152nd GENERAL ASSEMBLY
FEE IMPACT

BILL:	**HOUSE BILL NO. 408**
AS AMENDED BY:	**HA 1**
SPONSOR:	**Representative Osienski**
DESCRIPTION:	**AN ACT TO AMEND TITLE 4 OF THE DELAWARE CODE RELATING TO MARIJUANA CONVERSION LICENSES.**

In accordance with 29 Del. C. §913, the following information is provided relating to licenses and fees.

Description of the Legislation:
This Act creates temporary conversion licenses for existing medical marijuana compassion centers to operate for recreational marijuana purposes.

Affected Entities:
Office of the Marijuana Commissioner

Fiscal Impact:
The base conversion license fee is $100,000. If the conversion license sought is for a cultivation facility, the base conversion license fee is $200,000.

a. Both base license fees may be paid quarterly over 12 months.
b. The conversion license fee may be paid quarterly over 18 months, in which case the base conversion license fee is increased by 10%.

The Marijuana Commissioner may begin accepting applications for conversion licenses starting August 1, 2024.

a. A conversion license expires 24 months after it is issued.
b. No conversion license may be issued after November 1, 2024.
c. Before the expiration of a conversion license, the licensee may apply to renew the license as an open license of the type applicable to the facility. A renewal fee of $10,000 is required to renew the conversion license as an open license. This renewal fee is in lieu of any renewal fee required to renew an open license other than a conversion license.

According to the 2023 Delaware Medical Marijuana Program Annual Report published by the Department of Health and Social Services, Division of Public Health (DPH), Office of Medical Marijuana, which operates the Delaware Medical Marijuana Program, six compassion center companies in Delaware operate cultivation facilities and 12 retail locations. The number of those companies that may pursue a temporary conversion license is unknown and indeterminable. Depending on the number of applicants received and the applicant's decision to pay the conversion license fee in whole or quarterly installments, revenue generated from the fee would likely be received in Fiscal Years 2025 and 2026.

Fiscal Year 2025: Indeterminable
Fiscal Year 2026: Indeterminable
Fiscal Year 2027: Not in Effect

Intended Use of Revenue:
Revenue imposed under Chapter 13, Title 4 of the Delaware Code (The Delaware Marijuana Control Act) must be placed into the Marijuana Regulation Fund, including this Act's proposed conversion licenses.

Prepared by Jason R. Smith
Office of the Controller General