

## **BILL SUMMARY**

1<sup>st</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB2272</b>
<b>Version:</b>	<b>FULLPCS1</b>
<b>Request Number:</b>	<b>7274</b>
<b>Author:</b>	<b>West, Josh</b>
<b>Date:</b>	<b>2/18/2021</b>
<b>Impact:</b>	<b>Increased temp staff; \$5M in decreased less funds to OSDH; increased revenue to GRF</b>

### **Research Analysis**

The proposed committee substitute to HB 2272 creates the Oklahoma Cap on Medical Marijuana Businesses Act of 2021. The measure directs the Oklahoma Medical Marijuana Authority (OMMA) to cap the number of dispensary, processor and grower licenses beginning September 1, 2021, the number of current active licenses combined with the total number of applications pending that were submitted prior to that date.

The number of dispensary, processor and grower licenses are to be automatically reduced by the number of licenses surrendered, canceled or otherwise terminated until the total number of active dispensaries is 2,000 or fewer, the total number of processors is 1,000 or fewer, and the total number of grower licenses is 5,000 or fewer.

Beginning September 1, 2022, any dispensary, processor or grower licensee what does not actively use the license for a period of 18 months is not authorized to renew their license. The measure sets forth provisions as to what active use means.

The measure also directs OMMA to create a medical marijuana business voucher, for which applications can be made if the total number of active licenses falls below a certain threshold. Voucher owners are authorized to convert the voucher to an active license within 60 months of the issuance of the voucher. Vouchers do not count against the license caps until they are converted into active licenses.

The application fee for a voucher is \$2,500. Upon being awarded a voucher, the applicant must pay an additional fee of \$10,000 to OMMA. Voucher owners may sell or transfer their voucher once per calendar year upon approval from OMMA and payment of a transfer fee of \$2,500 to the State Treasurer to be placed in the General Revenue Fund.

The measure also requires all new dispensary locations to be at least 2,000 feet from any existing and active dispensary.

Finally, the measure directs OMMA to promulgate rules to govern an impartial, number-based lottery to govern issuance of all available business license vouchers up to the cap for each specific license category.

Prepared By: Emily McPherson

### **Fiscal Analysis**

From OMMA: The initial window during which an unrestricted number of licenses and license vouchers may be issued would likely result in a temporary surge in the number of commercial license applications submitted, resulting in the need for additional temporary staff. By capping the number of licenses available thereafter, application and renewal fees collected could reduce dramatically over time. Specifically, OMMA currently licenses over 10,000 combined growers, processors, and dispensaries, which are renewed annually. Both application and renewal fees are \$2,500 and equate to \$25 million annually in application and renewal fees. Under this bill, the collective cap for growers, processors, and dispensaries is 8,000, which would limit these collections to \$20 million when numbers fall to the set cap. The demand for a licensure voucher at a higher one-time cost is unknown, and is likely to increase total collections in the short-term before license totals drops to the set caps. Vouchers will not result in renewal fee collections unless/until converted to an active license. Under this bill, application fees and renewal fees would be directed to the state's general fund rather than to OSDH funds, substantially impacting the agency's funding. The transfer of license vouchers would result in additional workload to OMMA staff to review qualifications of new ownership, even though the transfer review fees collected by OMMA for this purpose would be redirected to the general fund under this bill. The fee paid to the Oklahoma Tax Commission for a license voucher transfer is a new fee that may generate new funds for the state that are directed to the General Fund. The requirement to create a license voucher, which does not currently exist, would require updates to the OMMA licensing system that would result in development costs from our vendor in addition to personnel time. The cost would depend on the amount of software development required to achieve this new license type and would require an estimate from our licensing vendor. Monitoring of the license cap, additional processing for monitoring distance between dispensaries, and the "active status" of licensees as defined in this bill would require additional personnel to monitor and likely additional software updates as well.

Prepared By: Stacy Johnson

### **Other Considerations**

None.