REVENUE ESTIMATING CONFERENCE

Tax: Use of marijuana for debilitating medical conditions
Issue: Sales tax
Baseline, absent law change(s): CS/CS/SB 1030, CS/CS/CS/HB 307, and Article X, Section 29 of the Florida Constitution (also known as Amendment 2)

Month/Year Impact Begins: For inclusion in March 2017 sales tax forecast

Date of Analysis: March 2, 2017

Section 1: Narrative

a. Current Law (Prior to Amendment 2): The Compassionate Use of Low-THC and Medical Cannabis Act (act), was created by CS/CS/SB 1030 in 2014 and amended by CS/CS/CS/HB 307 in 2016[1]. The act legalized two forms of cannabis for two qualified patient groups. The following highlights the details of these two bills.

i. Forms of cannabis:
   - ⇒ A low tetrahydrocannabinol (THC) form of cannabis (low-THC cannabis)[2], defined as "a plant of the genus Cannabis, the dried flowers of which contain 0.8 percent or less of tetrahydrocannabinol and more than 10 percent of cannabidiol weight for weight; the seeds thereof; the resin extracted from any part of such plant; or any compound, manufacture, salt, derivative, mixture, or preparation of such plant or its seeds or resin that is dispensed only from a dispensing organization." (s. 381.986, F.S. 2016).
   - ⇒ A high-THC form of cannabis (high-THC), defined as "all parts of any plant of the genus Cannabis, whether growing or not; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, sale, derivative, mixture, or preparation of the plant or its seeds or resin that is dispensed only from a dispensing organization for medical use by an eligible patient as defined in s. 499.0295." (s. 381.986, F.S. 2016).

ii. A qualified patient is a resident of Florida who has been added to the Compassionate Use Registry by a physician licensed under ch. 458, F.S. or ch. 459, F.S. to receive low-THC cannabis or medical cannabis from a dispensing organization.
   - ⇒ Residency rules are specified in statute.
   - ⇒ A qualified patient must have been treated by the ordering physician for at least three months immediately preceding the patient's registration in the compassionate use registry.

iii. Qualified patient groups:
   - ⇒ Patients suffering from cancer or a physical medical condition that chronically produces symptoms of seizures or severe and persistent muscle spasms; patients with symptoms of such disease, disorder, or condition, if no other satisfactory alternative treatment options exist for the qualified patient.
   - ⇒ A patient with a terminal condition, as defined per s. 499.0295, F.S., who:
     - – Has a terminal condition that is attested to by the patient's physician and confirmed by a second independent evaluation by a board-certified physician in an appropriate specialty for that condition;
     - – Has considered all other treatment options for the terminal condition currently approved by the United States Food and Drug Administration;
     - – Has given written informed consent for the use of an investigational drug, biological product, or device; and
     - – Has documentation from his or her treating physician that the patient meets the requirements of this paragraph.

iv. Section 499.0295, F.S. defines "terminal condition" as "a progressive disease or medical or surgical condition that causes significant functional impairment, is not considered by a treating physician to be reversible even with the administration of available treatment options currently approved by the United States Food and Drug Administration, and, without the administration of life-sustaining procedures, will result in death within 1 year after diagnosis if the condition runs its normal course."

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[1] See ch. 2014-157 and ch. 2016-123, L.O.F., and s. 381.986, F.S. 2016.

[2] The act defined "low-THC cannabis," as the dried flowers of the plant Cannabis which contain 0.8 percent or less of tetrahydrocannabinol and more than 10 percent of cannabidiol weight for weight, or the seeds, resin, or any compound, manufacture, salt, derivative, mixture, or preparation of the plant or its seeds or resin. See s. 381.986(1)(b), F.S. Seventeen states allow limited access to marijuana products (low-THC and/or high CBD cannabidiol): Alabama, Florida, Georgia, Iowa, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Utah, Virginia, Wisconsin, and Wyoming. Twenty-nine states (including Florida), the District of Columbia, and Guam have laws that permit the use of marijuana for medicinal purposes. See http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx (Tables 1 and 2), (accessed on 3/2/2017).

v. A physician is defined as someone who "holds an active, unrestricted license as a physician under chapter 458 or an osteopathic physician under chapter 459."
vi. Smoking of low-THC or medical cannabis is not included as "medical use."
vii. The physician may not order more than a 45-day supply.
viii. A legal representative means the qualified patient's parent, legal guardian acting pursuant to a court's authorization as required under s. 744.3215(4), F.S., health care surrogate acting pursuant to the qualified patient's written consent or a court's authorization as required under s. 765.113, F.S., or an individual who is authorized under a power of attorney to make health care decisions on behalf of the qualified patient.
ix. A "dispensing organization" means an organization approved by the department to cultivate, process, transport, and dispense low-THC cannabis or medical cannabis pursuant to this section.
x. Regarding local governments, the law preempts to the state all matters regarding the regulation of the cultivation and processing of low-THC cannabis or medical cannabis by dispensing organizations. "A municipality may determine by ordinance the criteria for the number and location of, and other permitting requirements that do not conflict with state law or department rule for, dispensing facilities of dispensing organizations located within its municipal boundaries. A county may determine by ordinance the criteria for the number, location, and other permitting requirements that do not conflict with state law or department rule for all dispensing facilities of dispensing organizations located within the unincorporated areas of that county."

b. Proposed Change (Amendment 2 and DOH proposed rule): In 2016, Florida voters approved the Use of Marijuana for Debilitating Medical Conditions (Amendment 2) to allow medical use of marijuana for individuals with debilitating medical conditions as determined by a licensed Florida physician. The amendment created article X, section 29 of the Florida Constitution and it came into effect on January 3, 2017. However, the amendment allows the Department of Health six months after the effective date to promulgate regulations and nine months after the effective date to begin registering medical marijuana treatment facilities and begin issuing identification cards.

i. The amendment defines a "debilitating medical condition" as "cancer, epilepsy, glaucoma, positive status for human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS), post-traumatic stress disorder (PTSD), amyotrophic lateral sclerosis (ALS), Crohn's disease, Parkinson's disease, multiple sclerosis, or other debilitating medical conditions of the same kind or class as or comparable to those enumerated, and for which a physician believes that the medical use of marijuana would likely outweigh the potential health risks for a patient."
ii. The amendment directs the Department of Health to register and regulate Medical Marijuana Treatment Centers that produce and distribute marijuana for medical purposes and to issue identification cards to patients and caregivers.
iii. It also allows caregivers to assist patients' medical use of marijuana. The amendment applies only to Florida law and does not immunize violations of federal law or any non-medical use, possession, or production of marijuana.

The Department of Health's proposed rule includes the following:

i. "Medical Marijuana Treatment Center (MMTC)" shall have the same definition as a dispensing organization in s. 381.986(1)(b), F.S.
ii. "Caregiver" shall mean a legal representative as defined by s. 381.986(1)(d), F.S., who is at least twenty-one (21) years old and has successfully passed a Level 1 background screening as defined in s. 435.03, F.S.
iii. "Qualifying debilitating medical condition" shall mean conditions eligible for physician ordering contained in s. 381.986(2), F.S., or cancer, epilepsy, glaucoma, positive status for human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS), post-traumatic stress disorder (PTSD), amyotrophic lateral sclerosis (ALS), Crohn's disease, Parkinson's disease, multiple sclerosis. Also, any debilitating medical conditions of the same kind or class as or comparable to those enumerated, as determined by the Florida Board of Medicine.
iv. A physician authorized to order medical marijuana means a qualified ordering physician who has met the requirements of s. 381.986(2-4), F.S.
v. All MMTCs, physicians, patients, and caregivers must be registered in the online compassionate use registry as required by s. 381.986(5)(a), F.S., and Rule 64-4.009, F.A.C. All orders for medical marijuana must be entered into the registry for processing accordingly.
vi. Rules regarding MMTCs:
   ⇒ "The process for registering as an MMTC shall be the same approval and selection process outlined in s. 381.986, F.S., and Rule 64-4.002, F.A.C., and subject to the same limitations and operational requirements contained therein."

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⇒ "All MMTCs shall follow the medical record keeping standards as set forth in Rule 64B8-9.003, F.A.C., as adopted and incorporated herein."
⇒ "All MMTCs shall abide by the security, product testing, labeling, inspection and safety standards set forth in s. 381.986, F.S and this chapter."

The amendment stipulates two important dates:

- "In order to allow the Department sufficient time after passage of this section, the following regulations shall be promulgated no later than six (6) months after the effective date of this section."
- "The Department shall begin issuing qualifying patient and caregiver identification cards, and registering MMTCs no later than nine (9) months after the effective date of this section."

If these deadlines are not met, the amendment states: "If the Department does not issue regulations, or if the Department does not begin issuing identification cards and registering MMTCs within the time limits set in this section, any Florida citizen shall have standing to seek judicial relief to compel compliance with the Department's constitutional duties."

Section 2: Description of Data and Sources

The analysis relied on the following data sources in addition to others:

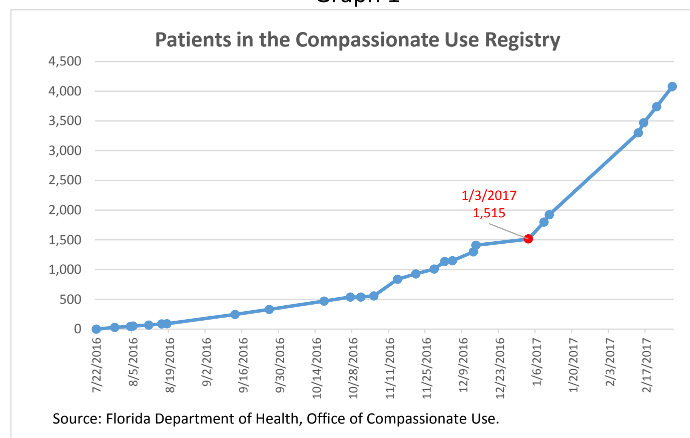
- Financial Impact Estimating Conference on proposed constitutional amendment "Use of Marijuana for Debilitating Medical Conditions" 15-01, Florida Legislature, Office of Economic and Demographic Research, http://edr.state.fl.us/Content/constitutional-amendments/2016Ballot/MedicalMarijuanaFinancialInformationStatement.cfm.
- Impact Analysis of CS/CS/SB 1030, Revenue Estimating Conference, May 29, 2014, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2014/pdf/page656-667.pdf.
- Impact Analysis of CS/CS/CS/HB 307, Revenue Estimating Conference, May 10, 2016, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2016/_pdf/page791-803.pdf.
- Florida Department of Revenue, phone conversations and emails, dated February 19, 21, 2017.
- Florida Department of Health, emails and phone conversations, the weeks of 2/13/17, 2/20/17, and 2/27/17.

Section 3: Methodology

a. Current Program Status

As of the end of February 2017, there are 4,079 patients in the Compassionate Use Registry and there are 573 physicians statewide who have passed the required training to be able to order marijuana for patients under s. 381.986, F.S. 2016.

Graph 1



Source: Florida Department of Health, Office of Compassionate Use.

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There are seven approved Dispensing Organizations (DOs), six of whom are currently selling statewide. The Compassionate Use Registry started functioning in July 2016 and a couple of the DOs started sales in July of that year. However, some dispensing organizations started sales towards the very end of 2016 or early 2017 and one of the authorized DOs has not commenced sales yet. In addition, current law requires the ordering physician to have treated the patient for three months prior to sending in an order.

Table 1

Florida Dispensing Organizations and Stage of Authorization*

Marijuana Dispensing Organization	Affiliated Nursery	Region	Date Approved as a Dispensing Organization	Granted Cultivation Authorization	Authorization Stage	Retail Sales	Statewide Deliveries
Original per SB 1030 (2014)							
Surterra Therapeutics	Alpha Foliage, Inc.	Southwest	11/23/2015	2/17/2016	Dispensing	Tampa	Yes
Trulieve	George Hackney, Inc.	Northwest	11/23/2015	2/29/2016	Dispensing	Tallahassee, Tampa, Clearwater	Yes
Modern Health Concepts	Costa Nursery Farms, LLC	Southeast	11/23/2015	3/14/2016	Dispensing	Miami	Yes
CHT Medical	Chestnut Hill Tree Farm, LLC	Northeast	11/23/2015	6/22/2016	Dispensing	No	Yes
Knox Medical	Knox Nursery, Inc.	Central	11/23/2015	7/7/2016	Dispensing	No	Yes
Additional - I per s. 381.986, F.S.							
The Green Solution	San Felasco Nurseries, Inc. (Approval came after an administrative law judge ruled in February that health officials wrongly rejected the nursery's application last year because of a decade-old drug crime**.)	Northeast	4/4/2016	7/5/2016	Dispensing	No	Yes
GrowHealthy	McCrory's Sunny Hill Nursery, Agri-Starts, Inc., Peckett's, Inc., Eve's Garden, Inc. (After administrative and legal challenges by Sunny Hill Nursery and GrowHealthy, DOH reached a settlement agreement with the farm***.)	Central	12/21/2016	N/A	N/A	N/A	N/A
Additional - II, per HB 307 (2016)							
Three more nurseries once 250,000 patients reached in registry.							

Each nursery has a certification from the Florida Department of Agriculture and Consumer Services to have the ability to grow more than 400,000 plants.

* Source: Florida Department of Health, Office of Compassionate Use, Biweekly Updates, February 22,2017, http://www.floridahealth.gov/programs-and-services/office-of-compassionate-use/resources/_documents/170222-bi-weekly-update.pdf, accessed 2/22/2017, and Implementation Timeline, http://www.floridahealth.gov/programs-and-services/office-of-compassionate-use/_documents/ocu-timeline.pdf , accessed February 23,2017.

** Source: Orlando Weekly, Florida approves Gainesville nursery to grow medical marijuana, http://www.orlandoweekly.com/Blogs/archives/2016/04/05/florida-approves-gainesville-nursery-to-grow-medical-marijuana , accessed 2/23/2017.

*** Source: The Ledger, License issued to Lake Wales medical marijuana grower, http://www.theledger.com/news/20161220/license-issued-to-lake-wales-medical-marijuana-growerhttp://www.theledger.com/news/20161220/license-issued-to-lake-wales-medical-marijuana-grower, accessed 2/23/2017.

b. User Estimates

The table below is EDR's interpretation of the application of the current law and Amendment 2 in relation to authorized specified conditions. There may be additional conditions that physicians might consider "muscle spasm" that are authorized under current law. Amendment 2 adds a number of new conditions to the already authorized list and allows all patients to use high-THC, which is currently limited to terminally ill patients with less than a year to live. Moreover, Amendment 2 adds a potentially unlimited list of unspecified conditions under "other debilitating medical conditions of the same kind or class as or comparable to those enumerated." DOH's proposed rule tasks the Florida Board of Medicine with giving further guidance to physicians on this issue.

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Table 2

Debilitating Conditions Authorized under s. 381.986, F.S. 2016 and Article X, section 29 of the Florida Constitution (Amendment 2) by Authorized Product Use

	Current Law (s. 381.986, F.S. 2016)		Current Law (s. 381.986, F.S. 2016) and Article X, section 29 of the Florida Constitution (Amendment 2)	
Specified Conditions	**Low-THC**	**High-THC**	**Low-THC**	**High-THC**
Cancer	X	X if terminal		X
Seizures/Epilepsy	X		X	X
Muscle spasms (Multiple sclerosis, ALS, Parkinson's)	X			X
Terminal conditions (fatal within 1 year)		X		X
Glaucoma	Not authorized	Not authorized		X
HIV/AIDS	Not authorized	Not authorized		X
PTSD	Not authorized	Not authorized		X
ALS	Included in muscle spasms	Not authorized		X
Crohn's	Not authorized	Not authorized		X
Parkinson's	Included in muscle spasms	Not authorized		X
Multiple sclerosis	Included in muscle spasms	Not authorized		X

Note: "Any debilitating medical conditions of the same kind or class as or comparable to those enumerated" as stated in Amendment 2 are not included here until further clarification on what these conditions are from the Florida Board of Medicine.

This analysis addresses the use of marijuana under s. 381.986, F.S. and Article X section 29 of the Florida Constitution, in light of DOH's proposed implementing rule 64-4.012 published on January 17, 2017. In the fall of 2015, the Financial Impact Estimating Conference (FIEC) estimated that there would be 440,552 users of marijuana based on the proposed amendment. The FIEC estimate included users under CS/CS/SB 1030 from 2014, but was prior to the passage of CS/CS/CS/HB 307 in 2016 and DOH's proposed implementing rule 64-4.012. The estimate was based on Colorado users of medical marijuana.

There are several reasons to review the original estimate produced for the FIEC held in 2015:

- Testimony from the House Health Quality Subcommittee from 1/25/2017 stated that Colorado's medical marijuana patient numbers might have been overinflated because black market actors are using the home-grow allowance to grow marijuana in Colorado and divert it out of state to sell on the black market in other states.
- The proposed DOH rule excludes "other debilitating medical conditions of the same kind or class" from the current definition of "qualifying debilitating medical condition" and directs the Florida Board of Medicine to determine its meaning.
- Moratoriums are currently in place or being considered in some Florida counties and cities.
- Medical use is defined much more narrowly in current law than it is in the amendment.
- The definition of a caregiver is defined much more narrowly in current law than it is in the amendment.
- The definition of a Medical Marijuana Treatment Center is defined much more narrowly in current law than it is in the amendment.
- The current definition of marijuana, as defined in current law, is marijuana obtained only from a DO.

Estimates from the impacts for CS/CS/SB 1030 and CS/CS/CS/HB 307, updated with new medical marijuana and population data from other states and for Florida produce an estimated patient population of **17,218** under the current law, excluding the amendment. Based on current registrations in the Compassionate Use Registry and growth rates, the total estimated number of patients may not be reached in reality until the beginning of FY 2017-2018.

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Table 3

Low-THC and Medical Cannabis Patients under s. 381.986, F.S. 2016 in 2017

Patients under SB 1030	**16,154**
Cancer	9,270
Epilepsy	4,596
Muscle spasm	2,288
Patients under HB 307	**1,064**
Terminal	1,064
Total patients under CS/CS/SB 1030 and CS/CS/CS/HB 307 (s. 381.986, F.S. 2016)	***17,218***

An updated estimate of Florida users of marijuana using the same methodology as Approach I (medical marijuana use data from other states) in the Financial Impact Estimating Conference for Amendment 2 (2015) shows that there are expected to be 349,503 users of medical marijuana in Florida once the market reaches a mature state. This estimate is based on data from Colorado for December 2016. The estimates done for the FIEC in 2015, using Colorado data for 2014 resulted in an estimated population of 440,552 users. The current estimate is significantly lower for two main reasons: 1) Colorado's medical marijuana users decreased by approximately 12% over that period; and 2) Colorado's population increased by almost 4% over the same period. Colorado's medical marijuana population might have decreased because of the availability of recreational marijuana in Colorado.

However, Colorado allows conditions that are not explicitly allowed in Florida under Amendment 2, most notably chronic pain. The currently proposed rule by DOH lists the specified conditions in Amendment 2 and states "Also, any debilitating medical conditions of the same kind or class as or comparable to those enumerated, as determined by the Florida Board of Medicine." If this proposed rule is interpreted to have a limiting effect on the "other conditions" category, then the estimate based on Colorado data must be controlled for only explicitly specified conditions in Florida. Once the estimate is controlled for conditions most similar to the specified conditions in Amendment 2, the estimated users of medical marijuana in Florida are reduced to 88,687.

Table 4

Florida Users in 2017 under s. 381.986, F.S. 2016 and Based on Colorado's Experience

	Estimates
Florida users under s. 381.986, F.S. 2016	17,218
Florida users under Amendment 2 based on Colorado's experience	349,503
Florida users under Amendment 2 based on Colorado's experience AND meeting Amendment 2's list of specified debilitating conditions	105,905
minus users under s. 381.986, F.S. 2016 (row 1)	88,687

c. Dosages

The most accurate way to estimate sales and sales tax in the early stages of the market development would be through knowing exactly how many plants are grown, processed, and sold at a given point in time through a seed-to-sale tracking system, similar to the metrc™ system in Colorado. However, since there is no such tracking system in Florida, at this point in time we have to use alternative ways that are not as precise to estimate how much product will be sold. One such alternative method is to assume a certain dosage per day per patient and then multiply the amount of product taken by an assumed average price and by the number of patients.

Separate weighted-average dosages are assumed under s. 381.986, F.S. 2016 and under Amendment 2 and such dosages were calculated based on published dosages by condition where available. The weighted-average dosage assumed under s. 381.986, F.S. 2016 is significantly higher than the dosage under Amendment 2 mainly because the dosage for epilepsy patients is significantly higher than published dosages for any other condition and it has a relatively high weight due to the larger assumed users with that

condition[3]. Initial versus long-term dosages might differ as well since users might build up tolerance to the drug quickly and may have to keep increasing their dosage. If needed, an alternative method with separate dosages for each condition can be used in the future.

Table 5
Dosages by

Users by Scenario	mg per day	mg per month
I. DOH proposed rule adopted as is.		
Users under s. 381.986, F.S. 2016	73	2,234
User under DOH rule as proposed	20	608
II. DOH rule is challenged and courts allow use under Amendment 2 without any implementing rules.	20	608
III. DOH rule is challenged with a faster participation rate.	20	608

d. Prices

This analysis discusses and uses only price per mg of active ingredient, not prices of actual products or by weight of the product. For this analysis, the assumed price per mg of cannabinoids is **$0.15 per mg of high-THC or low-THC (high-CBD)**. This is the price per mg of high-THC or low-THC active ingredient, not the price per mg of physical weight. The $0.15/mg is the most frequently quoted current price for oil-based products, such as vaporizer cartridges, oil solutions, sprays, and tinctures. The price of a mg of low-THC (CBD) and the price of a mg of high-THC in the current Florida market appear to be similar and sometimes the same. There is some price variation depending most likely on the cost of production, processing, and packaging. In contrast, prices used in previous analyses assumed the low-THC product was half the price of the high-THC product. The current analysis assumes the same price of $0.15/mg of active ingredient for both high-THC and low-THC.

Since the text of the Amendment itself appears not to limit marijuana products to highly processed ones, such as oils and tinctures, it is likely that a large share of the product sold under Scenarios I, II, and III will be probably less processed and thus less expensive to produce. However, to achieve the same psychoactive effect, more of the less processed product must be consumed. Based on EDR's interpretation of studies done in Colorado[4], the market forces result in a price parity between the different formulations of marijuana (flower versus oils), which accounts for the different amounts of active ingredient in the respective products. Therefore, in this analysis we assume that all products in the market, as measured in mg of THC or CBD active ingredient, will be priced similarly. The difference in pricing due to reduced processing and packaging costs is not taken into consideration in this analysis.

Use, Sales, and Sales Tax Revenues Estimation

User estimates from Table 4 are used to create three proposed scenarios that develop the potential number of users. This analysis assumes that all scenarios allow marijuana use for Florida residents only and that Florida has no reciprocity of medical use with other states. This analysis also assumes that all parties generally act in accordance with the current law and that medical marijuana is subject to the sales tax. Further, the analysis assumes that there are no constraints introduced by the number of prescribing physicians or the availability of product from the facilities.

[3] Sources: The Mayo Clinic, http://www.mayoclinic.org/drugs-supplements/marijuana/dosing/hrb-20059701, accessed 2/23/2017. Disclaimer from Mayo Clinic: The below doses are based on scientific research, publications, traditional use, or expert opinion. Many herbs and supplements have not been thoroughly tested, and safety and effectiveness may not be proven. Brands may be made differently, with variable ingredients, even within the same brand. The below doses may not apply to all products. You should read product labels, and discuss doses with a qualified healthcare provider before starting therapy. Minnesota Department of Health, A Review of Medical Cannabis Studies relating to Chemical Compositions and Dosages for Qualifying Medical Conditions, December 2014, http://www.health.state.mn.us/topics/cannabis/practitioners/dosage.pdf, accessed 2/24/2017.

[4] Marijuana Equivalency in Portion and Dosage, Marijuana Policy Group, University of Colorado Boulder, August 10, 2015, https://www.colorado.gov/pacific/sites/default/files/MED%20Equivalency_Final%2008102015.pdf, accessed on 2/20/2017.

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Table 6
User Estimates

Scenarios	User Estimates
I. DOH proposed rule for Amendment 2 is adopted as is.	**105,905**
Users under s. 381.986, F.S. 2016	17,218
Users under DOH rule as proposed	88,687
II. DOH rule is modified or challenged (with the courts allowing use under Amendment 2).	**349,503**
Users under s. 381.986, F.S. 2016	17,218
Additional users, reached by July 2021.	332,285
III. DOH rule is modified or challenged, and participants enter market earlier.	**349,503**
Users under s. 381.986, F.S. 2016	17,218
Additional users, reached by June 2021.	332,285

Scenario I
In the first scenario, DOH successfully finalizes the proposed rule without any changes by July 3, 2017, and begins issuing identification cards by October 3, 2017. In this scenario, the 17,218 users allowed the current law (s. 381.986 (1)(f), F.S.) are assumed to enter the market by early FY 2017-2018. In addition to these users, another 88,687 users come on the market gradually through June 2020. These users include the newly allowed debilitating conditions, such as PTSD, HIV/AIDS, Crohn's disease, and glaucoma. This scenario also might be applicable if there are court challenges but the proposed DOH rule stays in place during the forecast horizon if the court challenges are assumed to take longer to resolve than the forecast horizon.

Scenario II
Scenario II assumes that DOH's proposed rule is finalized by July 3, 2017 but has either been modified by DOH on its own prior to adoption or challenged in court after adoption to allow a more expansive interpretation of the amendment. If challenged in court, this analysis implicitly assumes that either that: (1) DOH quickly responds by modifying the rule, or (2) the court grants an injunction sometime after October 3, 2017, which allows for medical use of marijuana as envisioned by the amendment without any implementing rule by DOH. In any of these events, the estimated users are 349,503, fully mirroring Colorado's experience without any restrictions based on qualifying conditions in Florida. In addition to the 17,218 users under current law, an additional 332,285 users register gradually with the total number reached by July 2021.

Scenario III
Scenario III is the same as Scenario II but it assumes a faster participation rate that results in 12% more users per month. The total patients are still capped at 349,503, but that level is reached in June 2021, one month earlier than Scenario II.

Using the assumed price and the two dosages from the above and assuming a daily usage, the three scenarios from above produce the following sales and sales tax collections estimates.

Table 7
Estimated Sales

Fiscal Year	Low (Scenario I)	Middle (Scenario II)	High (Scenario III)
2016-17	9,643,511	9,643,511	10,709,913
2017-18	44,068,238	44,773,327	50,147,051
2018-19	65,873,156	73,336,585	82,137,841
2019-20	106,247,083	135,478,382	151,736,680
2020-21	140,483,445	276,719,512	308,462,844
2021-22	140,483,445	407,223,255	410,166,170

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Table 8
Estimated Sales Tax Collections

Fiscal Year	Low (Scenario I)	Middle (Scenario II)	High (Scenario III)
2016-17	437,898	437,898	484,997
2017-18	2,521,956	2,552,342	2,858,672
2018-19	3,815,449	4,206,479	4,711,313
2019-20	6,104,212	7,688,420	8,611,084
2020-21	8,396,994	15,602,428	17,474,764
2021-22	8,429,007	24,306,791	24,609,970

Table 9
Medical Marijuana Users at the End of the Fiscal Year

Fiscal Year	Month	Users
2016-17	June 2017	7,000
2017-18	June 2018	27,796
2018-19	June 2019	63,178
2019-20	June 2020	143,595
2020-21	June 2021	326,379
2021-22	June 2022	349,503

Section 4: Proposed Fiscal Impact

Sales Tax: Use of marijuana for debilitating medical conditions

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2016-17	0.5	0.5	0.4	0.4	0.4	0.4
2017-18	2.9	2.9	2.6	2.6	2.5	2.5
2018-19	4.7	4.7	4.2	4.2	3.8	3.8
2019-20	8.6	8.6	7.7	7.7	6.1	6.1
2020-21	17.5	17.5	15.6	15.6	8.4	8.4
2021-22	24.6	24.6	24.3	24.3	8.4	8.4

Section 5: Consensus Estimate (Adopted: 03/02/2017)

The Conference adopted the middle cash estimate, with the recurring impact equal to the 2021-22 middle recurring impact. There is a current year (FY2016-17) cash impact of $0.4m to GR, Insignificant to Trust, and $0.1m to Local.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	2.3	21.5	Insignificant	Insignificant	0.1	0.7	0.2	2.1
2018-19	3.7	21.5	Insignificant	Insignificant	0.1	0.7	0.4	2.1
2019-20	6.8	21.5	Insignificant	Insignificant	0.2	0.7	0.7	2.1
2020-21	13.8	21.5	Insignificant	Insignificant	0.5	0.7	1.3	2.1
2021-22	21.5	21.5	Insignificant	Insignificant	0.7	0.7	2.1	2.1

REVENUE ESTIMATING CONFERENCE

Tax: Use of marijuana for debilitating medical conditions
Issue: Sales tax
Baseline, absent law change(s): CS/CS/SB 1030, CS/CS/CS/HB 307, and Article X, Section 29 of the Florida Constitution (also known as Amendment 2)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.3	2.7	0.6	5.5	2.9	27.0
2018-19	0.5	2.7	1.0	5.5	4.7	27.0
2019-20	0.9	2.7	1.8	5.5	8.6	27.0
2020-21	1.8	2.7	3.6	5.5	17.4	27.0
2021-22	2.7	2.7	5.5	5.5	27.0	27.0