

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (16-134)**

Subject

Initiative petition from Sheila Dundon regarding a proposed constitutional amendment to Article I of the Constitution of Missouri. (Received November 5, 2015)

Date

November 25, 2015

Description

This proposal would amend Article I of the Constitution of Missouri.

The amendment is to be voted on in November 2016.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **State Technical College of Missouri**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Mark R. Reading provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact for their department.

Officials from the **Department of Higher Education** indicated this initiative petition would have no fiscal impact on their department.

Officials from the **Department of Health and Senior Services (DHSS)** submitted the following information regarding their estimate of what it would cost to implement the initiative petition within the timeframes specified therein. However, it should be noted that their department has serious concerns that it may not be possible to meet the specified timeframes, as follows:

Staffing/hiring – If the measure passed in early November, they would have roughly one month before it took effect on December 8, 2016—which is not enough time to have staff on board. DHSS is a Merit System agency, and it takes roughly two months for Merit System hires. That would be an enormous problem because of the requirements that they draft application forms/instructions and make them available to the public within a short time period and then act on them shortly thereafter. Even drafting emergency rules in such a short time period would be extremely difficult. DHSS does not have extra staff that could be reassigned to such tasks until such time as new staff could be hired.

Funding – Their estimates of revenue and expenditures indicate a multi-million dollar negative impact in the first fiscal year. The initiative petitions state that funding will “stand appropriated without further legislative action” and specify that the Commissioner of Administration can loan money to the newly created fund. However, that would not appear to solve the problem because their estimates project a negative impact in the first year—so they could not pay back whatever amount was borrowed. Also, it is worth noting that the fund that normally makes such cash flow loans is the Budget Reserve Fund. By law it must be repaid by May 15th of each fiscal year, so any borrowing must be repaid within the same fiscal year.

The DHSS indicated a total estimated net negative effect on state funds of \$2,069,118 for fiscal year (FY) 2017 and a total estimated positive effect on state funds of \$6,708,418 for FY 2018.

This proposal is not an entire duplication; however, Section 192.945, RSMo, allows the DHSS to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of

cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for persons who are issued a registration card due to a debilitating medical condition. Under this proposal, patients with intractable epilepsy could also qualify to receive a registration card for medical marijuana use.

Rental space would be needed for 89 full-time employees (FTE) located in Jefferson City: 89 FTE x 230 sq ft/FTE x \$16.75/sq. ft. = \$342,872.50.

The proposed language would legalize the use of marijuana for medicinal purposes. There could be an unknown impact on small businesses that serve as cultivators, manufacturers, or dispensary facilities.

The proposed constitutional amendment requires the DHSS to issue annual registrations for patients and their designated caregivers, patient and caregiver cultivators, medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities.

The proposal allows for the following registration/license fees to be collected:

	Initial Application and Annual Renewal	
Qualifying Patient ID Card	\$25.00	
Primary Caregiver ID Card	\$25.00	
Patient or Caregiver Cultivation ID Card	\$100.00	
	Initial Application Fee & Renewal License Application Fee (3 yr. license)	Annual Licensing Fee
Medical Marijuana Cultivation Facility License	\$3,000	\$20,000
Medical Marijuana Dispensary Facility License	\$3,000	\$10,000
Medical Marijuana-Infused Products Manufacturing License	\$3,000	\$10,000

The provisions of this section shall become effective on December 8, 2016. According to the proposed provisions of this section, DHSS shall make available to the public all license application forms and the application forms for qualifying patients, caregivers, and qualifying patient cultivation identification cards within 90 days of the effective date

of the section. DHSS shall accept all applications no later than 150 days following the effective date of this section. For purposes of this fiscal note, it is assumed that the first fees for license applications and identification cards would be collected May 1, 2017 (FY 2017).

The estimations for the number of each type of registration and license issued each year are detailed later in this response. The total estimate of collected fees equals \$945,050 for FY 2017 and \$13,710,250 for FY 2018.

Section 37.3(2)(e) allows DHSS to issue rules creating a range of administrative penalties related to implementation and enforcement of rules that ensure the right to, availability, and safe use of marijuana for medical use. These administrative penalties could include penalty fees but the fee amounts and frequency of penalties issued is unknown at this time.

Section 37.4(1) of the proposed amendment mandates each licensed Medical Marijuana Dispensary facility to collect a four percent tax on the retail sale of all medical marijuana products sold to be collected by the Department of Revenue (DOR). The amount of tax that will be collected is unknown and is referred to the DOR for these estimations.

The DOR may retain up to five percent of the annual taxes collected. The rest of the tax collected is to be deposited by the DOR into the Missouri Veterans' Health Care Fund. This fund shall consist of all fees and taxes collected by this proposed section.

Division of Community and Public Health (DCPH)

Section 37.3(1) authorizes DHSS to grant or refuse licenses for the cultivation, manufacture, distribution, and sale of marijuana for medical use as provided by the provisions of Section 37. This section also authorizes DHSS to suspend, fine, restrict, or revoke such licenses upon any violation of this section or a rule promulgated by DHSS pursuant to this section. DHSS shall develop such rules, forms, licenses, identification cards, and applications as necessary to implement provisions of this section. DHSS is also required to certify at least two commercially available software products that licensees must use for seed-to-sale tracking standards. DHSS is to prepare annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to them by this section.

Section 37.3(2) permits DHSS to issue any rules necessary to ensure the right to, availability and safe use of marijuana for medical use by qualifying patients. This includes addressing: requirements for inspections, investigations, searches, seizures, and such additional enforcement activities that may become necessary; the creation of a range of administrative penalties; development of individual identification cards for owner, officers, managers, contractors, employees, and other support staff of entities licensed pursuant to this section; security requirements for any premises licensed; regulation of the storage and transportation of marijuana for medical use; sanitary requirements for the preparation of medical marijuana-infused products; labeling and packaging standards;

and records to be kept by the licensees, state licensing procedures for initial licenses, renewals and reinstatements.

Section 37.3(3) requires DHSS to issue rules regarding independent testing and certification for medical marijuana licensees to ensure products that are sold for human consumption are correctly labeled and do not contain contaminants that are injurious to health.

Section 37.3(5) requires DHSS to make available to the public license application forms (for all types of licensees) and instructions within 90 days of the effective date of this section.

Section 37.3(6) requires DHSS to make available to the public application forms and accompanying instructions for qualified patients, qualified patient or caregiver cultivation, and primary caregiver identification cards within 90 days of the effective date of this section. The DHSS is also required to accept these applications within 150 days of the effective date of this section.

Section 37.3(16) requires DHSS to begin accepting medical marijuana cultivating, dispensing, and manufacturing facility license applications no later than 150 days from the effective date and shall either approve or deny within 150 days after submission.

Section 37.3(17) requires DHSS to process a qualifying patient identification card within 30 days of receipt of the application.

Section 37.3(18) requires DHSS to process a primary caregiver identification card within 30 days of receipt of the application.

Information Technology Services Division (ITSD)

Support of an IT vendor to build a data system to support the administration and reporting requirements indicated in Section 37 of Article I (Right to Access Medical Marijuana). The system would be used by the department to process applications to include issuance of licenses and identification cards.

Division of Administration

Specific program impact for the DHSS is in the Division of Community and Public Health. However, application and license transactions will have associated fees, which impacts the Division of Administration.

Office of General Counsel

One full-time attorney would be needed to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and represent the department in appeals of licensure and identification card denials.

The proposed amendment requires DHSS to adjust (increase or decrease) registration and license fees according to the Consumer Price Index as published by the U.S. Department of Labor. The change in fees collected (increase or decrease) due to this provision is unable to be determined at this time.

Division of Community and Public Health (DCPH)

Applications for Patient and Caregiver Identification

Section 37 requires DHSS to issue registration cards for qualified patients and their caregivers. An October 2014 study by the nonprofit entity ProCon organization published the rates of patient registration cards issued for each state with a medical marijuana program (<http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889>). This study found that Oregon was issuing qualified patient cards at a ratio of 17.7 per 1,000 patient populations. For purposes of this fiscal note, the State of Oregon's program will be benchmarked in regards to the number of patient and primary caregiver registrants. While the Oregon program was initiated in May 1999 and therefore has an established program, the state of Missouri's chronic disease rates are generally higher and the qualifying medical conditions accepted under Missouri's proposal are broader than those of Oregon.

Calculation of applications:

- Patients: According to the 2014 U.S. Census Bureau information, Missouri's population is at 6,063,589. Applying the rate of 17.7 applications per 1,000 residents, Missouri would estimate issuing 107,326 patient registration cards annually ($6,063,589/1,000 \times 17.7$).
- Caregivers: According to the October 1, 2015 data on Oregon's Medical Marijuana Program Website, the ratio of patient registration cards to caregiver cards is calculated at 2.09. Calculating this same ratio, Missouri would estimate issuing 51,352 caregiver cards annually ($107,326/2.09$).

The proposed effective date of the medical marijuana program is December 8, 2016. DHSS is required to have the applications for the qualifying patient and caregiver identification cards available within 90 days of the effective date (March 8, 2017). Section 37.3(6) requires DHSS to begin accepting applications for the qualifying patient and caregiver cards no later than 150 days from the effective date (May 8, 2017). For purposes of this fiscal note analysis, it is assumed that DHSS will begin accepting applications May 1, 2017 and will receive 15 percent of the expected annual registrations within the remaining two months of FY 2017 ($107,326 \times .15 = 16,099$ patient cards, $51,352 \times .15 = 7,703$ caregiver cards). In FY 2018, DHSS will receive the remaining 85 percent of the expected annual registration applications ($107,326 \times .85 = 91,227$ patient cards, $51,352 \times .85 = 43,649$ caregiver cards). DHSS will collect an application fee of \$25 per card, per Section 37.3(17) and 37.3(18). It is assumed that the fees will be collected in the same fiscal year the applications are received.

	FY 2017	FY 2018
Qualifying Patient Initial Applications	16,099	91,227
Qualifying Patient Renewal Applications	0	16,099
Caregiver Initial Applications	7,703	43,649
Caregiver Renewal Applications	0	7,703
Total Patient & Caregiver Identification Cards	23,802	158,678
Total Patient & Caregiver Application Fees	\$595,050	\$3,966,950

Applications for Patient or Caregiver Cultivation Identification Cards

Section 37 requires DHSS to issue identification cards for a qualifying patient or his or her primary caregiver for purposes of cultivating up to six flowering marijuana plants for the exclusive use of the qualifying patient. For purposes of this fiscal note, it is estimated that 10 percent of the qualifying patients will grow marijuana for themselves or it will be grown by their designated primary caregiver. Therefore, it is estimated that 1,610 cultivation cards will be issued in FY 2017 (16,099 x .10), and 10,733 (107,326 x .10) will be issued in FY 2018. DHSS will collect an annual application fee of \$100 per Section 37.3(10).

	FY 2017	FY 2018
Cultivation Initial Applications	1,610	9,123
Cultivation Renewal Applications	0	1,610
Total Cultivation Identification Cards	1,610	10,733
Total Cultivation Identification Fees	\$161,000	\$1,073,300

Application and Licensing of Medical Marijuana Cultivation Facilities

Section 37 authorizes the DHSS to establish the application and licensing process of medical marijuana cultivation facilities. For purposes of this fiscal note analysis, it is estimated that 76 facilities will apply and become licensed to fully operate cultivation facilities by the end of FY 2018. This estimate is based on the assumption that DHSS will limit the number of cultivation facilities licensed at the minimum required of one facility per 80,000 residents (6,063,589 Missouri residents/80,000 residents per facility = 76 facilities as allowed per Section 37.3(13)). Since DHSS must accept applications within 150 days of the effective date of the proposal but has 150 days to process an application for licensure, DHSS will begin collecting application fees in FY 2017 but will not collect the first license fees until FY 2018. The proposed amendment sets the application fee at \$3,000 with an additional \$20,000 fee for each year of the license. The initial application is valid for a three year license period.

	FY 2017	FY 2018
Cultivation Facility Applications	8	68
Cultivation Facility Application Fees (\$3,000)	\$24,000	\$204,000
Cultivation Facility Annual Licenses	0	76
Cultivation Facility Annual License Fees (\$20,000)	\$0	\$1,520,000
Total Cultivation Application & License Fee	\$24,000	\$1,724,000

Application and Licensing of Medical Marijuana Dispensing Facilities

Section 37 authorizes the DHSS to establish the application and licensing process of medical marijuana dispensing facilities. For purposes of this fiscal note analysis, it is estimated that 386 facilities will apply and become licensed to fully operate dispensing facilities by the end of FY 2018. This estimate is based on the assumption that an average dispensing facility will serve 250 qualified patients (excluding those who have a cultivation identification card). This estimate is based on the current (October 2015) ratio of registered dispensing facilities to qualifying patients seen in the state of Oregon. Since DHSS must accept applications within 150 days of the effective date of the proposal but has 150 days to process an application for licensure, DHSS will begin collecting application fees in FY 2017 but will not collect the first license fees until FY 2018. The proposed amendment sets the application fee at \$3,000 with an additional \$10,000 fee for each year of the license. The initial application is valid for a three year license.

	FY 2017	FY 2018
Dispensing Facility Applications	39	347
Dispensing Facility Application Fees	\$117,000	\$1,041,000
Dispensing Facility Annual Licenses	0	386
Dispensing Facility Annual License Fees (\$10,000)	\$0	\$3,860,000
Total Dispensing Application & License Fee	\$117,000	\$4,901,000

Application and Licensing of Medical Marijuana-Infused Products Manufacturing Facilities

Section 37 authorizes the DHSS to establish the application and licensing process of medical marijuana-infused products manufacturing facilities. For purposes of this fiscal note analysis, it is estimated that 161 facilities will apply and become licensed to fully operate medical marijuana-infused products manufacturing facilities by the end of FY 2018. This estimate is based on the assumption that an average dispensing facility will serve 600 qualified patients (excluding those who have a cultivation identification card).

This estimate is based on the current (October 2015) ratio of registered dispensing facilities to qualifying patients seen in the state of Colorado. Since DHSS must accept applications within 150 days of the effective date of the proposal but has 150 days to process an application for licensure, DHSS will begin collecting application fees in FY 2017 but will not collect the first license fees until FY 2018. The proposed amendment sets the application fee at \$3,000 with an additional \$10,000 fee for each year of the license. The initial application is valid for a three year license.

	FY 2017	FY 2018
Manufacturing Facility Applications	16	145
Manufacturing Facility Application Fees (\$3,000)	\$48,000	\$435,000
Manufacturing Facility Annual Licenses	0	161
Manufacturing Facility Annual License Fees (\$10,000)	\$0	\$1,610,000
Total Manufacturing Application & License Fee	\$48,000	\$2,045,000

Total Revenue in Application and Licensing Fees

	FY 2017	FY 2018
Patient & Caregiver Application Fees	\$595,050	\$3,966,950
Patient or Caregiver Cultivation Fees	\$161,000	\$1,073,300
Cultivation Facility Fees	\$24,000	\$1,724,000
Dispensing Facility Fees	\$117,000	\$4,901,000
Infused Products Manufacturing Fees	\$48,000	\$2,045,000
Total Fees	\$945,050	\$13,710,250

Program Operations: Staffing

Section 37 requires the establishment of a medical marijuana program through promulgation of rules and implementation of those rules for administration of patient and caregiver identification cards; patient or caregiver cultivation identification cards; and licensing of medical marijuana cultivation facilities, dispensing facilities and infused products manufacturing facilities. This also includes the development of all program applications and forms, identification cards, and a computerized database system to allow for the electronic storage of and processing of data needed to issue identification cards and licenses. As a result, DCPH anticipates the need to hire the following staff beginning on December 8, 2016 (FY 2017) to begin development of the program/system:

One Program Manager Broad Band 2 (\$65,000) – will serve as Chief of the Medical Marijuana Bureau. Duties will include overall program management, including

involvement in rule promulgation, development of forms, program policies and procedures, information system development, and initial program set-up. This position will also supervise the two Unit (Program) Coordinators, two Investigator III positions, a Health Program Representative III, and a Bureau Administrative Office Support Assistant.

Two Program Coordinators (A30, \$49,128, Step H) – will serve as Unit Coordinators. One Unit will be responsible for processing patient and caregiver applications, including patient or caregiver cultivation applications. The other unit will be responsible for the applications and licensing of the medical marijuana cultivation facilities, dispensing facilities, infused-products manufacturing facilities. These positions will be involved in the initial program development with the Bureau Chief, hiring of staff, and development of training for staff. Once the program is operational, the Coordinators responsibilities extend to implementation and maintenance of the program, responsibility for meeting application decision deadlines, and ongoing management responsibilities.

One Health Program Representative III (A24, \$38,928, Step B) – duties will include assistance in rule promulgation, program policies and procedures, forms development, information system development/troubleshooting and maintenance, and initial program set-up. This position will serve as the liaison between the Units and IT work on system maintenance and enhancements. This position will also be responsible for establishing materials to educate the public about the program and exhibiting at conferences or other venues to education physicians and the general public.

One Administrative Office Support Assistant (A15, \$28,104, Step F) – duties will include providing administrative assistance to the Bureau Chief, Program Coordinators, Investigators, Inspectors, and HPR III positions. As allowed, this position will also assist in initial processing of patient and caregiver applications for registration cards.

The following staff will be hired effective March 1, 2017, upon release of the application forms for patients and caregivers, patient or caregiver cultivators, and facility licenses:

Two Investigator III positions (A25, \$40,380, Step G) – these positions will investigate all instances/complaints of possible fraud or negligence on the behalf of a recommending physician, a registered patient and/or caregiver, a cultivator, or a medical marijuana facility. With a new program of this size and the legalization of something that remains illegal for the majority of the population, it is anticipated that DHSS will receive a fair number of calls reporting instances of possible violations. While two is estimated for purposes of this fiscal note, it may be necessary to add additional staff after the program is operational for some time. The additional costs remain unknown.

Two Grain Inspector IV positions (A23, \$37,548, Step G) – these positions will complete the onsite inspections of the medical marijuana cultivation facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. This specialty position was chosen because the most technical piece involves the process of testing plants for

molds, mildew, and pesticides and making sure the facilities are dealing with these issues in a proper way.

One Grain Inspector Compliance Coordinator (A28, \$45,456, Step G) – this position coordinates and supervises the work of the Grain Inspector positions; ensuring inspections are completed consistently and timely. This position will also provide technical assistance to the inspectors and make final action decisions/recommendations for problem inspections.

Five Environmental Public Health Specialist (EPHS) IV positions (A27, \$43,488, Step G) – these positions will complete the onsite inspections of the medical marijuana dispensing and the medical-marijuana infused-products manufacturing facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. This specialty position was chosen because the most technical piece involves ensuring sanitation requirements are met and the infused-products are labeled and packaged correctly.

One Environmental Public Health Specialist V position (A28, \$45,156, Step G) – this position coordinates and supervises the work of the EPHS IV positions; ensuring inspections are completed consistently and timely. This position also provides technical assistance to the environmental specialists and makes final action decisions/recommendations for problem inspections.

44 Senior Office Support Assistant (SOSA) positions (A12, \$25,824, Step F) – duties will include processing of paper applications to include opening and date stamping of mail, entry of application information into the electronic registry, initial verification of applicant and physician identification, initial application review to include determination of application approval or denial (including incomplete status), preparation of patient and caregiver identification cards, preparation of patient/caregiver cultivation identification cards, initial processing of medical marijuana facility applications, preparation of identification cards for all owners and employees of the medical marijuana facility licensees, processing revoked cards, and answering of phones and assisting telephone callers.

21 Health Program Representative II (HPR II) positions (A21, \$34,944, Step B) – duties will include supervision of the SOSA positions and quality assurance checks of the application entry and initial verification completed by the SOSAs. This position will have responsibility for final approval of application incomplete notices, rejects, revocations, and card issuances. This position will ensure application process deadlines as mandated by proposed amendment are met. This position will also verify all registrations of owners and employees associated with the licensed medical marijuana facilities, including coordination with the Inspectors and EPHS's for final issuance of facility licenses.

For fiscal note purposes DHSS calculated 45 minutes per patient and caregiver application and 45 minutes per patient or caregiver cultivation application.

169,411 (158,678 patient & caregiver apps + 10,733 cultivation apps) X .75/hour / 2,080 hours per year per staff = 61 staff.

DHSS calculated 14 hours for the processing of a facility (cultivation, dispensing and manufacturing) application.

76 cultivation facilities + 386 dispensing facilities + 161 infused products manufacturing facilities = 623 facilities x 14 hours/facility divided by 2,080 hrs/year per staff = 4.2 staff round to 4 staff. This is a total of 65 processing staff (SOSA and HPR II positions).

Printing Costs

DHSS will print individual identification cards for the qualified patient, caregiver, patient or caregiver cultivation identification card, and identification cards for each owner, board member, employee of the licensed facilities. DCPH will purchase three card printers for \$8,719 each and three magnetic strip encoders for \$695 each. The supplies for the printers and encoders average \$0.63 per card. The cards cost \$96 per 500.

DHSS is estimating the number of identification cards to be printed each year per facility licensed to be 25 for a cultivation facility, 10 for a dispensing facility, and 25 for a manufacturing facility. (76 cultivation facilities x 25 = 1,900 cards, 386 dispensing facilities x 10 = 3,860 cards, 161 manufacturing facilities = 4,025 cards) License certificates will be printed for each facility on special certificate paper (heat sensitive ink background) provided by state printing at a cost of approximately \$200 per 1,000 pieces of certificate paper. The license certificates and identification cards for facilities will not be produced until FY 2018 when the facility becomes licensed.

DCPH will print 100,000 brochures each year the program is operational at a cost of \$0.06 per brochure. This brochure will provide the public with information about the medical cannabis program and assistance in completing a valid registration.

FY 2017

- 16,099 patient cards + 7,703 caregiver cards + 1,610 cultivation cards = 25,412 cards (\$96 per 500) = 51 X \$96 = \$4,896
- 25,412 patient, caregiver & cultivation cards (supplies x \$0.63 per card) = \$16,010
- 100,000 brochures (\$0.06 per brochure) = \$6,000

FY 2018

- 107,326 patient cards + 51,352 caregiver cards + 10,733 cultivation cards + 1,900 identification cards for cultivation facilities, 3,860 identification cards for dispensing facilities + 4,025 for manufacturing facilities = 179,196 cards (\$96 per 500) = 359 X \$96 = \$34,464
- 179,196 cards (supplies x \$0.63 per card) = \$112,894
- 623 facility licenses (\$200/1,000) = \$200
- 100,000 brochures (\$0.06 per brochure) = \$6,000

Mailing Costs

Each qualifying patient and primary caregiver will receive his/her card in the mail. If the patient or caregiver applied for a cultivation identification card, that card will be mailed separately. Each licensed facility will be mailed a copy of their license and identification cards. It is estimated that 10 percent of the registered participants, caregivers and patient/caregiver cultivators will submit a change request to their application requiring a change notification receipt by mailing. It is projected that five percent of all applications will be incomplete and requires mailing of an incomplete notice. It is also projected that 25 percent of the printed brochures (25,000) along with paper applications will be mailed to the public upon request. The other printed brochures will be available for distribution at conferences and other public venues.

Projected mailings are as follows:

	FY 2017	FY 2018
Patient & Caregiver ID Cards	23,802	158,678
Cultivation ID Cards	1,610	10,733
Facility License Certificates	0	623
Facility Identification Cards	0	9,785
Change Request Notifications	2,541	16,941
Incomplete Notifications	1,270	8,470
Brochures/app mailed	25,000	25,000
Total mailings	54,223	230,230

FY 2017

- 54,233 envelopes (\$41 per 1,000) = 55 X \$41 = \$2,255
- Postage (54,233 x \$0.39/postage rate) = \$21,151

FY 2018

- 230,230 envelopes (\$41 per 1,000) = 231 X \$41 = \$9,471
- Postage (230,230 x \$0.39/postage rate) = \$89,790

Criminal Records Check

Section 37.3.(2)(h) suggests that individual identification cards for owners, officers, managers, contractors, employees and other support staff of the licensed facilities shall include a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544. Section 37.7(2) states no licensed facility shall have an owner, officer, manager, contractor, employee or other support staff with a disqualifying felony offense. DHSS assumes that as part of the facility license application, the facilities would need to submit a current finger print based criminal record report as would be promulgated in rule. Therefore, DHSS assumes no cost for obtaining the fingerprint check.

Information Technology Services Division (ITSD)

Application Storage Costs

In order to manage the final storage of paper applications submitted, Content Manager for electronic scanning and storage will be utilized. The costs for Content Manager are estimated at \$132 per month for the state data server costs, \$624 for an annual license for each user, and \$686 for an annual license for each position with ability to scan/import documents. Content Manager services will not be acquired until FY 2018.

Information Systems Development

Estimating 12 month project duration with a project team consisting of 4 IT Consultants. Applications will be received as paper submissions to the department. System will print licenses and identification cards for physical delivery to the applicant. The system will be hosted in the State Data Center (SDC) on existing virtual servers. Disk space has been estimated at 50 GB for Development and Test with 150 GB estimated for Production.

Division of Administration

Division of Administration assumes one Account Clerk can process around 30,000 receipt transactions per year and one Accounting Generalist I/II will be needed to supervise for approximately every five Account Clerks.

Account Clerk (A12, \$25,824) duties will include:

- Open and sort mail;
- Process and enter receipts in the department computer system;
- Prepare bank deposits and cash receipts documents;
- Reconciles daily receipts;
- Distributes supporting documentation program.

Accounting Generalist I/II (A25, \$26,204) duties will include:

- Supervise and review the work of Account Clerks who are processing the fees.

Each application and license will have a fee transaction.

FY 2017	FY 2018	Transaction
23,802	158,678	Patient & Caregiver Application
1,610	10,733	Patient & Caregiver Cultivation Application
8	76	Cultivation Facility Application
39	386	Dispensing Facility Application
<u>16</u>	<u>161</u>	<u>Manufacturing Facility Application</u>
25,475	170,594	Total Number of Transactions
1.00 FTE	6.00 FTE	Account Clerk
0.00 FTE	1.00 FTE	Accounting Generalist I/II

Office of General Counsel

Legal Counsel (\$45,000)

One full-time attorney would be needed to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and represent the department in appeals of licensure and identification card denials.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact. However, the impact on the demand for substance use disorder treatment is unknown. Their department sees the legalization of marijuana as a broader public health issue, especially for children.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated this petition seeks a constitutional amendment to Article I by adding new section 37 that would allow for the use, prescription, cultivation and dispensing of marijuana and marijuana-infused products to qualifying patients with at least one qualifying medical condition as defined in the petition.

Similar to Initiative Petitions 16-124 and 16-125, this petition includes:

1. A list of qualifying medical conditions
2. Allowance of patient cultivation of up to six plants for the patient's exclusive use, or up to 24 plants in locked space shared by 2 qualifying patients
3. Purchase limits for patient or caregiver of not less than 6 ounces (10 g), unprocessed or equivalent, in a 30 day period
4. Possession limits for patient or caregiver of not less than 60 day supply

In addition, this petition adds details that are the same as in Initiative Petitions 16-129 and 16-130:

1. Definitions (e.g., "primary caregiver" instead of generic "caregiver")
2. Seed-to-sale tracking and software license standards
3. Issuance of identification cards for employees or staff of medical marijuana facilities
4. Considerations for licensing, quality testing, product tracking and user/employee verification
5. Limits to square footage of growing facilities and number of plants
6. Separate legal possession limits for primary caregiver with multiple qualifying patients
7. Number of facility licenses and allowance for easing limit based on demand and other economic factors
8. Identification card procedures for qualifying patients
9. Procedures for license denial appeals
10. Dedicated fund and apportionment for any fees and tax revenue generated
11. Limits on patient cultivation

None of these modifications is likely to lead to any more infractions or secondary criminal activity than the previous initiative petitions. As such, the Initiative Petition 16-124 estimate still applies.

Penalties include imprisonment of up to one year and a fine of ten thousand dollars for either purposefully possessing amounts of marijuana in excess of twice the legal limit or adding any poisonous or deleterious substances to medical marijuana or marijuana-infused product.

Legal medical marijuana possession and use in other states have occurred only relatively recently, so there is limited information on the impacts within the criminal justice system. There are currently 23 states and the District of Columbia that now allow for comprehensive public medical marijuana and cannabis programs with an additional 11 states allowing for limited situation medical use of low THC, high cannabidiol (CBD) products (National Conference of State Legislatures). A full analysis is not possible given current time frames, but a preliminary survey has found several recent studies attempting to discern the effects of these laws.

Chu (2014) found that similar medical marijuana laws (MMLs) were related to a 15-20% increase in marijuana arrests in adult males, and Alford (2014) found that allowances for marijuana dispensaries increased property crime rates by 8% and robbery rates by 11%.

Conversely, Alford also found that home cultivation allowance may have decreased robbery by 10%. Choi (2014) found that MMLs were associated with a 12% increase in other drug use but allowing home cultivation was related to a 13% decrease in driving under the influence of drugs. Morris et al. (2014) found that MMLs did not exacerbate rates of major or violent crimes. However, Pacula et al. (2014) suggested that some details of MMLs, particularly legal protection of dispensaries and home cultivation, can lead to greater marijuana use and abuse among adults. The authors also found relationships to increased alcohol use and alcohol-related driving fatalities. The link with increased drinking was also found by Wen et al. (2014), but they found no evidence of increased use of other substances.

Results of studies at this time show conflicting results on the criminal impacts of current MMLs. However, with the increased licensing and regulation there are also increased possibilities of secondary crimes through false physician recommendations, non-compliance in registration, illegal possession, vehicular infractions or injury, and theft. While many of these violations may carry only municipal or licensing level penalties, some would ultimately fall under felony charges.

Current laws provide for class C felony penalties for possession (Section 195.202, RSMo) and class B felony for distribution and production of controlled substances (Section 195.211, RSMo). Considering additional increases in related violations, proposed changes in this petition are expected to result in one new class B felony serving two years in prison and five years parole, one class C felony serving one year in prison with four years parole, and three new probations serving three years. The total impact at year 10 is estimated to be 3 additional offenders in prison and 18 on field supervision.

Impacts to DOC under proposed addition of section 37 to Article I, Missouri Constitution

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Admissions	2	3	3	3	3	3	3	3	3	3
Parole		1	3	5	7	8	9	9	9	9
Probation	3	6	9	9	9	9	9	9	9	9
Impact										
Prison Population	2	3	3	3	3	3	3	3	3	3
Field Population	3	7	12	14	16	17	18	18	18	18

Their department direct offender costs for either incarceration (\$6,135 per offender per year) or for supervision provided by the Board of Probation and Parole (\$2,205 per offender per year) would range from \$18,885 in Fiscal Year 2016 to \$69,429 in Fiscal Year 2025.

Please also note that their department currently tests staff for marijuana use and disciplines accordingly. If their staff were to live in a household or visit another person who is legally using medical marijuana they would then be exposed to second-hand smoke and would likely test positive themselves. There would be no way for their

department to determine which of their staff are innocently exposed from those who are abusing this substance illegally.

Further, this bill does provide some protection in that it forbids being under the influence of medical cannabis when it would constitute “negligence or professional malpractice,” and it forbids use and possession in a correctional facility. The bill does not, however, exempt being under the influence in a correctional center. Thus, it appears that an employee may work under the influence as long as they do not actively use or possess cannabis at the institution. Also, all department property is not exempt; only “correctional facilities” are. Employees in the field (i.e., probation and parole officers) would not be prohibited from carrying and using medical cannabis while at work. The exemption prohibiting being under the influence when it would constitute “negligence or professional malpractice” may act to close this gap but that is unclear because professional malpractice is not defined in the act and it does not set a threshold measurement that constitutes being “under the influence.”

Citations

Alford, C. 2014. How Medical Marijuana Laws Affect Crime Rates. Ph.D. dissertation. Sept. 2014. Univ. of Virginia, Dept. of Economics.

Choi, A. 2014. The Impact of Medical Marijuana Laws on Marijuana Use and Other Risky Health Behaviors. Ph.D. dissertation. Dec. 2014. Cornell University, Department of Policy Analysis and Management.

Chu, Y.L. 2014. The effects of medical marijuana laws on illegal marijuana use. J. of Health Economics 38:43–61.

Morris, R.G., M. TenEyck, J.C. Barnes, T.B. Kovandzic. 2014. The Effect of Medical Marijuana Laws on Crime: Evidence from State Panel Data, 1990-2006. PLOSOne DOI: 10.1371/journal.pone.0092816.

Pacula, R.L., D. Powell, P. Heaton and E.L. Sevigny. 2015. Assessing the Effects of Medical Marijuana Laws on Marijuana Use: The Devil is in the Details. J. of Policy Analysis and Management 34(1): 7–31.

Wen, H., J. Hockenberry, J.R. Cummings. 2014. The Effect of Medical Marijuana Laws on Marijuana, Alcohol, and Hard Drug Use. NBER Working Paper No. 20085. National Bureau of Economic Research. Cambridge, MA.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have a fiscal impact on their department. The total estimated costs for salaries, fringe benefits, and expense and equipment will be \$255,943 for fiscal year 2017, \$84,086 for fiscal year 2018, and \$84,960 for fiscal year 2019.

This petition will have an economic impact on small business to the extent the business is in the growing and distribution chain of medical marijuana through remittance of additional taxes and new job creation.

This legislation increases total state revenue by the amount of sales tax collected on the sale of medical marijuana.

Section 4

The legislation levies a four percent tax on the retail sale of medical marijuana. The Department may retain five percent for the cost of collection. The petition creates the Missouri Veterans' Health and Care Fund. The commissioner of Administration may make cash operating transfers to the fund to meet cash requirements in advance of receiving revenues.

Administrative Impact:

Collections & Tax Assistance:

This section will see additional registrations, registration phone calls, business tax account update requests and delinquent phone contacts from the additional business registering to collect sales tax on medical marijuana. Collections and Tax Assistance requires two (2) Revenue Processing Technicians I (Range 10, Step L) per 24,000 additional contacts to the registration section and 15,000 contacts annually on the delinquent tax line. Each technician requires CARES equipment.

Integrated Revenue System:

Changes would need to be made to the current design of the Integrated Revenue System resulting in a cost of \$173,534.

Officials from the **Department of Public Safety** submitted the following information:

The Missouri State Highway Patrol indicated a total estimated net positive effect on state funds of \$215,490 for fiscal year 2017, and unknown for fiscal year 2018 and beyond.

Section 3 (3) authorizes the Department of Health and Senior Services to issue any rules or emergency rules necessary for the implementation and enforcement of this section. Section 3 (2) (h) may require an individual licensed pursuant to this section to complete a fingerprint-based criminal record check. However, a rule or regulation issued by the Department of Health and Senior Services including a Code of State Regulations would not authorize a federal fingerprint-based criminal record check according to Public Law 92-544 criteria. As written, Section 3 (2) (h) would not authorize a state and federal fingerprint-based criminal record check.

To authorize a state and fingerprint-based criminal record check and to meet Public Law 92-544, the following wording should be included:

Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530.

Public Law 92-544 criteria is as follows:

The authority for the FBI to conduct a criminal record check for a noncriminal justice licensing or employment purpose is based upon Public Law 92-544. Pursuant to Public Law 92-544, the FBI is empowered to exchange identification records with officials of state and local governments for the purposes of licensing and employment if authorized by a state statute which has been approved by the Attorney General of the United States. The Attorney General's authority to approve the statute is delegated to the FBI by Title 28, Code of Federal Regulations, Section 0.85(j). The standards employed by the FBI in approving Public Law 92-544 authorizations have been established by a series of memoranda issued by the Office of Legal Counsel, Department of Justice. The standards are:

1. The authorization must exist as the result of legislative enactment (or its functional equivalent);
2. The authorization must require fingerprinting of the applicant;
3. The authorization must, expressly or by implication, authorize use of FBI records for screening of the applicant;
4. The authorization must not be against public policy;
5. The authorization must not be overly broad in its scope; it must identify the specific category of applicants/licensees.

Fingerprint card submissions to the FBI under Public Law 92-544 must be forwarded through the SIB. The state must also designate an authorized governmental agency to be responsible for receiving and screening the results of the record check to determine an applicant's suitability for employment or licensing.

For each fingerprint-based background check processed, the state retains the \$20 state fee and \$2 of the federal charge for a pass-thru fee.

According to the 2014 United States Census Bureau's census estimate, Missouri's population was 6,063,589. Based on this total, as well as the preliminary calculations by the Department of Health and Senior Services, the number of Cultivation Facilities, Dispensary Facilities, and Infused Products Manufacturing Facilities is as follows:

Cultivation Facilities

Assuming a limit is set at the minimum of 1 facility per 80,000 inhabitants per the proposed amendment, 76 licenses (6,063,589/80,000) for cultivation facilities may be issued, further estimating an average of 25 employees per facility, the total number of

criminal record checks for employees, owners etc. of Cultivation Facilities equals 1,900 (76 x 25).

Dispensing Facilities

The estimated number of facilities based on Oregon's licensees/patient ratio (assuming 10% of qualifying patients in Missouri will grow their own marijuana) equals 387 facilities. Further estimating an average of 10 employees per facility, the total number of criminal record checks for employees, owners etc. of Dispensary Facilities equals 3,870 (387 x 10).

Infused Products Manufacturing Facilities

The estimated number of facilities based on Colorado's licensees/patient ratio (assuming 10% of qualifying patients in Missouri will grow their own and will not purchase these products) equals 161 facilities. Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners etc. of Infused Products Manufacturing Facilities equals 4,025 (161 x 25). While we are estimating 161 facilities based on Colorado's totals, the minimum number of facilities assuming a limit is set at the minimum of 1 facility per 50,000 inhabitants (per the proposed constitutional amendment) the number of facilities would equal 121 (6,063,589/50,000).

The estimated number of state and federal fingerprint-based criminal record checks estimated to be generated with the passage of this amendment is 9,795 (1,900 for Cultivation Facilities; 3,870 - Dispensing Facilities; 4,025 - Infused Products Manufacturing Facilities).

The charge for each background check processed is \$43.05. Twenty dollars for the state fingerprint check, \$14.75 for the federal check, and an \$8.30 charge for the statewide applicant fingerprinting contractor fee ($\$20 + \$14.75 + 8.30 = \$43.05$). Of this amount, the state retains the \$20 fee and \$2 of the federal charge of \$14.75 for a pass-thru fee. The \$8.30 charge is paid directly to the vendor at the time of application.

Estimated Revenue Fiscal Year 2017

9,795 x \$34.75 (state/federal background check)	\$340,376
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Estimated Expense Fiscal Year 2017

9,795 x \$12.75 (federal background check charge)	\$124,886
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Subsequent yearly background checks will be based on turnover.

Estimated Revenue FY18 and beyond

??? x \$34.75 (state/federal background check)

Estimated Expense FY18 and beyond

??? x \$12.75 (federal background check charge)

The Missouri Veterans Commission indicated they have no position on this initiative petition. The information was brought to their attention during its quarterly commission meeting. They provided the fiscal analysis for Right to Access Medical Marijuana prepared by Mark R. Reading which was forwarded to their office from the Missouri Association of Veterans Organizations (MAVO). The Missouri Veterans Commission is pleased to receive any finding which appropriately comes to them to support the Veterans Programs currently administrated by the Commission.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated they assume no fiscal impact.

Officials from the **Office of Administration** (OA) indicated this initiative petition adds Section 37 to Article I in the Missouri Constitution. The petition charges the Department of Health and Senior Services (DHSS) with implementing a program to provide access to marijuana for patients with certain medical conditions. DHSS is authorized to establish rules to license facilities for medical marijuana cultivation, medical marijuana dispensing and medical marijuana-infused products manufacturing, in addition to providing identification for qualifying patients and caregivers. The program provides oversight of cultivation, manufacturing, dispensing, prescription and use of marijuana, along with necessary enforcement provisions. The petition also provides counties limited ability to restrict the number of Medical Marijuana Dispensary Facilities. The provisions are effective December 8, 2016 and the petition includes a severability clause.

The following fees are established in the proposal, along with requirement for annual CPI adjustments:

- Medical Marijuana Cultivation Facility - \$3,000 application fee and \$20,000 annual license fee.
- Medical Marijuana Dispensary Facility - \$3,000 application fee and \$10,000 annual license fee.
- Medical Marijuana-Infused Products Manufacturing Facility - \$3,000 application fee and \$10,000 annual license fee.
- Qualifying patient or primary caregiver cultivation – \$100 annual fee.
- Patient/Primary Caregiver identification card - \$25 annual fee.

The petition also includes a 4% retail sales tax on marijuana sold for medical use at Medical Marijuana Dispensary Facilities. The tax is to be collected by the Department of Revenue, which is allowed access to the program tracking system as needed to ensure proper collection of the sales tax. Proceeds of the sales tax, less up to 5% for the Department of Revenue's administration, are to be deposited in the Missouri Veterans' Health and Care Fund. This fund is to be used first by DHSS to administer the program, then by the Missouri Veterans' Commission for health and care services for military veterans, including operations of the veterans' homes and the Missouri Service Officer's Program and other services approved by the Missouri Veterans' Commission, such as mental health services drug rehabilitation services or job training. These new monies may not be used to supplant existing funding.

Summary of Fiscal Impact

The Department of Health and Senior Services and Department of Revenue are given additional responsibilities to implement the program and collect additional taxes, which could result in a fiscal impact for those agencies.

The revenue generated from the application and license fees and from the additional sales tax would be deposited in the Missouri Veterans' Health and Care Fund. OA does not have the data available to provide an estimate of the amount of additional revenue from the application fees, license fees or sales tax.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation and their office was appropriated \$1.19 million to publish the full text of the measures. Due to this reduced funding, their office reduced the scope of the publication of these measures. In FY 2015, at the August and November elections, there were 9 statewide Constitutional Amendments or ballot propositions that cost \$1.1 million to publish (an average of \$122,000 per issue). Despite the FY 2015 reduction, their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory,

they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated the University of Missouri Health Care (MUHC) has reviewed the proposed initiative petition and should not incur costs that exceed \$100,000 annually. This is due primarily to the fact that MUHC would have potential conflicts with the U.S. Drug Enforcement Agency (DEA) in the implementation of these proposals and could not implement these services in the facilities.

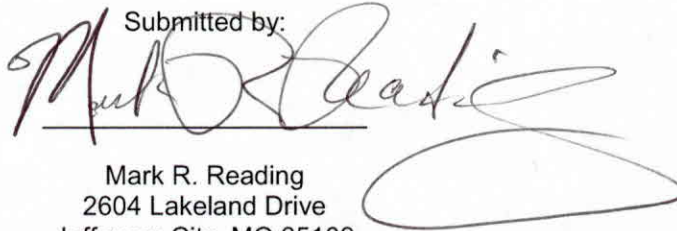
Officials from **St. Louis Community College** indicated they do not believe this will have fiscal impact on their college.

Mark R. Reading provided the following information as a proponent of this initiative petition.

RECEIVED

NOV - 9 2015

STATE AUDITORS OFFICE

Submitted by:

Mark R. Reading
2604 Lakeland Drive
Jefferson City, MO 65109
(573) 694-6828
Primary Contact Person

Right to Access Medical Marijuana Initiative - Versions 5 and 6

**Proposed Statement of Fiscal Impact
for Right to Access Medical Marijuana Initiative - Versions 5 and 6**

Fiscal Impact Information Submitted Pursuant to Section 23.140.2

The amendment's estimated state revenue is \$26 million when fully implemented, exceeding the state's costs. A new sales tax will provide additional funds for veterans including veterans homes, health and mental health care, education and housing assistance. Local revenue estimated at \$7.8 million exceeds local costs.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	FY 2017	FY 2018
General Revenue	\$0	\$6,010,653
	\$0	\$26,036,982
Total Estimated Net Effect on All State Funds		
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	\$0	\$7,773,778
Total Estimated Net Effect on All Local Funds	\$0	\$7,773,778

ANALYSIS OF FISCAL IMPACT OF MEDICAL MARIJUANA PETITION

The fiscal impact analysis contained herein focuses on estimating the fee and tax revenue resulting from the constitutional amendment proposed in the initiative petition. Table 1 summarizes the revenue estimated by source and by fiscal year. Page and Table numbers are provided to help readers find specific subjects.

Table 1 - Summary of Fees and Sales Tax Revenue by Fund

<u>Page #</u>	<u>Table #</u>	<u>Purpose</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>Total</u>	<u>Revenue Type</u>
4-5	Table 3	Medical Marijuana Cultivation Facilities	\$168,000	\$1,534,000	\$1,702,000	Fee
6-7	Table 4	Medical Marijuana-Infused Products Manufacturing Facilities	\$180,000	\$1,367,000	\$1,547,000	Fee
8-13	Table 8	Medical Marijuana Dispensary Facilities	\$327,000	\$2,507,000	\$2,834,000	Fee
14-18	Table 14	Qualifying Patient and Primary Caregiver Identification Cards	\$1,338,275	\$4,014,775	\$5,353,050	Fee
19	Table 15	Qualifying Patient Cultivation Cards	\$0	\$135,000	\$135,000	Fee
20-22	Table 17	4% sales tax	\$0	\$8,014,204	\$8,014,204	Sales tax
		subtotal MO Veterans Health and Care Fund	\$2,013,275	\$17,571,979	\$19,585,254	
20-22	Table 17	General Revenue sales tax	\$0	\$6,010,653	\$6,010,653	Sales tax
20-22	Table 17	Prop C sales tax	\$0	\$2,003,551	\$2,003,551	Sales tax
20-22	Table 17	Conservation sales tax	\$0	\$250,444	\$250,444	Sales tax
20-22	Table 17	Parks and Soils sales tax	\$0	\$200,355	\$200,355	Sales tax
		subtotal Other State Funds	\$0	\$8,465,003	\$8,465,003	
		subtotal all state funds	\$2,013,275	\$26,036,982	\$28,050,257	
23	Table 18	Local Sales Tax	\$0	\$7,773,778	\$7,773,778	
		Grand Total State and Local	\$2,013,275	\$33,810,760	\$35,824,035	

Implementation dates required by New Approach Missouri petition

Table 2 below identifies the implementation dates prescribed in the petition. All fiscal estimates in this analysis assume that the Department of Health and Senior Services, and all other state and local governments affected by this petition will meet the deadlines required by the petition.

Table 2 - Implementation Schedule

11/8/2016	Election Day - Voter Approval
12/8/2016	30 days after election - effective date of constitutional amendment
2/1/2017	County notification of its initial limit, if any, on the number of site permits for Medical Marijuana Dispensary Facilities - paragraph 7(4) proposed addition to language originally filed.
90 days after effective date of constitutional amendment	
3/8/2017	DHSS shall make available license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Manufacturing Facilities - paragraph 3(5).
3/8/2017	DHSS shall make available application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards - paragraph 3(6).
150 days after effective date of constitutional amendment	
5/7/2017	DHSS shall begin accepting applications for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards no later than this date - paragraph 3(6).
5/7/2017	DHSS shall begin accepting application forms for Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Manufacturing Facilities no later than this date- paragraph 3(16).
180 days after effective date of constitutional amendment	
6/6/2017	For any applications submitted on the last day allowed under the constitutional provisions for DHSS to start accepting applications, DHSS must have approved or denied applications for a qualifying patient identification card or a primary caregiver identification card - paragraph 3(17) and paragraph 3(18) respectively. All applications must be approved or denied within 30 days of DHSS receipt thereafter.
300 days after effective date of constitutional amendment	
10/4/2017	For any application submitted on the earliest day allowed under the constitutional provisions for DHSS to start accepting applications, DHSS shall have approved or denied application forms for Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Manufacturing Facilities - paragraph 3(16). All applications must be approved or denied within 150 days of submission to DHSS thereafter.

Medical Marijuana Cultivation Facilities

The proposal defines and permits the operation of Medical Marijuana Cultivation Facilities. The DHSS licenses these facilities. No upper limit is established on the number of such facilities that can be licensed. However, DHSS is required to license a minimum number of facilities in paragraph 3(13) to no less than one per every 80,000 inhabitants based on the most recent U.S. Census. The Missouri population from the 2010 census was 5,988,927 inhabitants. The total number of licensees in the state allowed to operate under this calculation is at least 74 Medical Marijuana Cultivation Facilities.

The DHSS is required by paragraph 3(7) of the proposal to charge a one-time non-refundable applicant fee of \$3,000 and a license fee good for three years. An annual fee of \$20,000 is required for each license.

The estimate in Table 3 below assumes that the Department of Health and Senior Services (DHSS) will initially limit the number of Medical Marijuana Cultivation Facilities to the minimum number allowed under the proposal. In the initial years of operation this would enable DHSS to conservatively allow it to meet its minimum constitutional requirements as it begins its operations and provide time to assess and report on the success of the program before further expansion which may take place beyond the timeline subject to required by the Auditor's Office. Table 3 assumes that:

- Marijuana cultivation facilities are essential to the operational effects of the proposed petition. Until the cultivation facilities are licensed crop production cannot begin. In addition, even after licensing the facilities will need to be constructed. Once construction is complete a growing season needs to be completed before product is available in the Medical Marijuana Dispensary Facilities. Given the importance of the cultivation facilities it is likely that applications for the limited number of such facilities will be high early during program implementation. Thus, the estimate in Table 3 assumes that applications for 75 percent of the minimum number of licenses will be submitted in FY 2017. DHSS could wait until the last date allowed for it to accept applications which is late in the fiscal year - May 7, 2017. The remaining 25 percent of application will occur during FY 2018.
- Application fees are assumed for the minimum number of licenses that DHSS is required to issue. Since application fees are non-refundable an additional \$3,000 will be collected from any applicant that is ultimately refused a license. For example, a 10% or 25% refusal rate would mean 8 to 25 applications would pay the \$3,000 non-refundable fee yet be refused which would generate an additional \$24,000 or \$75,000 respectively not calculated into this revenue estimate.
- DHSS will first collect the non-refundable application fee. It is assumed the license fee will be collected later at the time of DHSS approval in order to limit the number of refunds that would need to be processed to rejected applicants.
- No license revenue will occur until FY 2018 since DHSS is not required to issue any licenses until October 2017.
- DHSS will issue all the cultivation licenses that it is required to issue.
- No license fees are assumed for the annual license fee required for the second year of the license which will occur in FY 2019 for licenses first issued in 2018.

The total revenue in applicant and licenses fees generated in FY 2017 and FY 2018 from the minimum number of facilities that DHSS is required to allow is \$1,702,000 including:

- \$222,000 in one-time non-refundable applicant fees
- \$1,480,000 in license fees from the first year's annual fee for the three year license

Table 3 - Minimum Medical Marijuana Cultivation Facilities

Assumptions	FY 2017	FY 2018	Total
Date of applications	Applications to be allowed no later than 5/7/17	Applications open all year	
% of applications submitted assuming minimal number approved by DHSS	75.0%	25.0%	100.0%
Total applications assuming minimal number approved by DHSS	56	18	74
Total licenses approved by DHSS	0	74	74
	FY 2017	FY 2018	Total
Revenues	Amount	Amount	Amount
One-time non-refundable fee of \$3,000	\$168,000	\$54,000	\$222,000
First year annual license fee of \$20,000 - good for 3 years	\$0	\$1,480,000	\$1,480,000
Total fees and licenses at minimum # of licensees	\$168,000	\$1,534,000	\$1,702,000

Medical Marijuana-Infused Products Manufacturing Facilities

The proposal defines and permits the operation of Medical Marijuana-Infused Products Manufacturing Facilities. The DHSS licenses these facilities. No upper limit is established on the number of such facilities that can be licensed. However, DHSS is required to license a minimum number of licenses in paragraph 3(14) to no less than one per every 50,000 inhabitants based on the most recent U.S. Census. The Missouri population from the 2010 census was 5,988,927 inhabitants. The total number of licensees in the state under this calculation will allow for the operation of at least 119 Medical Marijuana-Infused Products Manufacturing Facilities.

The DHSS is required by paragraph 3(9) of the proposal to charge a one-time non-refundable applicant fee of \$3,000 and a license fee good for three years. An annual fee of \$10,000 is required for each license.

The estimate in Table 4 below assumes that the Department of Health and Senior Services (DHSS) will initially limit the number of Medical Marijuana-Infused Products Manufacturing Facilities to the minimum number allowed under the proposal. In the initial years of operation this would enable DHSS to conservatively allow it to meet its minimum constitutional requirements as it begins its operations and provide time to assess and report on the success of the program before further expansion which may take place beyond the timeline subject to required by the Auditor's Office. Table 4 assumes that:

- Possible operators of Medical Marijuana-Infused Products Manufacturing Facilities will want to ramp up their activities along a timeline that correlates with the operation of the Medical Marijuana Cultivation Facilities. Given the time needed for cultivation facility construction and crop production Table 4 assumes a slightly slower implementation for the infused products facilities. Table 4 assumes that half of the applications will be submitted in FY 2017. The DHSS could wait until the last date allowed for it to accept applications which is late in the fiscal year - May 7, 2017.
- Application fees are assumed for the minimum number of licenses that DHSS is required to issue. Since application fees are non-refundable an additional \$3,000 will be collected from any applicant that is ultimately refused a license. For example, a 10% or 25% refusal rate would mean 13 to 40 applications would pay the \$3,000 non-refundable fee yet be rejected which would generate an additional \$39,000 or \$120,000 respectively not calculated into this revenue estimate.
- DHSS will first collect the non-refundable application fee. It is assumed the license fee will be collected later at the time of DHSS approval in order to limit the number of refunds that would need to be processed to rejected applicants.
- No license revenue will occur until FY 2018 since DHSS is not required to issue any licenses until October 2017.
- DHSS will issue all the medical marijuana-infused products manufacturing facilities licenses that it is required to issue.
- No license fees are assumed for the annual license fee required for the second year of the license which will occur in FY 2019 for licenses first issued in 2018.

The total revenue in applicant and licenses fees generated in FY 2017 and FY 2018 from the minimum number of facilities that DHSS is required to allow is \$1,547,000 including:

- \$357,000 in one-time non-refundable applicant fees
- \$1,190,000 in license fees from the first year's annual fee for the three year license

**Table 4 - Minimum Medical Marijuana-Infused Products
Manufacturing Facilities**

<u>Assumptions</u>	FY 2017	FY 2018	Total
Date of applications	Applications to be allowed no later than 5/7/17	Applications open all year	
% of applications submitted assuming minimal number approved by DHSS	50.0%	50.0%	100.0%
Total applications assuming minimal number approved by DHSS	60	59	119
Total licenses approved by DHSS	0	119	119
	FY 2017	FY 2018	Total
<u>Revenues</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
One-time non-refundable fee of \$3,000	\$180,000	\$177,000	\$357,000
First year license fee of \$10,000 - good for 3 years	\$0	\$1,190,000	\$1,190,000
Total fees and licenses at minimum # of licensees	\$180,000	\$1,367,000	\$1,547,000

Medical Marijuana Dispensary Facilities

The proposal defines and permits the operation of Medical Marijuana Dispensary Facilities. The Department of Health and Senior Services licenses these facilities. No limit is established on the number of such facilities that can be licensed. However, counties are given the ability to limit the number of licenses within the county in paragraph 7(4) to no less than one per every 30,000 inhabitants or portion thereof based on the most recent U.S. Census. The counties must notify the DHSS of any limit established by February 1, 2017.

The Department of Health and Senior Services is required by paragraph 3(8) of the proposal to charge a one-time non-refundable applicant fee of \$3,000 and a license fee good for three years of \$10,000. Table 5 shows the revenue generated by county if each county limited the number of Medical Marijuana Dispensary Facilities to no less than one per every 30,000 inhabitants or portion thereof using the U.S. Census population for 2010. Each calculation is rounded up since the proposal indicates that the a license is provided for every "portion thereof" of 30,000.

The total number of licensees in the state under this calculation is 262 Medical Marijuana Dispensary Facilities. Table 5 assumes that the number of dispensaries will be limited in each county.

The total revenue generated from the applicant and licenses fees for 262 dispensaries, assuming that all application and license fees came in during the same year, is \$3,406,000 including:

- \$786,000 in one-time non-refundable applicant fees
- \$2,620,000 in license fees from the first year's annual fee for the three year license

**Table 5
Missouri Population - 2010 Census
Minimum Medical Marijuana Dispensary Facilities if limited by every county**

County	2010 Census Total Population	Minimum # of Medical Marijuana Dispensaries assuming each county limits to one per every 30,000 inhabitants or portion thereof	One-time non-refundable fee of \$3,000	Annual License fee of \$10,000 - license good for 3 years	Total fees and licenses at minimum # of licensees
Adair	25,607	1	\$3,000	\$10,000	\$13,000
Andrew	17,291	1	\$3,000	\$10,000	\$13,000
Atchison	5,685	1	\$3,000	\$10,000	\$13,000
Audrain	25,529	1	\$3,000	\$10,000	\$13,000
Barry	35,597	2	\$6,000	\$20,000	\$26,000
Barton	12,402	1	\$3,000	\$10,000	\$13,000
Bates	17,049	1	\$3,000	\$10,000	\$13,000
Benton	19,056	1	\$3,000	\$10,000	\$13,000
Bollinger	12,363	1	\$3,000	\$10,000	\$13,000
Boone	162,642	6	\$18,000	\$60,000	\$78,000
Buchanan	89,201	3	\$9,000	\$30,000	\$39,000
Butler	42,794	2	\$6,000	\$20,000	\$26,000
Caldwell	9,424	1	\$3,000	\$10,000	\$13,000

Callaway	44,332	2	\$6,000	\$20,000	\$26,000
Camden	44,002	2	\$6,000	\$20,000	\$26,000
Cape Girardeau	75,674	3	\$9,000	\$30,000	\$39,000
Carroll	9,295	1	\$3,000	\$10,000	\$13,000
Carter	6,265	1	\$3,000	\$10,000	\$13,000
Cass	99,478	4	\$12,000	\$40,000	\$52,000
Cedar	13,982	1	\$3,000	\$10,000	\$13,000
Chariton	7,831	1	\$3,000	\$10,000	\$13,000
Christian	77,422	3	\$9,000	\$30,000	\$39,000
Clark	7,139	1	\$3,000	\$10,000	\$13,000
Clay	221,939	8	\$24,000	\$80,000	\$104,000
Clinton	20,743	1	\$3,000	\$10,000	\$13,000
Cole	75,990	3	\$9,000	\$30,000	\$39,000
Cooper	17,601	1	\$3,000	\$10,000	\$13,000
Crawford	24,696	1	\$3,000	\$10,000	\$13,000
Dade	7,883	1	\$3,000	\$10,000	\$13,000
Dallas	16,777	1	\$3,000	\$10,000	\$13,000
Daviess	8,433	1	\$3,000	\$10,000	\$13,000
DeKalb	12,892	1	\$3,000	\$10,000	\$13,000
Dent	15,657	1	\$3,000	\$10,000	\$13,000
Douglas	13,684	1	\$3,000	\$10,000	\$13,000
Dunklin	31,953	2	\$6,000	\$20,000	\$26,000
Franklin	101,492	4	\$12,000	\$40,000	\$52,000
Gasconade	15,222	1	\$3,000	\$10,000	\$13,000
Gentry	6,738	1	\$3,000	\$10,000	\$13,000
Greene	275,174	10	\$30,000	\$100,000	\$130,000
Grundy	10,261	1	\$3,000	\$10,000	\$13,000
Harrison	8,957	1	\$3,000	\$10,000	\$13,000
Henry	22,272	1	\$3,000	\$10,000	\$13,000
Hickory	9,627	1	\$3,000	\$10,000	\$13,000
Holt	4,912	1	\$3,000	\$10,000	\$13,000
Howard	10,144	1	\$3,000	\$10,000	\$13,000
Howell	40,400	2	\$6,000	\$20,000	\$26,000
Iron	10,630	1	\$3,000	\$10,000	\$13,000
Jackson	674,158	23	\$69,000	\$230,000	\$299,000
Jasper	117,404	4	\$12,000	\$40,000	\$52,000
Jefferson	218,733	8	\$24,000	\$80,000	\$104,000
Johnson	52,595	2	\$6,000	\$20,000	\$26,000
Knox	4,131	1	\$3,000	\$10,000	\$13,000
Laclede	35,571	2	\$6,000	\$20,000	\$26,000
Lafayette	33,381	2	\$6,000	\$20,000	\$26,000
Lawrence	38,634	2	\$6,000	\$20,000	\$26,000
Lewis	10,211	1	\$3,000	\$10,000	\$13,000
Lincoln	52,566	2	\$6,000	\$20,000	\$26,000
Linn	12,761	1	\$3,000	\$10,000	\$13,000
Livingston	15,195	1	\$3,000	\$10,000	\$13,000

McDonald	23,083	1	\$3,000	\$10,000	\$13,000
Macon	15,566	1	\$3,000	\$10,000	\$13,000
Madison	12,226	1	\$3,000	\$10,000	\$13,000
Maries	9,176	1	\$3,000	\$10,000	\$13,000
Marion	28,781	1	\$3,000	\$10,000	\$13,000
Mercer	3,785	1	\$3,000	\$10,000	\$13,000
Miller	24,748	1	\$3,000	\$10,000	\$13,000
Mississippi	14,358	1	\$3,000	\$10,000	\$13,000
Moniteau	15,607	1	\$3,000	\$10,000	\$13,000
Monroe	8,840	1	\$3,000	\$10,000	\$13,000
Montgomery	12,236	1	\$3,000	\$10,000	\$13,000
Morgan	20,565	1	\$3,000	\$10,000	\$13,000
New Madrid	18,956	1	\$3,000	\$10,000	\$13,000
Newton	58,114	2	\$6,000	\$20,000	\$26,000
Nodaway	23,370	1	\$3,000	\$10,000	\$13,000
Oregon	10,881	1	\$3,000	\$10,000	\$13,000
Osage	13,878	1	\$3,000	\$10,000	\$13,000
Ozark	9,723	1	\$3,000	\$10,000	\$13,000
Pemiscot	18,296	1	\$3,000	\$10,000	\$13,000
Perry	18,971	1	\$3,000	\$10,000	\$13,000
Pettis	42,201	2	\$6,000	\$20,000	\$26,000
Phelps	45,156	2	\$6,000	\$20,000	\$26,000
Pike	18,516	1	\$3,000	\$10,000	\$13,000
Platte	89,322	3	\$9,000	\$30,000	\$39,000
Polk	31,137	2	\$6,000	\$20,000	\$26,000
Pulaski	52,274	2	\$6,000	\$20,000	\$26,000
Putnam	4,979	1	\$3,000	\$10,000	\$13,000
Ralls	10,167	1	\$3,000	\$10,000	\$13,000
Randolph	25,414	1	\$3,000	\$10,000	\$13,000
Ray	23,494	1	\$3,000	\$10,000	\$13,000
Reynolds	6,696	1	\$3,000	\$10,000	\$13,000
Ripley	14,100	1	\$3,000	\$10,000	\$13,000
St. Charles	360,485	13	\$39,000	\$130,000	\$169,000
St. Clair	9,805	1	\$3,000	\$10,000	\$13,000
Ste. Genevieve	18,145	1	\$3,000	\$10,000	\$13,000
St. Francois	65,359	3	\$9,000	\$30,000	\$39,000
St. Louis	998,954	34	\$102,000	\$340,000	\$442,000
Saline	23,370	1	\$3,000	\$10,000	\$13,000
Schuyler	4,431	1	\$3,000	\$10,000	\$13,000
Scotland	4,843	1	\$3,000	\$10,000	\$13,000
Scott	39,191	2	\$6,000	\$20,000	\$26,000
Shannon	8,441	1	\$3,000	\$10,000	\$13,000
Shelby	6,373	1	\$3,000	\$10,000	\$13,000
Stoddard	29,968	1	\$3,000	\$10,000	\$13,000
Stone	32,202	2	\$6,000	\$20,000	\$26,000
Sullivan	6,714	1	\$3,000	\$10,000	\$13,000
Taney	51,675	2	\$6,000	\$20,000	\$26,000

Texas	26,008	1	\$3,000	\$10,000	\$13,000
Vernon	21,159	1	\$3,000	\$10,000	\$13,000
Warren	32,513	2	\$6,000	\$20,000	\$26,000
Washington	25,195	1	\$3,000	\$10,000	\$13,000
Wayne	13,521	1	\$3,000	\$10,000	\$13,000
Webster	36,202	2	\$6,000	\$20,000	\$26,000
Worth	2,171	1	\$3,000	\$10,000	\$13,000
Wright	18,815	1	\$3,000	\$10,000	\$13,000
St. Louis city	319,294	11	\$33,000	\$110,000	\$143,000
Missouri	5,988,927	262	\$786,000	\$2,620,000	\$3,406,000

Source: Census 2000 - SF1 and 2010 P.L. 94-171

From Missouri Office of Administration-Division of Budget and Planning website

However, it is possible that every county may not limit the number of medical marijuana dispensary facilities. In addition, such a facility may not open in every county due to the small number of inhabitants and the economics of businesses being viable in a small market. Missouri has 114 counties plus the City of St. Louis. Table 6 shows the amount of revenue generated by size of county. There are 26 counties with less than 10,000 in population. There are 18 counties with a population between 10,000 and 15,000. Table 6 shows that if no dispensary opened in counties with populations less than 15,000 in population the revenue generated would still be \$2.8 million. That amounts to a loss of \$572,000 which is 17% of the revenue while losing 38% of the counties. Given experiences in other states it is unlikely that 44 counties will not have a medical marijuana dispensary. In addition, this assumption would mean that 26 of the 44 counties north of the Missouri River would be unserved, thus wide swaths of northern Missouri would be without a dispensary. The same would be true of a large area in southeast Missouri.

Given the grouping of small counties in northern and southern Missouri it is likely that regional dispensaries serving multiple counties will attempt to operate to serve any local demand. For example, one or several regional dispensaries might serve a combination of counties grouped in northwest Missouri (Worth, Gentry, Dekalb, Harrison, Daviess counties) or southeast Missouri (Shannon, Oregon, Reynolds, Carter, Ripley, Iron, Wayne counties). The success of the regional dispensaries will be more difficult and it will likely require several years of experience before the number of dispensaries in small counties settles into a long-term supportable number.

Table 6 - Revenue from Medical Marijuana Dispensary Facilities by County Size

Missouri county populations	# of counties	% of counties	# of dispensaries	Revenue from dispensary application and license fees
Less than 10,000 population	26	22.6%	26	\$338,000
Between 10,000 and 15,000	18	15.7%	18	\$234,000
Greater than 15,000	71	61.7%	218	\$2,834,000
Total	115	100.0%	262	\$3,406,000

Another way to look at the number of possible dispensaries is to look at the experience of other states. The states with laws most similar to the proposed initiative petition are Oregon and Colorado. A number of the states restrict dispensaries to a small number. Other states have local registration, have a different distribution structure, or are too early in their operations to have approved dispensaries in part or in full.

Missouri's population is larger than both Colorado and Oregon. Table 7 shows the U.S. Census Bureau's population estimate for the three states. Table 7 also provides statistics on the need and demand for dispensaries as measured by the number of dispensaries per population and per square mile. There were 515 dispensaries in Colorado in 2015 or 1 for every 10,400 people compared to Oregon's 345 dispensaries with 1 for every 11,508 people. This is not much difference in the number of people per dispensary. Colorado has one dispensary per every 201 square miles in the state compared to Oregon's one dispensary per every 278 square miles.

Based on Missouri's population it would have between 527 and 583 dispensaries if it has Oregon or Colorado levels of dispensaries per person. Based on Missouri square miles it would have between 248 and 343 dispensaries. If Missouri experience is at the mid-point of the Oregon and Colorado dispensaries per square mile it would have 287 dispensaries. This calculation produces about ten percent more dispensaries as Table 5 which calculates 262 dispensaries assuming that each county will set a limit as provided by the proposed petition.

TABLE 7 - Estimating Missouri dispensaries from Colorado and Oregon dispensaries

	Colorado	Oregon	Missouri Estimates		
			at Colorado level	at Oregon level	if mid-point
Estimated 2014 population by U.S. Census Bureau	5,355,866	3,970,239	6,063,589	6,063,589	6,063,589
Square miles in state	103,718	95,997	68,886	68,886	68,886
1 dispensary per # population	10,400	11,508	10,400	11,508	10,954
# of dispensaries - 2015	515	345	583	527	554
1 dispensary per # sq. miles	201	278	201	278	240
# of dispensaries - 2015	515	345	343	248	287

The estimate in Table 8 below assumes that action by the counties limits the Department of Health and Senior Services (DHSS) to approving 262 Medical Marijuana Dispensary Facilities, the minimum number allowed under the proposal. Table 8 assumes that:

- Given the economics of operating in small counties with limited demand, it is assumed that dispensaries will only operate in counties with more than 15,000 in population. A total of 218 dispensaries will operate under this assumption. While it is likely that regional dispensaries will provide service to multiple counties, the assumption below is conservative and discounts this possibility.
- In addition, the possible operators of Medical Marijuana-Dispensary Facilities will want to ramp up their activities along a timeline that correlates with the operation of the Medical Marijuana Cultivation Facilities and Medical Marijuana-Infused Product Facilities. Given the time needed for dispensary construction and preparation Table 8 assumes a that one-half of the 218 dispensaries

will apply for licenses in FY 2017 with the remainder in FY 2018. The DHSS could wait until the last date allowed for it to accept applications which is late in the fiscal year - May 7, 2017.

- Application fees are assumed for 218 licenses. Since application fees are non-refundable an additional \$3,000 will be collected from any applicant that is ultimately refused a license. For example, a 10% or 25% refusal rate would mean 23 to 73 applications would pay the \$3,000 non-refundable fee yet be rejected which would generate an additional \$69,000 or \$219,000 respectively not calculated into this revenue estimate.
- DHSS will first collect the non-refundable application fee. It is assumed the license fee will be collected later at the time of DHSS approval in order to limit the number of refunds that would need to be processed to rejected applicants.
- No license revenue will occur until FY 2018 since DHSS is not required to issue any licenses until October 2017.
- No license fees are assumed for the annual license fee required for the second year of the license which will occur in FY 2019 for licenses first issued in 2018.

The total revenue in applicant and licenses fees generated in FY 2017 and FY 2018 shown in Table 8 from the 218 facilities is \$2,834,000 including:

- \$327,000 in FY 2017, and
- \$2,507,000 in FY 2018.

Table 8 - Minimum Medical Marijuana Dispensary Facilities

<u>Assumptions</u>	FY 2017	FY 2018	Total
Date of applications	Applications to be allowed no later than 5/7/17	Applications open all year	
% of applications submitted assuming minimal number approved by DHSS	50.0%	50.0%	100.0%
Total applications assuming minimal number approved by DHSS	109	109	218
Total licenses approved by DHSS	0	218	218
	FY 2017	FY 2018	Total
<u>Revenues</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
One-time non-refundable fee of \$3,000	\$327,000	\$327,000	\$654,000
First year license fee of \$10,000 - good for 3 years	\$0	\$2,180,000	\$2,180,000
Total fees and licenses at minimum # of licensees	\$327,000	\$2,507,000	\$2,834,000

Patient identification cards and caregiver cards

The proposal requires that the Department of Health and Senior Services issue identification cards for qualifying patients, primary caregivers, and qualifying patient cultivation. No limit is established on the number of such cards that can be issued. However, a qualifying medical condition must be present as certified in accordance with the procedures outlined in the proposal.

The Department of Health and Senior Services is required by paragraphs 3(17) and 3(18) of the proposal to charge a \$25 fee per year per card. The \$25 card fee shall be increased or decreased by the percentage of increase or decrease in the Consumer Price Index calculated from the end of the previous calendar year.

In the medical marijuana fiscal notes prepared for bills considered by the Missouri General Assembly over the past three years, the Department of Health and Senior Services has used Oregon's experience with patient identification cards and caregiver cards as a basis to estimate what might occur in Missouri. DHSS indicated that Oregon had similar language to that being considered and the data was available. The states with laws most similar to the proposed initiative petition are Oregon and Colorado.

Qualifying patient cards

Table 9 provides information on the number of qualifying patient cards as of the end of FY 2014 and FY 2015 from each state. In both years Colorado had about 113,500 cards which amounted to 2.1% of the population. In Oregon the number of cards grew from 64,838 to 72,517 with a very slightly lower percent of the population of 1.8% in FY 2015. Missouri's population is larger than both Colorado and Oregon.

Based on the U.S. Census Bureau's population estimates for the three states if the Missouri experience is:

- at Colorado's level we will have 127,335 qualifying patient cards.
- at Oregon's level we will have 103,081 qualifying patient cards
- at the mid-point of the Oregon and Colorado we would have 115,208 cards

TABLE 9 - Missouri Estimates of Qualifying Patients from Colorado and Oregon Experience

	Colorado		Oregon		Missouri Estimates		
	2014	2015	2014	2015	at Colorado level	at Oregon level	if mid-point
Estimated 2014 population by U.S. Census Bureau	5,355,866	5,355,866	3,970,239	3,970,239	6,063,589	6,063,589	6,063,589
# of qualifying patient cards	113,506	113,585	64,838	72,517	127,335	103,081	115,208
% of population	2.1%	2.1%	1.6%	1.8%	2.1%	1.7%	1.9%

In the medical marijuana fiscal notes for bills considered by the General Assembly the DHSS also made an adjustment upward in its estimate on the number of qualifying patient cards. For example, in the fiscal note for HB 490 (2015 session) the DHSS assumed that the number of Missouri cards would be higher because the rates of chronic diseases are generally higher than those in Oregon. DHSS estimated 25% more applicants in Missouri as a result of that assumption.

Table 10 looks at the reasonableness of the extra 25% in applicants by reviewing the specific rates of cancer, HIV, and obesity (as an indicator of overall chronic disease) since they are among the items that would likely generate qualifying conditions under the proposed petition. Missouri's rate for each of the four conditions is higher, and sometimes substantially higher, than Colorado and Oregon. For example, Missouri's cancer rate is 6.7% higher than Oregon and 11.1% higher than Colorado. Similarly, Missouri's obesity rate is 8.2% higher than Oregon's and 41.8% higher than Colorado's rate.

Table 10 - Chronic Disease Rates in Colorado, Oregon, and Missouri

	Cancer rate	Diabetes rate	Obesity rate	HIV rate
Colorado	405.5	3.6	21.3	7.5
Oregon	422.2	4.7	27.9	6.9
Missouri	450.6	5.2	30.2	9.6
<u>MO difference from other state</u>				
% Difference from Colorado	11.1%	44.4%	41.8%	28.0%
% Difference from Oregon	6.7%	10.6%	8.2%	39.1%

The data in Table 10 appears to corroborate the DHSS assumption that Missouri will have 25% more applicants based on a higher level of chronic diseases. The following fiscal analysis will accept and use the additional 25% in its identification card calculations. Table 11 estimates that there will be 144,010 patient and caregiver cards issued as a result of the proposed petition.

Table 11 - Estimated Qualifying Patient Cards

Qualifying Patient cards calculated at 1.9% of population (mid-point between Colorado's 2.1% and Oregon's 1.7%)	115,208
Chronic disease factor boost (25% based on DHSS assumption and data in Table 10)	25.0%
Number of qualifying patient cards to be issued	144,010

Caregiver cards

DHSS is also responsible for issuing Primary Caregiver identification cards under the provisions of the initiative petition. In its fiscal note on medical marijuana legislation considered by the General Assembly the DHSS used Oregon's experience as a model for its estimate due to the similar mandatory registration provisions. The DHSS used the number of caregivers and adjusted for Missouri's larger population and then adjusted upward by a factor of 25% due to Missouri's higher chronic disease levels. These are the same adjustment factors used for qualifying patients by DHSS.

Tables 12 and 13 use information from Oregon to estimate the number of Missouri caregiver identification cards. Table 12 shows that the number of Oregon caregiver cards in 2014 and 2015 amounted to about 0.9% of its population. Adjusting for Missouri's larger population would produce an estimated 54,572 Missouri caregiver cards. Further adjusting for Missouri's higher chronic disease levels, as done previously by DHSS, would result in 68,215 caregiver cards.

**Table 12
Missouri Caregiver Cards using Oregon Rate plus Chronic Disease adjustment**

	Oregon 2014	Oregon 2015	Missouri estimate if at Oregon rate	Missouri estimate with 25% adjustment for chronic disease levels
Estimated 2014 population by U.S. Census Bureau	3,970,239	3,970,239	6,063,589	6,063,589
# of caregiver cards	32,796	35,864	54,572	68,215
% of population	0.8%	0.9%	0.9%	1.1%

Another way to look at the issue is to look at the rate of caregiver cards compared to the number of qualifying patient cards. Table 13 shows that Oregon caregiver cards were about 50% of the total of qualifying patient cards. Using the estimated number of Missouri qualifying patient cards calculated in Table 11, the number of caregiver cards would total 72,005 if it were 50% of the number of qualifying patient cards.

Table 13 - Missouri Caregiver cards based on Oregon Qualifying Patient Cards

	Oregon 2014	Oregon 2015	Missouri estimate at Oregon average for care givers
Qualifying patient cards	64,838	72,517	144,010
Caregiver cards	32,796	35,864	72,005
Total Qualifying patient and Caregiver cards	97,634	108,381	216,015
% of caregiver cards to qualifying patients	50.6%	49.5%	50.0%

Both Table 12 and Table 13 produce caregiver card numbers in approximately the same number. For purposes of this fiscal note the number of caregiver cards is 70,110, the average of the Table 12 and Table 13 estimates.

Summary of Fee Revenue from Qualifying Patient and Primary Caregiver identification cards

Table 14 estimates the number of patient and caregiver cards and the revenue generated in the first two years. DHSS must allow applications for identification cards by May 7, 2017. The proposal requires that DHSS approve or deny applications within 30 days. Thus, the latest that the first identification card can be issued is June 6, 2017. Given the construction timeline for cultivation facilities and dispensaries and crop growing time, qualifying patients and caregivers are likely to apply for identification cards closer to the time those facilities will be completed. There are individuals that will want to be early in line for medical and legal reasons. It is assumed that one-fourth of the new applicants will come in during the first year. Half of the qualifying patients and primary caregivers will apply during FY 2018 and the remainder in FY 2019. The annual fee and renewal fee is \$25. Those receiving identification cards in FY 2017 will have to renew them in FY 2018. In its medical marijuana legislative fiscal note the DHSS estimated that there would be a two percent increase in applications per year. This analysis does not assume identification card growth in the first two years. The petition requires increases or decreases in the annual fee based on CPI changes. However, no inflation/deflation calculation is included in this analysis.

Table 14 estimates that there will be 214,122 qualifying patient and caregiver cards issued in FY 2017 and FY 2018, including first time participants and renewals. Table 14 estimates that \$5.4 million will be collected in the first two years of the program including:

- \$1.3 million in FY 2017
- \$4.0 million in FY 2018

Qualifying Patient Cultivation Cards

The proposal requires that the Department of Health and Senior Services issue identification cards for qualifying patient cultivation. No limit is established on the number of such cards that can be issued. DHSS must allow applications for qualifying patient cultivation identification cards by May 7, 2017. The proposal requires that DHSS approve or deny applications within 30 days. Thus, the latest that the first identification card can be issued is June 6, 2017, assuming that it receives any such applications.

The Department of Health and Senior Services is required by paragraphs 3(17) and 3(18) of the proposal to charge a \$25 fee per year per card. The \$25 card fee shall be increased or decreased by the percentage of increase or decrease in the Consumer Price Index calculated from the end of the previous calendar year.

The states allowing the use of medical marijuana have varying provisions for cultivation by patients, if it is allowed at all. Thus, estimating the total number of patient cultivation cards using other state data is more difficult. In addition, paragraph 7(10) of the proposal requires that "all patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver."

This analysis assumes that given the construction timeline for cultivation facilities and dispensaries and crop growing time, the earliest sales of medical marijuana will take place in October 2017. The cost to qualifying patients or their caregivers of the security upgrades or construction of the enclosed, locked facility required by paragraph 7(10) will substantially diminish the number of patient cultivators initially. Qualifying patients are more likely to first use product purchased from dispensaries to determine the efficacy of medical marijuana in treating their qualifying medical condition. Only after determining the treatment's efficacy will patients consider paying for the security and facility required by paragraph 7(10). Paragraph 3(d) requires the DHSS to establish a seed-to-sale tracking system that in effect requires the qualifying patients or their caregivers to obtain their cultivation plants from the Medical Marijuana Dispensary Facilities.

Table 15 assumes that 15% of the qualifying patients will apply for patient cultivation identification cards. It is assumed that those qualifying patients will use medical marijuana from medical marijuana dispensary facilities for six months before moving to patient cultivation and incurring the required security and facility costs required in the proposal. The first patient cultivation card is assumed to be issued in March 2018, six months after the first dispensary sale. Table 15 assumes that the patient cultivation cards will be issued and phased-in over a 16 month period from March 2018 to June 2019. A total of 1,350 patient cultivation cards per month results in 5,400 patient cultivation cards issued in FY 2018 producing revenue of \$135,000.

Table 15 - Qualifying Patient Cultivation Cards

# patient cultivation cards issued per month	1,350
# months issued (March to June 2018)	4
# cultivation cards issued in FY 2018	5,400
Missouri fee	\$25
Total FY 2018 revenue	\$135,000

Tax Revenues

Colorado and Oregon have been used throughout this analysis as the benchmark states for comparison to Missouri's possible experience. Oregon does not tax medical marijuana sales so it has no data that can be used to help estimate Missouri sales. Table 16 shows that Colorado state tax collections for medical marijuana was \$10.6 million in FY 2014 and \$10.4 million in FY 2015. Colorado taxes medical marijuana at 2.9% and has explicit accounting of those revenues on its website. To generate \$10.4 million in FY 2015 with a 2.9% sales tax the economic value that was taxed would need to be \$358.9 million. This computes to \$3,160 per cardholder per year or \$263 per month per cardholder. Multiplying the estimated 144,010 Missouri qualifying patient cardholders times \$3,160 per month would produce a market of \$455.1 million in Missouri economic value.

Table 16 - Colorado Taxes and Economic Activity for Medical Marijuana

	<u>Colorado 2014</u>	<u>Colorado 2015</u>
State tax revenue collected from medical marijuana	\$10,562,577	\$10,409,340
Colorado Sales Tax Rate	2.9%	2.9%
Implied economic value taxed in Colorado sales	\$364,226,793	\$358,942,759
Colorado Patient and care giver cards	113,506	113,585
\$ per Colorado identification cardholder for year	\$3,209	\$3,160
\$ per Colorado identification cardholder for month	\$267	\$263
Estimated Missouri qualifying patient cardholders (Table 11)	144,010	144,010
Implied economic value tax in Missouri sales at same \$ per Colorado identification cardholder	\$462,128,090	\$455,071,600

Table 17 builds from the estimate of likely Missouri qualifying patients and caregivers to calculate the likely tax revenue. The assumptions in Table 17 include:

- 144,010 qualifying patients as calculated in Table 11.
- A phase-in of applicants and identification cards issued as calculated in Table 14. The FY 2018 applicants are phased-in at a standard monthly rate of 6,000 per month.
- October 2017 is the earliest that medical marijuana will be purchased. Nine months of purchasing in FY 2018 will be possible for 60,003 qualifying patients (36,003 with FY 2017 issued identification cards and 24,000 for the July through October 2017 cards issued in FY 2018). The remaining FY 2018 patients will only be able to purchase for the number of months left in the fiscal year based on the month their card is issued. The remaining 25% of qualifying patients will not start purchasing until they get their identification cards in FY 2019.
- A \$265 per month, \$3,180 per year, purchase of medical marijuana based on Colorado's experience. The State of Arizona in its FY 2014 Annual Report on Medical Marijuana used an estimate of \$350 price per ounce. Arizona estimated that its 1.4 million transactions were worth \$112 million in revenue.
- A 4% sales tax going to the Missouri Veterans' Health and Care Fund.
- Paragraph 4(4) of the proposal states that the 4% sales tax for Veterans is in addition to any other state general or local sales tax. The State's other sales taxes amount to 4.225% including 3% GR, 1% Prop C for K-12, 0.125% for Conservation, 0.1% for Parks/Soils.

Based on these assumptions Table 17 shows sales tax revenues of \$16.5 million in total. The following amounts would go to state funds in FY 2017 and FY 2018.

- Missouri Veterans' Health and Care Fund - \$8.0 million

- General Revenue - \$6.0 million
- Prop C - \$2.0 million
- Conservation - \$0.25 million
- Parks/Soils - \$0.2 million

Table 17 - Missouri Tax Revenue Estimate

Assumptions	FY 2017	FY 2018	Total
Date of applications	Applications to be allowed no later than 5/7/17	Applications open all year	
Total new applications for identification cards	36,003	72,005	108,008
Total renewal applications for identification cards		36,003	36,003
\$ per cardholder for month	\$265	\$265	
Number of months of purchases for FY 2017 applicants	0	9	
Number of months of purchases for FY 2018 applicants (net effective for monthly phase-in)	0	6	
	FY 2017	FY 2018	Total
Value of sales taxed	Amount	Amount	Amount
Value of sales made to FY 2017 applicants	\$0	\$85,867,155	\$85,867,155
Value of sales made to FY 2018 applicants	\$0	\$114,487,950	\$114,487,950
Total value of sales made to applicants	\$0	\$200,355,105	\$200,355,105
SALES TAX COLLECTIONS			
Missouri Veterans' Health and Care Fund	Amount	Amount	Amount
Proposed Missouri sales tax rate on Medical Marijuana	4.0%	4.0%	4.0%
Sales tax revenue from FY 2017 applicants	\$0	\$3,434,686	\$3,434,686
Sales tax revenue from FY 2018 applicants	\$0	\$4,579,518	\$4,579,518
subtotal tax revenue	\$0	\$8,014,204	\$8,014,204
General Revenue	Amount	Amount	Amount
GR statutory sales tax rate on Medical Marijuana	3.0%	3.0%	3.0%
Sales tax revenue from FY 2017 applicants	\$0	\$2,576,015	\$2,576,015
Sales tax revenue from FY 2018 applicants	\$0	\$3,434,639	\$3,434,639
subtotal tax revenue	\$0	\$6,010,653	\$6,010,653
Prop C	Amount	Amount	Amount
Prop C sales tax rate on Medical Marijuana	1.0%	1.0%	1.0%
Sales tax revenue from FY 2017 applicants	\$0	\$858,672	\$858,672
Sales tax revenue from FY 2018 applicants	\$0	\$1,144,880	\$1,144,880
subtotal tax revenue	\$0	\$2,003,551	\$2,003,551

Local Revenue and Costs for Medical Marijuana bills filed in past three legislative sessions

Six of the seven medical marijuana bills have completed fiscal notes for some version of the bill. Local costs identified in the various fiscal notes prepared by the Oversight Division are very low.

Table 18 estimates the local tax revenue generated as a result of the proposed petition. The table uses the same methodology as used in Table 17 in estimating state tax revenue. The Oversight Division uses a 3.88% local sales tax rate for its estimates in fiscal notes. That assumption is adopted here as well. Using this methodology results in an estimate of \$10 million in local sales tax revenue in FY 2018.

Table 18 - Missouri Local Tax Revenue Estimate

<u>Assumptions</u>	FY 2017	FY 2018	Total
Date of applications	Applications to be allowed no later than 5/7/17	Applications open all year	
Total new applications for identification cards	36,003	72,005	108,008
Total renewal applications for identification cards		36,003	36,003
\$ per cardholder for month	\$265	\$265	
Number of months of purchases for FY 2017 applicants	0	9	
Number of months of purchases for FY 2018 applicants (net effective for monthly phase-in)	0	6	
	FY 2017	FY 2018	Total
<u>Value of sales taxed</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Value of sales made to FY 2017 applicants	\$0	\$85,867,155	\$85,867,155
Value of sales made to FY 2018 applicants	\$0	\$114,487,950	\$114,487,950
Total value of sales made to applicants	\$0	\$200,355,105	\$200,355,105
SALES TAX COLLECTIONS			
Local Sales Taxes	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Average sales tax rate used by Legislature's Oversight Division for Local Sales Taxes	3.88%	3.88%	3.88%
Sales tax revenue from FY 2017 applicants	\$0	\$3,331,646	\$3,331,646
Sales tax revenue from FY 2018 applicants	\$0	\$4,442,132	\$4,442,132
subtotal local tax revenue	\$0	\$7,773,778	\$7,773,778

In several instances the fiscal note indicates that anticipated income exceeds anticipated costs. A summary of the Oversight Division's fiscal notes is shown in Table 19: More detailed information about those fiscal notes is outlined below. However, the local sales tax revenues that are estimated in Table 18 far outweigh the minor costs identified.

Table 19
MISSOURI MEDICAL MARIJUANA LEGISLATION
SUMMARY OF LOCAL COSTS
OVERSIGHT DIVISION FISCAL NOTES
2013, 2014, AND 2015 LEGISLATIVE SESSIONS

<u>Session</u>	<u>Bill</u>	<u>Local Revenues</u>	<u>Local Costs</u>	<u>Local Net Effect</u>
2015	SB 395	Could exceed \$787,160	Unknown	Could exceed \$787,160
2015	HB 490	\$0	Could exceed (\$310,320)	Could exceed (\$310,320)
2015	HB 800	Could exceed \$787,160	Unknown to greater than (\$310,320)	Could exceed \$787,160 to Unknown to greater than (\$204,600)
2015	HB 930	Unknown	Greater than (\$310,320)	Unknown to greater than (\$310,320)
2014	SB 951	\$0 or unknown	None identified	\$0 or unknown
2014	HB 1324	\$0	\$0	\$0
2013	HB 688	N/A	N/A	N/A

- The Oversight Division reported that a number of local entities said one or more of the various proposals would have no cost to them, would have a limited impact if any, or the minor costs could be absorbed within current budget.
 - Law enforcement - Springfield Police Department , Columbia Police Department, and the Jefferson City Police Department, Cole County Sheriff Department
 - Counties - St. Louis County, Mississippi County, and Callaway County
 - Cities - City of Kansas City, City of Columbia, City of Jefferson City, City of Springfield
 - K-12 Schools - Carondelet Leadership Academy, Kansas City Public Schools, Malta Bend School District, and the Francis Howell School District
 - Higher Education - Linn State Technical College, Metropolitan Community College, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, University of Central Missouri, and the University of Missouri
 - Local Public Health Agencies - Columbia/Boone County Department of Public Health and Human Services, Harrison County Public Health Department and Hospice, and the City of Independence Health Department
 - Fire districts - Central County Fire and Rescue

- A large number of local entities did not respond to the Oversight Division. The most likely reason for lack of response is that they do not anticipate any cost.

- Law enforcement - Boone County Sheriff's Department, Buchanan County Sheriff's Department, Clark County Sheriff's Department, Cole County Sheriff, Columbia Police Department, Independence Police Department, Jackson County Sheriff's Department, Jefferson City Police Department, Jefferson County 911 Dispatch, Platte County Sheriff's Department, St. Charles Police Department, St. Joseph Police Department, St. Louis County Police Department and the St. Louis Metropolitan Police Department
- Counties - Andrew, Atchison, Audrain, Barry, Bates, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Platte, Pulaski, Scott, Shelby, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne, and Worth
- Cities - Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains
- K-12 Schools - Blue Springs Public Schools, Branson Public Schools, Carondelet Leadership Academy, Charleston R-I Schools, Cole R-I Schools, Columbia Public Schools, Fair Grove Schools, Fulton Public School, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Malden R-I Schools, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools and Warren County R-III School District
- Higher Education - Crowder College, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, and the University of Missouri
- Local Public Health Agencies - Audrain County Health Unit, Cass County Health Department, Clay County Public Health Center, Henry County Health Center, Hickory County Health Department, Howell County Health Department, Jefferson County Health Department, Linn County Health Department, McDonald County Health Department, Madison County Health Department, Marion County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Polk County Health Center, Pulaski County Health Center and Home Health Agency, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department, the St. Francois County Health Center, the St. Joseph Health Department and the Taney County Health Department
- Fire districts - Battlefield Fire Protection District, Centralia Fire Department, Creve Couer Fire District, DeSoto Rural Fire Protection District, Eureka Fire Protection, Hawk Point Fire Protection District, Hillsboro Fire Protection District, Jefferson County 911 Dispatch, Lake

St. Louis Fire District, Mehlville Fire District, Nixa Fire Protection District, Saline Valley Fire Protection District and the Southern Iron County Fire Protection District

- Ambulance districts - Jefferson County 911 Dispatch, St. Charles County Ambulance District, Taney County Ambulance District and Valle Ambulance District
 - Hospitals - Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital, Washington County Memorial Hospital,
- Only one local entity responded with a specific cost estimate in multiple fiscal notes. The St. Louis County Police Department indicated that four additional officers would be needed to investigate possible diversion of medical marijuana to illegal or recreational use.
 - No entity responded with an estimate of any inspection costs for marijuana facilities. Any inspection costs of the various medical marijuana facilities would be covered by local fees already in effect to support those costs at the local level. Thus, there would be no additional uncovered costs that need to be reflected in the fiscal note for this proposal.

Marijuana bills filed in past three legislative sessions

The Missouri General Assembly has considered 26 bills during the past three legislative session - 2015, 2014, and 2013. A list of those bills is provided in Table 21 of this document along with links to the bill summaries and the fiscal notes. Fiscal notes were prepared for most but not all of the bills. Only seven of the bills dealt specifically with medical marijuana which are shown in Table 20 below. The other 19 bills dealt with other or more expansive issues such as full legalization, decriminalization, expungement of records, medical hemp, and industrial hemp. This analysis will only discuss the seven medical marijuana bills.

**Table 20
MISSOURI MEDICAL MARIJUANA LEGISLATION
2013, 2014, AND 2015 LEGISLATIVE SESSIONS**

Session	Bill	Sponsor	Subject	Bill Summary Link	Fiscal Note Summary Link
2015	SB 395	Holsman-D	Medical Marijuana	http://www.senate.mo.gov/15info/BTS_Web/Bill.aspx?SessionType=R&BillID=2584380	http://www.moga.mo.gov/OverSight/Over20151/fispdf/1979-01N.ORG.pdf
2015	HB 490	English-I	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB490&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/1268-01N.ORG.pdf
2015	HB 800	Hinson-R	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB800&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/1749-02N.ORG.pdf
2015	HB 930	English-I	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB930&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/2109-01N.ORG.pdf
2014	SB 951	Holsman-D	Medical Marijuana	http://www.senate.mo.gov/14info/BTS_Web/Bill.aspx?SessionType=R&BillID=31394939	http://www.moga.mo.gov/OverSight/Over14/fishtm/4158-01N.ORG.htm
2014	HB 1324	Ellinger-D	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB1324&year=2014&code=R	http://www.moga.mo.gov/OverSight/Over14/fishtm/4036-01N.ORG.htm
2013	HB 688	Colona-D	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB688&year=2013&code=R	N/A

Table 21
MISSOURI MARIJUANA AND RELATED LEGISLATION
2013, 2014, AND 2015 LEGISLATIVE SESSIONS

Session	Bill	Sponsor	Subject	Bill Summary Link	Fiscal Note Summary Link
2015	SB 395	Holsman-D	Medical Marijuana	http://www.senate.mo.gov/15info/BTS_Web/Bill.aspx?SessionType=R&BillID=2584380	http://www.moga.mo.gov/OverSight/Over20151/fispdf/1979-01N.ORG.pdf
2015	HB 490	English-I	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB490&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/1268-01N.ORG.pdf
2015	HB 800	Hinson-R	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB800&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/1749-02N.ORG.pdf
2015	HB 930	English-I	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB930&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/2109-01N.ORG.pdf
2014	SB 951	Holsman-D	Medical Marijuana	http://www.senate.mo.gov/14info/BTS_Web/Bill.aspx?SessionType=R&BillID=31394939	http://www.moga.mo.gov/OverSight/OVER14/fishtm/4158-01N.ORG.htm
2014	HB 1324	Ellinger-D	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB1324&year=2014&code=R	http://www.moga.mo.gov/OverSight/OVER14/fishtm/4036-01N.ORG.htm
2013	HB 688	Colona-D	Medical Marijuana	http://www.house.mo.gov/billsummary.aspx?bill=HB688&year=2013&code=R	N/A
2015	SB 386	Keaveny-D	medical hemp	http://www.senate.mo.gov/15info/BTS_Web/Bill.aspx?SessionType=R&BillID=2501418	http://www.moga.mo.gov/OverSight/Over20151/fispdf/0274-10P.ORG.pdf
2015	HB 1183	Jones, Caleb-R	medical hemp	http://www.house.mo.gov/billsummary.aspx?bill=HB1183&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/2156-03N.ORG.pdf
2014	HB 2238	Jones, Caleb-R	medical hemp	http://www.house.mo.gov/billsummary.aspx?bill=HB2238&year=2014&code=R	http://www.moga.mo.gov/OverSight/OVER14/fishtm/6436-07T.ORG.htm
2015	SB 255	Schaaf-R	industrial hemp	http://www.senate.mo.gov/15info/BTS_Web/Bill.aspx?SessionType=R&BillID=1226491	http://www.moga.mo.gov/OverSight/Over20151/fispdf/1398-01N.ORG.pdf
2015	HB 701	Hinson-R	industrial hemp	http://www.house.mo.gov/billsummary.aspx?bill=HB701&year=2015&code=R	N/A

				e=R	
2015	HB 830	Curtman-R	industrial hemp	http://www.house.mo.gov/bills/summary.aspx?bill=HB830&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/1840-03N.ORG.pdf
2014	HB 2054	Colona-D	industrial hemp	http://www.house.mo.gov/bills/summary.aspx?bill=HB2054&year=2014&code=R	http://www.moga.mo.gov/OverSight/OVER14/fishtm/6165-05N.ORG.htm
2013	SB 358	Holsman-D	industrial hemp	http://www.senate.mo.gov/13info/BTS_Web/Bill.aspx?SessionType=R&BillID=18713094	http://www.moga.mo.gov/OverSight/OVER13/fishtm/1748-01N.ORG.htm
2015	HJR 15	Ellington-D	legalization	http://www.house.mo.gov/bills/summary.aspx?bill=HJR15&year=2015&code=R	N/A
2014	HJR 86	Ellington-D	legalization	http://www.house.mo.gov/bills/summary.aspx?bill=HJR86&year=2014&code=R	N/A
2015	SB 560	Chappelle-Nadal-D	decriminalizes	http://www.senate.mo.gov/15info/BTS_Web/Bill.aspx?SessionType=R&BillID=4721672	N/A
2015	HB 978	Dogan-R	decriminalizes	http://www.house.mo.gov/bills/summary.aspx?bill=HB978&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/1738-03N.ORG.pdf
2014	HB 1325	Ellinger-D	decriminalizes	http://www.house.mo.gov/bills/summary.aspx?bill=HB1325&year=2014&code=R	N/A
2014	HB 1659	Kelly-D	decriminalizes	http://www.house.mo.gov/bills/summary.aspx?bill=HB1659&year=2014&code=R	http://www.moga.mo.gov/OverSight/OVER14/fishtm/5345-01N.ORG.htm
2013	HB 512	Ellinger-D	decriminalizes	http://www.house.mo.gov/bills/summary.aspx?bill=HB512&year=2013&code=R	http://www.moga.mo.gov/OverSight/OVER13/fishtm/0382-01N.ORG.htm
2015	HB 1138	Rhoads-R	excise tax	http://www.house.mo.gov/bills/summary.aspx?bill=HB1138&year=2015&code=R	http://www.moga.mo.gov/OverSight/Over20151/fispdf/2072-03N.ORG.pdf
2013	HB 40	Roorda-D	excise tax	http://www.house.mo.gov/bills/summary.aspx?bill=HB40&year=2013&code=R	N/A
2015	HB 166	English-I	expungement	http://www.house.mo.gov/bills/summary.aspx?bill=HB166&year=2015&code=R	N/A

2014	HB 2234	Ellington-D	expungement	http://www.house.mo.gov/billsummary.aspx?bill=HB2234&year=2014&code=R	N/A
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The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, the Missouri Senate, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County Legislators, Jasper County, St. Charles County, St. Louis County, Taney County, the City of Cape Girardeau, the City of Columbia, the City of Jefferson, the City of Joplin, the City of Kirksville, the City of Mexico, the City of St. Joseph, the City of St. Louis, the City of Springfield, the City of Union, the City of Wentzville, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, and Metropolitan Community College.**

Fiscal Note Summary

This proposal is estimated to generate additional annual taxes and fees of \$17 million to \$21 million for state operating costs and veterans programs, \$8 million for other state programs, and \$7 million for local governments. State operating costs will be significant. Additional local government costs are likely.