SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT

Adult Personal Use of Marijuana (22-05)

This amendment will result in legal sales of non-medical marijuana in Florida. Under existing law, marijuana is tangible personal property. Retail sales of tangible personal property are subject to sales tax unless an exemption applies. While sales of medical marijuana are exempt under current law, no such general exemption exists for non-medical marijuana. Because these sales would be taxable under current law, revenue projections using six different potential scenarios were developed based on actual sales experience in other states which have authorized non-medical marijuana. An increase of at least $195.6 million annually in state and local sales tax revenues represents the minimum experience that states with reliable history have had.

More than half of the reviewed states have a separate excise tax in addition to a sales tax on the sale of non-medical marijuana. Creation of such an excise tax in Florida would require legislative action. Whether the legislature would take such action is unknown and therefore was not addressed in these estimates.

In 2017, the legislature created a regulatory structure and a sales tax exemption for medical marijuana. Under that law, this regulatory framework and the sales tax exemption will be repealed six months after the effective date of this amendment. The legislature would likely act in advance of this repeal date to provide a regulatory structure in law for both medical and non-medical use marijuana. If the legislature does not timely act, statutory authority for both the Department of Health to issue or maintain medical marijuana treatment center licenses and the sales tax exemption for medical marijuana would be eliminated. In that event, the legality and the regulatory environment of both the medical and non-medical marijuana markets become unpredictable, particularly with respect to the timing of a fully operational retail market.

Because the $195.6 million sales tax estimate represents the lowest suggested level deemed reliable among the six scenarios reviewed (which ranged upward to $431.3 million), it is probable that future changes, if any, to the tax structure would equal or increase the estimated level of new revenue collections. Such changes would require legislative action.

Added costs to create and maintain a regulatory structure are projected to be $11.4 million annually, with an additional $9.0 million needed for initial costs that will occur only one time. In addition to establishing the specific regulatory structure, the legislature must approve these costs in the state budget. It is probable that new regulatory fees will offset these costs. Likewise, all other budgetary impacts are either indeterminate, longer range in nature, or both; the funding source for these impacts is unknown.