

**Fiscal Impact**  
2<sup>nd</sup> Session of the 57<sup>th</sup> Legislature

**Bill No.:**  
**Version:**  
**Author:**  
**Date:**

**SB 1275**  
**INT**  
**Sen. Thompson**  
**02/17/2020**

**OKLAHOMA TAX COMMISSION**

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 15, 2020

**BILL NUMBER:** SB 1275 **STATUS AND DATE OF BILL:** Introduced 1/11/20

**AUTHORS:** House N/A Senate Thompson

**TAX TYPE (S):** Medical Marijuana **SUBJECT:** Apportionment

**PROPOSAL:** Amendatory and New Law

SB 1275 proposes to amend 63 O.S. §§ 426 & 427.5 adding clarifying language regarding the seven percent (7%) excise tax on medical marijuana and altering the apportionment of the seven percent (7%) excise tax on medical marijuana. SB 1275 also proposes new law creating the Oklahoma Medical Marijuana Tax Fund and how monies deposited to this fund are to be appropriated.

**EFFECTIVE DATE:** Emergency-July 1, 2020

**REVENUE IMPACT:**

FY 21: \$7,476,000 decrease to the General Revenue Fund  
\$2,492,000 decrease to the Department of Health, earmarked for drug and alcohol rehabilitation  
Unknown changes to funding the OMMA budget  
Unknown increases to the Oklahoma Medical Marijuana Tax Fund appropriations to be expended on common education and on substance abuse prevention and treatment programs, see attached for further analysis

Feb. 15, 2020  
DATE

Rick Miller  
DIVISION DIRECTOR

KLS

2/15/2020  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2/17/2020  
DATE

[Signature]  
FOR THE COMMISSION

*The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*

**ATTACHMENT TO REVENUE IMPACT SB 1275 [Introduced] February 15, 2020**

SB 1275 proposes to amend 63 O.S. §§ 426 & 427.5 adding clarifying language regarding the seven percent (7%) excise tax on medical marijuana and altering the apportionment of the seven percent (7%) excise tax on medical marijuana. SB 1275 also proposes new law creating the Oklahoma Medical Marijuana Tax Fund and how monies deposited to this fund are to be appropriated.

Section 1 of SB 1275 proposes to amend 63 O.S. § 426 clarifying that the seven percent (7%) tax on medical marijuana is an excise tax and it is in addition to applicable state and local sales tax, which shall be apportioned according to 68 O.S. § 1353. This measure removes the current language regarding the apportionment of the seven percent (7%) excise tax on medical marijuana and states that these revenues shall be deposited into the Oklahoma Medical Marijuana Tax Fund ("OMMTF"), created in Section 3 of this measure. Currently, the seven percent (7%) excise tax on medical marijuana is apportioned to the OK Medical Marijuana Authority ("OMMA") until the OMMA budgeted amount for running the regulatory office is met. Any revenues received that exceed the budgeted amount are apportioned seventy-five percent (75%) to the General Revenue Fund ("GRF"), only to be expended for common education, and twenty-five percent (25%) to the Oklahoma State Department of Health ("DOH"), earmarked for drug and alcohol rehabilitation.

Section 2 of SB 1275 proposes to amend 63 O.S. § 427.5 limiting the funds to be deposited in the Oklahoma Medical Marijuana Authority Revolving Fund to the fees and fines collected pursuant to the Oklahoma Medical Marijuana and Patient Protection Act to be used to fund the operation of the OMMA of the State DOH.

Section 3 of SB 1275 proposes to create new law establishing the OMMTF which shall be funded by the seven percent (7%) excise tax on medical marijuana as outlined in Section 1 of this measure. This measure also proposes that the OMMTF shall be appropriated at the discretion of the Legislature, first in an amount necessary for the operation of the OMMA. The surplus not appropriated to the OMMA shall be appropriated with seventy-five percent (75%) to be expended on common education and twenty-five percent (25%) to be expended on substance abuse prevention and treatment programs.

This measure will have no impact on sales tax or medical marijuana excise tax revenues for FY 21 but the funds which receive revenues from the medical marijuana excise tax will be affected<sup>1</sup>. The changes proposed in SB 1275 will eliminate the apportionments to the GRF and DOH, decreasing them by seven million four hundred and seventy-six thousand dollars (\$7,476,000)<sup>2</sup> and two million four hundred and ninety-two thousand dollars (\$2,492,000)<sup>3</sup>, respectively, in FY 21. There will be a potential unknown change to funding the OMMA budget as it will be at the discretion of the legislature under the proposed changes of this measure. Additionally, there will be unknown increases to the OMMTF and appropriations to be expended on common education and on substance abuse prevention and treatment programs.

<sup>1</sup> Medical marijuana excise tax collections are estimated to be \$34,789,892.88 for FY 21, based on FY 20 monthly collections for the first six (6) months of FY 20.

<sup>2</sup> FY 21 estimated collections of \$34,789,892.88 - the current OMMA budget of \$24,821,601 = \$9,968,291.88 x 75% = \$7,476,218.91

<sup>3</sup> FY 21 estimated collections of \$34,789,892.88 - the current OMMA budget of \$24,821,601 = \$9,968,291.88 x 25% = \$2,492,072.97

Net Revenue Impact  
FY 21:

\$7,476,000 decrease to the General Revenue Fund

\$2,492,000 decrease to the Department of Health, earmarked for drug and alcohol rehabilitation

Unknown changes to funding the OMMA budget

Unknown increases to the Oklahoma Medical Marijuana Tax Fund appropriations to be expended on common education and on substance abuse prevention and treatment programs