

INITIATIVE FINANCIAL INFORMATION STATEMENT FOR USE OF MARIJUANA FOR CERTAIN MEDICAL CONDITIONS

SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT

The amendment allows the use of medical marijuana for certain specified medical conditions, as well as other conditions, for which a physician licensed in Florida believes the medical use of marijuana would likely outweigh the potential health risks for the patient. In addition, a process is established for the sale of medical marijuana to qualifying patients and designated caregivers. Based on the information provided through public workshops and staff research, the Financial Impact Estimating Conference expects that the proposed amendment will have the following financial effects:

- According to the final analysis provided by the Department of Health, the department will incur an estimated \$1.1 million in costs each year to comply with the regulatory responsibilities assigned to it by the constitutional amendment. These costs will likely be offset through fees charged to the medical marijuana industry and users, but this may require further action by the Legislature.
- The Department of Business and Professional Regulation, the Agency for Health Care Administration, and the Department of Agriculture and Consumer Services do not expect the amendment's passage to produce a significant impact on their regulatory functions. To the extent regulatory impacts occur, they will likely be offset through fees charged to the affected industries.
- The Department of Highway Safety and Motor Vehicles, the Police Chiefs Association, and the Sheriffs Association expect additional law enforcement costs based on the experience from other states that have similar amendments or laws, but the magnitude could not be determined at this time.
- Other state and local agencies were unable to quantify the amendment's impact, if any, on the services they provide.
- The Conference has determined that the purchase of medical marijuana is subject to Florida sales and use tax since medical marijuana is tangible personal property for the purposes of Chapter 212, Florida Statutes, unless a specific exemption exists.
- After testimony from the Department of Revenue, the Conference determined that agricultural-related exemptions apply to sales of medical marijuana when the grower or cultivator sells or dispenses the product directly to the end-user or designated caregiver. However, if the grower or cultivator sells the product to a third-party retailer (a non-taxable transaction) which then sells or dispenses the product to the end-user or a caregiver, the agricultural exemption on the final sale is lost and that transaction becomes taxable. Since the sponsors indicated that the proposed amendment was drafted to allow various levels of industry integration, the potential for both taxable and exempt activities exists. In the case of a segmented market structure, the determination of whether medical marijuana is a common household remedy (and therefore exempt) becomes significant. Until this determination is made by the Department of Revenue and/or the Department of Business and Professional Regulation or by a future action of the Legislature, the tax treatment of a sale through a third-party to the end-user is uncertain.
- The magnitude of the impact on property taxes, either positive or negative, cannot be determined.