

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1212**

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

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### **Basic Change :**

**Sponsor: Rep. House**

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 91<sup>st</sup> 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 92<sup>nd</sup> 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.

### **Resources Required :**

None.

### **Time Required :**

None.

### **Procedural Changes :**

None.

### **Other Comments :**

None.

### **Legal Analysis :**

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.

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This bill does not contain an effective date, so it will go into effect 91 days after sine die adjournment. An emergency clause is recommended to ensure that the tax will be effective seamlessly.