

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1369

As Engrossed: 2/2/2017

Bill Subtitle: TO AMEND THE ARKANSAS MEDICAL MARIJUANA AMENDMENT OF 2016 REGARDING THE TAXATION AND DISTRIBUTION OF PROCEEDS; AND TO CREATE VARIOUS FUNDS FOR THE IMPLEMENTATION OF THE ARKANSAS MEDICAL MARIJUANA AMENDMENT OF 2016.

Basic Change :

Sponsor: Representative House

Engrossment 02/02/17 --- House Amendment 1 --- Amends the bill to correct the distribution language of the sales taxes collected to reflect that the funds would be distributed from the Arkansas Medical Marijuana Implementation and Operations Fund to the Miscellaneous Agencies Fund Account to cover expenses incurred.

Original Bill --- HB1369 amends the current distribution of sales and use taxes collected provided in the Arkansas Medical Marijuana Amendment and creates on the books of the Treasurer of the State, the Auditor of the State, and the Chief Fiscal Officer of the State a special revenue fund to be known as "Arkansas Medical Marijuana Implementation and Operations Fund". The moneys from this fund shall be used to pay expenses incurred by state agencies due to the passage of Arkansas Constitution, Amendment 98.

HB1369 also creates on the books of the Treasurer of the State, the Auditor of the State, and the Chief Fiscal Officer of the State a special revenue fund to be known as "Medical Marijuana Commission Fund". The moneys from this fund shall consist of one percent (1%) of the sales tax revenues collected from the sale of usable marijuana and used to the administration of the commission and other purposes under Arkansas Constitution, Amendment 98.

The Chief Fiscal Officer of the State will determine the proportion specified to each state agency based on the expenses that state agency incurred due to the passage of this amendment no later than May 1st of each year. At the end of each fiscal year, any unobligated balances of the amounts transferred shall be deducted from the amount transferred in the next fiscal year as authorized by this subsection.

Revenue Impact :

None.

Taxpayer Impact :

None.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

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Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

As engrossed, HB1369 creates and implements two new funds under the Arkansas Medical Marijuana Amendment of 2016 ("Amendment"), namely, the "Arkansas Medical Marijuana Implementation and Operating Fund" and the "Arkansas Medical Marijuana Commission Fund." The bill removes the requirement under the Amendment to create and finance a fund for vocational and technical special revenue.

Under the previous construction of the Amendment, the Department would be required to direct 10% of tax collected on usable marijuana to the Skills Development Fund and 50% to a newly created vocational and technical school fund. The Amendment also specifically designated that 5% of tax collected on usable marijuana would be designated to the Arkansas Department of Health, 4% to Alcoholic Beverage Control Division and Beverage Control Division Enforcement, and 1% to the Medical Marijuana Commission fund.

This bill will allow the Department to collect data regarding the cost of implementing medical marijuana and to appropriately direct revenue generated from tax on usable marijuana towards those costs. Any excess revenue generated by tax on usable marijuana will be directed to the General Revenue Fund Account. This will allow the Department the flexibility to appropriately address those costs with the tax on usable marijuana and conceivably allow tax revenues on usable marijuana to defray the cost of implementing the program.

Per Section 1, §17(b)(1) (Page 2, lines 1-4), all moneys are to be deposited into the Arkansas Medical Marijuana Implementation and Operations Fund. However, the bill also provides that 1% of sales tax revenues collected on the sale of usable marijuana will be committed to the Medical Marijuana Commission Fund (§ 19-6-834(b)(1), Page 5, Lines 21-27).