153rd GENERAL ASSEMBLY
FEE IMPACT

BILL:	**HOUSE BILL NO. 373**
SPONSOR:	**Representative Heffernan**
DESCRIPTION:	**AN ACT TO AMEND TITLE 4 AND TITLE 16 OF THE DELAWARE CODE RELATING TO ALCOHOL AND MARIJUANA.**

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

Description of the Legislation:
This Act sets forth requirements and restrictions for the manufacture, importation, distribution, and sale of THC-infused beverages, authorizes manufacturers and other entities to operate in Delaware, and establishes manufacturing and product requirements. Additionally, this Act establishes an "infused beverage endorsement" and application and renewal fees for the endorsement, as well as a rate of tax for infused beverages.

An infused beverage endorsement is issued as determined by the Marijuana Commissioner (Commissioner). All endorsements are valid for two years with the associated application or renewal fees paid at the time of application.

Infused beverage endorsement - Eligible persons or entities shall submit an application fee of $1,500 to the Commissioner. Marijuana product manufacturing facilities owned by a social equity licensee or licensed as a microbusiness shall submit an application fee of $600 to the Commissioner.

Sunday sales endorsement - A retail marijuana store seeking to sell infused beverages on Sundays must pay a $500 biennial endorsement fee.

Infused beverage endorsement renewal fees - Manufacturers, suppliers, and importers of infused beverages shall submit a renewal fee of $1,000. For suppliers of infused beverages, the Commissioner must remit $400 of the renewal fee to the Office of the Alcohol Control Beverage Commissioner. Marijuana product manufacturing facilities owned by a social equity licensee or licensed as a microbusiness shall submit a renewal fee of $400.

Microbrewery fees - A microbrewery seeking authorization to sell infused beverages for off-premises consumption must pay a $100 application fee, a $100 inspection fee, and a $200 biennial fee.

Rate of tax for infused beverages - The tax payable for infused beverages is $0.50 per container. This tax is payable by a person holding an endorsement as an importer upon the sale to any person in this State and by a person holding an endorsement as a manufacturer upon the sale to any package store.

Affected Entities:
Department of Safety and Homeland Security, Office of the Marijuana Commissioner, Division of Alcohol and Tobacco Enforcement (DATE); Department of Finance, Division of Revenue; Department of Health and Social Services, Division of Public Health; Department of State, Office of the Alcoholic Beverage Control Commissioner

Fiscal Impact:
Revenues generated by this Act would not begin until the Office of the Marijuana Commissioner starts to accept and issue infused beverage endorsements and the legal sales of THC-infused beverages begin and are reported to the Division of Revenue. The number of entities that may become licensed in the first fiscal

year of authorization (assumed to be sometime during Fiscal Year 2027) is unknown; therefore, the additional revenue is indeterminable.

Fiscal Year 2027: Indeterminable
Fiscal Year 2028: Indeterminable
Fiscal Year 2029: Indeterminable

Intended Use of Revenue:
Microbrewery fees submitted to the Office of the Alcoholic Beverage Control Commissioner are deposited into the General Fund. All other revenues generated must be placed into the Marijuana Regulation Fund, which is intended to support the administrative costs and expenses of state agencies responsible for taxing and regulating personal use marijuana in Delaware.

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