

League of Women Voters of Massachusetts
Study of the Ballot Question Process in Massachusetts

Appendix 3: Statements of Fiscal Consequences

**Massachusetts (2018 and 2016, per MGL c. 54 §53) and
Select States' Fiscal Impact Statements for Questions Legalizing Recreational Marijuana**

Massachusetts 2018

Question 1: Patient-to-Nurse Limits

This proposed law may affect both state and municipal revenues and expenditures, with state-owned hospitals required to expend between an estimated \$67,800,000 and \$74,800,000 annually to comply with the proposed law, and the Health Policy Commission required to expand an estimated \$1,281,200 annually to monitor compliance. There will also be an impact on MassHealth, the state's Medicaid program, and state-funded employee and retiree health care obligations to the extent that the initiative increases hospital costs or causes hospital closures. The overall fiscal consequences to state and municipal finances, however, are difficult to project due to the lack of reliable data.

Question 2: Commission on Limiting Election Spending and Corporate Rights

The proposed law has no discernible fiscal consequences for state and municipal government finances.

Question 3: Transgender Anti-Discrimination

The proposed repeal of the existing law has no discernible material fiscal consequences for state and municipal government finances.

Massachusetts 2016

Question 1: Expanded Slot-Machine Gaming

The fiscal consequences of this proposed measure for state and municipal government finances could range from 0 dollars to an unknown positive amount. Under the Expanded Gaming Act, the Massachusetts Gaming Commission has the discretion to determine whether a gaming license should be issued and when that determination would be made. If the Gaming Commission did award the proposed license, a new analysis of the casino market would be needed to determine the amount of revenue from this license, based on proposed size and operations, and the potential impact of competition from other gaming establishments in Massachusetts and surrounding areas.

Question 2: Charter School Expansion

This proposed measure would make no changes to the current funding formula, which mandates that state and local per-pupil funding follow students who enroll in public charter schools. School districts that experience annual increases in payments to public charter schools receive transitional state education aid.

Question 3: Conditions for Farm Animals

Because the law would not take effect until January 1, 2022, the fiscal consequences of this proposed measure for state and municipal government finances are unknown.

Question 4: Legalization, Regulation, and Taxation of Marijuana

The fiscal consequences of this proposed measure may affect both projected state and municipal revenues and expenditures, but these consequences are difficult to project due to the lack of reliable data. A March 2016 report from the Special Senate Committee on Marijuana concluded as follows: "Tax revenues and fees that would be generated from legal sales may fall short of even covering the full public and social costs (including regulation, enforcement, public health and safety, and substance abuse treatment)."

Oregon

Question Legalizing Recreational Marijuana (2014)

This measure legalizes, regulates and taxes the manufacture, sale and use of marijuana in Oregon. State and local expenditures and revenues will be impacted by passage of this measure.

The measure requires the Oregon Liquor Control Commission (OLCC) to license and regulate the distribution of marijuana. The revenue estimate from taxes when fully implemented may range from \$17 million to \$40 million annually. The OLCC estimates that the start-up costs are about \$300,000 in state fiscal year 2015, about \$2.5 million in state fiscal year 2016, and \$1.0 million in 2017. OLCC annual operating expenses are estimated to be \$3.2 million per year. New revenues are expected to be sufficient to offset these costs. The remaining revenue beyond expenses would be distributed as follows: 40% to the Common School Fund, 20% to the Mental Health Alcoholism and Drug Services Account, 15% to the State Police Account, 10% to cities for law enforcement, 10% to counties for law enforcement, and 5% to the Oregon Health Authority for alcohol and drug abuse prevention, early intervention and treatment services.

The Oregon Health Authority estimates \$200,000 per year in additional expenditures for two positions to license marijuana facilities that test marijuana products. This estimate assumes 20 such facilities. New revenues are expected to be sufficient to offset these costs.

The Oregon Department of Agriculture estimates \$100,000 per year in additional expenditures for one position to provide rulemaking related to marijuana-infused food products, engage in outreach to the food industry, and assist members of the food industry to achieve compliance with rules. New revenues are expected to be sufficient to offset these costs.

Oregon State Police estimates that passage of the initiative would create a need for three additional Highway Interdiction Team detectives as well as training of all sworn members in Advanced Roadside Impairment Driving Enforcement and training of some members to join the existing pool of Drug Recognition Experts. The associated start-up costs for additional staffing and training are estimated at \$400,000 in state fiscal year 2016 and ongoing expenses of \$400,000 per year beginning in fiscal year 2016. New revenues are expected to be sufficient to offset these costs.

The Oregon Judicial Department expects additional court costs to address OLCC rulemaking and licensing authority of between \$21,417 and \$55,902 in the 2015-17 biennium and between \$13,068 and \$47,190 per year in later biennia. Passage of the initiative may result in the reduction in the number of persons entering the public safety system for marijuana-related violations, thereby reducing state General Fund expenditures on community corrections. Passage of the initiative may result in a reduction in the dollar value of fines collected by state and local governments for convictions of marijuana-related violations. Therefore, the impact for state and local governments, district attorneys, and the courts is indeterminate.

New jobs created will generate an indeterminate amount of income tax revenue.

Colorado

Colorado puts all of the fiscal impact statements for each measure for each election into one document, link to 2016: http://leg.colorado.gov/sites/default/files/images/lcs/2016_fiscal_notes_-_eng_and_span.pdf.

Use and Regulation of Marijuana (2012)

Fiscal Impact Summary	Year 1	Year 2
State Revenue*		
Sales Taxes	\$3.4 to \$21.3 million	\$3.4 to \$21.3 million
Licensing Fees	\$1.3 million	\$0.7 million
Total	\$4.7 to \$22.6 million	\$4.1 to \$22.0 million
State Spending		
Regulation	\$1.3 million	\$0.7 million
Local Government Impact: Increased revenue from sales taxes and licensing fees. Increased spending for regulating marijuana businesses.		

* Excise tax increases are not included in this summary because the tax rate must first be set by the state legislature and then approved by voters in a statewide election.

Arizona

Question on Regulation and Taxation of Marijuana (2016)

JOINT LEGISLATIVE BUDGET COMMITTEE FISCAL IMPACT STATEMENT

A.R.S. § 19-123D requires the JLBC Staff to prepare a summary of 300 words or less on the fiscal impact of voter-initiated ballot measures. Proposition 205 would legalize the sale of marijuana in Arizona to individuals age 21 and over beginning March 1, 2018.

Retail sales would be subject to a 15% tax, and marijuana-related businesses would pay licensing fees. The taxes and licensing fees are projected to generate \$53.4 million in FY 2019 and \$82.0 million in FY 2020. These monies would be distributed as follows:

- \$8.6 million in both FY 2019 and FY 2020 to the Department of Marijuana Licenses and Control and the Department of Revenue for marijuana regulation and tax administration.
- \$6.8 million in FY 2019 and \$3.8 million in FY 2020 to local governments with marijuana-related businesses within their jurisdiction.
- \$15.2 million in FY 2019 and \$27.8 million in FY 2020 to K-12 schools for operating costs, including teacher compensation, construction, and maintenance.
- \$15.2 million in FY 2019 and \$27.8 million in FY 2020 to K-12 schools for full-day kindergarten.
- \$7.6 million in FY 2019 and \$13.9 million in FY 2020 to the Arizona Poison Control System for public education campaigns about marijuana, alcohol, and other substances.

Marijuana sales would be subject to regular state and local sales taxes, generating projected state and local government revenues of \$22.4 million in FY 2019 and \$41.8 million in FY 2020. These monies would be available for general use.

There could be fiscal costs from increased substance abuse treatment, emergency room visits, and adjudication of individuals charged with driving under the influence of marijuana, as well as savings from reduced arrests, prosecutions, and punishment of marijuana offenses. The magnitude of such costs or savings would depend on subsequent funding decisions made by the Arizona Legislature or the voters.