

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 5

January 10, 2019

SUMMARY OF BILL: Effective January 1, 2020, increases the time of validity for industrial hemp licenses from annual to biennial.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$200,000/FY20-21 and Every Two Years Thereafter/
Agriculture Regulatory Fund**

**Decrease State Revenue - \$200,000/FY21-22 and Every Two Years Thereafter/
Agriculture Regulatory Fund**

Other Fiscal Impact – The proposed legislation is not creating any additional revenue. It simply changes the fiscal years in which current Agriculture Regulatory Fund revenue is collected.

Assumptions:

- Based on information provided by the Department of Agriculture (DOA), the number of industrial hemp licenses issued is estimated to be approximately 800 per year. For purposes of this analysis, this number is assumed to remain constant into perpetuity.
- The average fee per license under current law is \$250.
- Under current law, state revenue generated from annual license fees in FY19-20 and subsequent years is estimated to be \$200,000 (800 x \$250). Such revenue is deposited to the Agriculture Regulatory Fund (ARF) and is used for administration of the industrial hemp program and regulation of industrial hemp.
- Based on information provided by DOA, the Commissioner will increase the fees of the industrial hemp licenses proportionally to offset the change from annual to biennial licenses, effectively doubling the fees from an average of \$250 to an average of \$500 per license beginning in FY20-21.
- Passage of this legislation will effectively accelerate the collection of license fee revenue to the ARF beginning in FY20-21 without changing the total amounts collected by the state over any two-year period.

- The estimated 800 licensees will be charged fees that average \$500 in FY20-21 and every two years thereafter, resulting in total license fee revenue of \$400,000 in those years (800 x \$500).
- Therefore, the proposed legislation will result in an increase in state revenue to the ARF of \$200,000 in FY20-21 and every two years thereafter (\$400,000 - \$200,000), and a decrease in state revenue to the ARF of \$200,000 in FY21-22 and every two years thereafter (\$0 - \$200,000).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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