

HF600 - 4E - Legalize Cannabis

Chief Author: **Ryan Winkler**
 Committee: **Agriculture Finance and Policy**
 Date Completed: **4/15/2021 9:31:02 AM**
 Agency: **MN.IT Services**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Other Misc. Special Revenue	-	-	-	-	-	-
MN.IT Services	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Other Misc. Special Revenue	-	-	-	-	-
MN.IT Services	-	14	14	14	14
Total	-	14	14	14	14

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joe Harney **Date:** 4/6/2021 11:17:09 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
Other Misc. Special Revenue	-	-	-	-	-	-
MN.IT Services	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Other Misc. Special Revenue	-	4,601	3,498	3,498	3,498	3,498
MN.IT Services	-	193	237	237	237	237
Total	-	4,794	3,735	3,735	3,735	3,735
Biennial Total			8,529			7,470
2 - Revenues, Transfers In*						
Other Misc. Special Revenue	-	4,601	3,498	3,498	3,498	3,498
MN.IT Services	-	193	237	237	237	237
Total	-	4,794	3,735	3,735	3,735	3,735
Biennial Total			8,529			7,470

Bill Description

This bill relates to cannabis. It establishes the Cannabis Management Board and the Cannabis Advisory Council. The bill requires reporting relating to cannabis use and sale. It legalizes and limits the possession and use of cannabis by adults.

The bill requires establishment of a statewide monitoring system for integrated cannabis tracking, inventory, and verification to track all cannabis and cannabis products from seed or immature plant until disposal or sale to a patient or customer.

The Cannabis Management Board will need to consult with the state chief information officer to enter into a contract for the provision and improvement of the system. The Cannabis Management Board will also be responsible for licensing, inspection, and regulation of cannabis businesses.

Assumptions

1. Cost estimates are based on 53.25 Cannabis Management Board FTEs and 14 MNIT FTEs. Total FTE is 67.25.
2. Estimates are based on approximately 10,000 sq.ft of space.
3. Enterprise IT costs are based on FY22-23 approved enterprise rates.

Expenditure and/or Revenue Formula

MNIT’s cost estimate includes both enterprise and pass through agency costs as well as cost savings to the Department of Health due to transfer of employees. Revenue represents reimbursement of costs from the new agency. The net fiscal impact to MNIT will therefore be zero.

Details of costs are in the tables below.

Enterprise Costs

	FY22	FY23	FY24	FY25	Cost type
ISP circuit - Fixed cost	1.20				Fixed, one-time
Low voltage cabling for computers and phones	23.21				FTE based, one-time
Data closet - racks, UPS's, patch panels	12.61				FTE based, one-time
WAN - Config and Install	0.44				Fixed, one-time
LAN - Professional services	3.04				Fixed, one-time
Wireless - Professional services	1.01				Fixed, one-time
Purchase of phones	15.74				FTE based, one-time
analog phones - fax machines, elevator	0.30				Fixed, one-time
IP Phones - Professional services for programming phones, 911 install	4.06				Fixed, one-time
Website - Set up of a basic no-frills website	10.10				Fixed, one-time
First week move-in support and help (professional hours)	2.43				Fixed, one-time
Website	2.50	5.00	5.00	5.00	Fixed, ongoing
IP Phone service	8.36	16.71	16.71	16.71	FTE based, ongoing
ISP circuit	6.00	12.00	12.00	12.00	Fixed, ongoing
WAN	5.07	10.14	10.14	10.14	Fixed, ongoing
LAN - port switches	3.36	6.73	6.73	6.73	FTE based, ongoing
LAN Core - dual LAN cores for LAN redundancy (one core switch)	4.03	8.05	8.05	8.05	Fixed, ongoing
Wireless access points	0.25	0.50	0.50	0.50	FTE based, ongoing
analog phones - fax machines, elevator, panic button (3)	0.66	1.33	1.33	1.33	Fixed, ongoing
workstations- laptop - Assumes all employees will use laptops	31.46	62.93	62.93	62.93	FTE based, ongoing
Enterprise Software Bundle	21.74	43.49	43.49	43.49	FTE based, ongoing

Mobile Device Management - Advanced - email access on a state devices	4.72	9.44	9.44	9.44	FTE based, ongoing
Multi-factor Authentication - Security Services	0.96	1.93	1.93	1.93	FTE based, ongoing
Security Core Services	10.76	21.52	21.52	21.52	FTE based, ongoing
MNIT Admin Charges - MNIT FTE based	9.05	18.09	18.09	18.09	FTE based, ongoing
MNIT Admin Charges - MNIT IT spend based	9.45	18.90	18.90	18.90	FTE based, ongoing
Total Enterprise Costs	192.53	236.76	236.76	236.76	

Pass through agency costs (MNIT FTE and IT systems costs)

	FTE	FY22	FY23	FY24	FY25	Effective Date
Board MNIT Costs (000)		1380	542	542	542	7/1/2021
<i>Seed to Sale</i>		1988	784	784	784	7/1/2021
<i>Cannabis Licensing and Credentialing</i>		3368	1326	1326	1326	7/1/2021
OMC Legacy System Upgrades		270	190	190	190	7/1/2021
Web Services		470	460	460	460	7/1/2021
Call Center Services	5	153	1247	1247	1247	7/1/2021
IT Staff Support	9					
<i>*Staff FTE cost absorbed in projected work above</i>						
Total Board IT Costs	14	4,601	3,498	3,498	3,498	

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

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