

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 12, 2017

Agency Submitting: Department of Health and Human Services, Public and Behavioral Health

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

BDR 40-361, as it relates to the Division of Public and Behavioral Health, transfers the governance of the medical marijuana programs to the Department of Taxation.

As part of the Division's indirect cost plan, the transfer of the medical marijuana programs to the Department of Taxation could have a material impact to the indirect costs paid to the Division's administrative budget account. The administrative account's Governor Recommends budget includes \$241,937 in indirect cost revenues annually from the medical marijuana accounts. The Division has reached out to its federal cognizant agency to discuss the possible loss of these programs in our indirect cost plan.

The Department of Taxation has indicated if the transfer is approved it would move program staff to existing Department sites. The Division currently has an office space lease agreement in Las Vegas. According to Leasing Services, the Division would not be able to break this lease under these circumstances. Unless the Division could sublease its office space, the Division would be required to make lease payments through June 30, 2023. From FY18 through FY23 this could cost the Division up to \$442,571.

Additionally, the medical marijuana programs occupy space in the Division's leased building at 4150 Technology Way in Carson City. The medical marijuana programs are budgeted to pay \$93,303 of lease and related costs in FY18; \$94,543 in FY19; and a combined \$198,546 in fiscal years 2020 and 2021. Unless this space is occupied by another program, it would also have a material impact to the Division.

All other costs and revenues would be transferred to the Department of Taxation without a fiscal impact to the Division.

Name Mark Winebarger

Title ASO IV

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Monday, March 27, 2017

The agency's response appears reasonable.

Name Nikki Hovden

Title Exec.Branch Budget Officer