

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1051**

**Bill Subtitle: TO AMEND THE ARKANSAS MEDICAL MARIJUANA AMENDMENT OF 2016; AND TO ADD A LICENSURE PROCEDURE FOR TRANSPORTERS, DISTRIBUTERS, AND PROCESSERS TO THE ARKANSAS MEDICAL MARIJUANA AMENDMENT OF 2016.**

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### **Basic Change :**

**Sponsor: Representative House**

This bill would amend the Arkansas Medical Marijuana Amendment of 2016 ("Amendment") to provide authorization and licensure of marijuana transporters, distributors and processors and their agents. A marijuana transporter or distributor would be allowed to possess marijuana while transferring marijuana from a dispensary, cultivation facility, or processor to another dispensary, cultivation facility, or processor. Marijuana transporters and distributors would be authorized to receive compensation for their services. Marijuana processors would be authorized to acquire, possess, manufacture, prepare, deliver, transport and supply marijuana to licensed dispensaries and cultivation facilities. Processors would be allowed to receive compensation for their services. Licensure of marijuana transporters, distributors and processors and their agents would be through the Medical Marijuana Commission ("Commission") with the Alcoholic Beverage Control Division ("ABC") providing administrative support services.

### **Revenue Impact :**

Initial licenses and renewal licenses would have fees established by the Medical Marijuana Commission.

### **Taxpayer Impact :**

This bill would allow qualifying applicants to be licensed by the Commission for a reasonable fee as a transporter, distributor, and/or processor. This license would be valid for one (1) year after the date of issuance at which time the license would need to be renewed.

### **Resources Required :**

None

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

None.

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### Other Comments :

Page 6 -- Lines 10 through 12 - Records of each transaction between the transporter, distributor, or processor and dispensary, cultivation facility, or another processor should be maintained by the business within their own accounting records and be available for subsequent compliance audit in the same manner as business records are maintained in accordance with Arkansas State Tax Procedures for a period of six (6) years. Currently, the bill requires the licensee to maintain transaction records for only three (3) years.

### Legal Analysis :

HB1051 creates a new designation and licensing process for transporters, distributors, and processors under the Amendment. The bill places licensing rulemaking authority regarding these entities with the Commission and the enforcement of compliance with ABC.

Under the bill, the term "processor" is not well defined. Processors are given the ability to "acquire, possess, manufacture, process, prepare, deliver, transport and supply marijuana." See proposed § 24(f)(2)(A)(i). The terms "process" and "manufacture" are not clearly defined nor is it clear how such an entity would or would not overlap with existing authority of a Cultivation Facility to process or a transporter's authority to transport under this bill.

This bill's entities are not as limited as Cultivation Facilities and Dispensaries. For example, there is no limitation on the number of licenses an individual or entity can hold. Also, there is no requirement for all or a portion of the entity to be owned by an established Arkansas resident. The residency ownership restriction in the Amendment could be circumvented by creating a Processor for non-Arkansas investors contracted to operate a Cultivation Facility that is licensed to an entity of which the non-Arkansas investors are partial owners.

The bill also does not place the same geographic restrictions on the transporters, processors, and distributors as are placed on the Cultivation Facilities and Dispensaries under the Amendment. Accordingly, medical marijuana could not be cultivated within 3,000 feet of a public or private school, church, or daycare, but there would be no limitation on where the medical marijuana could be stored or processed.

This bill will impact the Department of Finance and Administration ("Department") because it will require ABC to license and regulate three additional classes of entities. The bill will also require the ABC to conduct criminal background checks and issue identification cards for each person employed by one of these entities. Additional resources will be required to enforce compliance of these entities. Unlike cultivation facilities and dispensaries, this bill presents no limit on the number of transporters, processors, and distributors allowed to operate in the state.

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For one of the defined entities, the bill uses the spelling "distributer." "Distributor" is the more popularly used spelling.