

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: SB 62
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB062-DEC-FSS-02-27-15
Title: REGULATION OF MARIJUANA BUSINESSES;
BOARD
Sponsor: JUDICIARY
Requester: State Affairs Committee

Department: Department of Environmental Conservation
Appropriation: Environmental Health
Allocation: Food Safety & Sanitation
OMB Component Number: 2343

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services	220.6		264.7	264.7	264.7	264.7	264.7
Travel	10.0		10.0	10.0	10.0	10.0	10.0
Services	38.2		15.9	15.9	15.9	15.9	15.9
Commodities	22.5		1.5	1.5	1.5	1.5	1.5
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	291.3	0.0	292.1	292.1	292.1	292.1	292.1

Fund Source (Operating Only)

1004 Gen Fund	291.3		175.3	175.3	175.3	175.3	175.3
1005 GF/Prgm			116.8	116.8	116.8	116.8	116.8
Total	291.3	0.0	292.1	292.1	292.1	292.1	292.1

Positions

Full-time	3.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

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Agency: Department of Environmental Conservation

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Date: 02/27/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. SB62

Analysis

This bill outlines the regulation of marijuana businesses. As written, most of the regulatory responsibility falls to the Department of Commerce.

To ensure the safety of edible marijuana products, the Food Safety and Sanitation (FSS) program would be involved with both marijuana processors and marijuana retailers as they are currently described in SB 62. The FSS program staff would be responsible for ensuring sanitary practices at each processing location and ensuring that foods held in a retail facility were being stored properly (eg. refrigerated products are kept at an appropriate temperature). New processing and retail facilities will be subject to existing FSS regulations and fees.

Existing fees cover approximately 40% of the cost of permitting and inspections for processing and retail food facilities. Revenues reflect a proportional shift to general fund program receipts in FY2017 as new operators start paying fees. In FY2016, there will be an increased need to provide technical assistance to facilities preparing to open, which will not be fee supported.

Personal Services:

SB 62 will require the addition of three new Food Safety & Sanitation staff members. An Environmental Health Officer III, located in Anchorage, will be responsible for performing high risk retail and food processor inspections for marijuana processors. An Environmental Health Officer II, located in Fairbanks, will also perform high risk inspections. An Environmental Health Technician, located in Anchorage, will be needed for the anticipated increase in retail and processing permitting activities, and technical assistance.

Travel:

Limited air travel to Western Alaska will be required to inspect new retail facilities. Staff inspecting marijuana food processing facilities will require training on extraction processes. Training is only available out of state at this time.

Contractual:

Contractual costs are estimated LAW RSA costs during the regulation development process. Although FSS is not required to draft or amend existing regulations, we do expect to have significant involvement in the drafting and development of marijuana regulations by the Marijuana Control Board.

Supplies:

New employee start up costs and general office supplies are the only estimated supply costs.