

Fiscal Note

State of Alaska
2015 Legislative Session

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

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

Department: Department of Environmental Conservation
Appropriation: Environmental Health
Allocation: Laboratory Services
OMB Component Number: 2065

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					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
OPERATING EXPENDITURES								
Personal Services	175.2		210.2	210.2	210.2	210.2	210.2	210.2
Travel	13.0		13.0	13.0	13.0	13.0	13.0	13.0
Services	30.5		12.6	12.6	12.6	12.6	12.6	12.6
Commodities	15.0		1.0	1.0	1.0	1.0	1.0	1.0
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	233.7	0.0	236.8	236.8	236.8	236.8	236.8	236.8

Fund Source (Operating Only)

1004 Gen Fund	233.7		236.8	118.4	118.4	118.4	118.4
1005 GF/Prgm				118.4	118.4	118.4	118.4
Total	233.7	0.0	236.8	236.8	236.8	236.8	236.8

Positions

Full-time	2.0		2.0	2.0	2.0	2.0	2.0
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If yes, by what date are the regulations to be adopted, amended or repealed?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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Division:	Environmental Health	Date:	02/27/2015 12:50 PM
Approved By:	Lynn Kent, Deputy Commissioner	Date:	02/27/15
Agency:	Department of Environmental Conservation		

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.

At a minimum, the Environmental Health Lab (EHL) will need to develop procedures for certifying private marijuana testing labs, since there are not any federal standards available to incorporate or adopt by reference. The EHL will require trained staff to perform the initial laboratory certifications and annual audits.

EHL anticipates fees will be included in the new regulations for certifying private laboratories. Revenues reflect a shift to being partially supported by general fund program receipts as the program is established and fees are able to be collected. Without knowing how many private laboratories will need certification, or what methods these laboratories will use, it will be difficult to anticipate how much in fees will be collected in the first several years of the program.

Personal Services:

SB 62 will require the addition of two new laboratory staff, a Microbiologist III and a Chemist IV. These new positions will be responsible for certifying third party laboratories according to the biological (mold, fungus, bacteria, etc.) and/or chemical (potency, pesticides, metals, etc.) methods these private laboratories will use in operations.

Travel:

Certification of private laboratories requires on-site inspections and audits each year. Travel costs are estimated under the assumption that private laboratories will be located on the road system, since marijuana is prohibited from being shipped commercially.

Contractual:

Contractual costs are estimated LAW RSA costs during the regulation development process. Although the EHL 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.

Equipment:

SB 62 does not require the Environmental Health Laboratory to test marijuana or marijuana products, so no laboratory equipment is required with this fiscal note.