would continue uninterrupted from the current levy that will expire on July 1, 2019. Without the emergency clause, the existing tax will end on July 1, 2019 and the reinstatement of the tax would occur at a later date in July or August.

Original Bill --- HB1212 would extend the levy of the Medical Marijuana Special Privilege Tax that will expire on July 1, 2019. The bill provides that the tax will be extended for two years and would expire on July 1, 2021.

The Medical Marijuana Special Privilege Tax was levied by Act 1098 of 2017 at a tax rate of 4% on all sales of medical marijuana in Arkansas. The tax was approved by the 91st General Assembly to provide additional funding that would be needed to ensure that the implementation of the Arkansas Medical Marijuana Amendment of 2016 would be revenue neutral and would not impact existing state revenues and agency budgets. The proceeds from the tax would be used to cover expenses of Arkansas state agencies for their costs to implement and administer the medical marijuana program. The bill would be effective 90 days after final adjournment of the 92nd General Assembly.

Revenue Impact :

Act 1098 of 2017 estimated that the Medical Marijuana Special Privilege Tax would generate an estimated \$2.5 million per fiscal year.

Taxpayer Impact :

No change in current requirements to collect the special excise tax on sales of medical marijuana by cultivators and dispensaries. With the emergency clause, taxpayers would not have to cease collections on July 1 and reinstate collections at a later date in July or August.

Resources Required :

None.

Time Required :

None.

Procedural Changes :

None.

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Other Comments :

None.

Legal Analysis :

This amendment modifies the effective date by placing an emergency clause to the bill. The amendment will allow for the privilege tax to continue uninterrupted during the 2019 calendar year. This bill extends the sunset provision of the medical marijuana special privilege tax from July 1, 2019 to July 1, 2021. The special privilege tax has not yet generated any revenue because there has not been any licensed medical marijuana sales in Arkansas since the enactment of the special privilege tax in the 2017 session. The tax is a 4% tax on medical marijuana at every level of sale.