

# OFFICE OF FISCAL ANALYSIS

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sHB-5109

AN ACT REPLACING THE CANNABIS TOTAL THC TAX WITH AN  
EXCISE TAX.

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Department of Revenue Services	Various - Revenue Loss	1.9 million	2 million

Note: Various=Various

**Municipal Impact:** None

### **Explanation**

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The bill results in a total net revenue loss to the state of \$1.9 million in FY 27 and \$2 million in FY 28 by modifying the cannabis excise tax rate from a potency tax to a flat 10.75% on retail sales.

The bill also increases the transfer percentage of the cannabis excise tax collections to the social equity and innovation account and correspondingly decreases the General Fund (GF) percentage by 5% for FY 27 and FY 28. The table below shows the net impact by fund/account from the changes in the bill.

### **Revenue Impact of HB 5109 by Fund/Account - in millions**

Fund/Account	FY 27	FY 28	FY 29	FY 30+
Social Equity and Innovation Account	-	-	(1.6)	(1.7)
Prevention and Recovery Services Fund	(0.5)	(0.5)	(0.5)	(0.5)
General Fund	(1.4)	(1.5)	-	-
<b>Total</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>(2.1)</b>	<b>(2.2)</b>

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Under current law and unchanged by the bill, (1) the GF transfer sunsets in FY 29 and (2) Prevention and Recovery Services Fund receives 25% of cannabis excise tax collections per year.

***The Out Years***

The General Fund revenue impact noted above occurs in FY 27 and FY 28 only. The social equity and innovation account will incur a revenue loss beginning in FY 29 due to the tax change as noted above. The social equity and innovation account and the Prevention and Recovery Services Fund will incur a continuation of the revenue impact noted above through the outyears subject to inflation.