

Ballot Proposition 205 Fiscal Impact Summary

A.R.S. § 19-123D requires the JLBC Staff to prepare a summary of 300 words or less on the fiscal impact of voter-initiated ballot measures. Proposition 205 would legalize the sale of marijuana in Arizona to individuals age 21 and over beginning March 1, 2018. Retail sales would be subject to a 15% tax, and marijuana-related businesses would pay licensing fees. The taxes and licensing fees are projected to generate \$53.4 million in FY 2019 and \$82.0 million in FY 2020. These monies would be distributed as follows:

- \$8.6 million in both FY 2019 and FY 2020 to the Department of Marijuana Licenses and Control and the Department of Revenue for marijuana regulation and tax administration.
- \$6.8 million in FY 2019 and \$3.8 million in FY 2020 to local governments with marijuana-related businesses within their jurisdiction.
- \$15.2 million in FY 2019 and \$27.8 million in FY 2020 to K-12 schools for operating costs, including teacher compensation, construction, and maintenance.
- \$15.2 million in FY 2019 and \$27.8 million in FY 2020 to K-12 schools for full-day kindergarten.
- \$7.6 million in FY 2019 and \$13.9 million in FY 2020 to the Arizona Poison Control System for public education campaigns about marijuana, alcohol, and other substances.

Marijuana sales would be subject to regular state and local sales taxes, generating projected state and local government revenues of \$22.4 million in FY 2019 and \$41.8 million in FY 2020. These monies would be available for general use.

There could be fiscal costs from increased substance abuse treatment, emergency room visits, and adjudication of individuals charged with driving under the influence of marijuana, as well as savings from reduced arrests, prosecutions, and punishment of marijuana offenses. The magnitude of such costs or savings would depend on subsequent funding decisions made by the Arizona Legislature or the voters.