

FINANCIAL IMPACT ESTIMATING CONFERENCE

INITIATIVE FINANCIAL INFORMATION STATEMENT SUMMARY

REGULATE MARIJUANA IN A MANNER SIMILAR TO ALCOHOL TO ESTABLISH AGE, LICENSING, AND OTHER RESTRICTIONS (16-02)

The Financial Impact Estimating Conference identified the following revenue, budgetary and economic impacts to Florida:

- *Increased state and local governments' sales tax revenue associated with transactions in the legal retail market, whether by former black market participants, tourists, new users, expanded use, or the conversion of medical marijuana participants*—This increase reflects current law making non-medical marijuana subject to sales tax. Assuming Florida's legal retail market is fully operational by the beginning of FY 2021-22 and supply is sufficient to meet demand, the minimum increase in government revenues is \$146.4 million per year.
- *Increased sales tax revenues associated with additional expenditures by new tourists induced to come to Florida by the legalization of marijuana*—The minimum increase in government revenues is \$43.6 million per year and occurs under existing law.
- *Added costs to create and maintain the regulatory structure at the Department of Business and Professional Regulation*—The total cost is projected to be \$9.1 million annually, with an additional \$1.5 million needed for startup. It is probable new license fees will completely offset these costs.
- *Savings generated by a reduction in some marijuana-related crimes which are offset by costs related to an increase in the number of persons arrested and convicted of DUIs or other similar offenses*—These impacts affect the bottom-line cost of the shared state and local criminal justice system. Overall, the net impact in any given year is indeterminate.
- *Increased potential for marijuana-related health issues*—The discrete impact caused by the proposed amendment cannot be isolated from the effects associated with current illegal usage or other addictive behaviors. Further, the research is still evolving, but suggestive that these effects would typically occur over long-periods of heavy usage and may be mitigated by a switch from more dangerous substances to the regulated marijuana market. Given the countervailing effects, the impact on Florida's public health care costs is indeterminate and may evolve over many years. In part, this is because the vast majority of the new legal market participants are already using and purchasing the product on the black market.
- *New costs for law enforcement agencies during the startup and implementation phases*—The increased training costs are indeterminate but short-lived, as these costs ultimately revert to pre-legalization levels.
- *Economic impact from the increase in revenue, income and jobs associated with the production and sale of recreational marijuana, including the impact associated with additional tourism expenditures*—The analysis shows slightly positive effects on the state's economy. Relative to the baseline, Real Gross Domestic Product (GDP) is higher each year by an average of \$3.8 billion. This represents 0.32% of the annual total.

The impact on collections from the existing Gross Receipts Tax on utilities will be positive, but cannot be quantified in advance of the proposed amendment's implementation by state and local governments since utility use varies under different scenarios. In addition, the imposition of an excise tax on legal marijuana products is subject to legislative enactment and cannot be assumed in advance of that action.