



**BILL GALVANO**  
*President of the Senate*

**THE FLORIDA LEGISLATURE**  
**RECEIVED**

OFFICE OF ECONOMIC AND DEMOGRAPHIC RESEARCH

2019 OCT 25 PM 2:58

SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

*C.C.M.*



**JOSE R. OLIVA**  
*Speaker of the House of Representatives*

October 25, 2019

The Honorable Laurel M. Lee, Secretary of State  
Florida Department of State  
R. A. Gray Building  
500 South Bronough Street  
Tallahassee, Florida 32399-0250

Dear Secretary Lee:

Section 100.371(13)(a), F.S., requires that the Financial Impact Estimating Conference submit a financial impact statement to the Attorney General and Secretary of State within 75 days after receipt of an initiative petition from the Secretary of State.

By this letter, the Financial Impact Estimating Conference is submitting the attached financial impact statement for the initiative petition entitled *Regulate Marijuana in a Manner Similar to Alcohol to Establish Age, Licensing, and Other Restrictions*, Serial Number 16-02, by majority concurrence as shown by the signatures below.

Amy J. Baker, Coordinator  
Office of Economic and Demographic Research

Laurie Grasel, Policy Coordinator  
Executive Office of the Governor

**DISSENTING**

Don Langston, Staff Director  
House Ways & Means Committee

Jose Diez-Arguelles, Staff Director  
Senate Finance and Tax Committee



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President of the Senate

JOSE R. OLIVA  
Speaker of the House of  
Representatives

October 25, 2019

*Handwritten signature*  
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JAC

The Honorable Ashley Moody, Attorney General  
Office of Attorney General  
State of Florida  
The Capitol PL-01  
Tallahassee, Florida 32399-1050

Dear Attorney General Moody:

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## **FINANCIAL IMPACT ESTIMATING CONFERENCE**

### **FINANCIAL IMPACT STATEMENT**

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

The amendment permits legal sales of recreational marijuana which will be subject to sales tax. As a result of those sales and an accompanying increase in tourism, sales tax collections increase by at least \$190 million per year once the legal retail market is fully operational. The estimated impacts increase the state's overall budget by less than 0.1%. At a minimum, the required state regulatory structure will cost \$1.5 million for startup and \$9.1 million annually to operate; however, it is probable that this cost will be offset by fees. Local governments' regulatory costs are unknown. The net impact of additional costs and savings associated with the criminal justice system cannot be determined. As a result of the identified impacts, the amendment has slightly positive effects on the economy. Florida's GDP is higher each year by an average of \$3.8 billion. This represents 0.32% of the annual total.

## 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.

**FLORIDA FINANCIAL IMPACT ESTIMATING CONFERENCE**  
***Regulate Marijuana in a Manner Similar to Alcohol***  
***to Establish Age, Licensing, and Other Restrictions***  
***Serial Number 16-02***  
***October 25, 2019***

**FINANCIAL IMPACT STATEMENT**

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**SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT**

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**SUBSTANTIVE ANALYSIS**

**A. Proposed Amendment**

**Ballot Title:**

*Regulate Marijuana in a Manner Similar to Alcohol to Establish Age, Licensing, and Other Restrictions*

**Ballot Summary:**

Regulates marijuana (hereinafter "cannabis") for limited use and growing by persons twenty-one years of age or older. State shall adopt regulations to issue, renew, suspend, and revoke licenses for cannabis cultivation, product manufacturing, testing and retail facilities. Local governments may regulate facilities’ time, place and manner and, if state fails to timely act, may license facilities. Does not affect compassionate use of low-THC cannabis, nor immunize federal law violations.

**Article and Section Being Created or Amended:**

Article X, Section 29

**Full Text of the Proposed Amendment:**

**ARTICLE X**

**SECTION 29. Florida Cannabis Act —**

(a) *PURPOSE AND FINDINGS.*

(1) *Short title. On the effective date of this amendment, it shall be known as the “Florida Cannabis Act.”*

(2) *In the interest of the efficient use of law enforcement resources, enhancing revenue for public purposes, and individual freedom, the people of the State of Florida find and declare that the use of cannabis should be legal for persons twenty-one years of age or older.*

(3) *In the interest of the health and public safety of our citizenry, the people of the State of Florida further find and declare cannabis should be regulated in a manner similar to alcohol so that:*

- a. *Consumers will have to show proof of age before purchasing cannabis;*
- b. *Selling, distributing, or transferring cannabis to minors under the age of twenty-one shall remain illegal;*
- c. *Driving while impaired under the influence of cannabis shall remain illegal;*
- d. *Only legitimate, taxpaying business people will conduct sales of cannabis; and*
- e. *Cannabis sold in this state will be labeled and subject to additional regulations to ensure consumers are informed and protected.*

(4) *The people of the State of Florida further find and declare it is necessary to ensure consistency and fairness in the application of this section throughout the state and that, therefore, the matters addressed by this section are, except as specified herein, matters of statewide concern.*

(b) *DEFINITIONS. As used in this section, unless the context otherwise requires:*

(1) *“Applicant” means an individual person or any form of business that applies for a license to operate a cannabis establishment. Any person or business entity may hold multiple licenses, providing each license be applied for and renewed individually and independently of any other license.*

(2) *“Business entity” means any form of business operation recognized under Florida law, including partnership that is registered to do business in Florida prior to filing for a license to operate a cannabis establishment.*

(3) *“Cannabis” means all parts of the plant of the genus Cannabis, as defined in s. 893.02(3), Florida Statutes (2016). Nothing in this definition or this section shall be deemed to permit or prohibit the cultivation of the plant of the genus Cannabis as a raw material for use of its fiber or pectin, or its structural polymers (the polysaccharides cellulose and hemicelluloses and the aromatic polymer lignin) for any industrial purpose, including the preparation of functionalized textiles, or for any purpose other than human consumption.*

(4) *“Cannabis cultivation facility” means an entity licensed to cultivate, prepare, and package cannabis and sell cannabis to retail cannabis stores, to cannabis product manufacturing facilities, and to other cannabis cultivation facilities, but not to consumers.*

(5) *“Cannabis establishment” means a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store.*

(6) *“Cannabis plant” means a plant, including, but not limited to, a seedling or cutting. To determine if a piece or part of a cannabis plant severed from the cannabis plant is itself a cannabis plant, the severed piece or part must have some readily observable evidence of root formation, such as root hairs. Callous tissue is not readily observable evidence of root formation. The viability and sex of a plant and the fact that the plant may or may not be a dead harvested plant are not relevant in determining if the plant is a cannabis plant.*

(7) *“Cannabis product manufacturing facility” means an entity licensed to purchase cannabis; manufacture, prepare, and package cannabis products; and sell cannabis and cannabis products to other cannabis product manufacturing facilities and to retail cannabis stores, but not to consumers.*

(8) *“Cannabis products” means concentrated cannabis products and cannabis products that are comprised of cannabis and other ingredients intended for human consumption or human topical application, including but not limited to, edible products, infused products, ointments, and tinctures.*

(9) *“Cannabis testing facility” means an entity licensed to analyze and certify the safety and potency of cannabis.*

(10) *“Consumer” means a person twenty-one years of age or older who purchases cannabis or cannabis products for personal use by persons twenty-one years of age or older, but not for resale to others. Consumer does not include any form of business entity, partnership, or incorporation.*

(11) *“Corporation” means any form of business entity, partnership, joint venture, limited liability company, cooperative, or other manner of incorporation.*

(12) *“County” means a political subdivision of the state established pursuant to s. 1, Art. VIII of the State Constitution.*

(13) *“Department” means the Florida Department of Business & Professional Regulation or its successor agency.*

(14) *“Florida Cannabis Act” means this section of the Florida Constitution, and as may be codified.*

(15) *“Municipality” means a municipality created under general or special law or recognized pursuant to s. 2 or s. 6, Art. VIII of the State Constitution.*

(16) *“Retail cannabis store” means an entity licensed to purchase cannabis from cannabis cultivation facilities and cannabis products from cannabis product manufacturing facilities and to sell cannabis and cannabis products to consumers.*

(c) *PERSONAL USE OF CANNABIS. Notwithstanding any other provision of law, the following acts are not unlawful and shall not be an offense under Florida law or the law of any county or municipality within Florida or be a basis for seizure or forfeiture of assets under Florida law for persons twenty-one years of age or older. These are minimum quantities, subject to increase by state, county, or municipal legislation, but not subject to decrease:*

(1) *Possessing, using, displaying, purchasing, or transporting cannabis, and cannabis products in quantities reasonably indicative of personal use or for use by household members;*

(2) *Growing six mature flowering cannabis plants per household member twenty-one years of age or older and possessing the harvest therefrom, provided the growing takes place indoors or in a locked greenhouse and the cannabis grown is not made available for sale; outdoor growing for personal consumption is not herein permitted statewide, but may be permitted locally if approved by legislation created at the county or municipal level; nothing in this subsection shall prevent the state legislature from creating laws that permit outdoor growing for personal consumption;*

(3) *Transfer of one ounce or less of cannabis without remuneration to a person who is twenty-one years of age or older;*

(4) *Allowing or restricting consumption of cannabis within a private business establishment or on its premises consistent with this section; or*

(5) *Assisting another person who is twenty-one years of age or older in any of the acts described in paragraphs (1) through (5) of this subsection.*

(d) *LAWFUL OPERATION OF CANNABIS ESTABLISHMENT. Notwithstanding any other provision of law, the following acts are not unlawful and shall not be an offense under Florida law or be a basis for seizure or forfeiture of assets under Florida law for persons twenty-one years of age or older:*

(1) *Possessing, displaying, or transporting cannabis or cannabis products; purchase of cannabis from a cannabis cultivation facility; purchase of cannabis or cannabis products from a cannabis product manufacturing facility; or sale of cannabis or cannabis product to consumers, if the person conducting the activities described in this subsection has obtained a current, valid license to operate a retail cannabis store or is acting in his or her capacity as an owner, employee or agent of a licensed retail cannabis store;*

(2) *Cultivating, harvesting, processing, packaging, transporting, displaying, or possessing cannabis; delivery or transfer of cannabis to a cannabis testing facility; selling cannabis to a cannabis cultivation facility, a cannabis product manufacturing facility, or a retail cannabis store; or the purchase of cannabis from a cannabis cultivation facility, if the person conducting the activities described in this subsection has obtained a current, valid license to operate a cannabis cultivation facility or is acting in his or her capacity as an owner, employee, or agent of a licensed cannabis cultivation facility;*

(3) *Packaging, processing, transporting, manufacturing, displaying, or possessing cannabis or cannabis products; delivery or transfer of cannabis or cannabis products to a cannabis testing facility; selling cannabis or cannabis products to a retail cannabis store or a cannabis product manufacturing facility; the purchase of cannabis from a cannabis cultivation facility; or the purchase of cannabis or cannabis products from a cannabis product manufacturing facility, if the person conducting the activities described in this subsection has a current, valid license to operate a cannabis product manufacturing facility or is acting in his or her capacity as an owner, employee, or agent of a licensed cannabis product manufacturing facility;*

(4) *Possessing, cultivating, processing, repackaging, storing, transporting, displaying, transferring or delivering cannabis or cannabis products in connection with testing activities, if the person has obtained a current, valid license to operate a cannabis testing facility or is acting in his or her capacity as an owner, employee, or agent of a licensed cannabis testing facility; or*

(5) *Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (1) through (5) of this subsection.*

(e) *REGULATION OF CANNABIS.*

(1) *No later than 6 months from the effective date, the department shall adopt regulations necessary for implementation of this section to include:*



a. *Procedures for the issuance, renewal, suspension, and revocation of a license to operate a cannabis establishment, with such procedures subject to all requirements of s. 120.54, Florida Statutes (2016) or as amended;*

b. *Any license issued to an individual person shall only be issued to a person of good moral character who is not less than twenty-one years of age and who has resided in the United States for the preceding five years and who has been a U.S. citizen for the preceding five years or has established lawful permanent residence in the United States for the preceding five years as evidenced by a "Green Card" and has resided in the United States for the preceding five years.*

c. *Any license issued to a business entity shall only be issued to a business entity of which all directors of a corporate applicant, members of a limited liability applicant, partners of a partnership applicant, or joint venturers of a joint venture applicant are of good moral character, are not less than twenty-one years of age, and at least 75% thereof have resided in the United States for the preceding five years and have been a U.S. citizen for the preceding five years or have established lawful permanent residence in the United States for the preceding five years as evidenced by a "Green Card" and have resided in the United States for the preceding five years;*

d. *That in the case of an individual applicant, any license shall be issued only to a person who has been domiciled in the State of Florida for at least 6 months immediately prior to applying;*

e. *That in the case of a business entity applicant, any license shall be issued only to business entities that can show at least 25% of the directors, members, partners, or joint venturor applicants have been domiciled in the State of Florida for at least 6 months immediately prior to applying;*

f. *That no license under this section shall be issued to any person, director, member, partner, or joint venturor who has been convicted of a felony offense, except that if the licensing authority determines that the applicant or licensee is otherwise suitable to be issued a license and granting the license would not compromise public safety. In making this determination the licensing authority shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant, and shall evaluate the suitability of the applicant or licensee to be issued a license based on the evidence found through the review. In determining which offenses are substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, the licensing authority shall include any felony conviction.*

g. *In the case of a business entity applicant, the requirements stated in this subsection shall apply to each and every director, member, partner, or joint venturor in a business entity, but not to persons that are solely investors or owners; and*

h. *The department may suspend or revoke a license under this section, or may refuse to issue a license under this section to:*

1. *Any person, firm, or corporation the license of which under this section has been revoked or has been abandoned after written notice that revocation or suspension proceedings had been or would be brought against the license;*

2. *Any corporation if an officer or director of the corporation has had her or his license under this section revoked or has abandoned her or his license after written notice that revocation or suspension proceedings had been or would be brought against her or his license; or*

3. *Any person who is or has been an officer or director of a corporation, or who directly or indirectly closely held an ownership interest in a corporation, the license of which has been revoked or abandoned after written notice that revocation or suspension proceedings had been or would be brought against the license.*

i. *Security requirements for cannabis establishments;*

j. *Requirements to prevent the sale or diversion of cannabis and cannabis products to persons under the age of twenty-one;*

k. *Labeling and packaging requirements for cannabis and cannabis products sold or distributed by a cannabis establishment;*

l. *Health and safety regulations and standards for the manufacture and testing of cannabis products and the cultivation of cannabis;*

- m. *Guidelines on the advertising and display of cannabis and cannabis products; and*
- n. *Civil penalties for the failure to comply with regulations made pursuant to this section.*

(2) *In order to protect consumer privacy, the department shall not require a consumer to provide a retail cannabis store with personal information other than government-issued identification to determine the consumer's age, and a retail cannabis store shall not be required to acquire and record personal information about consumers other than information typically acquired in a financial transaction conducted at a retail liquor store.*

(3) *Nothing contained in this section shall be construed to create nor in any way limit any taxing authority to make, collect, administer, enforce or distribute any tax levy relating to this section under any taxing authority's power to tax authorized by the constitution or the laws of this state.*

(4) *No later than 6 months from the effective date, each county or municipality shall enact an ordinance or regulation specifying the entity within the county or municipality responsible for processing applications submitted for a license to operate a cannabis establishment within the boundaries of the county or municipality and for the issuance of any such license should the issuance by the county or municipality become necessary because of a failure by the department to adopt regulations pursuant to subsection (e)(1) or failure by the department to process a license application in accordance with subsection (e)(6).*

(5) *A county or municipality may enact ordinances or regulations not in conflict with this section or state regulations or legislation.*

- a. *Governing the time, place, manner, and number of cannabis establishment operations;*
- b. *Establishing procedures for the issuance, suspension, and revocation of a license issued by the county or municipality in accordance with subsections (e)(7) or (e)(8), such procedures to be subject to all requirements of s. 120.54, Florida Statutes (2016) or as amended; and*
- c. *Establishing civil penalties for violation of an ordinance or regulation governing the time, place, and manner of a cannabis establishment that may operate in such county or municipality, whether licensed by the state, a county or municipality.*

(6) *Each application for an annual license to operate a cannabis establishment shall be submitted to the department. The department shall:*

- a. *Begin accepting and processing applications 6 months from the effective date;*
- b. *Upon request by the county or municipality, immediately forward a copy of each application to the county in which the applicant desires to operate;*
- c. *Issue an annual license to the applicant between forty-five and ninety days after receipt of an application unless the department finds the applicant is not in compliance with regulations enacted pursuant to subsection (e)(1) or the department is notified by the relevant county or municipality that the applicant is not in compliance with subsection (e)(5) in effect at the time of application, provided, where a county or municipality has enacted a numerical limit on the number of cannabis establishments and a greater number of applicants seek licensing, the department shall solicit and consider input from the county or municipality as to the county or municipality's preference for licensure; and*
- d. *Upon denial of an application, notify the applicant in writing of the specific reason for its denial.*

(7) *If the department does not issue a license to an applicant within ninety days of receipt of the application filed in accordance with subsection (e)(6) and does not notify the applicant of the specific reason for its denial, or the specific reason as to why the applicant is not in compliance with regulations enacted pursuant to subsection (e)(1), in writing, within such time period, the applicant may resubmit the application directly to the county or municipality, pursuant to subsection (e)(5), and the county or municipality may issue an annual license to the applicant. A county or municipality issuing a license to an applicant shall do so within ninety days of receipt of the resubmitted application unless the county or municipality finds and notifies the applicant that the applicant is not in compliance with ordinances and regulations made pursuant to subsection (e)(5) in effect at the time the application is resubmitted. The county or municipality shall notify the department if an annual license has been issued to the applicant. A license issued by a county or municipality in accordance with this subsection shall have the same force and effect as a license issued by the department in accordance with subsection (e)(6). A subsequent or renewed license may be*

*issued under this subsection on an annual basis only upon resubmission to the county or municipality of a new application submitted to the department pursuant to subsection(e)(6), if the department does not issue a license to an applicant within ninety days of receipt of the application for a subsequent or renewed annual license filed in accordance with subsection (e)(6) and does not notify the applicant of the specific reason for its denial, or the specific reason as to why the applicant is not in compliance with regulations enacted pursuant to subsection (e)(1), in writing, within such time period. Nothing in this subsection shall limit such relief as may be available to an aggrieved party under ss. 120.56, 120.565, 120.569, 120.57, 120.573, or 120.574, Florida Statutes (2016) or as amended.*

*(8) If the department does not adopt regulations in accordance with subsection (e)(1), an applicant may submit an application directly to a county or municipality after 6 months from the effective date, and the county or municipality may issue an annual license to the applicant. A county or municipality issuing a license to an applicant shall do so within ninety days of receipt of the application, unless it finds and notifies the applicant that the applicant is not in compliance with ordinances and regulations made pursuant to subsection (e)(5) in effect at the time of application, and shall notify the department if an annual license has been issued to the applicant. A license issued by a county or municipality in accordance with this subsection shall have the same force and effect as a license issued by the department in accordance with subsection (e)(6). A subsequent or renewed license may be issued under this subsection on an annual basis if the department has not adopted regulations in accordance with subsection (e)(1) at least ninety days prior to the date upon which such subsequent or renewed license would be effective or if the department has adopted regulations pursuant to subsection (e)(1) but has not, at least ninety days after the adoption of such regulations, issued the license pursuant to subsection (e)(6) and has not notified the applicant, in writing, of the specific reason for its denial.*

*(9) A county or municipality may prohibit the licensing of a cannabis establishment whether licensed by the department, county or municipality, providing the prohibition is approved by a vote of the electorate in a general election during an even numbered year. Grandfather clause. —If any county or municipality prohibits the licensing of any cannabis establishment under this subsection, any license issued prior to the effective date of any such county or municipal prohibition shall continue in full force, be subject to renewal, and in no way be affected by any post-licensing prohibition enacted under this subsection.*

*(f) EMPLOYERS, DRIVING, MINORS, CONTROL OF PROPERTY, AND FEDERAL LAW.*

*(1) Nothing in this section is intended to require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growing of cannabis in the workplace or to affect or repeal the ability of employers to have policies restricting the use of cannabis by employees during work hours.*

*(2) Nothing in this section is intended to allow driving while impaired by cannabis, nor shall this section prevent the state from criminal penalties pursuant to s. 316.193, Florida Statutes (2016) or as amended.*

*(3) Nothing in this section is intended to permit the transfer of cannabis, with or without remuneration, to a person under the age of twenty-one or to allow a person under the age of twenty-one to purchase, possess, use, transport, grow, or consume cannabis, except as otherwise permitted under state law or the Florida Constitution.*

*(4) Nothing in this section shall prohibit a person, employer, corporation or any other entity who occupies, owns or controls a residency or detention facility, whether public or private, when residence or detention is incidental to the provision of medical, geriatric, educational, counseling, rehabilitation, correctional, or similar services; transient occupancy in a hotel, condominium, motel, rooming house, or similar public lodging, or transient occupancy in a mobile home park; occupancy by a holder of a proprietary lease in a cooperative apartment; or occupancy by an owner of a condominium unit from prohibiting or otherwise regulating the possession, consumption, use, display, transfer, distribution, sale, transportation, or growing of cannabis on or in that property.*

*(5) Nothing in this section purports to give immunity under federal law for possession, consumption, use, display, transfer, distribution, sale, transportation, or growing of cannabis.*

*(g) THE FLORIDA CANNABIS ACT'S EFFECT ON OTHER FLORIDA LAWS RELATING TO CANNABIS OR MARIJUANA.*

(1) *Nothing in this section shall be construed to affect or repeal s. 112.0455, Florida Statutes (2016) (Drug-Free Workplace Act) except as stated herein.*

(2) *Nothing in this section shall be construed to affect or repeal s. 327.38, Florida Statutes (2016) (use of water skis, aquaplane, or similar device from a vessel while under the influence of marijuana).*

(3) *Nothing in this section shall be construed to limit or extend any privilege, right, or duty on the part of medical cannabis dispensing organizations, qualified patients, physicians, caregivers or any other persons, entities, or activities governed by Florida's Compassionate Use of low-THC Cannabis Act, s. 381.986 et seq., Florida Statutes (2016) or as amended.*

(4) *The Florida Legislature shall, no later than 6 months from the effective date, revise s. 775.087(2)(a)1(q), Florida Statutes (2016) (actual possession of a firearm or destructive device) to qualify the word "cannabis" to accommodate possession consistent with this section.*

(5) *The Florida Legislature shall, no later than 6 months from the effective date, revise s. 775.087(3)(a)1(r), Florida Statutes (2016) or as amended (actual possession of a semiautomatic firearm and its high capacity detachable box magazine, or a machine gun) to qualify the word "cannabis" to accommodate possession consistent with this section.*

(6) *The Florida Legislature shall, no later than 6 months from the effective date, revise s. 812.14(6)(b), Florida Statutes (2016) or as amended (use of utility services to grow marijuana indoors) to accommodate use of utility services consistent with this section.*

(7) *The Florida Legislature shall, no later than 6 months from the effective date, revise ss. 893.145 - 893.147, Florida Statutes (2016) or as amended, to qualify the definition of "drug paraphernalia," the determination of paraphernalia, and the use, possession, manufacture, delivery, transportation, advertisement, or retail sale of drug paraphernalia consistent with this section, and shall otherwise revise, Chapter 893, Florida Statutes (2016) (drug abuse prevention and control) as needed to qualify and quantify cannabis possession and use consistent with this section.*

(h) *SELF-EXECUTING, SEVERABILITY, CONFLICTING PROVISIONS. All provisions of this section are self-executing except as specified herein. All provisions of this section are severable, and, except where otherwise indicated in the text, shall supersede conflicting state statutory, local charter, ordinance, or resolution, and other state and local provisions.*

(i) *EFFECTIVE DATE. Except as otherwise provided herein, all provisions of this proposed amendment shall be effective as an amendment to the Constitution of the State of Florida on the first Tuesday after the first Monday in January following the election.*

## **B. Effective Date**

Article XI, Section 5(e), Florida Constitution, states: "Unless otherwise specifically provided for elsewhere in this constitution, if the proposed amendment or revision is approved by vote of at least sixty percent of the electors voting on the measure, it shall be effective as an amendment to or revision of the constitution of the state on the first Tuesday after the first Monday in January following the election, or on such other date as may be specified in the amendment or revision."

Assuming the initiative is on the ballot in 2020, the effective date would be January 5, 2021.

## **C. Formal Communications to and from the Sponsor, Proponents, and Opponents**

The Sponsor, Sensible Florida, Inc., did not appoint a representative to present on its behalf and did not attend the meetings held by the Financial Impact Estimating Conference (FIEC). The FIEC sought to identify any groups that were on record as supporting or opposing the petition initiative; however, none were identified.

#### D. Input Received from the Sponsor, Proponents, Opponents, and Interested Parties

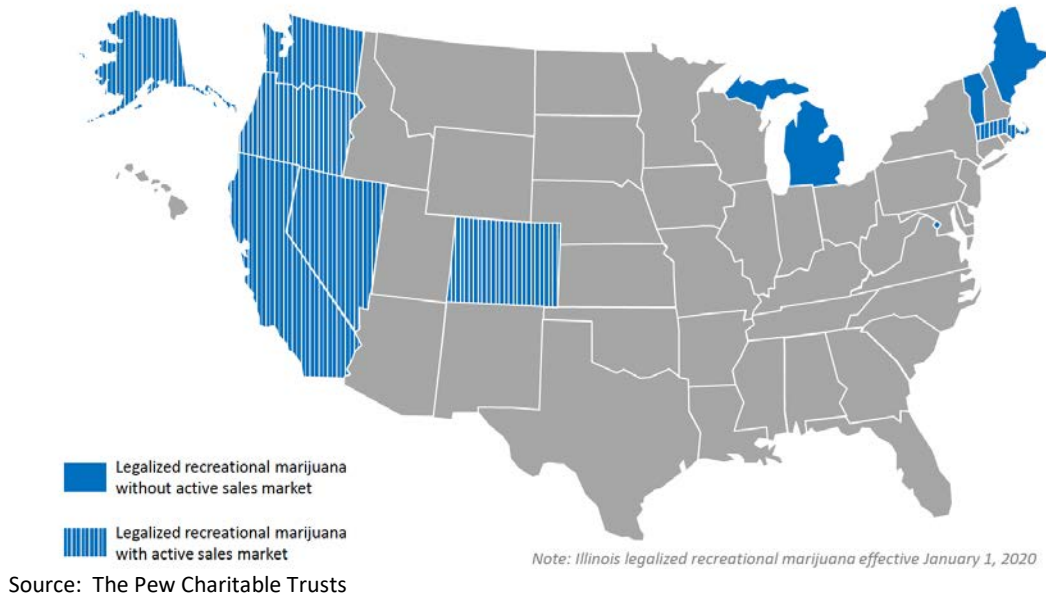
The FIEC directly requested information from the Florida Department of Business and Professional Regulation, Florida Department of Corrections, Florida Department of Health, Florida Department of Highway Safety and Motor Vehicles, Florida Police Chiefs Association, Florida Sheriffs Association, Florida League of Cities and the Florida Association of Counties. In addition, the FIEC allows any proponent, opponent, or interested party to present or provide the FIEC with materials to consider. Documentation of any materials received by the FIEC can be found in the EDR Notebook on the website at: <http://edr.state.fl.us/Content/constitutional-amendments/2020Ballot/MarijuanaRegulationAdditionalInformation.cfm>

#### E. Background

Federal marijuana laws still exist. According to a January 4, 2018, memorandum from the Attorney General of the United States:

*In the Controlled Substances Act, Congress has generally prohibited the cultivation, distribution, and possession of marijuana. 21 U.S.C. § 801 et seq. It has established significant penalties for these crimes. 21 U.S.C. § 841 et seq. These activities also may serve as the basis for the prosecution of other crimes, such as those prohibited by the money laundering statutes, the unlicensed money transmitter statute, and the Bank Secrecy Act. 18 U.S.C. §§ 1956-57, 1960; 31 U.S.C. § 5318. These statutes reflect Congress's determination that marijuana is a dangerous drug and that marijuana activity is a serious crime.*

Currently, a total of 33 states, the District of Columbia, Guam, Puerto Rico and the US Virgin Islands have authorized the use of medical marijuana.<sup>1</sup> Of these, 11 states and the District of Columbia have further legalized recreational marijuana. The graphic below does not show Illinois, because its legalized recreational program will not be operational until January 1, 2020.



<sup>1</sup> See <http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx>; retrieved October 24, 2019, but dated October 16, 2019.

Both Colorado and Washington legalized recreational marijuana in November 2012; however, Colorado was the first state to actually begin sales (January 2014). The table below details the year when legalization of recreational marijuana occurred.<sup>2</sup>

Area	Year of Legalization
Colorado	2012
Washington	2012
Alaska	2014
District of Columbia	2014
Oregon	2014
California	2016
Maine	2016
Massachusetts	2016
Nevada	2016
Michigan	2018
Vermont	2018
Illinois	2019

Source: <http://www.ncsl.org/research/civil-and-criminal-justice/marijuana-overview.aspx>

The first action in Florida occurred in 2014 when the Legislature passed the Compassionate Medical Cannabis Act of 2014.<sup>3</sup> This act legalized a non-euphoric low tetrahydrocannabinol (THC) and high cannabidiol (CBD) form of cannabis (low-THC cannabis)<sup>4</sup> for medical use<sup>5</sup> by patients suffering from cancer or a physical medical condition that chronically produces symptoms of seizures or severe and persistent muscle spasms. The law was amended during the 2016 Session to expand the regulatory structure relating to dispensing low-THC cannabis and authorize approved dispensing organizations to cultivate and dispense high-THC cannabis to eligible patients as defined under the Right to Try Act (RTTA).<sup>6</sup>

As part of the 2016 General Election, Floridians passed a constitutional amendment (Use of Marijuana for Debilitating Medical Conditions 15-01) that had the following ballot summary:

*“Allows medical use of marijuana for individuals with debilitating medical conditions as determined by a licensed Florida physician. Allows caregivers to assist patients’ medical use of marijuana. The Department of Health shall register and regulate centers that produce and distribute marijuana for medical purposes and shall issue identification cards to patients and caregivers. Applies only to Florida law. Does not immunize violations of federal law or any non-medical use, possession or production of marijuana.”<sup>7</sup>*

<sup>2</sup> Forecasts Hazy for State Marijuana Revenue, Unknown price and demand, lack of historical data leave planners with limited information, August 2019, [https://www.pewtrusts.org/-/media/assets/2019/08/marijuana-brief\\_v2.pdf](https://www.pewtrusts.org/-/media/assets/2019/08/marijuana-brief_v2.pdf)

<sup>3</sup> Chapter 2014-157, Laws of Fla., codified in s. 381.986, F.S.

<sup>4</sup> Section 381.986(1)(b), F.S. (2014), defines “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.

<sup>5</sup> Section 381.986(1)(c), F.S. (2014), defines “medical use” as administration of the ordered amount of low-THC cannabis; and the term does not include the possession, use, or administration by smoking, or the transfer of low-THC cannabis to a person other than the qualified patient for whom it was ordered or the qualified patient’s legal representative. Section 381.986(1)(e), F.S. (2014), defines “smoking” as burning or igniting a substance and inhaling the smoke; smoking does not include the use of a vaporizer.

<sup>6</sup> Section 499.0295, F.S.

<sup>7</sup> <https://dos.elections.myflorida.com/initiatives/fulltext/pdf/50438-3.pdf>

This constitutional amendment created s. 29, Article X of the Florida Constitution. During Special Session 2017A, the Legislature passed Senate Bill 8A to implement these provisions. In 2019, the Legislature passed Senate Bill 182, authorizing qualified physicians to recommend medical marijuana in a form for smoking.

The Florida Department of Health, Office of Medical Marijuana Use, regulates Florida's medical marijuana program. As of September 30, 2019, the program's use registry had 270,574 active qualified patients (valid identification cards).<sup>8</sup> The current qualifying conditions for use of medical marijuana in Florida are:

- Cancer
- Epilepsy
- Glaucoma
- Positive status for human immunodeficiency virus (HIV)
- Acquired immunodeficiency syndrome (AIDS)
- Post-traumatic stress disorder (PTSD)
- Amyotrophic lateral sclerosis (ALS)
- Crohn's disease
- Parkinson's disease
- Multiple sclerosis (MS)
- Medical conditions of the same kind or class as or comparable to those above
- A terminal condition diagnosed by a physician other than the qualified physician issuing the physician certification
- Chronic nonmalignant pain caused by a qualifying medical condition or that originates from a qualifying medical condition and persists beyond the usual course of that qualifying medical condition

There are no age restrictions on the use of medical marijuana; however, "[i]f a patient is younger than 18 years of age, a second physician must concur with this determination, and such concurrence must be documented in the patient's medical record."<sup>9</sup> The statutes also require that the patient, or the patient's parent or legal guardian if the patient is a minor, sign the informed consent acknowledging that the qualified physician has sufficiently explained its content.<sup>10</sup>

In addition:

*"A qualified physician may not issue a physician certification for marijuana in a form for smoking to a patient under 18 years of age unless the patient is diagnosed with a terminal condition, the qualified physician determines that smoking is the most effective route of administration for the patient, and a second physician who is a board-certified pediatrician concurs with such determination. Such determination and concurrence must be documented in the patient's medical record and in the medical marijuana use registry. The certifying physician must obtain the written informed consent of such patient's parent or legal guardian before issuing a physician certification to the patient for marijuana in a form for smoking. The qualified physician must use a standardized informed consent form adopted in rule by the Board of Medicine and the Board of Osteopathic Medicine which must include information concerning the negative health effects of smoking marijuana on persons under 18 years of age and an acknowledgment that the qualified physician has sufficiently explained the contents of the form."<sup>11</sup>*

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<sup>8</sup> Tabulations by the Office of Economic and Demographic Research of data provided by the Department of Health, Office of Medical Marijuana Use, October 2019.

<sup>9</sup> Section 381.986(4)(a)3, Florida Statutes.

<sup>10</sup> Section 381.986(4)(a)8, Florida Statutes.

<sup>11</sup> Section 381.986(4)(d), Florida Statutes.

## **F. Discussion of Impact of Proposed Amendment**

### *Summary of the Proposed Amendment*

The proposed amendment:

- Allows persons 21 years of age or older to possess, use, display, purchase, or transport cannabis and cannabis products in quantities reasonably indicative of personal use or for use by household members.
- Allows for growing six mature flowering cannabis plants per adult household member and possessing the harvest therefrom which may not be sold.
- Establishes a regulatory framework for issuing licenses and regulating the activities of persons and businesses operating a cultivation facility, a testing facility, a product manufacturing facility, or a retail cannabis store. Licenses are to be issued by the state and, under certain circumstances, may be issued by a county or municipality.
- Allows counties and municipalities to establish regulations governing the time, place, and number of cannabis establishment operations.
- Allows a county or municipality to prohibit the future licensing of cannabis establishments if the prohibition is approved by vote of the electorate in a general election. Licenses issued prior to the prohibition remain valid.
- Contains a number of other provisions that address the effects of the amendment on current Florida law.

### *Summary of Financial Impact*

The proposed amendment will have a number of fiscal and economic impacts specific to Florida. A summary is provided below and a more detailed discussion follows:

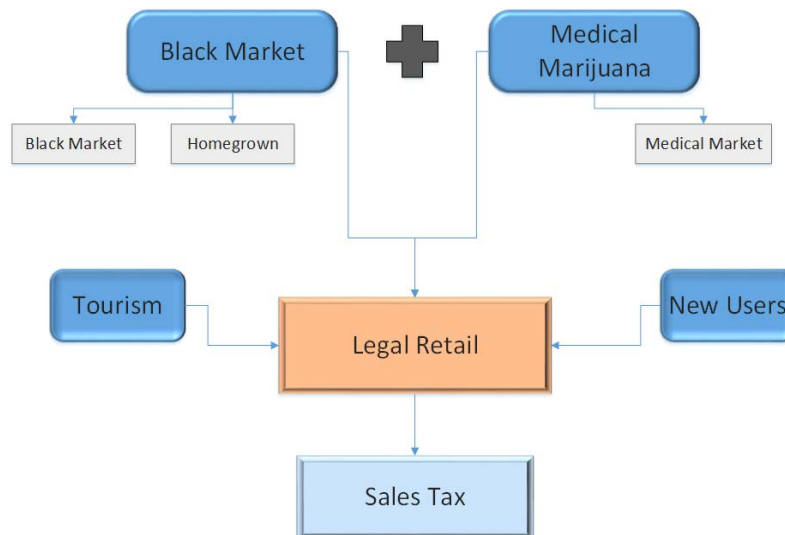
- Increase in sales tax revenues associated with transactions occurring in the legal retail market, whether by former black market participants, the conversion of medical marijuana participants, tourists or new and expanding users. This increase reflects current law which would make non-medical marijuana subject to sales tax.
- Increase in sales tax revenues associated with additional expenditures by new tourists induced to come to Florida only because of the existence of legal marijuana. This increase occurs under existing law.
- Costs to create and maintain the regulatory structure at the Department of Business and Professional Regulation. This agency is specified in the amendment.
- Reduction in some marijuana-related crimes due to the legalization of its use which is offset by a probable increase in persons arrested and convicted of DUI-related or other similar offenses. These impacts affect the bottom-line cost of the shared state and local criminal justice system, inclusive of any savings.
- 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.
- New costs for state and local law enforcement agencies for startup and implementation.
- Economic impact from the increase in revenue, income and jobs associated with the production and sale of legal marijuana.
- Economic impact from the increase in revenue, income and jobs associated with additional tourism expenditures.



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.

*Overview of Legal Retail Market*

An increase in state and local sales taxes will be an immediate effect of the proposed amendment. The amount of the sales tax increase depends on a number of assumptions primarily related to the market participants. In this regard, the future consumers will come from various segments of Florida’s resident population, as well as tourists. For example, a significant number of Floridians and visitors to the state already purchase marijuana from the black market. Some of these users are expected to convert to the legal retail market. In addition, as discussed above, Florida already has a medical marijuana market which may contribute to the non-medical pool of legal retail participants. Other participants will come from additional tourists deciding to visit Florida solely due to the availability of legal marijuana. In addition, new consumers who have either never tried marijuana or tried it in the past, but have not used it in the past 12 months, may enter the legal retail market. All of these consumer groups are shown on the flowchart immediately below. The first part of the following discussion addresses the general economic framework.



*a. Black Market*

Florida has a black market for marijuana today. A “black market” is defined as an underground economy where the transactions involve the exchange of illegal goods or services. The Substance Abuse and Mental Health Services Administration (SAMHSA) estimates that there were 2,425,000<sup>12</sup> Floridians 12 years and over who had used marijuana one or more times during a recent 12-month timespan.<sup>13</sup> Of those, 1,929,000 were aged 21 years and over.<sup>14</sup> Some of these users are currently authorized under the Florida constitution to use marijuana for medical purposes and would not be involved in black market or illegal activities.

<sup>12</sup> Substance Abuse and Mental Health Services Administration, Table 2. Marijuana Use in the Past Year, by Age Group and State: Estimated Numbers (in Thousands), Annual Averages Based on 2016 and 2017 NSDUHs.

<sup>13</sup> This analysis uses the SAMHSA definition of “past year users” to denote persons who have used marijuana once or more times in the past 12 months. The “past year” definition in this analysis includes those who have used marijuana within the past month.

<sup>14</sup> Substance Abuse and Mental Health Services Administration, The 2016-2017 National Surveys on Drug Use and Health, special tabulation provided to the FIEC, October 2019.

The new legal retail market will be directly competing with the existing black market. Ultimately, the number of people who convert will be a function of both the price difference (if any) and the elimination of risk. In addition, the proposed amendment allows for Floridians aged 21 or older to possess and harvest six mature flowering cannabis plants for non-retail use, provided the growing takes place indoors or in a locked greenhouse. A share of the black market consumers will choose this option once the amendment becomes law. Today, the product for Florida's black market comes from both locally grown and imported sources.

*b. Medical Marijuana*

Floridians participating in Florida's existing medical marijuana market currently incur costs that would not be necessary in the legal retail market. These expenses include the cost of the identification card (ID) and the cost of the physician's visit, both of which are required in order to receive an order for medical marijuana. The annual cost for the ID card is currently \$75 per year; while the cost for the doctor's visit is reported to range between \$160 and \$300,<sup>15</sup> with an evaluation conducted at least once every 30 weeks. Both the cost avoidance and the amendment's requirement to protect consumer privacy will induce some of these participants to switch to the legal retail market.

*c. Tourism*

The availability of recreational marijuana is likely to impact Florida's tourism industry. The FIEC expects an increase in the number of adult tourists due to marijuana legalization. These adult tourists would visit Florida primarily for marijuana consumption. New tourists expand Florida's tourism industry and increase sales tax collections through added expenditures. An additional economic impact will come from existing tourists who are currently consuming black market marijuana, but who will switch to the new legal market in Florida. These tourists are not anticipated to spend additional money in the state, but their marijuana purchases will now be taxable.

*d. New Users and Expanded Use*

There will be new Florida users who purchase in the legal retail market. These users represent consumers that (1) never tried marijuana before, or (2) tried marijuana before, but not within the past year. In addition, some existing users will choose more potent products or increase their current frequency of use. The FIEC was unable to quantify the number of first-time users, and developed a combined proxy for the remaining two groups.

*Costs and Revenues*

The FIEC anticipates that the proposed amendment allowing expanded legal use of marijuana will result in various costs and revenues affecting the state of Florida and local governments. Not all of these costs and revenues are quantifiable.

**Regulation**

The proposed amendment identifies the Department of Business and Professional Regulation (DBPR) or its successor as the state entity responsible for adoption of any regulations that are necessary for implementation. The department prepared a detailed analysis which is summarized in the table below and can be found in Appendix A. The total cost is projected to be \$9.1 million on a recurring basis, with an additional \$1.5 million needed for start-up. The DBPR analysis made no assumption as to whether new license fees would offset all, none or a portion of these costs; however, the FIEC assumes they will.

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<sup>15</sup> Testimony by a proponent from NORML at the FIEC workshop on September 20, 2019.

	Positions (FTEs)	Recurring	Non-Recurring
Core Program and Support Staffing Projections	83		
<i>Salaries and Benefits</i>		\$ 5,178,581	
<i>Expenses</i>		\$ 497,502	\$ 342,458
Equipment, Facilities and Resources			
<i>Facility Leasing Average</i>		\$ 3,332,815	
<i>Fleet Acquisition and Management</i>		\$ 90,000	\$ 540,000
<i>Supplemental Technology Equipment</i>			\$ 134,670
<i>Ongoing Maintenance and Data Services</i>		\$ 42,644	
Litigation (two years of non-recurring)			\$ 500,000
<b>Start-Up (with Litigation occurring two years)</b>			\$ 1,517,128
<b>Ongoing Costs (recurring)</b>		\$ 9,141,542	

In addition, the proposed amendment specifies that:

*“(4) No later than 6 months from the effective date, each county or municipality shall enact an ordinance or regulation specifying the entity within the county or municipality responsible for processing applications submitted for a license to operate a cannabis establishment within the boundaries of the county or municipality and for the issuance of any such license should the issuance by the county or municipality become necessary because of a failure by the department to adopt regulations pursuant to subsection (e)(1) or failure by the department to process a license application in accordance with subsection (e)(6). (5) A county or municipality may enact ordinances or regulations not in conflict with this section or state regulations or legislation.”*

Through this mechanism, the proposed amendment envisions that regulation would occur on both the state and local levels. Local governments were unable to estimate their regulatory costs because of uncertainty regarding the amendment’s specific requirements. The FIEC assumed that the state’s regulatory structure would be in place sometime within the 2021-22 fiscal year.

### **Criminal Justice System**

The legalization of recreational marijuana has the potential to affect the criminal justice system, and much of the research is mixed as to the direction of the impact. Research on the relationship between recreational marijuana legalization and crime at the state level has found no significant impact,<sup>16, 17</sup> while a study at the county level found a reduction in certain types of crime when comparing Washington and Oregon, which legalized at different times.<sup>18</sup> However, research at the neighborhood level has yielded conflicting results regarding the extent or direction of an impact.<sup>19, 20, 21, 22</sup>

Marijuana-specific crime is one area where a reduction might be expected, since much of the current law will no longer apply for people 21 years of age or older. However, an annual report published by the Colorado Division of Criminal Justice has indicated that while they saw significant decreases in

<sup>16</sup> Maier, S, Mannes, S, Koppenhofer, E. 2017. “The Implications of Marijuana Decriminalization and Legalization on Crime in the United States.” *Contemporary Drug Problems*, 44(2):125-146.

<sup>17</sup> Ruibin L, Willits, D, Stohr, M., Makin, D, Snyder, J, Lovrich, N, Meize, M, Stanton, D, Wu, G, Hemmens, C. 2019. “The Cannabis Effect on Crime: Time-Series Analysis of Crime in Colorado and Washington State.” *Justice Quarterly*.

<sup>18</sup> Dragone, D, Prarolo, G, Vanin, P, Zanella, G. 2019. “Crime and the legalization of recreational marijuana. *Journal of Economic Behavior & Organization*.” *Journal of Economic Behavior & Organization*, 159: 488-501.

<sup>19</sup> Freisthler, B, Gaidus, A, Tam, C, Ponicki, W, Gruenewald, p. 2017 “From Medical to Recreational Marijuana Sales: Marijuana Outlets and Crime in an Era of Changing Marijuana Legislation.” *The Journal of Primary Prevention*, 38(3):249-263.

<sup>20</sup> Hughes, L, Schaible, L, Jimmerson, K. 2019. “Marijuana Dispensaries and Neighborhood Crime and Disorder in Denver, Colorado.” *Justice Quarterly*.

<sup>21</sup> Burkhardt, J, Goemans, C. 2019. “The short-run effects of marijuana dispensary openings on local crime.” *The Annals of Regional Science*, 63(1): 163-189.

<sup>22</sup> Brinkman, J, Mok-Lamme, D. 2019. “Not in my backyard? Not so fast. The effect of marijuana legalization on neighborhood crime.” *Regional Science and Urban Economics*, 78.

marijuana possession arrests (-51 percent) and sales arrests (-17 percent) between 2012 and 2017, production arrests saw a significant increase (+51 percent).<sup>23</sup> Additionally, marijuana-related felony court filings, while seeing an initial decline between 2012 and 2014, had returned to near pre-legalization levels in 2017. This is likely due to the pervasiveness of the developing black market used to supply other states where marijuana is still illegal. At the same time, police clearance rates have been shown to improve under legalization,<sup>24</sup> which could be an indicator of a redirection of resources previously dedicated to marijuana arrests to other offenses. While current research has not examined such an argument, an increase in clearance rates could lead to new arrests—either increasing criminal justice system costs or offsetting the savings associated with the reduction in arrests for marijuana possession.

According to the Florida Department of Corrections, in FY 2018-19, the majority of marijuana-related new commitments were for “sale/manufacture/delivery” (112) and “possession of marijuana over 20 grams” (69). Two other offenses resulted in a notable number of new commitments: “trafficking in cannabis between 25 pounds and 2,000 pounds” (36), and the “sale of marijuana and other drugs within 1,000 feet of a church or business” (38). Although detailed sentencing data is not currently available for FY 2018-19, in FY 2017-18 roughly 3.0 percent of offenders were sentenced to prison for possession, while 10.2 percent were sentenced to prison for sale/manufacture/delivery. Given the information available from Colorado, it is not known how sale/manufacture/delivery might be affected, since a similar black market for sale to other states may develop in Florida. Furthermore, with low incarceration rates for possession, it is entirely possible that those receiving prison for these offenses did so because they committed other offenses or pled down from sale/manufacture/delivery. Therefore, it is not known if an actual reduction in overall admissions would occur at the state level. For the vast majority of offenders receiving a sentence other than prison, the Florida Department of Corrections has indicated that there will not be a significant impact on their operations, even with a reduction in the population under supervision for marijuana crimes.

Government costs for the criminal justice system would also be impacted if there is an increase in offenses relating to driving under the influence (DUI). The Colorado Division of Criminal Justice found that while the number of DUI citations issued decreased between 2014 and 2017, the prevalence of marijuana or marijuana-in-combination identified as the impairing substance increased from 12 percent of all DUIs in 2014 to 15 percent in 2017.<sup>25</sup> However, a further review of the data indicates that the number of marijuana citations were relatively stable during this time period (i.e., the percentage increased simply because the universe itself was smaller). Furthermore, the number of fatalities in which a driver tested positive for Delta-9 THC, a possible indicator of impairment, saw a decrease from 13 percent of all fatalities in 2016 to 8 percent of all fatalities in 2017. Other research has suggested that incidents of impaired driving in states where recreational marijuana was legalized have increased; however, testing of the relationship between legalization and traumatic injuries or fatalities has provided mixed results.<sup>26, 27, 28</sup> Further blurring definitive conclusions, California saw an increase in fatal

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<sup>23</sup> Reed, J. “Impacts of Marijuana Legalization in Colorado: A Report Pursuant to Senate Bill 13–283.” Report, Colorado Division of Criminal Justice, October 2018.

<sup>24</sup> Makin, D, Willits, D, Wu, G, DuBois, K, Lu, R, Stohr, M, Koslicki, W, Stanton, D, Hemmens, C, Snyder, J, Lovrich, N. 2019. “Marijuana Legalization and Crime Clearance Rates: Testing Proponent Assertions in Colorado and Washington State.” *Police Quarterly*, 22(1), 31–55.

<sup>25</sup> Reed, J. “Impacts of Marijuana Legalization in Colorado: A Report Pursuant to Senate Bill 13–283.” Report, Colorado Division of Criminal Justice, October 2018.

<sup>26</sup> Chung, C, Salottolo, K, Tanner II, A, Carrick, M, Madayag, R, Berg, G, Lieser, M, Bar-Or, D. “The impact of recreational marijuana commercialization on traumatic injury.” *Injury Epidemiology*, 6.

<sup>27</sup> Lynch, J, McMahon, Lucian. 2019. “A Rocky Road So Far: Recreational Marijuana and Impaired Driving.” Report, Insurance Information Institute, March 2019.

<sup>28</sup> Leyton M. 2019. “Cannabis legalization: Did we make a mistake? Update 2019.” *Journal of Psychiatry & Neuroscience*, 44(5): 291–293.

accidents involving drivers who tested positive for marijuana during the decade prior to legalization.<sup>29</sup> Of overall note, testing THC levels has proven to be challenging for states. In Florida, the current use of blood tests is only required in cases of death or serious bodily injury.<sup>30</sup>

With respect to the juvenile portion of the criminal justice system, whether legalized recreational marijuana for adults leads to increased underage marijuana use is an important question. According to the Colorado Division of Criminal Justice, arrests for marijuana offenses declined for both the 10 to 17 age group and the 18 to 20 age group. Additional studies of marijuana use among adolescents yielded mixed results. For the periods 2010-2012 and 2013-2015, one study indicated that there was increased use among eighth graders (+2.0 percent) and tenth graders (+4.1 percent) in Washington, but no significant differences in Colorado. In both instances, the comparison group is states that did not legalize recreational marijuana use.<sup>31</sup> However, more recent studies using different data sets have shown small declines in use among Washington's 8<sup>th</sup> and 10<sup>th</sup> graders following legalization<sup>32</sup>, as well as a decrease in overall teenage use relative to other states.<sup>33</sup> To add to the differing results, a special SAMHSA tabulation for the FIEC indicated that after an initial surge in the first year of legalization in Colorado, usage among the population aged 12 to 17 fell below prior annual levels (see Appendix B).

Lastly, based on the presentation by the Florida Sheriffs Association, front-end costs related to implementation (i.e. training drug sniffing dogs to no longer detect marijuana, training officers, etc.) are likely. Colorado estimated that they went from training 80 percent of their dogs to detect marijuana to training only 20 percent.<sup>34</sup> According to David Ferland, executive director of the United States Police Canine Association, a few departments in legalized states have decided to take their chances in court, but the overwhelming majority of states are preparing specialized training to respond to the legalized setting.<sup>35</sup> While the proposed constitutional amendment could lead to an initial increase in costs, future training costs should revert back to the pre-legalization levels.

Overall, the net impact on the criminal justice system in any given year is indeterminate. Largely, this is due to three factors: (1) the mixed results found in the available studies on implementing states; (2) the coexisting potential for cost savings and cost increases within the same year; and (3) the continuing black market, post-legalization.

### **Health Effects**

Legalizing recreational marijuana and making it widely available to the public may have a variety of impacts on health. The scientific literature related to the health effects of marijuana shows an association between marijuana use and potential negative health outcomes. While there are many factors precluding proof of causality, the correlations between negative health outcomes and marijuana use exist. Current research into the association between marijuana use and potential adverse health outcomes is limited by the changes in legality, potency, consumption methods, and many other factors. However, high frequency use (daily or weekly) is associated with negative cognitive outcomes that can have long-term effects and mental health issues that can lead to addiction and future misuse. Similarly, high frequency use is associated with cardiovascular and respiratory

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<sup>29</sup> Marijuana's Impact on California, California High Intensity Drug Trafficking Areas Report, 2018, [https://ncric.org/files/D2DF/Marijuana\\_Impact\\_CA\\_2018.pdf](https://ncric.org/files/D2DF/Marijuana_Impact_CA_2018.pdf)

<sup>30</sup> S. 316.1933, F.S.

<sup>31</sup> Cerdá M, Wall M, Feng T, Keyes KM, Sarvet A, Schulenberg J, O'Malley PM, Pacula RL, Galea S, Hasin DS. 2017. "Association of State Recreational Marijuana Laws With Adolescent Marijuana Use." *JAMA Pediatr*, 171(2):142-149.

<sup>32</sup> Dille JA, Richardson SM, Kilmer B, Pacula RL, Segawa MB, Cerdá M. 2019. "Prevalence of cannabis use in youths after legalization in Washington State." *JAMA Pediatr*, 173(2):192-193.

<sup>33</sup> Anderson DM, Hansen B, Rees DI, Sabia JJ. 2019. "Association of Marijuana Laws With Teen Marijuana Use: New Estimates From the Youth Risk Behavior Surveys." *JAMA Pediatr*, 173(9):879-881.

<sup>34</sup> <https://www.npr.org/2019/05/26/727107486/colorado-court-complicates-life-for-drug-sniffing-dogs>

<sup>35</sup> <https://www.nytimes.com/2018/11/24/business/marijuana-legalization-police-dogs.html>

issues, as well as effects from second-hand exposure (similar to smoked tobacco usage). As with other regulated substances, marijuana usage can lead to impaired motor skills, a cause of motor vehicle crashes. There is also an association between prenatal exposure and exposure through breast feeding and negative infant health outcomes similar to those of chronic users.<sup>36</sup>

While the potential for Florida's health care costs to increase exists, there is evidence of mitigating factors that may lower costs after legalizing marijuana. Analysis and research regarding the potential benefits of marijuana consumption is sparse due to legal issues and the amount of funding dedicated to researching the negative health effects. There is some evidence that hospitalizations and death from opioid pain medication overdoses are less prevalent in states with legal or medical marijuana compared to states without. Conflicting evidence exists as to whether marijuana use is associated with decreases in opioid use among chronic pain patients or those with chronic drug abuse issues.<sup>37</sup> There is, however, substantial evidence that cannabis or cannabinoids are effective in treating chronic pain, chemotherapy induced nausea, and spasticity symptoms in multiple sclerosis patients. Moderate evidence exists for improving short-term sleep outcomes.<sup>38</sup>

Regarding this amendment's discrete effect on Florida, the potential public health costs are largely limited to new users and expanded use by current users, since any health care issues would already exist for users of illicit or medical marijuana and would be a part of Florida's current public health costs. In addition, tourists would not be covered under the state's public health system. Further, the proposed amendment requires health and safety regulations and standards for the manufacture and testing of cannabis products and the cultivation of cannabis, as well as labeling and packaging requirements for cannabis and cannabis products to ensure consumers are informed and protected.

Because of the countervailing effects marijuana legalization may have on people's health, the ultimate effect 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 affected population is already using and purchasing the product on the black market.

### **Sales Tax**

Medical marijuana has been specifically exempted from the sales tax<sup>39</sup>, but no such exemption currently exists for recreational marijuana. Therefore, its purchase will be subject to sales and use tax for the purposes of Chapter 212, "Tax on Sales, Use, and Other Transactions."

The purchasers in the legal retail market will come from the four groups discussed above. For each group, the FIEC has made assumptions regarding the amount and frequency of consumption of marijuana based on research and studies. However, the FIEC did not make any assumptions regarding the specific types of products that will be available on the market or the methods of consumption.

Further, the analysis does not assume that any atypical price volatility will occur in the early years of implementation. Most of the analysis focuses on a steady state period, with prices averaging around \$10 per gram of flower product. The analysis assumes the potency of the product to be 20 percent<sup>40</sup>

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<sup>36</sup> Retail Marijuana Public Health Advisory Committee. "Monitoring Health Concerns Related to Marijuana in Colorado: 2018 Summary." 2018.

<sup>37</sup> Ibid.

<sup>38</sup> National Academies of Sciences, Engineering, and Medicine. "The Health Effects of Cannabis and Cannabinoids: The Current State of Evidence and Recommendations for Research." The National Academies Press: Washington, DC. 2017.

<sup>39</sup> Section 212.08(2)(l), F.S. (2019).

<sup>40</sup> A 20 percent potency is equivalent to 1 gram (1000 mg) of dry weight marijuana containing 200 mg of THC, the euphoria-inducing substance in marijuana flower or concentrates.

based on the experience in Colorado.<sup>41</sup> In addition, it is assumed that the new legal retail market is competitive with the black market, such that many black market users elect to move to and stay in the legal retail market.

The estimates below are developed for FY 2021-22 and assume that the market is fully operational the entire year; however, it is not probable that this will be the case. This is due to a variety of reasons, including challenges seen in other states with establishing the regulatory structure and developing the initial product to meet the demand.

#### *Black Market Assumptions and Results*

The size of this group was estimated in stages. First, 2.1 million persons or slightly over 12 percent of the population 21 and older were identified as part of the potential universe of current marijuana users purchasing on the black market. This identification was based on Florida population projections for FY 2021-22 and prevalence rates from a special tabulation prepared by the Substance Abuse and Mental Health Services Administration for the FIEC from the 2016-17 National Surveys on Drug Use and Health (NSDUH).<sup>42</sup> Since medical marijuana users are included in the federal government data for Florida, the FIEC deducted approximately 266,000 medical marijuana users<sup>43</sup> 21 years of age and over to arrive at a black market estimate of approximately 1.8 million users. Based on two studies, the FIEC estimates that half of Florida's black market for this population would stay in the black market (slightly over 900,000 users), while 47.5 percent (approximately 871,000 users) would move to the legal retail market.<sup>44, 45</sup> The remaining 2.5 percent (approximately 46,000 users) would enter the legal homegrown market.<sup>46, 47</sup>

The conversion of approximately 871,000 users from the black market to the legal retail market is estimated to result in total sales of \$1.7 billion as shown on the table on the following page. This estimate uses the assumptions regarding frequency of use<sup>48</sup> and quantity consumed per use day<sup>49</sup> based on Kilmer (2013) and Colorado's experience (see Appendix C).

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<sup>41</sup> The average potency of flower was 19.6 percent in Colorado in 2017, up from 14.9 percent in 2015. Source: Orens, Adam, et al, Marijuana Policy Group LLC, University of Colorado Boulder, market Size and Demand for Marijuana in Colorado, 2017 Market Update, Prepared for the Colorado Department of Revenue, August 2018, <https://www.colorado.gov/pacific/sites/default/files/MED%20Demand%20and%20Market%20%20Study%20%20082018.pdf>

<sup>42</sup> Comparison between the 2015-2016 and the 2016-2017 Florida Past Year prevalence rates for the population 12 and over does not show statistically different results. This analysis assumes that prevalence rates will remain the same as in the 2016-17 NSDUH survey.

<sup>43</sup> Tabulations by Office of Economic and Demographic Research of data provided by the Department of Health, Office of Medical Marijuana Use, October 2019.

<sup>44</sup> Beau Kilmer, Steven Davenport, Rosanna Smart, Jonathan P. Caulkins, Gregory Midgette, After the Grand Opening Assessing Cannabis Supply and Demand in Washington State, Prepared for the Washington State Liquor and Cannabis Board, Published by the RAND Corporation, Santa Monica, Calif.

<sup>45</sup> 2019 Recreational Marijuana Supply and Demand Legislative Report, Oregon Liquor Control Commission, January 31, 2019.

<sup>46</sup> Kilmer, Beau, Jonathan P. Caulkins, Gregory Midgette, Linden Dahlkemper, Robert J. MacCoun and Rosalie Liccardo Pacula. Before the Grand Opening: Measuring Washington State's Cannabis Market in the Last Year Before Legalized Commercial Sales. Santa Monica, CA: RAND Corporation, 2013. [http://www.rand.org/pubs/research\\_reports/RR466](http://www.rand.org/pubs/research_reports/RR466) .

<sup>47</sup> Azofeifa A, Mattson ME, Schauer G, McAfee T, Grant A, Lyerla R. National Estimates of Marijuana Use and Related Indicators — National Survey on Drug Use and Health, United States, 2002–2014. MMWR Surveill Summ 2016;65(No. SS-11):1–25. DOI: <http://dx.doi.org/10.15585/mmwr.ss6511a1> , external, <https://www.cdc.gov/mmwr/volumes/65/ss/ss6511a1.htm> .

<sup>48</sup> Substance Abuse and Mental Health Services Administration, Substance Abuse and Mental Health Data Archive, The 2016-2017 National Surveys on Drug Use and Health, special tabulation provided by NSDUH.

<sup>49</sup> Market Size and Demand for Marijuana in Colorado, 2017 Market Update, Prepared for the Colorado Department of Revenue, Marijuana Policy Group, Leeds School of Business, University of Colorado Boulder, Appendix Table 1: Quantity Consumed per Use-Day, by Consumer Type.

**Estimation of the Black Market to Legal Retail Market  
Conversion for Florida Residents**

Frequency of Marijuana in the Past Year for Florida		Estimation									
		I	II	III	IV	V	VI=I x II x V	VII	VIII	IX=VI x VII	X
Number of Use Days <sup>a</sup>	Percent of All Past Year Users <sup>a</sup>	Florida Illegal Users to Move to Legal Retail Market	Quantity Consumed per Use-Day, Grams of Flower per Use Day (Mean US) <sup>b</sup>	Approximate Joints (EDR Assumption) <sup>c</sup>	Assumed use days per month (EDR assumption)	Assumed use days per year (EDR assumption)	Annual marijuana consumption (grams)	Cost per gram (\$/gram flower) <sup>d</sup>	Cost per use day (\$)	Marijuana Retail Sales (\$)	State Sales Tax Collections (\$)
271-365 days	21.0%	182,793	1.60	2.4	30	365	106,751,112	10	16.0	\$ 1,067,511,120	\$ 64,050,667
181-270 days	10.4%	90,268	1.60	2.4	19	226	32,568,694	10	16.0	\$ 325,686,944	\$ 19,541,217
91-180 days	13.8%	120,508	1.60	2.4	11	136	26,126,134	10	16.0	\$ 261,261,344	\$ 15,675,681
31-90 days	15.6%	135,402	0.67	1.0	5	61	5,488,520	10	6.7	\$ 54,885,201	\$ 3,293,112
15-30 days	6.7%	58,674	0.67	1.0	2	23	884,511	10	6.7	\$ 8,845,106	\$ 530,706
8-14 days	8.0%	69,958	0.67	1.0	1	11	515,590	10	6.7	\$ 5,155,905	\$ 309,354
2-7 days	18.6%	162,031	0.67	1.0	0	5	488,523	10	6.7	\$ 4,885,235	\$ 293,114
1 days	5.9%	51,000	0.30	0.5	<1	1	15,300	10	3.0	\$ 153,000	\$ 9,180
<b>Total</b>	<b>100.0%</b>	<b>870,634</b>					<b>172,838,385</b>	<b>10</b>		<b>\$ 1,728,383,853</b>	<b>\$ 103,703,031</b>

<sup>a</sup> Substance Abuse and Mental Health Services Administration, Substance Abuse and Mental Health Data Archive, The 2016-2017 National Surveys on Drug Use and Health, special tabulation provided by NSDUH.

<sup>b</sup> Kilmer, Beau, Jonathan P. Caulkins, Gregory Midgette, Linden Dahlkemper, Robert J. MacCoun, and Rosalie Liccardo Pacula. 2013. Before the Grand Opening: Measuring Washington State’s Marijuana Market in the Last Year Before Legalized Commercial Sales. RAND Drug Policy Research Center.

[http://www.rand.org/pubs/research\\_reports/RR466.html](http://www.rand.org/pubs/research_reports/RR466.html). Market Size and Demand for Marijuana in Colorado, 2017 Market Update, Prepared for the Colorado Department of Revenue, Marijuana Policy Group, Leeds School of Business, University of Colorado Boulder, Appendix Table 1: Quantity Consumed per Use-Day, by Consumer Type.

<sup>c</sup> Assumes that one joint contains 0.66 grams of marijuana. Sources: Mariani, John J et al. “Quantification and comparison of marijuana smoking practices: blunts, joints, and pipes.” Drug and alcohol dependence vol. 113,2-3 (2011): 249-51.

doi:10.1016/j.drugalcdep.2010.08.008, accessed 10/10/2019. The Average Cost of Marijuana by State, Oxford Treatment Centers, <https://www.oxfordtreatment.com/substance-abuse/marijuana/average-cost-of-marijuana/>, last updated September 20, 2019.

<sup>d</sup> Dara Kam, WJCTV, "Smokable Medical Marijuana Is Now Legal In Jacksonville And Other Parts Of Florida," March 21, 2019.

*Medical Market Assumptions and Results*

Approximately 266,000 (98 percent) of Florida’s approximately 271,000 medical marijuana users were 21 years of age or over as of September 30, 2019. Based on the percentage decrease of 20.3 percent in Colorado’s medical marijuana users from pre-legalization in 2013 to three years post-legalization in 2017, the FIEC estimated that the number of Florida’s medical marijuana patients likely to transition to the legal retail market would be approximately 54,000. The FIEC assumed that these users would likely be daily users<sup>50</sup> and estimated the retail sales from this population to be \$315.4 million (54,005 users x 365 days x 1.6 grams x \$10 per gram).<sup>51</sup>

*Tourism Assumptions and Results*

The legalization of marijuana will likely attract additional tourists to Florida. This assumption is based on the experience of other states that have legalized marijuana (Colorado, California). In these states, a discrete marijuana tourism industry has developed. With Florida already a high tourism destination state with around 130 million annual tourists, the FIEC discussed the likelihood that a similar marijuana tourism industry would develop if the proposed amendment passes. The FIEC estimated that Florida’s visitors would increase by an additional 1 percent each year, resulting not only in new retail sales of marijuana, but also additional expenditures generated by the typical visitor on hotels, food, transportation and entertainment. This 1 percent estimate was primarily based on two factors. First, regional visitors will likely increase, because Florida would be the only

<sup>50</sup> Testimony by a representative of the National Organization for the Normalization of Marijuana Laws (NORML) at the FIEC meeting dated 9/20/2019.

<sup>51</sup> Based on the prior assumption of a 20 percent potency, this calculation assumes a daily intake of 320 mg THC, the euphoria-inducing active substance in marijuana.



state in the Southeast to have recreational marijuana. Second, in 2018, Colorado estimated that 3 percent of all their visitors were attributed to recreational marijuana.<sup>52</sup> The FIEC used that percentage as an upper limit in developing its own estimate of Florida's marijuana tourism industry.

For new tourists, marijuana sales were estimated based on an assumed consumption level of two joints per person per trip. This results in \$19.4 million in total marijuana sales, while the other visitor expenses were estimated to generate an additional \$634.3 million in taxable sales.

The FIEC also assumed that a number of existing tourists purchase marijuana through the black market while visiting Florida. The FIEC estimated that 2.4 million tourists annually, representing 2 percent of all existing tourists, would switch to the new legal retail market. These current tourists are assumed to purchase the same quantity of marijuana as the new tourists, resulting in \$32.2 million in marijuana sales.

*New Users, Expanding Usage by Current Users and Returning Users Assumptions and Results*

The FIEC reviewed survey data on first-time users, 21 years of age and over, tabulated by the Substance Abuse and Mental Health Services Administration from the National Surveys on Drug Use and Health for the FIEC, as well as other sources, in an attempt to create a proxy for the percentage of Florida's population who have never used marijuana but are likely to enter the new retail market. The FIEC determined that the number of users and the amount of sales from this group was indeterminate, but positive.

In addition, the FIEC estimated that there were approximately 4.8 million persons 21 years and over who were not active in the black market (i.e., they have not used marijuana within the past 12 months), but who previously used or tried marijuana more than 12 months ago.<sup>53</sup> This group represented 31 percent of Florida's population 21 years and over in 2016-17. Assuming that this percentage will remain constant in the future, the FIEC estimated that approximately 5.2 million persons 21 years and over would have tried marijuana at some point in their lifetimes but would not be categorized as "current users" in FY 2021-22. The FIEC determined that some members of this subgroup will resume use, but at unknown frequency levels from year to year. Further, there are current users in the black market who may increase their current intensity of use (increase the amount of THC per use or frequency of use) once they move to the legal retail market. The FIEC determined that both the number of users for this subgroup and the amount of their individual increases could not be discretely determined.

In lieu of addressing these subgroups directly, the FIEC developed a combined proxy for this usage that is at least equivalent to each person smoking approximately one joint per year (5.2 million persons x 0.67 grams marijuana (134 mg of THC) x 1 day/year x \$10/gram).<sup>54</sup> Therefore, the amount of product required by "returning users" and the "expanded use among existing users" is expected to yield annual sales of at least \$35 million.

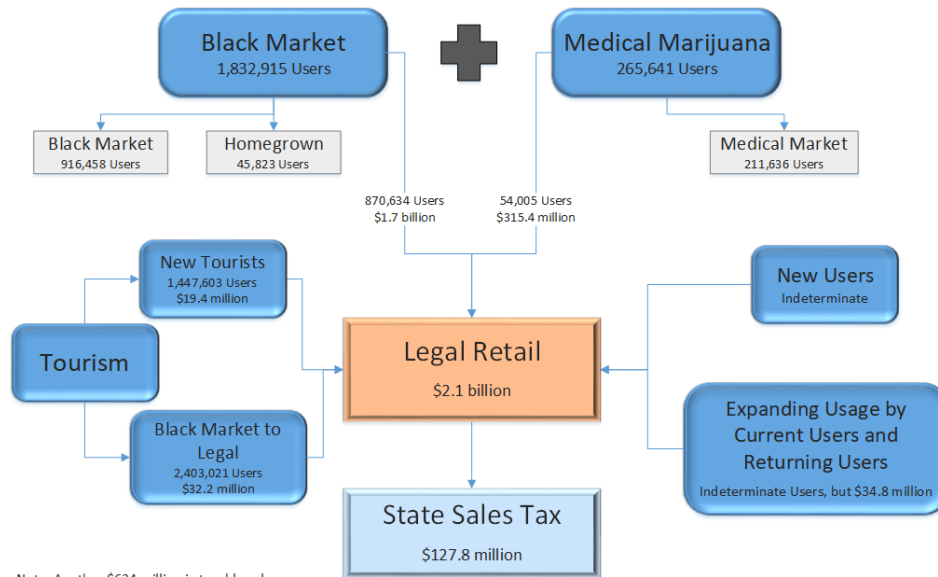
The chart below shows the number of anticipated participants and the retail sales generated by each of the four identified sectors that are expected to comprise Florida's legal marijuana retail market. This chart reflects users and sales for FY 2021-22, assuming that the legal retail market is fully operational and that supply meets the level of demand.

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<sup>52</sup> SMARInsights, "Colorado 2018-19 Winter Advertising Effectiveness Research", (2019).

<sup>53</sup> Tabulations by the Florida Legislature, Office of Economic and Demographic Research from the National Survey of Drug Use and Health, Substance Abuse and Mental Health Data Archive, Restricted Use Data Analysis System (R-DAS), <https://rdas.samhsa.gov/#/>.

<sup>54</sup> Assumptions for grams used, use days, and price per gram are from the table for the "black market to retail" users.



Note: Another \$634 million in taxable sales, resulting in \$38 million in state sales tax, will be added from the trips associated with the new tourists.

As shown below, the vast majority (82.7 percent) of the anticipated sales revenues are estimated to be from black market users moving to the legal retail market (Floridians and tourists). Combining sales revenue from these black market users with the medical marijuana users who also move to the legal retail market, the percentage of legal sales revenue associated with the current use of marijuana in Florida increases to 97.5 percent of total anticipated sales. The remaining 2.5 percent of sales is due to new tourists, new usage associated with returning users, and increased use by existing users.

Florida Marijuana Market Sales (Millions of \$)	FY 2021-22
<b>Black Market</b>	
<i>Black market stays in black market</i>	
<i>Black market to retail</i>	1,728.4
<i>Move to homegrown</i>	
<b>Medical Marijuana</b>	
<i>Florida medical stays in medical</i>	
<i>Florida medical to retail</i>	315.4
<b>Expanding Usage by Current Users and Returning Users</b>	34.8
<b>Total Florida Users</b>	
<b>Tourism</b>	
<i>New tourists</i>	19.4
<i>Tourists (black market to legal)</i>	32.2
<b>Total Retail Users in Florida</b>	2,130.2
<b>Black market to legal retail</b>	1,760.6
<i>Percent of Total Retail Users</i>	82.7%
<b>Black market and Florida medical to legal retail</b>	2,076.0
<i>Percent of Total Retail Users</i>	97.5%

Assuming Florida’s recreational marijuana market is fully operational by the beginning of FY 2021-22 and supply is sufficient to meet the demand, the minimum amount of state and local taxes that could be anticipated to be generated from the legal retail market is \$146.4 million (\$127.8 million state; \$18.6 million direct local). Additionally, \$43.6 million would be generated by the influx of new tourists to the state. Combined, the sales tax impact is \$190.0 million (\$165.8 million state; \$24.1 million direct local). The table below displays the distribution of these revenues. Appendix D shows the amount of state and local sales taxes that are anticipated on a yearly basis through FY 2026-27. On the Appendix tables, the dollars below associated with Revenue Sharing (county and municipal) and the Half-Cent have been transferred to the Combined Local Taxes and Revenue Sharing category.

**Fiscal Year 2020-21 (millions)**

	State Sales Tax \$127.8			Local Sales Tax*	Total Impact
	General Revenue	State Trust	Revenue Sharing + Half-Cent	Direct Local Taxes	
Legal Retail Market	\$113.1	Insignificant	\$14.6	\$18.6	\$146.4
	State Sales Tax \$38.0			Local Sales Tax*	Total Impact
	General Revenue	State Trust	Revenue Sharing + Half-Cent	Direct Local Taxes	
Other Tourist Expenditures	\$33.7	Insignificant	\$4.3	\$5.5	\$43.6
	State Sales Tax \$165.8			Local Sales Tax*	Total Impact
	General Revenue	State Trust	Revenue Sharing + Half-Cent	Direct Local Taxes	
Combined Total	\$146.8	Insignificant	\$18.9	\$24.1	\$190.0

\*Local Sales Taxes include only the direct local option sales tax, but not revenue sharing and local half-cent.  
 Note: Numbers may not add due to rounding.

**Gross Receipts Tax**

The Gross Receipts Tax is a tax on the sale of utility services (electricity and natural or manufactured gas). The tax rate is 2.5% on all sales plus an additional 2.6% on the sales of electricity to non-residential customers. Under the proposed amendment, all recreational marijuana sold in Florida must be produced in Florida. The FIEC estimates that almost half of the adult residents of Florida who currently purchase on the black market (approximately 870,000 individuals) would purchase from the legal market if the amendment passed, and it also estimates that 75 percent of the black market marijuana is imported into the state. Therefore, production of marijuana must shift from outside to inside Florida in order to, at least, serve those almost 653,000 users. Further, the FIEC estimates that current users will expand their usage, that there will be residents of Florida who will become users for the first time and that there will be many tourists who engage in the legal market. Overall, the production of marijuana in Florida is expected to substantially increase under the proposed amendment, which would have a strong positive effect on revenue from the Gross Receipts Tax.

There are some factors that may partially offset that increase. First, local production may shift from indoors to greenhouses or outdoors, which require much less electricity to operate.<sup>55, 56, 57</sup> Historically,

<sup>55</sup> Mills, Evan (2012). The Carbon Footprint of Indoor Cannabis Production. Energy Policy. 46. 58-67.

<sup>56</sup> O-Hare, Schez, Alstone (2013). Environmental Risks and Opportunities in Cannabis Cultivation. BOTEC Analysis Corporation.

<sup>57</sup> Hughes, Trevor (2018). Future of Legal Marijuana: Canadian Greenhouses Could Mean Cheaper, Safer Pot. USA Today. Nov 4.

most production of marijuana in the United States has been indoors, in large part because it is easier to keep indoor operations hidden, which would be a nonfactor in the production of legal recreational marijuana.<sup>58</sup> There is evidence that this shift to greenhouses has occurred or will occur in California, Vermont, and Canada.<sup>57, 59, 60</sup> In fact, some sources suggest that the falling price per pound of marijuana that has taken place in other states with legalized recreational marijuana may make indoor production, which is relatively expensive, much less viable.<sup>57, 60</sup> Second, production may shift from small or residential operations to large-scale commercial operations, which would allow for economies of scale and for producers to pay a commercial rate for electricity rather than the higher residential rate.<sup>56, 60</sup> Finally, legalization allows for energy performance standards, efficiency incentives, related education programs, and enforcement of construction codes.<sup>55, 58</sup>

Overall, the likely effect of legalizing recreational marijuana on revenue from the Gross Receipts Tax is positive, but indeterminate.

### **Excise Tax**

Currently a separate excise tax is imposed at the distributor level on each gallon of alcoholic beverage (beer, wine, cider, and spirits) sold in the state. The FIEC has not assumed that this is the case for legal marijuana. This is because it would take additional legislation to impose this tax, and specifics related to the tax base and rate would be unknown until the Legislature acts.

### *Budget Analysis*

The budget analysis was based on current procedures and protocols used by the Revenue Estimating Conference. The first full year of the static impact for the state General Revenue Fund discussed in “Costs and Revenues” above, was applied to the actual state budget and its supporting revenues for FY 2019-20. The total budget is segregated into major categorical areas for both general revenue and all funds. The sales tax gain benefiting the General Revenue Fund (\$146.8 million) was evenly split between a state budget increase and a general sales tax rate reduction. The \$73.4 million infused into the state budget was spread proportionally to each area’s share of general revenue, with the exception of debt service and pension benefits/claims, which were held harmless. The sales tax rate reduction had a neutral effect since it was removing revenues that did not previously exist. In addition, \$10.6 million in new trust fund costs (DBPR start-up of \$1.5 million, plus DBPR recurring appropriations of \$9.1 million) was added to the General Government categorical area to reflect the spending authority for the regulatory costs, assuming they are fully covered by new license fees. As a result of these adjustments, the state budget is increased by \$84.1 million, less than one-tenth of one percent of the total budget. Further, the change is too small to affect the percentage distribution of the total budget by categorical area (see Appendix E).

### *Economic Analysis*

In order to analyze the economic impact of the proposed amendment, a comprehensive policy analysis technique that evaluates the direct, indirect, and induced economic impacts of a policy change was used. In this regard, the following effects were estimated:

- Direct economic effects – changes in expenditures made by the industry(ies) directly impacted by the change in policy. Most analyses by the various estimating conferences focus on direct effects, which are generally static, immediate and “first round” effects.

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<sup>58</sup> Warren, Gina S. (2015). Regulating Pot to Save the Polar Bear: Energy and Climate Impact of the Marijuana Industry. Columbia Journal of Environmental Law. 385.

<sup>59</sup> Wilson, Bodwitch, Carah, Daane, Getz, Grantham, and Butsic (2019). First Known Survey of Cannabis Production Practices in California. California Agriculture. 73(3): 119-127.

<sup>60</sup> Caulkins, Kilmer, Kleiman, MacCoun, Midgette, Oglesby, Pacula, and Reuter (2015). Considering Marijuana Legalization: Insights for Vermont and Other Jurisdictions. RAND Research Report.

- Indirect economic effects – changes in expenditures made by industries that supply goods and services to the directly impacted industry(ies).
- Induced economic effects – commonly measured as the changes in expenditures by households whose income is changed by the direct and indirect activity. Similar effects exist for businesses and government.

For the proposed amendment, the goal was to predict and quantify the probable path of economic responses over time. Projections are relative to a forecast of the expected path of the economy absent the change caused by the petition; this is referred to as the economic baseline.

The analytical tool, the Statewide Model, is a state-of-the-art, customized, dynamic computable general equilibrium model (CGE) originally developed for Florida by Monash University (Melbourne, Australia) in 2011. This model:

- Contains a vast amount of data to replicate Florida’s economy, tax structure, and state budget.
- Uses more than 388 equations with over 1,699,000 total elements within those equations to account for the relationships (linkages and interactions) between the various economic agents, as well as likely responses by businesses and households to changes in the economy.
- Has a time dimension that adheres to the state fiscal year (July 1 to June 30) to be useful in the state government budgeting process.
- Allows different programs to be evaluated on the same footing.
- Can be modified to reflect research results and targeted developments specific to the analysis being performed.

When the Statewide Model is deployed to evaluate economic effects, the model is shocked using static analyses to develop the initial or direct effects attributable to the petition-induced change that is under review. The economic analysis is based on the drivers and assumptions that were discussed above. In addition, this analysis considered the following direct effects (shocks):

- Shift in consumption of marijuana from the black market to the legal market, plus increased overall demand.
- Increase in the local (in-state) supply of marijuana.
- Increase in sales tax revenues associated with the legal retail market.
- Increase in tourism resulting from the legalization of marijuana.
- Purposed the increased revenues as a decrease in the sales tax rate, plus an increase in the budget.

In order to analyze the impact the proposed amendment would have on the economy, the model’s baseline had to first be adjusted to include new industries which are currently not specified due to the classification of marijuana as illegal at the federal level.<sup>61</sup> In addition, the model’s baseline had to be adjusted to reflect Florida’s current medical marijuana market.

For the legal medical marijuana industry, the following activities were modeled that were not previously identified in the model: (1) cultivation modeled after greenhouses; (2) processing modeled after tobacco manufacturing; (3) pharmaceutical that transforms the nonsmokable into medical extracts; and (4) a viable retail market. The introduction of the new industries was modeled after research conducted by the Marijuana Policy Group (MPG).<sup>62</sup> Following MPG, the underlying structure of each industry was modeled after the comparable industries in the national input-output accounts for the U.S. The suggested

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<sup>61</sup> The U.S. Bureau of Economic Analysis (BEA) has not yet included illegal market activity in the measured economy. This is due to the challenges inherent in identifying suitable source data. It is estimated that illegal drugs add \$111 billion to nominal GDP in 2017 (or about 0.6%). For more information see Rachel Soloveichik, “Including Illegal Activity in the U.S. National Economic Accounts,” July 2019, [http://bea.gov/system/files/paper/WP2019-4\\_1.pdf](http://bea.gov/system/files/paper/WP2019-4_1.pdf).

<sup>62</sup> Light, Orens, Rowberry and Saloga, “The Economic Impact of Marijuana Legalization in Colorado,” October 2016, Marijuana Policy Group, available upon request.

expenditure patterns were further modified to allow for the greater importance of utilities, security, and other inputs unique to these newly introduced industries. To analyze the impact of the proposed amendment, black market imports, which services the largest component of users, can be thought of as a leakage in spending that is brought back into the state.<sup>63</sup>

The current black market expenditures are already present in the Florida economy, but the production is not measured or discretely identifiable. The model adjustments allow the developing market to provide the supporting infrastructure needed to be in place by FY 2021-22. The existing black market would temper any price increases that otherwise would occur if initial market supply is not sufficient to meet demand on day one.

All of the static estimates previously discussed in this analysis were used as shocks to the baseline forecast. The results, which are shown in Appendix F, indicate that relative to the baseline, Real Gross Domestic Product is higher each year by an average of \$3.8 billion. This represents 0.32 percent of the annual total (see Appendix F and a glossary of terms in Appendix G).

In summary, the economic analysis indicates a mildly expansionary impact on the state that results from the increased demand and related activity, as well as having increased state production by eliminating some of the current leakage caused by the import of illegal product.

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<sup>63</sup> Note on Market Production: It appears that the majority of Florida's current marijuana black market comes from other states and/or other countries. In order to estimate the share of production that is grown locally versus that which is imported, the FIEC replicated analyses that were conducted in other states. From a public crop dataset, Florida had 1.68 percent of the annual production value nationally of marijuana (0.6/35.8 – in billions of dollars) [see Marijuana Production in the United States (2006) – Comparison with other Cash Crops, <https://www.drugscience.org/Archive/bcr2/cashcrops.html>]. In 2015-16, Florida had 6.21 percent of the annual marijuana users in the nation (2,096/33,747 – in thousands) [National Survey on Drug Use and Health, Annual Averages based on 2015-2016, 18+, past year marijuana use]. Looking at the ratio of production to use (1.68/6.21) results in 27.05 percent. Based on this analysis, the FIEC assumed that 25 percent of the current black market production is local, and the remaining 75 percent is imported. Future local production must be sufficient to cover the 75 percent of converted black market production previously imported, as well as the new demand.

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*Appendix A*



## **SUPPLEMENTAL IMPACT ANALYSIS OF PETITION INITIATIVE 16-02**

**PREPARED UPON REQUEST OF THE FINANCIAL IMPACT ESTIMATING CONFERENCE  
FOR THE OCTOBER 11, 2019 FIEC PRINCIPALS WORKSHOP**

## **I. INTRODUCTION**

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### **A. *Petition Initiative 16-02***

Petition Initiative 16-02,<sup>1</sup> titled “Regulate Marijuana in a Manner Similar to Alcohol to Establish Age, Licensing, and Other Restrictions,” is a citizen petition initiative sponsored by Sensible Florida, Inc., which was approved as a petition initiative by the Florida Division of Elections on March 17, 2016. The petition initiative seeks to propose a constitutional amendment for consideration on the 2020 election year ballot to regulate marijuana for limited use and growing by persons twenty-one years of age or older.

On August 12, 2019, Petition Initiative 16-02 triggered review by a Financial Impact Estimating Conference of the Office of Economic and Demographic Research pursuant to section 100.371, Florida Statutes. Upon notice of workshops for this statutory review process, the Financial Impact Estimating Conference requested that the Department of Business and Professional Regulation (Department or DBPR) prepare an agency analysis providing projections on financial impacts related to establishing a regulatory program and administering regulations associated with a legal cannabis market if the constitutional amendment were placed on the ballot and approved by the voters as presented.

### **B. *Initial Impact Analysis and Scope of Supplemental Analysis with Modified Assumptions***

On October 4, 2019, the Department presented an impact analysis of Petition Initiative 16-02 during the FIEC principals workshop (initial analysis). The Department’s initial analysis relied on a series of assumptions as detailed on pages 2 through 4 of the initial analysis report incorporated in the FIEC records.<sup>2</sup>

Subsequent to the Department’s presentation, the FIEC requested that the Department prepare a supplemental analysis that provides an alternative projection with certain assumptions modified from the initial analysis. In particular, the FIEC requested that assumptions 2.6, 2.7, 2.8, 2.9, and 2.10 be modified or removed under an alternative assumption that the State of Florida would not impose any new excise tax on the cannabis products offered through the regulated market created by the constitutional amendment.

Accordingly, this supplemental impact analysis presents an alternative projection assuming the conditions requested by the FIEC. The tables related to core program staffing, support staffing, equipment, facilities, and resources as provided in sections III.A., III.B., and III.D. of the initial analysis have been reproduced herein with alternative projections relying on the FIEC’s alternative assumptions.

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<sup>1</sup>The full text of Petition Initiative 16-02, titled “Regulate Marijuana in a Manner Similar to Alcohol to Establish Age, Licensing, and Other Restrictions,” is available from the Florida Division of Elections, accessible at: <https://dos.elections.myflorida.com/initiatives/>.

<sup>2</sup>The Department’s initial analysis presented on October 4, 2019, is available from the Office of Economic and Demographic Research webpage associated with 2020 ballot measures, accessible at: <http://edr.state.fl.us/Content/constitutional-amendments/index.cfm>.



## II. SUPPLEMENTAL ANALYSIS: IMPACT PROJECTIONS

### A. *Core Program Staffing Anticipated for Administering Regulatory Program*<sup>3</sup>

#### 1. Licensure

Position Class	FTE Positions	Total Rate/Benefits	Recurring
Chief of Licensing	1	105,318	Y
Deputy Chief of Licensing	1	96,008	Y
Senior Management Analyst II	1	79,739	Y
Regulatory Supervisor/Consultant	4	218,988	Y
Regulatory Specialist II	14	668,402	Y

#### 2. Compliance

Position Class	FTE Positions	Total Rate/Benefits	Recurring: Y/N
Chief of Compliance	1	105,318	Y
Deputy Chief of Compliance	1	96,008	Y
Investigation Specialist II	28	1,500,324	Y
Inspector Specialist	2	143,244	Y

*This projection has been reduced by 137 FTE positions from the initial analysis based on the modified assumptions utilized for this supplemental analysis.*

#### 3. Central Program Management

Position Class	FTE Positions	Total Rate/Benefits	Recurring: Y/N
Division Director	1	147,882	Y
Deputy Division Director	1	114,610	Y
Administrative Assistant III	1	61,462	Y
Budget Analyst	1	71,501	Y
Business Consultant I	3	160,743	Y
Information Specialist III	1	47,742	Y
Systems Programming Consultant	1	80,004	Y
Biological Scientist IV	1	96,324	Y
Human Resource Analyst	1	64,849	Y
Management Review Specialist	1	64,850	Y
Operations Review Specialist	1	84,668	Y

*This projection has been reduced by one FTE position from the initial analysis based on the modified assumptions utilized for this supplemental analysis.*

<sup>3</sup>Note: The salaries and benefits projections may vary slightly from the initial analysis based on revised budget calculations.

**B. Support Staffing Anticipated for Administering Regulatory Program<sup>4</sup>**

1. Administration – Projections Utilizing Alternative Assumption

Position Class	FTE Positions	Total Rate/Benefits	Recurring: Y/N
HR – Personnel Services Specialist	1	54,943	Y
AS – General Services Specialist	1	55,790	Y

2. Technology – Projections Utilizing Alternative Assumption

Position Class	FTE Positions	Total Rate/Benefits	Recurring: Y/N
IT – Systems Project Analyst	1	63,681	Y

*This projection has been reduced by one FTE position from the initial analysis based on the modified assumptions utilized for this supplemental analysis. The two, temporary staff augmentation positions from the initial analysis have also been removed.*

3. Service Operations – Projections Utilizing Alternative Assumption

Position Class	FTE Positions	Total Rate/Benefits	Recurring: Y/N
Regulatory Specialist III	2	102,986	Y

*This projection has been reduced by two FTE positions from the initial analysis based on the modified assumptions utilized for this supplemental analysis.*

4. General Counsel and Program Legal Services – Projections Utilizing Alternative Assumption

General Counsel			
Position Class	FTE Positions	Total Rate/Benefits	Recurring: Y/N
Attorney Supervisor – Chief	1	101,833	Y
Senior Attorney – Deputy Chief	1	86,731	Y
Senior Attorney	3	246,258	Y
Attorney	1	60,111	Y
Administrative Assistant I	2	86,524	Y
Administrative Assistant II	1	47,767	Y
Administrative Assistant III	1	61,462	Y
OPS Position			
OPS Position	OPS Positions	Total Rate/Benefits	Recurring
OPS Paralegal – Law Clerk	1	31,200	Y
OPS Attorney	1	47,374	Y

Additional Program Legal Services			
Position Class	FTE Positions	Total Rate/Benefits	Recurring
Senior Attorney	2	202,502	Y

*This projection has been reduced by one FTE position from the initial analysis based on the modified assumptions utilized for this supplemental analysis.*

<sup>4</sup> Note: The salaries and benefits projections may vary slightly from the initial analysis based on revised budget calculations.

**C. Summary of Core Program and Support Staffing Projections**

Based on projected staffing needs identified in sections II.A. and II.B. above, the Department projects a total of 83 full-time positions as summarized with corresponding salaries, benefits, and standard expense factors in the table below:

Position Class	FTE Positions	Position Rate/Benefits	Professional Standard Expense	
			Recurring	Non-Recurring
Varied	83	5,178,581	497,502	342,458

*This summary projection reflects an overall reduction of 142 FTE positions from the initial analysis based on the modified assumptions utilized for this supplemental analysis.*

**D. Equipment, Facilities and Resources**

1. Facility Leasing – Projections Utilizing Alternative Assumption

Projected Facility Lease Expenses Utilizing Current State Rate				
Projected FTE Positions	Square Feet Per Position	Total Square Feet Needed	Current DMS Rate Per SF/Per Month	Total Projected Annual Lease Expense
83	180	14,940	\$17.18	\$3,080,030
Projected Facility Lease Expenses Utilizing Sample Rates at Private Facilities (Tallahassee)				
Projected FTE Positions	Square Feet Per Position	Total Square Feet Needed	Current Sample Rate Per SF/Per Month	Total Projected Annual Lease Expense
83	180	14,940	\$20.00	\$3,585,600

*This projection has been reduced to calculate a range of projected leasing expenses based on the updated total FTE position projections derived from the modified assumptions utilized for this supplemental analysis.*

2. Fleet Acquisition and Management – Projections Utilizing Alternative Assumption

	Expense Per Vehicle	Expense Projected for 30 Vehicles
<b>Motor Vehicle Acquisition</b>	\$18,000	\$540,000
<b>Motor Vehicle Operation</b>	\$3,000	\$90,000

3. Supplemental Technology Equipment – Projections Utilizing Alternative Assumption

	Initial Procurement and Setup of Technology Equipment					
	Network Drops	Laptops	iPads	General Software Licenses	Specialized Software*	Misc. Program Equipment
<b>Per Unit</b>	\$150	\$1,100	\$732.24	\$800	Varied	Varied
<b>Total Projected</b>	\$12,450	\$19,800	\$21,235	\$66,400	\$6,209	\$8,576
<b>Total Non-Recurring</b>	\$134,670					

<b>Ongoing Maintenance and Data Services</b>				
	<b>Program Equipment Maintenance</b>	<b>iPad Data Service and Maintenance</b>	<b>General Software Maintenance</b>	<b>Specialized Software Maintenance</b>
<b>Per Unit</b>	\$1,427	\$483	\$301	\$400
<b>Total Projected</b>	\$2,854	\$14,007	\$24,983	\$800
<b>Total Recurring</b>	\$42,644			

*Per unit expenses are replicated from the initial analysis. The total projected expenses, which calculate this per unit expense with the number of FTE positions to which the expense may apply, have been reduced based on the updated FTE position arrangement derived from the modified assumptions utilized for this supplemental analysis.*

**E. Other Department Expenses Related to Implementation of Constitutional Amendment**

Under the alternative assumptions employed for this supplemental analysis, the Department maintains the projections on other department expenses related to litigation as presented in the initial analysis. The projection provided in the initial analysis is copied for reference below.

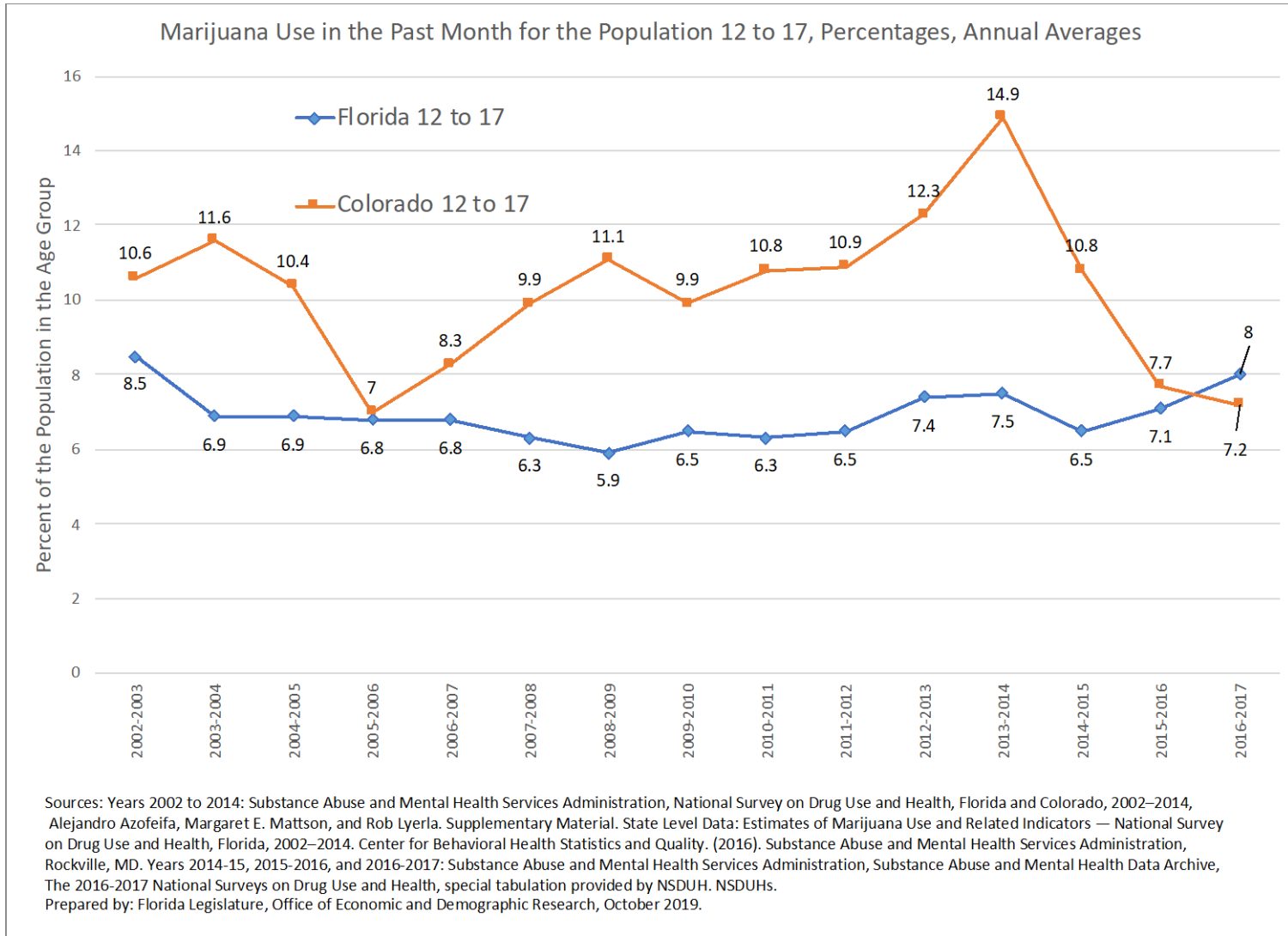
1. Litigation Regarding Rule Development and Licensure Determinations

The Department anticipates litigation relating to rulemaking development, licensure actions, and other regulatory actions arising during implementation of this new program will increase litigation expenses during the first 12-24 months of implementation. Reasonable projections forecast litigation expenses, depending on the volume of litigation involving the Department and the State of Florida, to be \$250,000 or more per year in the first two years of program development. These litigation expense projections are highly variable and contingent upon needs for outside counsel, expert witnesses, testing and laboratory analyses, and other litigation factors beyond the reasonable ability to predict at the time of this analysis.

###

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*Appendix C*

**Colorado--- Quantity Consumed per Use-Day, by Consumer Type**  
**Grams per Use Day**

Use, Days per Month	Lower Bound	Mean Estimate	Upper Bound
<1	0.2	0.3	0.6
1-5	0.43	0.67	0.95
6-10	0.43	0.67	0.95
11-15	0.43	0.67	0.95
16-20	0.43	0.67	0.95
21-25	1.3	1.6	1.9
26-31	1.3	1.6	1.9

Sources: Kilmer, Beau, Jonathan P. Caulkins, Gregory Midgette, Linden Dahlkemper, Robert J. MacCoun, and Rosalie Liccardo Pacula. 2013. Before the Grand Opening: Measuring Washington State’s Marijuana Market in the Last Year Before Legalized Commercial Sales. RAND Drug Policy Research Center. [http://www.rand.org/pubs/research\\_reports/RR466.html](http://www.rand.org/pubs/research_reports/RR466.html). Market Size and Demand for Marijuana in Colorado, 2017 Market Update, Prepared for the Colorado Department of Revenue, Marijuana Policy Group, Leeds School of Business, University of Colorado Boulder, Appendix Table 1: Quantity Consumed per Use-Day, by Consumer Type.

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**Sales Tax from Marijuana Sales (millions)**

Fiscal Year	State General Revenue	State Trust Funds	Combined Local Taxes and Revenue Sharing	Total Impact
FY 2021-22	\$113.1	Insignificant	\$33.3	\$146.4
FY 2022-23	\$114.7	Insignificant	\$33.8	\$148.5
FY 2023-24	\$116.2	Insignificant	\$34.2	\$150.4
FY 2024-25	\$117.8	Insignificant	\$34.6	\$152.4
FY 2025-26	\$119.1	Insignificant	\$35.1	\$154.2
FY 2026-27	\$120.5	Insignificant	\$35.5	\$156.0

**Sales Tax from Other Tourist Expenditures (millions)**

Fiscal Year	State General Revenue	State Trust Funds	Combined Local Taxes and Revenue Sharing	Total Impact
FY 2021-22	\$33.7	Insignificant	\$9.9	\$43.6
FY 2022-23	\$35.0	Insignificant	\$10.3	\$45.3
FY 2023-24	\$36.3	Insignificant	\$10.7	\$47.0
FY 2024-25	\$37.8	Insignificant	\$11.1	\$48.9
FY 2025-26	\$39.3	Insignificant	\$11.6	\$50.9
FY 2026-27	\$40.8	Insignificant	\$12.0	\$52.8

**Total Sales Tax Impact (millions)**

Fiscal Year	State General Revenue	State Trust Funds	Combined Local Taxes and Revenue Sharing	Total Impact
FY 2021-22	\$146.8	Insignificant	\$43.2	\$190.0
FY 2022-23	\$149.7	Insignificant	\$44.1	\$193.8
FY 2023-24	\$152.5	Insignificant	\$44.9	\$197.4
FY 2024-25	\$155.6	Insignificant	\$45.7	\$201.3
FY 2025-26	\$158.4	Insignificant	\$46.7	\$205.1
FY 2026-27	\$161.3	Insignificant	\$47.5	\$208.8

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**Recreational Marijuana**

2019-20 Appropriations	GEN REV	ALL FUNDS	GEN REV %	ALL FUNDS %
Debt Service	40,976,376	1,706,667,939	0.1%	1.9%
Pension Benefits/Claims	427,980,656	1,131,459,248	1.3%	1.2%
Education	17,112,724,393	23,747,347,771	50.4%	26.1%
Medicaid/TANF	7,545,611,743	29,827,719,870	22.2%	32.8%
Other Human Services	2,632,932,863	7,813,220,478	7.8%	8.6%
Judicial Branch	459,709,001	554,721,192	1.4%	0.6%
Criminal Justice and Corrections	4,046,379,211	4,790,575,874	11.9%	5.3%
Natural Resources/ Environment/ Growth Management/ Transportation	530,983,801	14,303,066,343	1.6%	15.7%
General Government	1,144,842,329	7,112,711,866	3.4%	7.8%
<b>TOTAL</b>	<b>33,942,140,373</b>	<b>90,987,490,581</b>	<b>100.0%</b>	<b>100.0%</b>

**Change, Assuming Full Year Revenue Gain (GR) + DBPR Costs (TF) to FY 2019-20 Budget**

General Revenue Increased Level	73,400,000		
% Change to GR Affected Areas	100.22%		
Trust Fund Change for DBPR	10,658,670	←	
		DBPR Start-Up	DBPR Recurring
		1,517,128	9,141,542

2019-20 Adj Appropriations	GEN REV	ALL FUNDS	GEN REV %	ALL FUNDS %
Debt Service	40,976,376	1,706,667,939	0.1%	1.9%
Pension Benefits/Claims	427,980,656	1,131,459,248	1.3%	1.2%
Education	17,150,249,177	23,784,872,555	50.4%	26.1%
Medicaid/TANF	7,562,157,761	29,844,265,888	22.2%	32.8%
Other Human Services	2,638,706,358	7,818,993,973	7.8%	8.6%
Judicial Branch	460,717,051	555,729,242	1.4%	0.6%
Criminal Justice and Corrections	4,055,252,112	4,799,448,775	11.9%	5.3%
Natural Resources/ Environment/ Growth Management/ Transportation	532,148,142	14,304,230,684	1.6%	15.7%
General Government	1,147,352,739	7,125,880,946	3.4%	7.8%
<b>TOTAL</b>	<b>34,015,540,373</b>	<b>91,071,549,251</b>	<b>100.0%</b>	<b>100.0%</b>

NOTE: Shaded Cells Held Harmless

2019-20 Differences	GEN REV	ALL FUNDS	GEN REV % % Increase	ALL FUNDS % % Increase
Debt Service	0	0		
Pension Benefits/Claims	0	0		
Education	37,524,784	37,524,784	0.22%	0.16%
Medicaid/TANF	16,546,018	16,546,018	0.22%	0.06%
Other Human Services	5,773,495	5,773,495	0.22%	0.07%
Judicial Branch	1,008,050	1,008,050	0.22%	0.18%
Criminal Justice and Corrections	8,872,901	8,872,901	0.22%	0.19%
Natural Resources/ Environment/ Growth Management/ Transportation	1,164,341	1,164,341	0.22%	0.01%
General Government	2,510,410	13,169,080	0.22%	0.19%
<b>TOTAL</b>	<b>73,400,000</b>	<b>84,058,670</b>	<b>0.22%</b>	<b>0.09%</b>

NOTE: Shaded Cells Held Harmless



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**Economic Analysis Results**

Statewide Economic Model Impact Projections of Regulate Marijuana in a Manner Similar to Alcohol to Establish Age, Licensing, and Other Restrictions									
Economic Indicator	Units	FY2022	FY2023	FY2024	FY2025	FY2026	Total		Average per Year
Personal Income	Nominal \$ (M)	2,670.4	2,926.1	3,156.0	3,371.4	3,575.8	15,699.6		3,139.9
Personal Income Per Capita	Nominal \$	123.4	118.5	113.0	107.3	101.5	563.7		112.7
Real Gross Domestic Product	Fixed 2019-20 \$ (M)	3,646.4	3,691.6	3,769.0	3,870.6	3,983.7	18,961.3		3,792.3
Net State Revenues	Nominal \$ (M)	218.7	238.1	243.6	251.3	260.2	1,212.0		242.4
Economic Indicator	Units	FY2022	FY2023	FY2024	FY2025	FY2026	Minimum	Maximum	Average per Year
Net Employment	Jobs	57,897	51,900	48,717	47,273	46,846	46,846	57,897	50,527
Population	Persons	0	5,120	9,840	14,192	18,184	0	18,184	9,467

Statewide Economic Model Impact Projections of Regulate Marijuana in a Manner Similar to Alcohol to Establish Age, Licensing, and Other Restrictions

Economic Indicator	Units	FY2022	FY2023	FY2024	FY2025	FY2026	Minimum	Maximum
Personal Income	Nominal \$ (M)	0.20%	0.21%	0.22%	0.22%	0.23%	0.20%	0.23%
Personal Income Per Capita	Nominal \$	0.19%	0.20%	0.21%	0.21%	0.21%	0.19%	0.21%
Gross Domestic Product	Nominal \$ (M)	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%	0.32%
Net State Revenues	Nominal \$ (M)	0.31%	0.32%	0.32%	0.33%	0.33%	0.31%	0.33%
Net Employment	Jobs	0.62%	0.55%	0.51%	0.48%	0.47%	0.47%	0.62%
Population	Persons	0.00%	0.02%	0.04%	0.06%	0.08%	0.00%	0.08%

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**Glossary**

**Economic Variables**

<b>Economic Variable</b>	<b>Definition</b>
Personal Income	Income received by persons from all sources. It includes income received from participation in production as well as from government and business transfer payments. It is the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance.
Personal Income Per Capita	Measures the average income received per person in a given year. It is calculated by dividing personal income by population.
Real Gross Domestic Product	A measurement of the state's output; it is the sum of value added from all industries in the state. GDP by state is the state counterpart to the Nation's gross domestic product.
Net State Revenues	Consists of the total tax and fee collections across all revenue sources.
Net Employment	This comprises estimates of the number of jobs, full time plus part time, by place of work. Full time and part time jobs are counted at equal weight. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not included.
Population	Total resident population as of July 1.