

I Mina'Trentai Kuáttro Na Liheslaturan
BILL STATUS

| BILL NO. | SPONSOR | TITLE | DATE INTRODUCED | DATE REFERRED | CMTE REFERRED | PUBLIC HEARING DATE | DATE COMMITTEE REPORT FILED | FISCAL NOTES | NOTES |
|---|--|--|--------------------------------------|------------------------|--|---------------------|-----------------------------|-------------------------------|-------|
| 69-34 (COR) As corrected by the Prime Sponsor. | Joe S. San Agustin Dennis G. Rodriguez, Jr. | AN ACT TO AMEND § 122503(k); TO ADD NEW §§ 12503 (ee) AND 12503(ff); TO AMEND §122508; TO ADD NEW §§ 122509 (d)(7) AND 122509 (e)(7), TO AMEND THE FIRST PARAGRAPH AND TO ADD A NEW PARAGRAPH AT THE END OF § 122510(a), AND TO AMEND THE INTRODUCTORY SENTENCE OF § 122510(e) , ALL OF ARTICLE 25, CHAPTER 12, DIVISION 1, TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO REQUIRING THE DEPARTMENT OF PUBLIC HEALTH AND SOCIAL SERVICES (DPHSS) TO ISSUE CONDITIONAL PERMITS AND THE DEPARTMENT OF REVENUE AND TAXATION (DRT) TO COLLECT FEES AND ISSUE BUSINESS LICENSES FOR THE COMMERCIAL CULTIVATION, MANUFACTURING, LABORATORY TESTING, AND DISPENSARY ACTIVITIES FOR MEDICINAL CANNABIS, TO FURTHER IMPLEMENT THE "JOAQUIN (KC) CONCEPTION, II COMPASSIONATE CANNABIS USE ACT OF 2013". | 4/5/17 3:33 p.m. | 5/2/17 | Committee on Appropriations and Adjudication | | | Fiscal Note Request 5/2/17 | |
| | | | AS CORRECTED 4/28/17 2:34 p.m. | Re-referred: 5/2/17 | Re-referred Committee: Committee on Health, Tourism, Military Affairs and Senior Citizens | | | Fiscal Note 5/24/17 | |



COMMITTEE ON RULES

Senator Michael F.Q. San Nicolas, *Chairman*
I Mina'Trentai Kuåtto na Liheslaturan Guåhan • 34th Guam Legislature



MEMO

To: Rennae Meno
Clerk of the Legislature

From: Senator Michael F.Q. San Nicolas
Chairman of the Committee on Rules

Date: May 24, 2017

Re: Fiscal Notes

Buenas yan Håfa adai.

Attached, please find the fiscal note for the following bill:

Bill No. 69-34 (COR), As Corrected by the Prime Sponsor

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Christian Valencia, Committee on Rules Director, at 472-6453.

Thank you for your attention to this important matter.

Respectfully,


Senator Michael F.Q. San Nicolas
Chairman of the Committee on Rules



**Bureau of Budget & Management Research
Fiscal Note of Bill No. 69-34(COR)**

AN ACT TO AMEND §122503(k); TO ADD NEW §§12503(cc) AND 12503(ff); TO AMEND § 122508; TO ADD NEW §§ 12509 (d)(7) AND 122509 (e)(7); TO AMEND THE FIRST PARAGRAPH AND TO ADD A NEW PARAGRAPH AT THE END OF §122510(a), AND TO AMEND THE INTRODUCTORY SENTENCE OF §122510(e), ALL OF ARTICLE 25, CHAPTER 12, DIVISION 1, TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO REQUIRING THE DEPARTMENT OF PUBLIC HEALTH AND SOCIAL SERVICES (DPHSS) TO ISSUE CONDITIONAL PERMITS AND THE DEPARTMENT OF REVENUE AND TAXATION (DRT) TO COLLECT FEES AND ISSUE BUSINESS LICENSES FOR THE COMMERCIAL CULTIVATION, MANUFACTURING, LABORATORY TESTING, AND THE DISPENSARY ACTIVITIES FOR MEDICINAL CANNABIS, TO FURTHER IMPLEMENT THE "JOAQUIN (KC) CONCEPTION, II COMPASSIONATE CANNABIS USE ACT OF 2013."

| Department/Agency Appropriation Information | |
|--|---|
| Dept./Agency Affected: Revenue and Taxation | Dept./Agency Head: John Camacho, Director |
| Dept./Agency Affected: Public Health & Social Services | Dept./Agency Head: James Gillan, Director |
| Department's General Fund (GF) appropriation(s) to date: | 69,552,264 |
| Department's Other Fund (Specify) appropriation(s) to date: DRT(BPSF: \$2,204,250; TCEF: \$913,708; TAF: \$5,000) and DPHSS (IIHF: \$5,180,202; EHF: \$1,311,615; SIRF: \$134,588, CCA: \$100,000) | 9,849,363 |
| Total Department/Agency Appropriation(s) to date: 5/22/17 | 79,401,627 |

| Fund Source Information of Proposed Appropriation | | | |
|---|---------------|-------------------------|------------|
| | General Fund: | (Specify Special Fund): | Total: |
| FY 2016 Unreserved Fund Balance | | \$0 | \$0 |
| FY 2017 Adopted Revenues | \$0 | \$0 | \$0 |
| FY 2017 Appro. (P.L. 33-185 thru P.L. 33-240) | \$0 | \$0 | \$0 |
| Sub-total: | \$0 | \$0 | \$0 |
| Less appropriation in Bill | \$0 | \$0 | \$0 |
| Total: | \$0 | \$0 | \$0 |

| Estimated Fiscal Impact of Bill | | | | | | |
|---------------------------------|----------------------|--|------------|------------|------------|------------|
| | One Full Fiscal Year | For Remainder of FY 2017 (if applicable) | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| General Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| (Specify Special Fund) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

- Does the bill contain "revenue generating" provisions? / x / Yes // No
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? / x / N/A // Yes // No
If no, what is the additional amount required? \$ _____ / x / N/A
- Does the Bill establish a new program/agency? / x / Yes // No
If yes, will the program duplicate existing programs/agencies? // N/A // Yes / x / No
Is there a federal mandate to establish the program/agency? // Yes / x / No
- Will the enactment of this Bill require new physical facilities? // Yes / x / No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: / x / Yes // No
/ x / Requested agency comments not received by due date: // Other:

| | | | |
|--|---------------|--|---------------|
| Analyst:  | Date: 5-22-17 | Director:  | Date: 5/23/17 |
| John AB Fangelinan, Supervisor | | Lester L. Fung, Jr., Acting Director | |

Footnotes:
See attached comment sheet.

Bureau of Budget & Management Research
Attachment to Fiscal Note No. 69-34 (COR)
(for revenue generating provisions)

| Projected Multi-Year Revenues | | | | | |
|-------------------------------|------------|------------|------------|----------|------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| General Fund | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 |
| Other Fund: | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | | <u>\$0</u> |
| Total | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 |

Comments:

See attached comment sheet.

Comments for Legislative Bill No. 69-34

The proposed Bill is seeking to amend sections of the Article 25, The Joaquin (KC) Concepcion II Compassionate Cannabis Act of 2013, Chapter 12, of Title 10 Guam Code Annotated (GCA) by definitively defining the two key departments responsible to initiate the Act. These two departments are the Department of Public Health and Social Services (DPHSS) and the Department of Revenue and Taxation.

The DPHSS shall issue the medical cannabis business license as defined §§(c) (1) to (c) (6) of §122508, Chapter 12 of Title 10 GCA. As part of the proposed amendment, §§(c) (7) is added to include the Medical Cannabis Dispensary License. The proposed amendment also added § (d) and §§ (d) (1) to (d) (4) which defines the DRT's role in the process.

The DRT is to issue the following cannabis licenses:

1. Cannabis Cultivating Business License.
2. Cannabis Manufacturing Business License.
3. Medical Cannabis Testing Laboratory Business License.
4. Medical Cannabis Dispensary License.

Additionally, the proposed addition of § 122509(d) (7) defined the initial and annual renewal license fees related to the above referred licenses as follows:

1. \$1,000 for Cannabis Cultivating Business License.
2. \$1,000 for Cannabis Manufacturing Business License.
3. \$1,000 for Medical Cannabis Testing Laboratory Business License.
4. \$1,000 for Medical Cannabis Dispensary License.

The fiscal impact of the proposed license fees is difficult to develop because the qualifying criteria for each category have yet to be defined; however, if we assumed that entry into this market would be limited due to the dollar investment required, the limited market as the result of the required doctor's prescription and the need of land, then the participants of this new program may be as high as 30 establishments as follows:

- | | | |
|---------------------------|-------------------|--------------------|
| 1. Commercial Cultivation | 5 each | |
| 2. Manufacturing Facility | 5 each | |
| 3. Testing Laboratory | 5 each | |
| 4. Dispensary | <u>15 each</u> | |
| 5. Total | 30 Participants x | \$1,000 = \$30,000 |

It is further assumed that the same commercial cultivators would have their own manufacturing, laboratory and dispensary facilities. Also included in this estimate are five independent dispensary outlets. Therefore the initial revenue estimate for such licensing would be up to \$30,000 for the first year and a minimum of \$30,000 thereafter.

The proposed Bill also amends the application process to include the initial issuance of a conditional permit by DPHSS prior to the issuance of the license; and, after all the required administrative protocol have been complied, a final permit is then issued by DPHSS.