



SF 2335 – Cannabidiol Dispensaries, Maximum Number of Licensees (LSB5831SV)
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 Fiscal Note Version – New

Description

Senate File 2335 increases the maximum number of medical cannabidiol dispensary licenses in the State from 5 to 10. The Bill allows a licensee to hold no more than three medical cannabidiol dispensary licenses.

Background

The Medical Cannabidiol Program was established in 2017, authorizing the manufacture and sale of products that contain both Cannabidiol (CBD) and tetrahydrocannabinol (THC). Through the Program, the Department of Health and Human Services (HHS) can award up to five cannabidiol licenses in the State. Currently, MedPharm Iowa holds two dispensary licenses, while Iowa Cannabis Company holds three dispensary licenses.

Taxable sales of medical cannabidiol were approximately \$13.2 million in FY 2023.

Assumptions

- Senate File 2335 may expand the availability of medical cannabidiol.
- The number of active registration cards issued to patients may remain unchanged.
- Medical cannabidiol taxable sales revenue may increase by 25.0% because of previously unmet demand.
- Medical cannabidiol taxable sales and sales tax revenue are estimated to grow at an average annual inflation rate of 2.0% from FY 2024 to FY 2029.
- Secure an Advanced Vision for Education (SAVE) refunds are 1.0% of taxable sales. Local option sales tax (LOST) distributions are estimated to be 0.97% of taxable sales.
- The HHS reports that approximately \$100,000 of information technology (IT) costs and any additional licensing costs associated with validating and integrating new dispensaries and dispensary personnel will be absorbed by the Program’s current operational funding.

Fiscal Impact

Senate File 2335 is estimated to increase revenue to the General Fund, SAVE Fund, and LOST by the estimated amounts in **Figure 1**.

Figure 1 — Fiscal Impact of SF 2335 (in millions)

	<u>General Fund</u>	<u>SAVE</u>	<u>LOST</u>
FY 2025	\$ 0.16	\$ 0.03	\$ 0.03
FY 2026	0.16	0.03	0.03
FY 2027	0.16	0.03	0.03
FY 2028	0.17	0.03	0.03
FY 2029	0.17	0.03	0.03

Sources

Department of Health and Human Services
Department of Revenue

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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