

**MISSOURI STATE AUDITOR'S OFFICE  
FISCAL NOTE (20-125)**

**Subject**

Initiative petition from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV of the Constitution of Missouri. (Received October 10, 2019)

**Date**

November 4, 2019

**Description**

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

The amendment is to be voted on in November 2020.

**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 and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Commerce and Insurance**, 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**, **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**, **Malta Bend R-V School District**, **Mehlville School District**, **Wellsville-Middletown R-1 School District**, **State Technical College of Missouri**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **Missouri Veterans Commission**, **Missouri Office of Prosecution Services**, **Kansas City Board of Police Commissioners**, **The Metropolitan Police Department - City of St. Louis**, **University of Central Missouri**, **Harris-Stowe State University**, **Lincoln University**, **Missouri State University**, **Missouri Southern**

**State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and Truman State University.**

**Mark R. Reading** provided information to the State Auditor's office.

**David R. Usher** provided information to the State Auditor's office.

## **Assumptions**

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may be required to request additional appropriations.

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

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

Officials from the **Department of Elementary and Secondary Education** indicated a total estimated net effect on all state funds of \$0 for fiscal year 2020, \$0 for fiscal year 2021, and \$0 for fiscal year 2022.

Officials from the **Department of Health and Senior Services** indicated increased operating costs to the Veterans Infrastructure and Health Fund of \$1,605,331 in fiscal year 2021, \$5,541,694 in fiscal year 2022, and \$12,440,048 in fiscal year 2023. Of these costs, \$77,049 are one-time costs in fiscal year 2021 for office furniture and equipment, \$508,624 are one-time costs in fiscal year 2022 for office furniture, equipment, and application scoring costs, and \$4,722,049 are one-time costs in fiscal year 2023 for office furniture, equipment, contracted attorney fees, and application scoring costs.

Space for thirty-nine additional staff will be required by fiscal year (FY) 2023: 39 FTE x 230 sq. ft. x \$18.00 = \$161,460. These staff will be located in Jefferson City. An additional thirty FTE are assumed to be telecommuters.

This will create new small business opportunities and all the costs associated with a new business, along with the associated licensing fees.

At the time of submission Office of Administration - Information Technology Services Division (ITSD) had not provided a response.

The proposed legislation amends Section 1 of Article XIV and enacts one new section to be known as Section 2 of Article XIV regarding adult use marijuana legalization, regulation, and taxation. The new law stipulates the minimum number of facilities to be

licensed and the application and operation fees associated with each type of facility. It is assumed sales of marijuana will begin in FY 2023, increasing state revenue through the collection of a fifteen percent sales tax levied on the retail sale of adult use marijuana sold to consumers.

**Office of General Counsel:**

The proposed changes to this legislation will require the Department of Health and Senior Services to aid the program in building all the rules, pre-licensing, preparing required forms, and litigation on any legal challenges for denial of licenses through the Missouri court system. Based on our experience with medical marijuana facility license applications, we assume a similar number of facility license applications will be received for potentially even fewer available licenses. To defend the denial of an estimated 2,000 licenses, the department will temporarily contract with attorneys and support staff for a period of approximately 18 – 24 months. The total estimated amount of these contracts is \$3,538,085. In addition, the department would require the following staff:

Three full-time attorneys (average annual salary of \$75,000) would be needed to assist in reviewing records and defending the department in anticipated trials from denied licenses due to the limited number allowed to be issued. Two Attorneys would be needed for fiscal year 2021 with a third FTE Attorney added in fiscal year 2022, and maintaining the three Attorneys for the third year of fiscal year 2023.

Additional duties include:

- Reviewing requests for records (sunshine and/or subpoenas)
- Coordinating and advising with Medical Marijuana staff to determine whether the Department has records responsive to requests
- Review of individual records
- Determining appropriate response
- Responding to requestor
- Drafting/filing motions to quash subpoenas when necessary
- Possible referrals to AGO
- Representing the department in any court room activities resulting from this change in legislation

In addition, one support staff would be required to assist the three attorneys in the paperwork required for these court cases.

For the purposes of this fiscal note, they assumed temporary contracts would be necessary for attorneys, paralegals, and support staff to defend the denial of an estimated 2,000 licenses. The length of these contracts is estimated for a period of approximately 18 – 24 months, at an estimated total cost of \$3,538,085, to cover any litigation associated with these denials. The three full-time attorneys and one support staff needed to handle the on-going costs of this proposed legislation would indeed be on-going with no estimate of any end date. Within the parameters of the assumptions used for this response, at this time, there are no other anticipated temporary or other costs for this proposed legislation from the Office of General Counsel.

### **Division of Regulation and Licensure (DRL):**

Section 1 of Article XIV includes minor changes that will cause some adjustment to the operations of the Section for Medical Marijuana (SMMR), but those changes have no fiscal impact. Section 2 of Article XIV requires creation of a new program for the regulation of adult use marijuana. This new program will share some employees and resources with the current SMMR. For purposes of this fiscal note, the new, combined program will be called the Section for Marijuana Regulation (SMR).

Section 2 of Article XIV requires implementation of adult use marijuana in several phases over the course of three years. Much of the regulatory structure mandated in Section 2 mirrors that in Section 1; thus, some efficiencies can be captured by merging this new program with the existing SMMR. However, the regulations and businesses to be licensed for the new program are different enough from the SMMR regulations and businesses that some functions, particularly on the compliance side, will need to be expanded significantly. Furthermore, assuming similar licensing functions for the new program (initial applications with applications for changes to businesses following licensure), the licensing needs of the new program will double those of the existing program as several waves of new licensing processes will occur at regular intervals, including for a new class of marijuana businesses. With each new wave, facility agent application processing will increase.

In addition to staffing needs, the new program will necessitate new or amended contracts for IT solutions and application scoring. All new adult use businesses will have application requirements different from medical marijuana businesses, which must be built within the existing IT solution for Missouri marijuana regulation or through a new IT solution. While the bulk of the initial wave of licensing for adult use will not require scoring applications, microbusiness applications will likely require scoring at each stage of licensing, and in the third year, it appears scoring will be necessary for all new facilities of any type.

The following are the estimates of costs associate with the staffing and contractual needs outlined above.

#### **YEAR 1**

Between December 2020 and December 2021, the SMR will begin program build out, draft and file rules, draft and issue Request for Proposals (RFPs) or contract amendments for IT solutions, and begin pre-licensing functions, including public outreach/response.

To cover program implementation, pre-licensing, and public outreach/response in the first year, the SMR will require additional staff. The following positions will be hired as of January 2021:

- One Planner IV with an annual salary of \$55,000, job duties will include oversight of contracts, procurement, and website and supervisory responsibilities;
- One Planner II with an annual salary of \$45,000, job duties will be consistent with that of the Planner IV to a lesser degree;

- Four Special Assistant Professionals with an annual salary of \$45,000, job duties will be to function as facility licensing specialists and process applications and renewals;
- Five Health Program Representative IIs with an annual salary of \$40,000 job duties will be Facility Agent ID's and handle public assistant calls; and
- Two Administrative Office Support Assistants with an annual salary of \$38,000, to provide support for the above staff.

Due to the increase supervisory and oversight responsibilities, salaries to existing staff will be studied and adjustments will be made when deemed appropriate.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year one is \$769,000.

## YEAR 2

The SMR will continue program build-out and begin accepting facility applications in December 2021 and will have 150 days to approve or deny all applications. For 348 licenses, applications will be reviewed for minimum qualifications, but no scoring will be necessary. For 48 licenses (the microbusiness licenses), applications will be reviewed for minimum qualifications and scoring will be necessary. Facilities may begin operating sometime after May 2022. Facility agent applications and oversight will increase when the new facilities begin operating. The SMR will also draft and issue RFPs or contract amendments for application scoring in Year 2.

To cover program implementation and oversight, public outreach/response, facility agent applications and oversight, and compliance/enforcement functions for a new regulatory structure with up to 396 new facility licenses (not counting additional, new license types added as needed), the SMR will require additional staff. The following positions will be hired as of July 2021:

- Three Investigation Managers with an annual salary of \$65,000, job duties to include supervision of additional investigative staff;
- Three Investigator IIIs with an annual salary of \$60,000, job duties to be to inspect and investigate facilities throughout the state and provide oversight to Investigator II's;
- Seventeen Investigators II with an annual salary of \$50,000, job duties to include inspecting and investigating facilities across the state;
- One Planner II with an annual salary of \$45,000, job duties to include oversight on additional contracts and regulations;
- Five Health Program Representatives II with an annual salary of \$40,000, job duties to provide public assistance and facilitate increase activity for facility agent ID applications. and
- Two Administrative Office Support Assistants with an annual salary of \$38,000, to provide support for the above additional staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be \$10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately \$200,000 in Year 2. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are licenses available for microbusinesses (based on experience in 2019).

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year two is \$518,599.

Section 6 (iii) requires the Department to provide grants to existing agencies and not-for-profit organizations to increase access to evidence-based low barrier drug addiction treatment, and to support reintegrating those with substance abuse disorders, by supporting job placement, housing and counseling. The Division of Regulation and Licensure's Financial Services Unit (FSU) will require additional personnel to oversee the grant processes, as well as provide overall support to the additional SMR staff. The FSU will require one Planner III at an annual salary of \$60,000, one Executive II with an annual salary of \$40,000, and one Senior Office Support Assistant with an annual salary of \$27,851. All FSU staff are assumed to start in July 2021.

### YEAR 3

The SMR will continue program build-out and receive applications for an additional 48 microbusinesses in January 2023, which will likely require both minimum qualification review and scoring. Licensing of new business of all types will begin in November 2023, requiring minimum qualification review and scoring. Facility agent applications and oversight will increase when new facilities begin operating.

To cover public outreach/response, facility agent applications and oversight, and additional increases in compliance/enforcement functions for new facility licenses, the SMR will require additional staff. The following positions will be hired as of July 2022:

- Two Investigator IIIs with an annual salary of \$60,000;
- Eight Investigators II with an annual salary of \$50,000;
- Four Special Assistant Professionals with an annual salary of \$45,000;
- Three Health Program Representative IIs with an annual salary of \$40,000; and
- One Administrative Office Support Assistant with an annual salary of \$38,000.

All job duties consistent with previous staff.

The Investigators are assumed to be telecommuters and are expected to travel extensively; it is assumed that the travel cost will be \$10,118 annually for all investigative staff.

It is assumed application scoring will cost approximately \$2,200,000 in Year 3. This estimate is based on the current SMMR contract, assuming a new contract will be necessary and assuming there will be four times the number of applications received as there are licenses available for microbusinesses, and assuming the scoring expense for new

marijuana business applications of all types will be similar to 2019 SMMR experience for expenses.

The IP implies a duty to reopen application periods when licenses become available. There is also the option to issue additional licenses indefinitely. And whenever there are more applicants than licenses available, DRL will have to have them scored. DRL would assume that the ongoing costs would be approximately \$1,110,000 for application scoring. We do not have any other one-time costs except for the office furniture/equipment.

The current contract for IT solutions will need to be continued and expanded. The estimated cost for year three is \$518,599.

Officials from the **Department of Commerce and Insurance** 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.

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 a fiscal impact of costs savings of \$778,038 in fiscal year 2021, \$1,184,936 in fiscal year 2022, \$1,328,713 by fiscal year 2026.

The estimate of the impact of this amendment is determined by a standard response of looking at persons committed for marijuana-only offenses. In 2018, thirty people were incarcerated and 383 given probationary terms of cannabis-only violations. The average sentence is 7.0 years with 0.9 served before first release; the average probationary term is three years.

Passage of Initiative Petition (IP) 2020-125 is estimated to result in 30 fewer persons incarcerated and 383 fewer persons entering probationary supervision per year in their department. The full impact of the bill occurs in fiscal year (FY) 2026 with 90 fewer persons incarcerated and 1269 fewer persons on field supervision. This results in a reduction of 10 (Probation and Parole) P&P officers by FY2026. Their department cost of incarceration is \$17.224 per day or an annual cost of \$6,287 per offender. Their department cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition is expected to have no fiscal impact on their department.

Officials from the **Department of Revenue** indicated:

**Section 1.3** states that all public records produced or retained pursuant to this section are subject to the general provisions of Missouri's Sunshine Law. Thus, information obtained from an applicant or licensee are subject to closure.

**Section 1.3** also states that qualifying patients under this section shall obtain an identification card which shall be valid for three years and may be renewed with a new physician's certification. The Department recognizes that the fee of twenty-five dollars per year per card remains the same, and does not anticipate this to have an impact.

**Section 1.3** also states that primary caregiver's identification cards shall be valid for three years. Furthermore, the fee for a primary caregiver's identification card has been increased from twenty-five dollars to seventy-five dollars. The Department recognizes that the fee, as it is written today, reads that it shall be twenty-five dollars per year. This initiative petition increases the fee to seventy-five dollars every three years. The total revenue gained, in totality, then, should not change, but the state could recognize changes in cash flow with the fee being paid by primary caregivers every three years instead of one. The Department defers to the Department of Health and Senior Services to estimate the impact to state cash flows.

**Section 1.5** awards non-resident of Missouri patients the ability to purchase marijuana for medical purposes from a medical marijuana dispensary facility as permitted by this section. The Department recognizes that if out of state residents purchase medical marijuana in Missouri that the Missouri Veterans' Health and Care fund could increase as well as state and local sales and use taxes. The Department provides an unknown impact for this section, though, as the number of outside residents purchasing marijuana in Missouri cannot truly be estimated.

**Section 2.1** states that recreational marijuana shall be legal for individuals aged twenty one and above.

**Section 2.3** states that this section shall not require any employer to permit or accommodate conduct otherwise allowed by this section in any workplace or employer's property.

**Section 2.4** states the Department of Health and Senior Services shall issue, at a minimum, the same number of marijuana cultivation facilities under Section 1 (medical marijuana), the same number of marijuana-infused products manufacturing facilities licenses as are issued for medical marijuana infused products manufacturing facilities, the same number of marijuana dispensary facility licenses as are issued to medical marijuana dispensary facilities, and a minimum number of marijuana microbusiness licenses are allowed for medical marijuana; stating that marijuana microbusiness licenses shall be awarded to applicants of marijuana microbusinesses that is at least fifty percent owned by natural persons who qualified as economically disadvantaged owners or disabled veterans at the time they applied and received their licenses.

The Department recognizes that Section 1 (medical marijuana) allows for a minimum of 60 cultivation facility licenses, 86 marijuana-infused product facilities, and 192 dispensary



licenses. The number of marijuana microbusiness licenses would be issued over a period of time, as any other licenses allowed fall short of the minimum required.

The Department estimates the following minimum impact for Section 2.4:

Chart 1

Facility Type	Application Fee/Renewal Fee		Annual Fee	Minimum Number of Licenses	Estimated Revenue (Minimum)		
					Application Fee	Renewal Fee	Annual Fee
	Valid for 3 years	Year 4 and Thereafter					
<b>Marijuana Cultivation Facility</b>	\$10,000	\$5,000	\$25,000	60	\$600,000	\$300,000	\$1,500,000
<b>Dispensary</b>	\$6,000	\$3,000	\$10,000	192	\$1,152,000	\$576,000	\$1,920,000
<b>Marijuana Infused Product Facility</b>	\$6,000	\$3,000	\$10,000	86	\$516,000	\$258,000	\$860,000
<b>Marijuana Microbusiness</b>	\$1,500	\$2,500	\$2,500	96	\$144,000	\$240,000	\$240,000

**Section 2.5** states that a local government may prohibit the operation of all non-medical retail marijuana facilities regulated under this section from being located within its jurisdiction through voter approval of a ballot question submitted to such voters of such local government.

**Section 2.6** of this initiative petition states that a tax equal to 15% of the retail price of non-medical marijuana sold to consumers shall be levied. Furthermore, the Department recognizes that Section 2.6 states that the tax levied is separate from and in addition to any general state and local sales and use tax(es) that apply to retail sales – which will be collected upon the retail sales to consumers.

The Department observed data published by Marijuana Business Daily that projects U.S. retail marijuana sales to 2023, including both medical marijuana retail sales and recreational marijuana retail sales, shown separately.

Chart 2

Year	Medical U.S. Cannabis Retail Sales		Recreational U.S. Cannabis Retail Sales		Total U.S. Cannabis Retail Sales	
	Low	High	Low	High	Low	High
<b>2018</b>	\$3,300,000,000	\$3,800,000,000	\$5,300,000,000	\$6,200,000,000	\$8,600,000,000	\$10,000,000,000
<b>2019</b>	\$4,200,000,000	\$5,200,000,000	\$7,000,000,000	\$8,500,000,000	\$11,200,000,000	\$13,700,000,000
<b>2020</b>	\$5,500,000,000	\$6,800,000,000	\$10,200,000,000	\$12,200,000,000	\$15,700,000,000	\$19,000,000,000
<b>2021</b>	\$6,400,000,000	\$7,800,000,000	\$13,000,000,000	\$15,700,000,000	\$19,400,000,000	\$23,500,000,000
<b>2022</b>	\$6,700,000,000	\$8,300,000,000	\$15,700,000,000	\$19,100,000,000	\$22,400,000,000	\$27,400,000,000
<b>2023</b>	\$6,900,000,000	\$8,400,000,000	\$18,100,000,000	\$22,000,000,000	\$25,000,000,000	\$30,400,000,000

<https://mjbizdaily.com/exclusive-us-retail-marijuana-sales-on-pace-to-rise-35-in-2019-and-near-30-billion-by-2023/>

Using the "Total U.S. Cannabis Retail Sales" column from Chart 2, the Department calculated, for both high and low estimates, the estimated increase in total U.S. marijuana retail sales for each year to calculate the average increase recognized each year so that the Department could estimate retail sales through Year 2030. The Department recognized the following estimated increases in U.S. marijuana retail sales, as they were estimated by Marijuana Business Daily, between 2018 and 2023:

Chart 3

Year	Percent Difference (Using Total U.S. Marijuana Retail Sales)	
	Low	High
<b>2019</b>	30.23%	37%
<b>2020</b>	40.18%	39%
<b>2021</b>	23.57%	24%
<b>2022</b>	15.46%	17%
<b>2023</b>	11.61%	11%
<b>Average Percent Difference</b>	<b>24%</b>	<b>25%</b>

The Department used the average percent difference (increase) calculated from Chart 3 to estimate the total U.S. marijuana retail sales through Year 2030:

Chart 4

Year	Total Estimated U.S. Cannabis Retail Sales 2018-2030	
	Low	High
<b>2018</b>	\$8,600,000,000	\$10,000,000,000
<b>2019</b>	\$11,200,000,000	\$13,700,000,000
<b>2020</b>	\$15,700,000,000	\$19,000,000,000
<b>2021</b>	\$19,400,000,000	\$23,500,000,000
<b>2022</b>	\$22,400,000,000	\$27,400,000,000
<b>2023</b>	\$25,000,000,000	\$30,400,000,000
<b>2024</b>	\$31,052,453,447	\$38,116,431,496
<b>2025</b>	\$38,570,194,602	\$47,791,524,670
<b>2026</b>	\$47,907,966,892	\$59,922,446,584
<b>2027</b>	\$59,506,396,466	\$75,132,560,206
<b>2028</b>	\$73,912,784,241	\$94,203,456,716
<b>2029</b>	\$91,806,931,670	\$118,115,118,571
<b>2030</b>	\$114,033,218,871	\$148,096,277,158

The Department, then, using Chart 2, calculated the estimated percent of medical marijuana retail sales (medical marijuana retail sales / total U.S. marijuana retail sales) and the estimated percent of recreational marijuana retail sales (recreational marijuana retail sales / total U.S. marijuana retail sales), for both low and high estimates:

Chart 5

Year	Percent of Medical	Percent of Medical	Percent of Recreational	Percent of Recreational
	Low	High	Low	High
2018	38%	38%	62%	62%
2019	38%	38%	63%	62%
2020	35%	36%	65%	64%
2021	33%	33%	67%	67%
2023	30%	30%	70%	70%
2023	28%	28%	72%	72%
<b>Average Percent</b>	<b>34%</b>	<b>34%</b>	<b>66%</b>	<b>66%</b>

The Department recognized that the estimated medical marijuana retail sales results to 34 percent of the total U.S. marijuana retail sales and recreational marijuana retail sales results in 66 percent of the total U.S. marijuana retail sales.

The Department applied the percentages estimated in Chart 5 to Chart 4 to determine the U.S. Cannabis Retail Sales, from 2018 to 2030, separated by medical marijuana retail sales and recreational marijuana retail sales:

Chart 6

Year	Total Estimated U.S. Cannabis Retail Sales		Medical Sales (Low)	Recreational Sales (Low)	Medical Sales (High)	Recreational Sales (High)
	Low	High	34%	66%	34%	66%
2018	\$8,600,000,000	\$10,000,000,000	\$2,924,000,000	\$5,676,000,000	\$3,400,000,000	\$6,600,000,000
2019	\$11,200,000,000	\$13,700,000,000	\$3,808,000,000	\$7,392,000,000	\$4,658,000,000	\$9,042,000,000
2020	\$15,700,000,000	\$19,000,000,000	\$5,338,000,000	\$10,362,000,000	\$6,460,000,000	\$12,540,000,000
2021	\$19,400,000,000	\$23,500,000,000	\$6,596,000,000	\$12,804,000,000	\$7,990,000,000	\$15,510,000,000
2022	\$22,400,000,000	\$27,400,000,000	\$7,616,000,000	\$14,784,000,000	\$9,316,000,000	\$18,084,000,000
2023	\$25,000,000,000	\$30,400,000,000	\$8,500,000,000	\$16,500,000,000	\$10,336,000,000	\$20,064,000,000
2024	\$31,052,453,447	\$38,116,431,496	\$10,557,834,172	\$20,494,619,275	\$12,959,586,708	\$25,156,844,787
2025	\$38,570,194,602	\$47,791,524,670	\$13,113,866,165	\$25,456,328,437	\$16,249,118,388	\$31,542,406,282
2026	\$47,907,966,892	\$59,922,446,584	\$16,288,708,743	\$31,619,258,149	\$20,373,631,838	\$39,548,814,745
2027	\$59,506,396,466	\$75,132,560,206	\$20,232,174,798	\$39,274,221,667	\$25,545,070,470	\$49,587,489,736
2028	\$73,912,784,241	\$94,203,456,716	\$25,130,346,642	\$48,782,437,599	\$32,029,175,283	\$62,174,281,432
2029	\$91,806,931,670	\$118,115,118,571	\$31,214,356,768	\$60,592,574,902	\$40,159,140,314	\$77,955,978,257
2030	\$114,033,218,871	\$148,096,277,158	\$38,771,294,416	\$75,261,924,455	\$50,352,734,234	\$97,743,542,924

The Department recognizes that medical marijuana will be accounted for pursuant to the passage of Amendment 2 of 2018 and that this initiative petition states that a "tax shall be levied upon the retail sale of *non-medical marijuana*..." Thus, the Department has removed the medical marijuana retail sales from the projections:

Chart 7

Year	Total Estimated U.S. Cannabis Retail Sales		Recreational Sales (Low)	Recreational Sales (High)
	Low	High	66%	66%
2018	\$8,600,000,000	\$10,000,000,000	\$5,676,000,000	\$6,600,000,000
2019	\$11,200,000,000	\$13,700,000,000	\$7,392,000,000	\$9,042,000,000
2020	\$15,700,000,000	\$19,000,000,000	\$10,362,000,000	\$12,540,000,000
2021	\$19,400,000,000	\$23,500,000,000	\$12,804,000,000	\$15,510,000,000
2022	\$22,400,000,000	\$27,400,000,000	\$14,784,000,000	\$18,084,000,000
2023	\$25,000,000,000	\$30,400,000,000	\$16,500,000,000	\$20,064,000,000
2024	\$31,052,453,447	\$38,116,431,496	\$20,494,619,275	\$25,156,844,787
2025	\$38,570,194,602	\$47,791,524,670	\$25,456,328,437	\$31,542,406,282
2026	\$47,907,966,892	\$59,922,446,584	\$31,619,258,149	\$39,548,814,745
2027	\$59,506,396,466	\$75,132,560,206	\$39,274,221,667	\$49,587,489,736
2028	\$73,912,784,241	\$94,203,456,716	\$48,782,437,599	\$62,174,281,432
2029	\$91,806,931,670	\$118,115,118,571	\$60,592,574,902	\$77,955,978,257
2030	\$114,033,218,871	\$148,096,277,158	\$75,261,924,455	\$97,743,542,924

Based on a report published by the Substance Abuse and Mental Health Services Administration, in 2018, 34.8 percent of individuals surveyed, within the United States, aged 18-25 used marijuana in the past year and 13.3 percent of individuals surveyed, within the United States, aged 26 and older used marijuana in the past year.

The Henry Kaiser Family Foundation (KFF) states that there are approximately 240,903,600 individuals in the United States aged 19 and above. Separating the population by age, there are approximately 28,348,600 individuals within the United States between the ages of 19 and 25 and approximately 212,555,000 individuals within the United States aged 26 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the age demographics published by the KFF, approximately 9,865,313 ( $28,348,600 \times 34.8\%$ ) individuals in the United States aged between 19 and 25 and 28,269,815 ( $212,555,000 \times 13.3\%$ ) individuals in the United States aged 26 and older that have used marijuana in the past year

A data search with Missouri Census Data Center states that there are approximately 566,385 individuals in Missouri aged 18 -24 and approximately 4,183,237 individuals in Missouri aged 25 and older, with a total of 4,749,622 individuals aged 18 or above.

Using the data published by the Substance Abuse and Mental Health Services Administration in conjunction with the Missouri Census Data Center statistics, 197,102 ( $566,385 \times 34.8\%$ ) Missourians aged 18-24 and 556,370 ( $4,183,237 \times 13.3\%$ ) Missourians aged 25 and above have used marijuana in the past year.

\*The Department notes that, due to the difference in the age groups defined between the Substance Abuse and Mental Health Services Administration and the Missouri Census Data Center, that the revenue forecasts for Missouri is understated slightly, as individuals aged 25 in Missouri are included within the projections using 13.3% and not 34.8% - whereas individuals aged 25 were included within the 34.8% stated by the Substance Abuse and Mental Health Services Administration.

Comparing the United States individuals to Missouri individuals who have used marijuana in the past year, the Department estimates Missouri's marijuana market share of total U.S. marijuana retail sales to be approximately 1.98% (estimated Missouri total population aged 18 and above using marijuana in the past year / total U.S. population aged 18 and above using marijuana in the past year percent of the total marijuana market within the United States –  $(197,102 + 556,370) / (9,865,313 + 28,269,815)$ )).

Therefore, the Department refers back to the total Estimated U.S. Cannabis Retail Sales 2018-2030 from Chart 7, to forecast Missouri's recreational marijuana market/retail sales:

Chart 8

<b>Missouri's Recreational Marijuana Market (1.98%)</b>	
<b>Low</b>	<b>High</b>
\$112,384,800	\$130,680,000
\$146,361,600	\$179,031,600
\$205,167,600	\$248,292,000
\$253,519,200	\$307,098,000
\$292,723,200	\$358,063,200
\$326,700,000	\$397,267,200
\$405,793,462	\$498,105,527
\$504,035,303	\$624,539,644
\$626,061,311	\$783,066,532
\$777,629,589	\$981,832,297
\$965,892,264	\$1,231,050,772
\$1,199,732,983	\$1,543,528,369
\$1,490,186,104	\$1,935,322,150

The Department recognizes that Section 2.4 states that the Department of Health and Senior Services shall begin accepting facility applications within 365 days of December 3, 2020 (effective date of Section 2) and must allow application approvals within one-hundred fifty days after application submissions. The Department believes that the sale of recreational marijuana would not begin until May 2022.

When applying the state sales tax, the 15 percent excise tax, and weighted average local tax rate to Missouri's recreational marijuana market, as shown in Chart 7, the Department

estimates the following increases, including both low and high estimates, for the following tax years:

Chart 9

Estimated Impact to TSR (Low) - Tax/Calendar Year							
Year	General Revenue	Education	Conservation	Parks and Soil	Total State Sales Tax	Veterans, Infrastructure and Health Fund	Local Tax
	3%	1%	0.125%	0.10%		15%	3.93%
TY 21	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TY 22	\$5,854,464	\$1,951,488	\$243,936	\$195,149	\$8,245,037	\$29,272,320	\$7,669,348
TY 23	\$9,801,000	\$3,267,000	\$408,375	\$326,700	\$13,803,075	\$49,005,000	\$12,839,310
TY 24	\$12,173,804	\$4,057,935	\$507,242	\$405,793	\$17,144,774	\$60,869,019	\$15,947,683
TY 25	\$15,121,059	\$5,040,353	\$630,044	\$504,035	\$21,295,492	\$75,605,295	\$19,808,587
TY 26	\$18,781,839	\$6,260,613	\$782,577	\$626,061	\$26,451,090	\$93,909,197	\$24,604,210
TY 27	\$23,328,888	\$7,776,296	\$972,037	\$777,630	\$32,854,850	\$116,644,438	\$30,560,843
TY 28	\$28,976,768	\$9,658,923	\$1,207,365	\$965,892	\$40,808,948	\$144,883,840	\$37,959,566
TY 29	\$35,991,989	\$11,997,330	\$1,499,666	\$1,199,733	\$50,688,719	\$179,959,947	\$47,149,506
TY 30	\$44,705,583	\$14,901,861	\$1,862,733	\$1,490,186	\$62,960,363	\$223,527,916	\$58,564,314

Chart 10

Estimated Impact to TSR (High) - Tax/Calendar Year							
Year	General Revenue	Education	Conservation	Parks and Soil	Total State Sales Tax	Veterans, Infrastructure and Health Fund	Local Tax
	3%	1%	0.125%	0.10%		15%	3.93%
TY 21	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TY 22	\$7,161,264	\$2,387,088	\$298,386	\$238,709	\$10,085,447	\$35,806,320	\$9,381,256
TY 23	\$11,918,016	\$3,972,672	\$496,584	\$397,267	\$16,784,539	\$59,590,080	\$15,612,601
TY 24	\$14,943,166	\$4,981,055	\$622,632	\$498,106	\$21,044,959	\$74,715,829	\$19,575,547
TY 25	\$18,736,189	\$6,245,396	\$780,675	\$624,540	\$26,386,800	\$93,680,947	\$24,544,408
TY 26	\$23,491,996	\$7,830,665	\$978,833	\$783,067	\$33,084,561	\$117,459,980	\$30,774,515
TY 27	\$29,454,969	\$9,818,323	\$1,227,290	\$981,832	\$41,482,415	\$147,274,845	\$38,586,009
TY 28	\$36,931,523	\$12,310,508	\$1,538,813	\$1,231,051	\$52,011,895	\$184,657,616	\$48,380,295
TY 29	\$46,305,851	\$15,435,284	\$1,929,410	\$1,543,528	\$65,214,074	\$231,529,255	\$60,660,665
TY 30	\$58,059,664	\$19,353,221	\$2,419,153	\$1,935,322	\$81,767,361	\$290,298,322	\$76,058,160

The Department further recognizes that sales would begin two months before the end of Fiscal Year 2022. Based on historical sales tax collection data, the Department adjusts calendar year collections putting 50 percent into the first fiscal year and fifty percent into

the second fiscal year. Thus, the Department estimates the following increases, including both low and high estimates, for the following fiscal years:

Chart 11

Estimated Impact to TSR (Low) - Fiscal Year							
Year	General Revenue	Education	Conservation	Parks and Soil	Total TSR (4.225% State Sales Tax)	Veterans, Infrastructure and Health Fund	Local Tax
	3%	1%	0.125%	0.10%		15%	3.93%
FY 21	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY 22	\$1,463,616	\$487,872	\$60,984	\$48,787	\$2,061,259	\$7,318,080	\$1,917,337
FY 23	\$9,291,348	\$3,097,116	\$387,139.50	\$350,549.10	\$13,126,153	\$46,456,740	\$12,171,665.88
FY 24	\$10,987,401.92	\$3,662,467.31	\$457,808.41	\$366,246.73	\$15,473,924	\$54,937,009.62	\$14,393,496.52
FY 25	\$13,647,431.47	\$4,549,143.82	\$568,642.98	\$454,914.38	\$19,220,133	\$68,237,157.35	\$17,878,135.23
FY 26	\$16,951,449.22	\$5,650,483.07	\$706,310.38	\$565,048.31	\$23,873,291	\$84,757,246.08	\$22,206,398.47
FY 27	\$21,055,363.51	\$7,018,454.50	\$877,306.81	\$701,845.45	\$29,652,970	\$105,276,817.53	\$27,582,526.19
FY 28	\$26,152,827.80	\$8,717,609.27	\$1,089,701.16	\$871,760.93	\$36,831,899	\$130,764,139.01	\$34,260,204.42
FY 29	\$32,484,378.71	\$10,828,126.24	\$1,353,515.78	\$1,082,812.62	\$45,748,833	\$162,421,893.56	\$42,554,536.11
FY 30	\$40,348,786.31	\$13,449,595.44	\$1,681,199.43	\$1,344,959.54	\$56,824,541	\$201,743,931.55	\$52,856,910.06

Chart 12

Estimated Impact to TSR (High) - Fiscal Year							
Year	General Revenue	Education	Conservation	Parks and Soil	Total TSR (4.225% State Sales Tax)	Veterans, Infrastructure and Health Fund	Local Tax
	3%	1%	0.125%	0.10%		15%	3.93%
FY 21	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY 22	\$1,790,316	\$596,772	\$74,597	\$59,677	\$2,521,362	\$8,951,580	\$2,345,314
FY 23	\$11,329,956	\$3,776,652	\$472,081.50	\$427,323.60	\$16,006,013	\$56,649,780	\$14,842,242.36
FY 24	\$13,430,590.90	\$4,476,863.63	\$559,607.95	\$447,686.36	\$18,914,749	\$67,152,954.51	\$17,594,074.08
FY 25	\$16,839,677.57	\$5,613,225.86	\$701,653.23	\$561,322.59	\$23,715,879	\$84,198,387.84	\$22,059,977.61
FY 26	\$21,114,092.65	\$7,038,030.88	\$879,753.86	\$703,803.09	\$29,735,680	\$105,570,463.23	\$27,659,461.37
FY 27	\$26,473,482.43	\$8,824,494.14	\$1,103,061.77	\$882,449.41	\$37,283,488	\$132,367,412.15	\$34,680,261.98
FY 28	\$33,193,246.04	\$11,064,415.35	\$1,383,051.92	\$1,106,441.53	\$46,747,155	\$165,966,230.18	\$43,483,152.31
FY 29	\$41,618,687.13	\$13,872,895.71	\$1,734,111.96	\$1,387,289.57	\$58,612,984	\$208,093,435.64	\$54,520,480.14
FY 30	\$52,182,757.79	\$17,394,252.60	\$2,174,281.57	\$1,739,425.26	\$73,490,717	\$260,913,788.95	\$68,359,412.71

**Section 2.6** further states that all revenues gained under Section 2 shall be deposited into the Veterans, Infrastructure, and Health Fund. The Department believes that this would

include all license fees, application fees, renewal fees, annual fees, and the 15 percent tax levied. The Department does not believe this would include the 4.225% state sales tax.

The Department notes that monies in the Veterans, infrastructure, and Health Fund shall be distributed in the following manner:

- a. Amounts necessary to cover any Department of Health and Senior Services costs related to the administration of Section 2.
- b. Amounts necessary for the creation of a reserve fund within the Department of Health and Senior Services to ensure there is enough working capital to administer Section 2.
- c. 3/15<sup>th</sup> of the remaining balance to any local jurisdiction with recreational marijuana sales.
- d. Any remaining balance will then be distributed
  - a. 1/3<sup>rd</sup> to the Missouri Veterans' Commission
  - b. 1/3<sup>rd</sup> to the State Road Fund
  - c. 1/3<sup>rd</sup> to the Department of Health and Senior Services for grants to non-profits and other agencies in relation to drug addiction treatment.

The Department is unable to determine the amounts necessary for the Department of Health and Senior Services to administer Section 2 and the amounts necessary for the reserve fund. The Department will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Chart 13

Maximum Distribution Amounts Based on 15% Tax Collections (Low)							
Fiscal Year	Veterans, Infrastructure and Health Fund	DHSS Administrative Costs	DHSS Reserve Fund	Local Jurisdictions	Missouri Veterans' Commission	State Road Fund	DHSS Addiction Treatment Grants
FY 21	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY 22	\$7,318,080	Unknown	Unknown	\$1,463,616	\$1,951,488	\$1,951,488	\$1,951,488
FY 23	\$46,456,740	Unknown	Unknown	\$9,291,348	\$12,388,464	\$12,388,464	\$12,388,464
FY 24	\$54,937,010	Unknown	Unknown	\$10,987,402	\$14,649,869	\$14,649,869	\$14,649,869
FY 25	\$68,237,157	Unknown	Unknown	\$13,647,431	\$18,196,575	\$18,196,575	\$18,196,575
FY 26	\$84,757,246	Unknown	Unknown	\$16,951,449	\$22,601,932	\$22,601,932	\$22,601,932
FY 27	\$105,276,818	Unknown	Unknown	\$21,055,364	\$28,073,818	\$28,073,818	\$28,073,818
FY 28	\$130,764,139	Unknown	Unknown	\$26,152,828	\$34,870,437	\$34,870,437	\$34,870,437
FY 29	\$162,421,894	Unknown	Unknown	\$32,484,379	\$43,312,505	\$43,312,505	\$43,312,505
FY 30	\$201,743,932	Unknown	Unknown	\$40,348,786	\$53,798,382	\$53,798,382	\$53,798,382



Chart 14

Maximum Distribution Amounts Based on 15% Tax Collections (High)							
Fiscal Year	Veterans, Infrastructure and Health Fund	DHSS Administrative Costs	DHSS Reserve Fund	Local Jurisdictions	Missouri Veterans' Commission	State Road Fund	DHSS Addiction Treatment Grants
FY 21	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FY 22	\$0	Unknown	Unknown	\$0	\$0	\$0	\$0
FY 23	\$8,951,580	Unknown	Unknown	\$1,790,316	\$2,387,088	\$2,387,088	\$2,387,088
FY 24	\$56,649,780	Unknown	Unknown	\$11,329,956	\$15,106,608	\$15,106,608	\$15,106,608
FY 25	\$67,152,955	Unknown	Unknown	\$13,430,591	\$17,907,455	\$17,907,455	\$17,907,455
FY 26	\$84,198,388	Unknown	Unknown	\$16,839,678	\$22,452,903	\$22,452,903	\$22,452,903
FY 27	\$105,570,463	Unknown	Unknown	\$21,114,093	\$28,152,124	\$28,152,124	\$28,152,124
FY 28	\$132,367,412	Unknown	Unknown	\$26,473,482	\$35,297,977	\$35,297,977	\$35,297,977
FY 29	\$165,966,230	Unknown	Unknown	\$33,193,246	\$44,257,661	\$44,257,661	\$44,257,661
FY 30	\$208,093,436	Unknown	Unknown	\$41,618,687	\$55,491,583	\$55,491,583	\$55,491,583

As a result of the Department's inability to determine or estimate the administrative costs of the Department of Health and Senior Services and the amounts necessary for the reserve fund, the distribution(s) shown above are subject to change significantly.

**Section 10** states that the adult use of recreational marijuana is not unlawful and further allows individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted an expungement of their records specific to the aforementioned offenses. The Department defers to the Department of Corrections and the State Public Defender's Office to estimate the impact of Section 10.

<https://www.kff.org/other/state-indicator/distribution-by-age/?dataView=1&currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

<https://www.samhsa.gov/data/report/2018-nsduh-annual-national-report>

<https://mjbizdaily.com/exclusive-us-retail-marijuana-sales-on-pace-to-rise-35-in-2019-and-near-30-billion-by-2023/>

<https://census.missouri.edu/population-by-age/report.php?s=29&y=2018&d=&a=5b>

Officials from the **Department of Public Safety - Office of Director** indicated they see no fiscal impact due to this initiative petition. They also provided the following comments from Missouri State Highway Patrol officials.

**Department of Public Safety - Division of Missouri State Highway Patrol** indicated:

The Patrol's Criminal Justice Information Services Division (CJIS) processes all requests for expungements for criminal history records, and the requests are processed by a CJIS Technician. This person reviews criminal history records, contacts agencies associated with the arrests or convictions, and collects all necessary data for court orders.

As of September 2019, there were 234,808 marijuana-related arrest charges in the Central Repository. The expungement process takes approximately 90 minutes, so 1 full-time employee (FTE) could handle 1,243 expungements per year.

- $1,864 \text{ hours (average work hours per year)} \times 60 \text{ minutes per hour} = 111,840 \text{ minutes per year}$
- $111,840 \text{ minutes per year} / 90 \text{ minutes per expungement} = 1,243 \text{ expungements per year per FTE}$
- $234,808 \text{ records} / 1,243 \text{ per FTE per year} = 189 \text{ FTE}$

Additionally, the Patrol Records Division (PRD) processes all petitions and court orders relating to expungement of marijuana-related traffic arrests.

There are currently 113,922 traffic arrest records in the system. The expungement process takes approximately 30 minutes, so 1 FTE could handle 3,728 expungements per year.

- $111,840 \text{ minutes per year} / 30 \text{ minutes per expungement} = 3,728 \text{ expungements per year per FTE}$
- $113,922 \text{ records} / 3,728 \text{ per FTE per year} = 31 \text{ FTE}$

The Patrol would also need to replace all 10 of its canines. The Patrol's canines are currently trained using Cannabis/Marijuana as one of the drugs to which they alert. If this initiative were to pass, each canine would have to be retired and replaced. The purchase and initial training for a canine is approximately \$22,000. Since the Patrol contracts its canine training, the time to train all 10 canines could take up to 3 years.

As a result, the anticipated total initial cost to the Patrol will be **\$14,268,898**, as follows:

\$12,730,318	Salary and fringe benefits for 189 CJIS Technicians and 31 PRD Technicians
\$1,318,580	Expense and Equipment, including rental space, janitorial for the 220 FTE
\$220,000	Cost of replacing and training 10 canines
\$14,268,898	Total Cost

With the time involved in hiring and training FTE and processing expungements the Patrol anticipates this being a 2-year project, after which time the FTE would be terminated.

## Missouri State Highway Patrol - Comments and Concerns:

In 2009, Colorado traffic fatalities involving drivers testing positive for marijuana represented 9% of the total traffic fatalities. Recreational marijuana use was legalized in 2012. By 2016, that number more than doubled to 21%.

Marijuana-related traffic deaths increased 66% in the four-year average (2013-2016) since Colorado legalized recreational marijuana compared to the four-year average (2009-2012) prior to legalization.

Marijuana-related deaths when a driver tested positive for marijuana more than doubled from 55 deaths in 2013 to 125 deaths in 2016.

The yearly number of marijuana related hospitalizations increased 72% after the legalization of marijuana, (2009-2012) vs. (2013-2016).

Colorado youth past month marijuana use for 2014/2015 was 55% higher than the national average.

The average THC levels in marijuana has increased significantly over the years: 1969-0.8%, 1995-4%, 2013-13%; 2017-20+%; Oil, 1995-13%, 2013-52%; highest Plant 38%, highest oil 95%+.

In Missouri, medical marijuana was legalized by Amendment 2 and took effect December 2018. As of June 10, 2019, 12 states have legalized recreational marijuana and 29 states have legalized medical marijuana. In a roadside 2013-2014 NHTSA roadside survey, 20% of the nighttime and weekend drivers tested positive for drugs. Interestingly, the number of daytime drugged drivers was approximately the same amount as night and weekend drugged drivers. A roadside study in Colorado and Washington, the first two states to legalize marijuana for recreational use, showed the primary increase of marijuana users happened to their daytime drivers. The percent of drivers that tested positive for marijuana during the day went from 8%, before recreational marijuana sales, to 23%, 6-12 months after marijuana was legalized. There was a 48% increase in weekend nighttime drivers testing positive for THC or 11-OH-THC (an active metabolite of THC) from 2007 to 2014. Montana legalized medical marijuana in 2004 and from 2007-2010, the presence of marijuana in DUI suspects increased over 100%. Also, the number of DUI suspects who tested positive for alcohol and marijuana increased by over 180%.

Medical marijuana has been legal in the state of Colorado since 2000. On November 12, 2012, the state of Colorado passed Amendment 64, which legalized private use of marijuana. Per the Colorado State Patrol's driving under the influence statistics, marijuana DUI citations increased 25.5% from 2014 to 2018 and marijuana and alcohol citations increased 112% in the same time range. As marijuana becomes legalized, its use increases.

The three years after Colorado legalized marijuana for recreational use (2013-2015), its use increased in youth ages 12-17, by 12%, in young adults aged 18-25 by 16%, and adults

26 in older by 71%. By removing the recommended acceptable ages of use, zoning regulations, packaging, and advertising of cannabis/marijuana, the risk of use and abuse of marijuana by the youth of Missouri is substantially increased. This category of Missourians, who recent studies have shown significant long-term cognitive impairment when marijuana is ingested during the developmental years, would be affected.

2(7) The Patrol recommends replacing the word "specifically" with "which has, is or can be used in. . ." There are many items, products, and chemicals that can be used with marijuana, but are not developed specifically for marijuana. (page 14)

3(1)(d) The Patrol recommends replacing the word "intoxicated" with "impaired". (page 15)

3(3) The Patrol recommends replacing the word "intoxicated" with "impaired". (page 15)

4(24) The Patrol recommends addressing the need to prohibit the importation of marijuana from outside Missouri. (page 22)

9(1)(b) There is no definition for what qualifies as a non-violent crime. This information would be critical for the Department of Health and Senior Services in determining a disqualifying felony offense. In addition, there are no provisions for conducting criminal background checks under section nine. (page 25)

9(5) This section specifies the type of container the marijuana is required to be sold in, however, there are no provisions or requirements about the marijuana remaining in the same packaging one the sale to an individual has been made. The Patrol recommends language requiring marijuana to remain in its original packaging. For individuals who produce for themselves it is recommending having guidelines on the type of container or packaging if carried in public. (page 25)

The Patrol recommends a \$75 fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing criminal histories, as well as contacting various agencies associated with arrests (in researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements - their fees ranged from \$50 to \$450 per petition per arrest date).

This initiative provides specific employment protections for those who use Cannabis/Marijuana. Such use while serving in any law enforcement related position not only creates public safety concerns, but also quality control and security issues when working with highly sensitive material or information. Additionally, the Patrol receives federal grant funding, subject to audits, that require a drug free workplace policy. For these reasons, the Patrol feels it is essential that it be allowed to continue administering drug testing for new employees, as well as random tests, critical incident tests, etc.

Additionally, the initiative does not contain any language concerning the amount of marijuana an individual may transport, purchase or sell. Also, there is no language as to where the marijuana may be transported. A lack of guidance may allow for Missouri

marijuana facilities to distribute marijuana outside of the state, or allow other states to distribute their marijuana in Missouri. A lack of such language could lead to Missouri being a distribution starting point for states where marijuana remains illegal.

Finally, if passed, the initiative petition will remove Cannabis/Marijuana from Missouri Revised Statutes and create conflict with both Federal and State laws, such as the use or possession of a firearm. As the Patrol has officers assigned to federal task forces that may be involved in a federal drug operation, there are concerns over potential civil litigation resulting from these types of operations, as marijuana is still classified as a Schedule I controlled substance, and illegal under federal law.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact due to this initiative petition.

Officials from the **Governor's office** indicated there should be no added costs or savings 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 proposal.

Officials from the **Department of Transportation** indicated:

### **Summary**

Elements within the initiative petition submitted by Deirdre Hirner present a variance of state law with the Federal Motor Carrier Safety Regulations (FMCSRs). Should this petition pass a vote of the People and become state law, Missouri's share of federal Motor Carrier Safety Assistance Program (MCSAP) funding is at risk. The fiscal impact ranges from approximately \$350,000 to \$7 million.

### **Background**

MCSAP funding is received and distributed by the Missouri Department of Transportation to fund commercial vehicle safety and enforcement activities performed by the MoDOT Motor Carrier Services and Highway Safety and Traffic divisions; the Missouri State Highway Patrol; and the commercial vehicle enforcement police teams of St. Louis City, Kansas City and St. Louis County.

In order to receive the funding, Missouri must enforce FMCSRs in whole. Language with respect to the expungement of marijuana convictions within the initiative petition would prevent enforcement of 49 CFR § Parts 391 and 392. These federal regulations relate to the transportation of and use of controlled substances by commercial motor vehicle drivers.

The expungement language, found in the petition in the section entitled *Personal Use of Marijuana* on page 27, 10-(7) and (8), would keep the marijuana-related convictions of commercial motor vehicle (CMV) drivers from appearing in their criminal records and

force Missouri agencies to forgo enforcement of FMCSRs pertaining to the use of disqualified drivers.

### **Penalty**

Per 49 CFR § 350.215 – The penalty imposed upon States found to be in noncompliance can be as harsh as withholding all MCSAP funding; or

Withholding up to 5 percent of MCSAP funds during the fiscal year that the FMCSA notifies the State of its noncompliance;

Up to 10 percent of MCSAP funds for the first full fiscal year of noncompliance;

Up to 25 percent of MCSAP funds for the second full fiscal year of noncompliance; and

Not more than 50 percent of MCSAP funds for the third and any subsequent full fiscal year.

**MCSAP funding.** Using Missouri's MCSAP apportionment for Fiscal Year 2018 as a base, a **full withholding places \$6,934,545** at risk. This is the steepest penalty possible.

If the less stringent withholding took effect, the results would be as follows:

- **5 percent** - \$346,727 – during the fiscal year that FMCSA notifies the State of noncompliance;
- **10 percent** - \$693,454 – during the first full fiscal year of non-compliance;
- **25 percent** - \$1,733,636 – during the second full fiscal year of non-compliance; and
- **Not more than 50 percent** – or \$3,467, 272 for the third and any subsequent full fiscal year of non-compliance.

### **BASIS FOR A POSSIBLE FISCAL IMPACT**

#### **Federal Motor Carrier Safety Regulations and Their Adoption in Missouri**

Regardless of Missouri's legal status on cannabis, marijuana remains a controlled substance at the federal level and is illegal to possess, use or transport across state lines – whether it is intended for medicinal or recreational use.

The U.S. Department of Transportation prohibits the use of cannabis by commercial motor vehicle drivers as the U.S. Drug Enforcement Administration currently considers THC, or tetrahydrocannabinol, the principal psychoactive compound in marijuana, to be a Schedule I controlled substance.

The following DOT regulations in Title 49 CFR prohibit the use and possession of marijuana.

#### **§382.213 Controlled substance use.**

- (a) No driver shall report for duty or remain on duty requiring the performance of safety sensitive functions when the driver uses any drug or substance identified in 21 CFR 1308.11 Schedule I.*

**§392.4 Drugs and other substances.**

*(a) No driver shall be on duty and possess, be under the influence of, or use, any of the following drugs or other substances:*

*(1) Any 21 CFR 1308.11 Schedule I substance;*

Part 382 applies to drivers operating in both interstate and intrastate commerce.

Part 392 is specific to interstate transportation.

Though Part 392 is specific to interstate transportation, by virtue of Missouri's adoption of the FMCSRs through 307.400 RSMo, the regulation applies to intrastate transportation as well. No intrastate commercial motor vehicle driver can possess, be under the influence of, or use marijuana.

**Disqualification of a CMV Driver**

Title 49 CFR Part 391.15 – Disqualification of Drivers, addresses disqualification of commercial motor vehicle drivers. A driver, convicted of a disqualifying offense is disqualified for one year from the date of conviction for first offenders and three years after the date of conviction if, during the previous three years preceding the conviction date, the driver was convicted of a disqualifying offense.

One of the disqualifying offenses referenced is transporting, possessing or using a Schedule 1 substance while on duty:

***49 CFR 391.15(c)(2)(iii) Transportation, possession, or unlawful use of a 21 CFR 1308.11 Schedule I identified controlled substance, amphetamines, narcotic drugs, formulations of an amphetamine, or derivatives of narcotic drugs while the driver is on duty, as the term on-duty time is defined in § 395.2 of this subchapter;***

A CMV driver convicted of any of the above offenses specific to marijuana while on duty is a disqualified driver. The disqualification applies even if the marijuana offense occurred in a state where the disqualifying conviction was for an act/condition that later became legal.

If prior marijuana convictions are wholly expunged from criminal records, the records of CMV drivers who had been convicted of marijuana-related offences would not retain this information, yet the driver is technically not qualified to operate a CMV. Further, neither MoDOT Motor Carrier Services nor other motor carrier enforcement agencies could know of the convictions when making enforcement determinations.

Officials from the **Office of Administration** indicated this proposal amends Article XIV, Section 1 of the Missouri Constitution that was voter approved in November 2018 and adds additional language in Section 2 for recreational marijuana.

**Section 1.3** states that all public records produced or retained under Section 1 shall become subject to the Missouri Sunshine Law on December 2, 2020. Section 1.3 changes qualified

patient identification cards from an annual renewal to every three years. Section 1.3 also changes primary caregiver identification cards from an annual renewal to every three years; the card fee is also increased from \$25 to \$75. Budget and Planning (B&P) defers to the Department of Health and Senior Services (DHSS) for the estimated impact from these provisions.

**Section 1.5** would allow out-of-state medical patients to purchase medical marijuana within Missouri. B&P notes that this could increase funding to the Missouri Veterans' Health and Care Fund as well as state and local sales tax collections by an unknown amount if out-of-state patients subsequently purchase medical marijuana within Missouri.

**Section 2.1** would legalize the use of recreational marijuana for individuals over the age of 21.

**Section 2.4** states that the number of recreational marijuana facility licenses (cultivation, marijuana-infused products, and dispensaries) must equal the number of licenses granted under medical marijuana (Section 1). B&P notes that per Section 1, the minimum number of cultivation facility licenses is 60, dispensary licenses is 192, and marijuana-infused product facility licenses is 86. In addition, Section 2.4 creates a minimum number of microbusiness facility licenses granted over a period of time. Section 2.4 further details the amount of application and annual fees required. Table 1 lists the fees per facility type and the associated estimated minimum revenue. B&P defers to DHSS for a more detailed analysis of the estimated impacts from these provisions.

Table 1: Facility Fees

Facility Type	Application/ Renewal Fees		Annual Fee	# Min Licenses Allowed	Estimated Minimum Revenue		
	Years 1-3	Years 4+			Application Fee	Renewal Fee (Every 3 years)	Annual Fee
Cultivation Facility	\$10,000	\$5,000	\$25,000	60	\$600,000	\$300,000	\$1,500,000
Dispensary	\$6,000	\$3,000	\$10,000	192	\$1,152,000	\$576,000	\$1,920,000
Marijuana-Infused Product Facility	\$6,000	\$3,000	\$10,000	86	\$516,000	\$258,000	\$860,000
Microbusinesses <i>Note: Up to an additional 48 microbusiness licenses may be issued if DHSS determines there is a market.</i>	\$1,500	\$2,500	\$2,500	96	\$144,000	\$240,000	\$240,000

**Section 2.5** allows local jurisdictions to prohibit the operation of non-medical marijuana facilities upon voter approval at a general election.

**Section 2.6** establishes an excise tax rate of 15% upon the retail price of non-medical marijuana. Section 2.6 notes this is in addition to state and local sales taxes that apply to retail sales. B&P notes that the language refers to "general state and local sales and use taxes". For the purpose of this fiscal note, B&P assumes that general means all state and



local sales taxes levied and not just those levies that are directed to the state (or local) general revenue fund.

Based on research, B&P was able to find forecasts for the U.S. legal market for cannabis<sup>1</sup>. According to such forecasts, the U.S. market for legal marijuana will be approximately \$24.5 billion in calendar year 2021 and grow up to \$47.3 billion by calendar year 2027. Based on information from the Substance Abuse and Mental Health Services Administration<sup>2</sup>, from 2016-2017 approximately 13.95% of Missouri residents and 14.73% of all U.S. residents surveyed have used marijuana within the last year. Using the populations of Missouri residents age 18 and over compared to the U.S. population age 18 and over, B&P estimates that the market for legal marijuana in Missouri is 1.79% of the total U.S. market. Therefore, B&P estimates that the Missouri market for legal marijuana would be approximately \$439.5M in calendar year 2021 (\$24.5 billion x 1.79%) and up to \$848.4M by calendar year 2027 (\$47.3 billion x 1.79%).

Based on further research<sup>3</sup>, B&P estimates that there could be between 61,700 to 122,500 medical marijuana users in Missouri. Using these estimates, and the estimates shown above, B&P estimates that the Missouri market for medical marijuana would be between 0.17% and 0.34% of the total U.S. Market for legal marijuana. Therefore, B&P estimates that the total Missouri market for recreational marijuana would be 1.46% to 1.62% of the total U.S. market. Table 1 shows the estimated U.S. and Missouri markets for marijuana.

Table 2: Estimated Marijuana Market Size for the U.S. and Missouri

Calendar Year	Estimated U.S. Market Size	Estimated MO Market Size	Estimated MO Medical Market Size	Estimated MO Recreational Market Size
2021	\$24,500,000,000	\$439,465,251	\$41,480,436	\$ 397,984,815
2022	\$28,300,000,000	\$507,627,209	\$61,066,553	\$ 446,560,656
2023	\$32,100,000,000	\$575,789,166	\$80,652,669	\$ 495,136,497
2024	\$35,900,000,000	\$643,951,123	\$100,238,785	\$ 543,712,338
2025	\$39,700,000,000	\$712,113,081	\$119,824,901	\$ 592,288,179
2026	\$43,500,000,000	\$780,275,038	\$139,411,018	\$ 640,864,020
2027	\$47,300,000,000	\$848,436,996	\$158,997,134	\$ 689,439,861

B&P notes that Section 2.4 states that DHSS must begin accepting facility applications within 365 of December 3, 2020 (the effective date of Section 2) and must grant application approvals within one-hundred and fifty days of their submission. Therefore, B&P estimates that sales of recreational marijuana will not begin until May 2022.

Applying the excise tax rate of 15% plus the state sales tax rate of 4.225% and excluding the estimated market for medical marijuana, B&P estimates that this proposal may increase

<sup>1</sup> <https://cannabusinessplans.com/cannabis-legal-market-size-projections/>

<sup>2</sup> <https://www.samhsa.gov/data/report/comparison-2015-2016-and-2016-2017-nsduh-population-percentages-50-states-and-district>

<sup>3</sup> [https://www.stltoday.com/news/local/metro/plenty-of-pot-study-says-missouri-will-license-twice-as/article\\_e94469b0-e1c6-5893-bc2e-e1d7b24f4a73.html](https://www.stltoday.com/news/local/metro/plenty-of-pot-study-says-missouri-will-license-twice-as/article_e94469b0-e1c6-5893-bc2e-e1d7b24f4a73.html)

state revenues by \$57.2M in calendar year 2022. By calendar year 2027, B&P estimates that this proposal may increase state revenues by \$132.5M. This proposal could also increase local revenues by \$11.7M in calendar year 2021 and \$27.1M by calendar year 2027; these estimates assume that no local jurisdictions opt-out of recreational marijuana. Table 3 shows the estimated revenues generated by calendar year.

Table 3: Estimated Calendar Year Revenues

Fund	CY 2022*	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
GR (3.0% tax)	\$8,931,213	\$14,854,095	\$16,311,370	\$17,768,645	\$19,225,921	\$20,683,196
Education (1.0% tax)	\$2,977,071	\$4,951,365	\$5,437,123	\$5,922,882	\$6,408,640	\$6,894,399
Conservation (0.125% tax)	\$372,134	\$618,921	\$679,640	\$740,360	\$801,080	\$861,800
Parks, soil, water (0.1% tax)	\$297,707	\$495,136	\$543,712	\$592,288	\$640,864	\$689,440
Veterans, Infrastructure, and Health Fund (15.0% tax)	\$44,656,066	\$74,270,475	\$81,556,851	\$88,843,227	\$96,129,603	\$103,415,979
<b>TSR (total 4.225% state sales tax)</b>	<b>\$57,234,191</b>	<b>\$95,189,992</b>	<b>\$104,528,697</b>	<b>\$113,867,402</b>	<b>\$123,206,108</b>	<b>\$132,544,813</b>
Local Revenue (pop. weighted local rate 3.93%)	\$11,699,889	\$19,458,864	\$21,367,895	\$23,276,925	\$25,185,956	\$27,094,987

\*Assumes 8 months of sales from May 2022 through December 2022.

However, B&P notes that sales would start two months before the end of FY 2022. Based on historical sales tax collection data, B&P adjusts calendar year collections 50% into the first fiscal year and 50% into the second fiscal year. Therefore, B&P estimates that this proposal will increase state revenues by \$14.3M in FY 2022. BY FY 2028, this proposal may increase state revenues by \$132.5M. This proposal may also increase local revenues by \$2.9M in FY 2022 and up to \$27.1M by FY 2028, assuming no local jurisdictions opt out of recreational marijuana. Table 4 shows the estimated revenue generated by fiscal year.

Table 4: Estimated Fiscal Year Revenues

Fund	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GR	\$2,232,803	\$14,125,457	\$15,582,733	\$17,040,008	\$18,497,283	\$19,954,558	\$20,683,196
Education	\$744,268	\$4,708,486	\$5,194,244	\$5,680,003	\$6,165,761	\$6,651,519	\$6,894,399
Conservation	\$93,033	\$588,561	\$649,281	\$710,000	\$770,720	\$831,440	\$861,800
Parks, soil, water	\$74,427	\$470,849	\$519,424	\$568,000	\$616,576	\$665,152	\$689,440
Veterans, Infrastructure, and Health Fund	<u>\$11,164,016</u>	<u>\$70,627,287</u>	<u>\$77,913,663</u>	<u>\$85,200,039</u>	<u>\$92,486,415</u>	<u>\$99,772,791</u>	<u>\$103,415,979</u>
<b>TSR</b>	<b>\$14,308,548</b>	<b>\$90,520,639</b>	<b>\$99,859,344</b>	<b>\$109,198,050</b>	<b>\$118,536,755</b>	<b>\$127,875,461</b>	<b>\$132,544,813</b>
Local Revenue	\$2,924,972	\$18,504,349	\$20,413,380	\$22,322,410	\$24,231,441	\$26,140,471	\$27,904,987

**Section 2.6** further states that the taxes and fees levied under Section 2 shall be deposited into the newly created Veterans, Infrastructure, and Health Fund. B&P notes that this would include all license application and renewal fees, annual facility fees, and the 15% excise tax. This would not include the 4.225% state sales tax.

Monies in the Veterans, Infrastructure, and Health Fund are to be distributed in the following manner:

1. Amounts necessary to cover any DHSS costs related to Section 2 administration.
2. Amounts necessary for the creation of a reserve fund within DHSS to ensure there is enough working cash balance to administer Section 2.
3. 3/15<sup>th</sup> of the remaining balance to any local jurisdiction with recreational marijuana sales.
4. Any remaining balance will then be distributed:
  - a. 1/3 to the Missouri Veterans Commission
  - b. 1/3 to the State Road Fund
  - c. 1/3 to DHSS for grants to non-profits and other agencies in relation to drug addiction treatment.

B&P is unable to estimate the amount of revenues that would be required to meet DHSS administrative costs and reserve fund needs. Therefore, for the purpose of this fiscal note, B&P will show the maximum amount of sales tax related revenues that could be distributed if all administration fees and reserve fund needs were met by the facility licensing fees.

Table 5: Maximum Distribution Amounts Based on 15% Excise Tax Collections

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Veterans, Infrastructure, and Health Fund	\$11,164,016	\$70,627,287	\$77,913,663	\$85,200,039	\$92,486,415	\$99,772,791	\$103,415,979
Estimated Maximum Distributions							
DHSS Administrative Costs*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
DHSS Reserve Fund*	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Local Jurisdictions**	\$2,232,803	\$14,125,457	\$15,582,733	\$17,040,008	\$18,497,283	\$19,954,558	\$20,683,196
Missouri Veterans Commission	\$2,977,071	\$18,833,943	\$20,776,977	\$22,720,010	\$24,663,044	\$26,606,078	\$27,577,594
State Road Fund	\$2,977,071	\$18,833,943	\$20,776,977	\$22,720,010	\$24,663,044	\$26,606,078	\$27,577,594
DHSS Drug Treatment Grants	\$2,977,071	\$18,833,943	\$20,776,977	\$22,720,010	\$24,663,044	\$26,606,078	\$27,577,594

\*For the purpose of this fiscal note, B&P will assume that DHSS costs are fully met through the licensing fee collections. Actual distributions may be significantly different.

\*\*Assumes no local jurisdictions opt-out.

B&P notes that depending on administrative and reserve fund needs, actual distributions may be significantly different from the estimates shown above.

**Section 2.10** specifies that adult use of recreational marijuana is not unlawful and allows for individuals who have been arrested, charged, or found guilty for any offense that would no longer be illegal after the effective date of Section 2 to apply for and be granted expungement of their records pertaining to such offenses. B&P defers to the Department of Corrections and the State Public Defender's Office for the estimated impact from these provisions.

Officials from the **Office of State Courts Administrator** indicated the initiative petition proposes a constitutional amendment to Article XIV to modify the current provisions of the Missouri Constitution relating to legalization of marijuana.

The average of all marijuana related charge codes from 2012 to 2016 for Circuit case types is 11,537 per year. The average of all marijuana related charge codes from 2012 to 2016 for Associate case types is 8,765. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this proposed legislation:

<b>Criminal Court Costs</b>		
<b>Felony Case Costs</b>	<b>Amount of Cost</b>	<b>Disburse to State/County</b>
Basic Civil Legal Services Fund surcharge	\$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	\$45.00	State of Missouri - General Revenue \$36, County \$9
County Fee	\$75.00	County
Court Automation Fund Fee	\$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	\$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	\$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	\$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	\$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	\$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	\$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	\$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	\$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	\$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	\$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	\$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	<u>\$2.00</u>	State of Missouri - Spinal Cord Injury Fund
<b>Total</b>	<b>\$279.50</b>	
<b>Misdemeanor Case Costs</b>		

Basic Civil Legal Services Fund surcharge	\$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	\$15.00	\$12 State of Missouri / \$3 County
County Fee	\$25.00	County
Court Automation Fund Fee	\$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	\$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	\$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	\$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	\$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	\$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	\$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	\$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	\$1.00	\$0.50 State of Missouri / \$0.50 County
Sheriffs' fee	\$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	\$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	\$2.00	State of Missouri - Spinal Cord Injury Fund
<b>Total</b>	<b>\$102.50</b>	
<b>Municipal Case (Filed in Associate Division) Costs</b>		
Clerk Fee	\$15.00	\$12 State of Missouri / \$3 County
Court Automation Fund Fee	\$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	\$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	\$1.00	State of Missouri - Peace Officer Standards & Training Fund

Sheriffs' Retirement Fund surcharge	\$3.00	Sheriffs' Retirement Fund
<b>Total</b>	<b>\$33.50</b>	
<b>Criminal Costs Not Included Above</b>		
Drug Testing by a State Lab	\$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

We also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time we are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be \$7.8 million based on the cost of the 2016 Presidential Preference Primary.

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. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY (fiscal year) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over \$5.8 million was spent to publish the full text of the measures for the August and November elections. They estimate \$65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

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 if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender (MSPD), since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2018 MSPD data, is that this would reduce their caseload by 4,046 cases (149 A/B felonies, 2,911 C/D felonies, and 986 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 4,046 cases, those cases require 89,530 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 43 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 289 attorneys under the workload standards developed in *The Missouri Project*. (The 289 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).



Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 43 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project's* workload standards.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there is anticipated costs to the County of Greene for this initiative petition, per the following information concerning this initiative petition.: <https://static1.squarespace.com/static/5541a76ae4b0175cee8827d0/t/580684e5ff7c50adea98399e/1476822252561/Letter+to+CA+from+Denver+DA.jpg> provided by their County Prosecutor, Dan Patterson.

To fully understand the fiscal impact would require a very detailed study to give the best opportunity to understand the impact to law enforcement, prosecutors and the circuit courts within the proposed changes of this initiative petition, which the linked letter demonstrates occurred in Colorado after similar legislation passed.

County Prosecutor, Dan Patterson provided the following information:



# DenverDA

Mitchell R. Morrissey, District Attorney - Second Judicial District  
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202

Bus. Phone: 720-913-9001  
Fax: 720-913-9031

October 12, 2016

## No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marijuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey  
Denver District Attorney

Officials from **St. Louis County** indicated they see no part of this proposed amendment that would mandate the operations of their county, causing a fiscal impact.

Officials from the **City of Kansas City** indicated this initiative petition may have a positive fiscal impact on their city in an indeterminate amount as a result of increased sales tax revenues; however, such revenues could be offset by increased expenses in an indeterminate amount.

Officials from the **Wellsville-Middletown R-1 School District** indicated in that it is impossible to tell the future. If anything in this petition (were it to pass and become law) is ultimately construed to require public schools to accommodate/facilitate the use of medical marijuana by students or staff, there could be considerable expense involved in the logistics of this accommodation and in the efforts to monitor who can or cannot legally be in possession of and use "medical" marijuana.

Officials from the **Missouri Veterans Commission** indicated:



# **MISSOURI VETERANS COMMISSION**

205 Jefferson Street, P.O. Drawer 147, Jefferson City, MO 65102-0147  
Telephone: (573) 751-3779      [www.mvc.dps.mo.gov](http://www.mvc.dps.mo.gov)      Fax: (573) 751-6836

October 21, 2019

The Honorable John R. Ashcroft  
Secretary of State  
600 W. Main Street  
Jefferson City, MO 65101

Dear Secretary of State Ashcroft,

Initiative Petitions 2020-125 and 2020-126 (hereinafter, the Initiatives), which are identical in language, will have a disastrous fiscal impact upon the Missouri Veterans Commission. Under the existing medical marijuana program, we anticipate receiving \$12,458 in FY20, \$2,135,510 in FY21, \$2,529,753 in FY22 and \$2,929,271 in FY23 from the tax revenues generated from the retail sales of medical marijuana. The Initiatives make no significant changes to that program, but the adverse impact the Initiatives pose to the Commission is in the creation of the non-medical marijuana program. The medical marijuana program is predicated on medical need and the physician certification that marijuana is the appropriate treatment for that medical need. Conversely, the non-medical marijuana program has no requirement for medical need or for physician certification. It is only common sense that those wishing to use marijuana products will forego the inconvenience of establishing medical need and obtaining a physician's certification and avail themselves of the non-medical program regardless of their reason for wanting to use marijuana products. Therefore, we anticipate a significant reduction in the tax revenues generated by the medical marijuana program, perhaps as high as a 90% reduction, should the Initiatives become law.

Moreover, given the significantly different distribution of tax revenues provided for under the non-medical marijuana program, we do not anticipate that our portion of the tax revenues generated under the non-medical program will defray the reduction we would experience under the medical marijuana program. Specifically, the medical marijuana program establishes a 4% tax on all retail sales of medical marijuana and allocates to the Commission all of those proceeds minus 5% to the Department of Revenue and an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program. Conversely, the non-medical marijuana program establishes a 15% tax on all retail sales of non-medical marijuana and allocates to the Commission one-third of those proceeds minus 2% to the Department of Revenue, an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program, and 3/15 to the local jurisdiction in which the sale took place. Despite the increased tax rate under the non-medical program, we anticipate receiving a significantly smaller portion of the tax revenues collected given the smaller allocation amount dedicated to the Commission.



Finally, the purpose for which the Commission may use its portion of the tax proceeds will essentially eliminate our ability to initiate construction projects to improve our physical facilities. Specifically, the medical marijuana program allows the Commission to use those proceeds for “for health and care services for military veterans, including the following purposes: operations, *maintenance and capital improvements* of the Missouri veterans homes, the Missouri service officer’s program, and other services for veterans approved by the commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness.” (Emphasis added) That is essentially everything that the Commission does and clearly affords the Commission the flexibility necessary to address the needs of Missouri’s veterans as they change over time. Conversely, the non-medical marijuana program requires the Commission to use its significantly reduced portion of the tax revenues strictly for “*health care and other services* for military veterans and their dependent families”. (Emphasis added) This language will severely limit our ability to adjust our facilities to meet the changing needs of Missouri’s veterans.

In closing, Initiative Petitions 2020-125 and 2020-126 will adversely impact the ability of the Missouri Veterans Commission to serve the veterans of Missouri for the reasons set forth above. If I can be of any further assistance on this issue, please contact me at (573) 751-4066 at your convenience.

Sincerely,



Grace Link  
Executive Director  
Missouri Veterans Commission

Officials from the **Missouri Office of Prosecution Services** indicated there is no fiscal impact to their office. The enactment of a new crime [Section 2.10(6)(c)] creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

**Mark R. Reading** provided the following information:

Submitted by:

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

**Initiative Petition 2020-125**  
**Marijuana Legalization, Regulation, and Taxation**

**Proposed Statement of Fiscal Impact**

**Fiscal Impact Information Submitted Pursuant to Section 23.140.2**

The amendment's estimated state revenue is \$197.9 million when fully implemented, including \$27.6 million each for veterans, infrastructure, and health programs. General revenue and other state funds benefit by \$48.4 million, and \$27.2 million in local revenue is estimated.

**ESTIMATED NET EFFECT ON STATE FUNDS**

<u>Fund Affected</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>4-year Total</u>
General Revenue	\$9,686,290	\$20,993,899	\$30,295,000	\$38,826,867	\$99,802,056
Veterans, Infrastructure, and Health Fund	\$6,740,000	\$48,305,110	\$81,685,223	\$122,258,755	\$258,989,089
Other State Dedicated Funds	\$540,584	\$3,639,638	\$6,365,681	\$9,576,776	\$20,122,678
Total Estimated Net Effect on All State Funds	\$16,966,874	\$72,938,647	\$118,345,903	\$170,662,397	\$378,913,822
Total Estimated Net Effect on All Local Funds	\$0	\$10,244,526	\$18,033,219	\$27,207,776	\$55,485,521
Total Estimated Net Effect on Federal Funds	\$0	\$0	\$0	\$0	\$0
Total All Funds	\$16,966,874	\$83,183,173	\$136,379,122	\$197,870,174	\$434,399,343

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## 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 and savings estimated by source and by fiscal year.

Table 1 - Summary of Tax, Application and License Fees, Revenue, and Savings by Fund

<u>Purpose</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>4-year total</u>
Marijuana Cultivation Facilities	\$2,100,000	\$1,500,000	\$1,500,000	\$1,800,000	\$6,900,000
Marijuana-Infused Products Manufacturing Facilities	\$1,376,000	\$860,000	\$860,000	\$1,118,000	\$4,214,000
Marijuana Dispensary Facilities	\$3,072,000	\$1,920,000	\$1,920,000	\$2,496,000	\$9,408,000
Marijuana Microbusiness Facilities	\$192,000	\$120,000	\$120,000	\$240,000	\$672,000
15% sales tax	\$0	\$43,905,110	\$77,285,223	\$116,604,755	\$237,795,089
subtotal Veterans, Infrastructure, and Health Fund	\$6,740,000	\$48,305,110	\$81,685,223	\$122,258,755	\$258,989,089
General Revenue sales tax	\$0	\$8,781,022	\$15,457,045	\$23,320,951	\$47,559,018
General Revenue budget savings	\$9,686,290	\$12,212,877	\$14,837,955	\$15,505,916	\$52,243,038
subtotal GR	\$9,686,290	\$20,993,899	\$30,295,000	\$38,826,867	\$99,802,056
Prop C sales tax	\$0	\$2,927,007	\$5,152,348	\$7,773,650	\$15,853,006
Conservation sales tax	\$0	\$365,876	\$644,044	\$971,706	\$1,981,626
Parks and Soils sales tax	\$0	\$292,701	\$515,235	\$777,365	\$1,585,301
Criminal Records System Fund	\$540,584	\$54,054	\$54,054	\$54,054	\$702,746
subtotal Other State Funds	\$540,584	\$3,639,638	\$6,365,681	\$9,576,776	\$20,122,678
subtotal all state funds	\$16,966,874	\$72,938,647	\$118,345,903	\$170,662,397	\$378,913,822
Local Sales Tax	\$0	\$10,244,526	\$18,033,219	\$27,207,776	\$55,485,521
Grand Total State and Local	\$16,966,874	\$83,183,173	\$136,379,122	\$197,870,174	\$434,399,343

This is the allocation table of the new Veterans, Infrastructure, and Health Fund. More explanation can be found on page 20.

Table 2 - Allocation of Veterans, Infrastructure, and Health Fund

	FY 2022	FY 2023	FY 2024	FY 2025	4-year total
<u>Veterans, Infrastructure, and Health Fund</u>					
Sales tax revenue - received	\$0	\$43,905,110	\$77,285,223	\$116,604,755	\$237,795,089
Application and license fees	\$6,740,000	\$4,400,000	\$4,400,000	\$5,654,000	\$21,194,000
Total VIH fund collections	\$6,740,000	\$48,305,110	\$81,685,223	\$122,258,755	\$258,989,089
<u>Administration of tax and program</u>					
Department of Revenue (2% of collections)	(\$134,800)	(\$966,102)	(\$1,633,704)	(\$2,445,175)	(\$5,179,782)
Department of Health and Senior Services (for administration)	(\$6,605,200)	(\$15,668,590)	(\$15,981,962)	(\$16,301,601)	(\$54,557,353)
Remainder to distribute to major purposes	\$0	\$31,670,418	\$64,069,557	\$103,511,979	\$199,251,954
<u>Major Purposes</u>					
Local governments (3/15ths of remainder)	\$0	\$6,334,084	\$12,813,911	\$20,702,396	\$39,850,391
Veterans (one-third after local govt.)	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
Infrastructure (one-third after local govt.)	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
Health (one-third after local govt.)	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
subtotal for major purposes	\$0	\$31,670,418	\$64,069,557	\$103,511,979	\$199,251,954
Total allocated	\$6,740,000	\$48,305,110	\$81,685,223	\$122,258,755	\$258,989,089

**Implementation dates required by Petition 2020-125**

Table 3 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.

<b>TABLE 3 - Implementation Schedule</b>	
11/3/2020	Election Day - Voter Approval
12/3/2020	30 days after election - effective date of constitutional amendment
<b>270 days after effective date of constitutional amendment</b>	
8/30/2021	DHSS shall make available license application forms and application instructions for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities and Marijuana Microbusiness Facilities
<b>365 days after effective date of constitutional amendment</b>	
12/3/2021	DHSS shall begin accepting application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, Seed-to-Sale tracking systems, and transportation of marijuana from medical marijuana facilities with similar licenses
<b>150 days after DHSS begins accepting application forms it begins approving licenses</b>	
5/2/2022	For any application submitted by the day required under the constitutional provisions, DHSS shall have approved or denied application forms for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, and Marijuana Microbusiness Facilities. All applications must be approved or denied within 150 days of submission to DHSS thereafter.
<b>First November national election date after initial statewide voter approval</b>	
11/8/2022	Local governments can seek elections to prohibit operation of all or any category of marijuana facilities in their jurisdiction.
<b>785 days after effective date of constitutional amendment</b>	
1/27/2023	270 days after DHSS begins issuing licenses (5/2/22) DHSS may issue 6 additional microbusiness licenses per Congressional district.
<b>1,063 days after effective date of constitutional amendment</b>	
11/1/2023	548 days after DHSS begins issuing licenses (5/2/22) DHSS may begin approving licenses for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, Marijuana-Infused Products Manufacturing Facilities, Marijuana Microbusiness Facilities, DHSS may issue 6 additional microbusiness licenses per Congressional district.

### **Cultivation Application and License fees**

The proposal provides for the licensing of Marijuana Cultivation Facilities. The DHSS is required to charge a one-time non-refundable application fee of \$10,000. Once granted, the DHSS is required to charge an annual license fee of \$25,000. Renewal fees are \$5,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana cultivation facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin November 1, 2023 (state fiscal year FY 2024).

Table 4 shows the calculation of the fee revenue estimated at \$2.1 million in FY 2022, \$1.5 million in FY 2023-FY 2024, and \$1.8 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 60 medical marijuana cultivation facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application period opens in the middle of the year and the award happens in May, it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same fiscal year.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 4 shows:

- Application fees - \$600,000 in FY 2022 and \$0 in FY 2023-FY 2025.
- Renewal fees - \$300,000 in FY 2025.
- Annual license fees - \$1.5 million from FY 2022 to FY 2025.

Table 4 - Cultivation Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	\$10,000	\$10,000	\$10,000	\$10,000
Renewal fee				\$5,000
<u>Licenses</u>				
Medical marijuana licenses eligible year 1	60			60
New additional licenses	0	0	0	0
subtotal Non-Refundable Application Fee revenues	\$600,000	\$0	\$0	\$300,000
Annual license fee	\$25,000	\$25,000	\$25,000	\$25,000
<u>Licenses</u>				
Medical marijuana licenses eligible year 1	60	60	60	60
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Total Cultivation license & fee revenues	\$2,100,000	\$1,500,000	\$1,500,000	\$1,800,000

#### **Marijuana-Infused Products Manufacturing Facilities Application and License fees**

The proposal provides for the licensing of Marijuana-Infused Products Manufacturing Facilities. The DHSS is required to charge a one-time non-refundable application fee of \$6,000. Once granted, the DHSS is required to charge an annual license fee of \$10,000. Renewal fees are \$3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana infused products facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin November 1, 2023 (state fiscal year FY 2024).

Table 5 shows the calculation of the fee revenue estimated at \$1.38 million in FY 2022, \$860,000 in FY 2023-FY 2024, and \$1.1 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 86 medical marijuana-infused products manufacturing facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application period opens in the middle of the year and the award happens in May, it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same fiscal year.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is

conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 5 shows:

- Application fees - \$516,000 in FY 2022 and \$0 from FY 2023-FY 2025.
- Renewal fees - \$258,000 in FY 2025.
- Annual license fees - \$860,000 from FY 2022-FY 2025.

Table 5 - Infused Products Manufacturing Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	\$6,000	\$6,000	\$6,000	\$6,000
Renewal fee				\$3,000
<u>Licenses</u>				
Medical marijuana licenses eligible year 1	86			86
New additional licenses	0	0	0	0
subtotal Non-Refundable Fee revenues	\$516,000	\$0	\$0	\$258,000
Annual license fee	\$10,000	\$10,000	\$10,000	\$10,000
<u>Licenses</u>				
Medical marijuana licenses eligible year 1	86	86	86	86
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	\$860,000	\$860,000	\$860,000	\$860,000
Total Infused Product Manufacturing license & fee revenues	\$1,376,000	\$860,000	\$860,000	\$1,118,000

#### **Marijuana Dispensary Facilities Application and License fees**

The proposal provides for the licensing of Marijuana Dispensary Facilities. The DHSS is required to charge a one-time non-refundable application fee of \$6,000. Once granted, the DHSS is required to charge an annual license fee of \$10,000. Renewal fees are \$3,000 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The proposal also provides that for the first 548 days after the DHSS begins to license facilities it may only accept applications for licensure from entities holding medical marijuana dispensary facility licenses. The first adult use marijuana licenses awarded to entities that are not medical marijuana licensees will begin November 1, 2023 (state fiscal year FY 2024).

Table 6 shows the calculation of the fee revenue estimated at \$3.1 million in FY 2022 and \$1.9 million in FY 2023-FY2024, and \$2.5 million in FY 2025. Other assumptions include:

- The DHSS is expected to license 192 medical marijuana dispensary facilities in compliance with the medical marijuana constitutional provisions. These are the only facilities eligible for licensure for the first and second years after the election.
- Since the application period opens in the middle of the year and the award happens in May, it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same fiscal year.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 6 shows:

- Application fees - \$1,152,000 in FY 2022 and \$0 from FY 2023-FY2025.
- Renewal fees: \$576,000 in FY 2025.
- Annual license fees - \$1.9 million from FY 2022-FY 2025.

Table 6 - Dispensary Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	\$6,000	\$6,000	\$6,000	\$6,000
Renewal fee				\$3,000
<u>Licenses</u>				
Medical marijuana licenses eligible year 1	192			192
New additional licenses	0	0	0	0
subtotal Non-Refundable Fee revenues	\$1,152,000	\$0	\$0	\$576,000
Annual license fee	\$10,000	\$10,000	\$10,000	\$10,000
<u>Licenses</u>				
Medical marijuana licenses eligible year 1	192	192	192	192
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	\$1,920,000	\$1,920,000	\$1,920,000	\$1,920,000
Total Dispensary license & fee revenues	\$3,072,000	\$1,920,000	\$1,920,000	\$2,496,000

#### **Marijuana Microbusiness Facilities Application and License fees**

The proposal provides for the licensing of Marijuana Microbusiness Facilities. The DHSS is required to charge a one-time non-refundable application fee of \$1,500. Once granted, the DHSS is required to charge an annual license fee of \$2,500. Renewal fees are \$2,500 after three years.

As seen in Table 3, the DHSS is required to make application forms available no later than 270 days after the effective date of the new constitutional provisions – which will be August 30, 2021. The DHSS is required to begin accepting applications no later than 365 days after the effective date of the new constitutional provisions – which will be December 3, 2021. Both deadlines are in FY 2022 of the Missouri state government budget. It is assumed that no revenues will be received before FY 2022. The

proposal also provides that for the first 365 days after the DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses.

Table 7 shows the calculation of the fee revenue estimated at \$192,000 in FY 2022, \$120,000 in FY 2023-FY 2024, and \$240,000 in FY 2025. Other assumptions include:

- Marijuana Microbusiness Facilities are not included in the medical marijuana program.
- The proposal provides that a minimum of six such licenses be issued within each of Missouri's eight U.S. Congressional districts when licenses are first issued.
- Since the application periods open in the middle of the year it is assumed that the licensees will pay both the non-refundable application fee and the annual license fee in the same year.
- Since application fees are non-refundable additional revenue may be collected in FY 2023 from any applicant that is ultimately refused a license. This possible revenue is not calculated into this revenue estimate.
- During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana and placed a University of Missouri market study on its website about the subject. Given the department's stated hesitancy, this analysis assumes no new additional facilities will be licensed during the period. Thus, the revenue estimate is conservative as the department moves slowly to license additional facilities. Only the renewal costs are included in the long-range forecast.

Table 7 shows:

- Application fees - \$72,000 in FY 2022 and \$0 from FY 2023-2025.
- Renewal fees - \$120,000 in FY 2025.
- Annual license fees - \$120,000 from FY 2022-FY 2025.

Table 7 - Microbusiness Facilities - Fee Revenues

	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	\$1,500	\$1,500	\$1,500	\$1,500
Renewal fee				\$2,500
<u>Licenses</u>				
Year 1 - estimate (minimum 6/Congressional Dist.)	48			48
New additional licenses	0	0	0	0
subtotal Non-Refundable Fee revenues	\$72,000	\$0	\$0	\$120,000
Annual license fee	\$2,500	\$2,500	\$2,500	\$2,500
<u>Licenses</u>				
Medical marijuana licenses eligible year 1	48	48	48	48
New additional licenses	0	0	0	0
subtotal Annual License Fee revenues	\$120,000	\$120,000	\$120,000	\$120,000
Total Microbusiness license & fee revenues	\$192,000	\$120,000	\$120,000	\$240,000



### **States that have approved adult use marijuana**

Ten states and Washington D.C. have approved adult use marijuana. Nine received approval from voters while Illinois passed legislation to do so. Table 8 shows that Colorado and Oregon were the first approve adult use marijuana in November 2012. The table also shows when sales started and the length of time in months from approval to first sales. At this point only Colorado, Washington, and Oregon have had sales of at least three years to provide the best data necessary to fully understand the longer-range revenue prospects for adult use marijuana. Alaska is close to having three years' experience. However, it took Alaska longer to implement its program. Alaska also has a small program and uses an excise tax that makes it less comparable to the first three which have similar taxes as that proposed in the Missouri initiative petition. This fiscal note will focus on data from Colorado, Washington, and Oregon in the analysis.

**Table 8 - States with Adult Use Marijuana**

<b>State</b>	<b>Approved by voters or legislature</b>	<b>Month/year sales started or anticipated</b>	<b>Months from election to sales</b>
Colorado	November 2012	January 2014	15
Washington	November 2012	July 2014	21
Oregon	November 2014	February 2016	15
Alaska	November 2014	October 2016	23
Nevada	November 2016	July 2017	9
California	November 2016	January 2018	15
Massachusetts	November 2016	November 2018	24
Maine	November 2016	March 2020	40
Michigan	November 2018	May 2020	18
Illinois	June 2019	January 2020	6
Missouri (if approved)	November 2020	July 2022	21

Many factors will influence the size of the adult use marijuana program. Having selected three states as the focus of the analysis, four factors in particular will be reviewed.

- Marijuana usage in the states – a review of how Missouri's reported marijuana usage compares to other states to help determine the possible base line for the initial years of the program.
- Initial sales and growth over time.
- Initial infrastructure for sales and its effect on sales.
- Tourism in the states to help determine the impact of sales in Missouri.

### **Marijuana Usage**

Table 9 provides another way to think about the states that have approved adult use marijuana and its possible use in Missouri and revenue estimates. Table 9 shows the percent of those age 18 and over who indicate use of marijuana in the past year from 2012 to 2017 published by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. The 2016-2017 data is the most recently published. The table is sorted by marijuana usage in 2012-2013 which is the last data before adult use marijuana was available in any state. The top 30 states and the national average are shown.

The states that have legalized adult use marijuana are highlighted in blue. All but Illinois, the last state that made it legal, were in the top 15 states for marijuana use in the past year in 2012-2013 and all were above the U.S. national average. Legal medical marijuana programs may be a factor in the higher percentage reported in some of these states. Missouri's 2012-2013 rate of 11.41% is substantially below all of the states that have started sales of adult use marijuana and in every year thereafter. Illinois and Missouri have nearly the same rate of use at the start and end of this timeline. The green boxes are the

last year for each state before adult use sales started which also highlights the fact that only a few states have three full years of experience with revenues.

Table 9. Marijuana Use in the Past Year, by Age Group and State: Percentages, Annual Averages Based on NSDUH

Rank	State	2012-2013 - 18 or Older Estimate	2013-2014 - 18 or Older Estimate	2014-2015 - 18 or Older Estimate	2015-2016 - 18 or Older Estimate	2016-2017 - 18 or Older Estimate
1	Rhode Island	20.21%	19.13%	19.04%	20.62%	21.24%
2	Alaska	20.16%	19.86%	22.31%	23.46%	23.43%
3	Oregon	19.21%	19.50%	19.59%	23.19%	27.38%
4	Vermont	19.04%	20.11%	20.80%	22.32%	24.34%
5	Colorado	18.94%	20.74%	23.57%	23.82%	25.65%
6	Washington	17.58%	19.06%	17.68%	19.45%	23.21%
7	Maine	16.26%	19.76%	19.88%	20.12%	22.46%
8	Montana	15.78%	14.13%	15.45%	18.54%	19.86%
9	Massachusetts	15.62%	17.38%	18.47%	19.02%	20.28%
10	Michigan	15.12%	15.65%	15.21%	15.81%	16.94%
11	New Hampshire	15.11%	16.85%	17.44%	17.89%	18.90%
12	New Mexico	14.73%	15.57%	14.67%	15.88%	17.71%
13	New York	14.08%	14.26%	15.21%	15.09%	14.74%
14	Nevada	13.91%	12.86%	12.89%	12.98%	17.06%
15	California	13.85%	14.44%	15.36%	16.54%	17.81%
16	Connecticut	13.78%	13.83%	15.68%	15.18%	16.37%
17	Delaware	13.71%	13.87%	13.06%	13.07%	14.92%
18	Hawaii	13.19%	12.46%	12.62%	13.02%	13.29%
19	Ohio	12.76%	11.59%	12.21%	14.00%	13.92%
20	Arizona	12.71%	13.53%	13.08%	12.26%	14.14%
	Total U.S.	12.22%	12.87%	13.41%	13.85%	14.73%
21	Virginia	12.22%	13.08%	11.55%	11.11%	11.92%
22	Minnesota	11.93%	12.28%	12.82%	12.92%	13.78%
23	Illinois	11.56%	12.17%	12.56%	12.36%	13.88%
24	South Carolina	11.53%	11.45%	12.61%	10.89%	11.14%
25	Missouri	11.41%	12.75%	13.59%	13.26%	13.95%
26	Georgia	11.30%	11.82%	12.79%	12.64%	11.78%
27	Florida	11.23%	11.67%	12.51%	13.10%	13.71%
28	Maryland	11.16%	13.33%	15.20%	15.67%	15.65%
29	Pennsylvania	11.15%	11.63%	12.40%	13.25%	13.47%
30	Indiana	10.93%	12.90%	13.89%	13.33%	14.54%

Source: SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health<sup>1</sup>

Table 10 compares Missouri's base year to Colorado, Washington, and Oregon. Missouri's 13.95% base year is between 3.63% to 5.64% lower than the three states.

Table 10 - Base Year 18 years or older % Marijuana Use in Past Year			
	Base Year Marijuana Usage	Base year rate	Difference in rate from MO
Missouri	2016-2017	13.95%	
Colorado	2012-2013	18.94%	4.99%
Washington	2012-2013	17.58%	3.63%
Oregon	2014-2015	19.59%	5.64%

Table 11 shows how the percentage of those age 18 and older reporting marijuana use changed in the first three years of adult use marijuana sales for Colorado, Washington, and Oregon. In each state the percentage went up over the three years. In the first year the Colorado rate increased 1.8%, Washington by slightly less at 1.48%, and Oregon by 3.6%. The percentage increase in use at the end of the three years compared to the base year percentage was substantially different in each state – Colorado (4.88%), Washington (1.87%), and Oregon (7.79%). Given the lower base year in Missouri shown in Table 10 it seems unlikely that it will increase to the levels shown in the other states in Table 11. Adding Washington's roughly 2.0% increase to Missouri's rate would bring it to 15.95% which is lower than where the other three states started.

Table 11 - Marijuana Use in the Past Year		
	% use age 18 and older	Change in rate
<b><u>Colorado</u></b>		
Base year (2012-2013)	18.94%	
Year 1	20.74%	1.80%
Year 2	23.57%	2.83%
Year 3	23.82%	0.25%
overall change base to year 3		4.88%
<b><u>Washington</u></b>		
Base year (2012-2013)	17.58%	
Year 1	19.06%	1.48%
Year 2	17.68%	-1.38%
Year 3	19.45%	1.77%
overall change base to year 3		1.87%

#### **Initial infrastructure for adult use marijuana**

Table 12 shows the number of retail stores over the first three years in Colorado, Washington, and Oregon. Colorado and Washington start with roughly the same number of retail outlets. Oregon data is unavailable because the program did not establish the statistical infrastructure to collect it in the early years. The Department of Health and Senior Services intends to license 192 medical marijuana dispensaries – the minimum required under that constitutional amendment. The proposed petition provides that for the first year and a half only the medical marijuana dispensaries can be permitted to provide adult use marijuana.

During the roll out of the medical marijuana process the department has expressed concern about the level of demand for medical marijuana. The department placed on its website a University of Missouri market study that estimates substantially fewer medical marijuana patients than estimated in the ballot language for voters in November 2018. The study reflects concern that oversupply will affect product price and thus the economic feasibility of the envisioned facilities throughout the state. The study also reflects concern about possible diversion of oversupply to the illegal market. In addition, we are aware of reports that Oregon has an oversupply of marijuana.

For these reasons, the estimates assume that the number of Missouri dispensaries will grow more slowly than those in the three states on which the analysis is based. Thus, both application and license fee revenue will be lower as will the likely spending per person in this analysis.

Table 12 - Retail Marijuana Dispensaries in Other States

	# of stores	Change in #	% change
<b>Colorado</b>			
January 2014	161		
January 2015	356	195	121.1%
January 2016	422	66	18.5%
change over 3 years		261	162.1%
<b>Washington</b>			
FY 2015 - applications	175		
FY 2016 - active	525	350	200.0%
FY 2017 - active	507	(18)	(3.4%)
change over 3 years		332	189.7%
<b>Oregon</b>			
FY 2015	N/A		
FY 2016	N/A	0	#DIV/0!
FY 2017	N/A	0	#DIV/0!
change over 3 years		0	#DIV/0!

#### **Marijuana sales over the first three years in other states**

Table 13 shows data for the first three years of sales in Colorado<sup>ii</sup>, Washington<sup>iii</sup>, and Oregon<sup>iv</sup>. The population used for each year is from the estimates made by the U.S. Census Bureau.<sup>v</sup>

Colorado (\$56.57/capita) and Washington (\$37.24/capita) have year one sales lower than Oregon (\$94.05/capita). Dividing the population of the three states into the total sales gives a first-year per capita sale of \$57.74/capita. Washington had an unregulated medical marijuana program. Its lower per capita sales may be a function of the fact that it was harder to flip to adult use marijuana than in Oregon which had a regulated medical marijuana program.

By year three the Washington (\$190.97) had grown dramatically from its low start. Oregon (\$132.90) per capita sales which started as the highest per capita sales are the lowest by year three.

Table 13- First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	Year of starting month	Population	Marijuana sales	\$ per capita spent on Retail marijuana
<b><u>Colorado</u></b>				
Year 1	2014	5,351,218	\$303,239,699	\$56.67
Year 2	2015	5,452,107	\$577,536,343	\$105.93
Year 3	2016	5,540,921	\$861,587,411	\$155.50
<b><u>Washington</u></b>				
Year 1	2014	6,968,170	259,524,430.41	\$37.24
Year 2	2015	7,061,410	786,404,467.45	\$111.37
Year 3	2016	7,183,700	1,371,862,186.37	\$190.97
<b><u>Oregon</u></b>				
Year 1	2016	4,091,404	\$384,797,226	\$94.05
Year 2	2017	4,146,592	\$419,924,401	\$101.27
Year 3	2018	4,190,713	\$556,959,330	\$132.90
<b>Combined 3 state totals</b>				
Year 1		16,410,792	947,561,355	\$57.74
Year 2		16,660,109	1,783,865,211	\$107.07
Year 3		16,915,334	2,790,408,928	\$164.96

Table 14 shows the dollar per capita and percentage growth in the first three years of sales. Washington with its low start had very high growth in year 2. Colorado grew by 86.9%. In year two Oregon's growth slowed but it had dollar per capita sales very similar to Colorado. The combined 3 state totals are weighted by population and show 85.4% growth in the second year and 54.1% growth in the third year.

Table 14- First 3 full-years of Marijuana Sales Retail Value for Colorado, Washington, and Oregon

State/year	\$ per capita spent on Retail marijuana	\$ Change in \$/capita	% change in \$/capita
<b><u>Colorado</u></b>			
Year 1	\$56.67		
Year 2	\$105.93	\$49.26	86.9%
Year 3	\$155.50	\$49.57	46.8%
3-year change		\$98.83	174.4%
<b><u>Washington</u></b>			
Year 1	\$37.24		
Year 2	\$111.37	\$74.12	199.1%
Year 3	\$190.97	\$79.60	71.5%
3-year change		\$153.72	412.8%
<b><u>Oregon</u></b>			
Year 1	\$94.05		
Year 2	\$101.27	\$7.22	7.7%
Year 3	\$132.90	\$31.63	31.2%
3-year change		\$38.85	41.3%
<b>Combined 3 state totals</b>			
Year 1	\$57.74		
Year 2	\$107.07	\$49.33	85.4%
Year 3	\$164.96	\$57.89	54.1%
3-year change		\$107.22	185.7%

### **Tourism**

A portion of adult use marijuana sales are the result of visitors to the states that have approved such sales. Table 15 provides tourism data for Colorado, Washington, Oregon, and Missouri<sup>vi</sup>. Both Colorado and Washington have more than twice the number of visitor nights compared to its population as Missouri. In addition, Missouri's spending by visitors compared to population is substantially less than that of Colorado and Washington. The Oregon and Missouri numbers are similar on visitor nights but Missouri lags behind the Oregon spending level. It has been estimated that tourism accounts for less than 10% of Colorado's sales.<sup>vii</sup>

While Missouri may see an uptick of travelers and tourist dollars as a result of adult use marijuana sales it is starting at a significantly lower base to make a dramatic impact on tax collections.

Table 15 - Tourism Visitors and Spending

	<u>Colorado</u>	<u>Washington</u>	<u>Oregon</u>	<u>Missouri</u>
Population estimate 2018	5,695,564	7,535,591	4,190,713	6,126,452
# of visitor nights	85,200,000	128,700,000	29,100,000	42,000,000
Visitors per population	14.96	17.08	6.94	6.86
\$ spending of visitors	\$22,300,000,000	\$24,400,000,000	\$12,300,000,000	\$13,500,000,000
Spending per population	\$3,915.33	\$3,237.97	\$2,935.06	\$2,203.56

### **Adult Use Marijuana Sales in Missouri**

Table 16 provides a range for possible adult use marijuana sales for the first three years of the program. The population calculations were calculated using data from the Office of Administration, Division of Budget and Planning.<sup>viii</sup>

High-end estimate - assumes the population weighted combined 3 state totals from Colorado, Oregon, and Washington shown in Table 14 above. Per capita sales start at \$57.74 and grow by 85.4% and 54.1% respectively in years 2 and 3. However, Missouri's base year marijuana usage, as shown in Table 10 is 3.63% to 5.64% below the starting base year for these three states. The value of adult use marijuana sales starts at \$375.6 million in year 1 and grows to \$1,086 million in year 3.

Low-end estimate - begins at Washington's \$37.24/capita starting point. Missouri's marijuana usage is lower. However, Missouri will have a regulated medical marijuana program that Washington did not have when the adult use program began. The low-end estimate assumes the growth in the combined 3 state totals shown in Table 14 of 85.4% and 54.1% respectively in years 2 and 3. The value of adult use marijuana sales starts at \$242.2 million in year 1 and grows to \$700.2 million in year 3.

Moderate estimate - starts at \$45 per capita. This is \$11.67/capita lower, about 20% lower, than Colorado. It's higher than Washington's level which was suppressed in year 1. The moderate estimate assumes growth of 75% in year 2 and 50% in year 3.

As noted in Table 14 the three states had different paths to their three-year sales levels. Washington started much lower but had the highest growth in years 2 and 3. Oregon started with high sales per capita but very little growth in year 2 and moderate growth in year 3. The value of adult use marijuana sales starts at \$292.7 million in year 1 and grows to \$774.4 million in year 3.

The moderate estimate is conservative based on the data reviewed in the pages above.

- Missouri's base year marijuana usage according to federal surveys is lower than the level in Colorado, Oregon, and Washington at the start of the adult use marijuana program.
- Missouri has fewer tourists that could boost sales.

- The department has expressed concern about demand and will likely move more slowly than the other states in adding dispensaries and other facilities.
- Prices for adult use marijuana are difficult to estimate and are likely to decrease over the first few years as supply increases as has happened in the other states.
- It also reflects the difficulty of estimating a new program with limited experience in the other states and the need to make conservative budget assumptions for a healthy program.

Table 16 – Adult Use Marijuana Sales in Missouri

			Low End Estimate		Moderate Estimate		High End Estimate	
	Fiscal Year	Missouri Population	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales	Per capita	Value of Adult use Sales
Year 1	2023	6,504,461	\$37.24	\$242,226,120	\$45.00	\$292,700,736	\$57.74	\$375,567,567
Year 2	2024	6,542,664	\$69.04	\$451,724,916	\$78.75	\$515,234,822	\$107.07	\$700,523,077
Year 3	2025	6,580,868	\$106.40	\$700,172,776	\$118.13	\$777,365,033	\$164.96	\$1,085,579,985

#### **Tax, License, and Fee Revenue Estimate**

Table 17 uses the moderate estimate of sales to calculate the tax revenues for the new Veterans, Infrastructure, and Health Fund, state general revenue, other state funds, and local funds. The local funds calculation assumes a 3.5% median sales tax derived from the Department of Revenue's list of 2,361 local sales tax rates.<sup>ix</sup> The first licenses will not be awarded until early May 2022. The estimates assume the department will issue the license and complete the department's final inspection and other tasks with tax revenue beginning in July 2022 (FY 2023).

Combined State and local tax, fee, and license collections:

- A total all state and local funds of \$6.7 million in FY 2022 rising to \$182.3 million in FY 2025.
- A four-year total of \$381.5 million in all state and local funds.

State license and fee collections:

- Total state funds of \$6.7 million in FY 2022 and \$5.7 million in FY 2025.
- A four-year total of \$21.2 million in state funds.

State tax collections:

- A total all state funds of \$56.3 million in FY 2023 rising to \$149.4 million in FY 2025.
- A four-year total of \$304.8 million in all state funds.
- Veterans, Infrastructure, and Health Fund: \$43.9 million in FY 2023 rising to \$116.6 million in FY 2025.
- General Revenue Fund: \$8.8 million in FY 2023 rising to \$23.3 million in FY 2025.
- Prop C: \$2.9 million in FY 2023 rising to \$7.8 million in FY 2025.
- Conservation: \$365,876 in FY 2023 rising to \$971,706 in FY 2025.
- Parks and Soils: \$292,701 in FY 2023 rising to \$777,365 in FY 2025.

Local tax collections:

- Total local funds of \$10.2 million in FY 2023 rising to \$27.2 million in FY 2025.
- A four-year total of \$55.5 million in local funds.



Table 17 - Missouri Tax, License, and Fee Revenue Estimate

	FY 2022	FY 2023	FY 2024	FY 2025	4-year total
Value of sales taxed	\$0	\$292,700,736	\$515,234,822	\$777,365,033	\$1,585,300,590
<b>SALES TAX COLLECTIONS</b>					
<b>Veterans, Infrastructure, and Health Fund</b>					
Proposed Missouri sales tax rate	15.0%	15.0%	15.0%	15.0%	15.0%
Sales tax revenue	\$0	\$43,905,110	\$77,285,223	\$116,604,755	\$237,795,089
License and fee revenue	\$6,740,000	\$4,400,000	\$4,400,000	\$5,654,000	\$21,194,000
subtotal VIH fund	\$6,740,000	\$48,305,110	\$81,685,223	\$122,258,755	\$258,989,089
<b>General Revenue</b>					
GR statutory sales tax rate	3.0%	3.0%	3.0%	3.0%	3.0%
Sales tax revenue	\$0	\$8,781,022	\$15,457,045	\$23,320,951	\$47,559,018
<b>Prop C</b>					
Prop C sales tax rate	1.0%	1.0%	1.0%	1.0%	1.0%
Sales tax revenue	\$0	\$2,927,007	\$5,152,348	\$7,773,650	\$15,853,006
<b>Conservation</b>					
Conservation sales tax rate	0.125%	0.125%	0.125%	0.125%	0.125%
Sales tax revenue	\$0	\$365,876	\$644,044	\$971,706	\$1,981,626
<b>Parks and Soils</b>					
Parks and Soils sales tax rate	0.10%	0.10%	0.10%	0.10%	0.10%
Sales tax revenue	\$0	\$292,701	\$515,235	\$777,365	\$1,585,301
<b>Total State Funds</b>					
All state funds sales tax rate	19.225%	19.225%	19.225%	19.225%	19.225%
Sales tax and license fee revenue	\$6,740,000	\$60,671,716	\$103,453,894	\$155,102,427	\$325,968,038
<b>Local Sales Taxes</b>					
Median sales tax rate from DOR	3.50%	3.50%	3.50%	3.50%	3.50%
Sales tax revenue	\$0	\$10,244,526	\$18,033,219	\$27,207,776	\$55,485,521
<b>Total State and Local Funds</b>					
State and local sales tax rate	22.725%	22.725%	22.725%	22.725%	22.725%
Total Sales tax, license, and fee revenue	\$6,740,000	\$70,916,242	\$121,487,113	\$182,310,204	\$381,453,559

**Allocation of Veterans, Infrastructure, and Health Fund**

The proposed petition establishes a number of purposes for which the revenue derived is to be used. First, the Department of Revenue (collection costs) and the Department of Health and Senior Services (administration) are to receive their funds before allocation to the other major purposes. Table 18 shows the distribution among the uses identified in the petition.

Assumptions for the allocation table below include:

- The Department of Revenue takes the maximum 2% it is allowed to take for collection costs.
- The Department of Health and Senior Services spends the same amount, including fringe benefit costs, for administration of the adult use marijuana program as it received in the FY 2020 budget for the medical marijuana program. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. A two percent inflation factor is provided beginning in FY 2024. For FY 2022 it is assumed that the department's cost above the Veterans, Infrastructure, and Health Fund revenues, if any, will be paid with a transfer from general revenue as provided by the act.
- The remaining uses receive their share as detailed in the petition.

Allocations:

- Local government: \$6.3 million in FY 2023 rising to \$20.7 million in FY 2025. A 4-year total of \$39.9 million.
- Veterans: \$8.4 million in FY 2023 rising to \$27.6 million in FY 2025. A 4-year total of \$53.1 million.
- Infrastructure: \$8.4 million in FY 2023 rising to \$27.6 million in FY 2025. A 4-year total of \$53.1 million.
- Health: \$8.4 million in FY 2023 rising to \$27.6 million in FY 2025. A 4-year total of \$53.1 million.

Table 18 - Allocation of Veterans, Infrastructure, and Health Fund

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>4-year total</u>
<u>Veterans, Infrastructure, and Health Fund</u>					
Sales tax revenue - received	\$0	\$43,905,110	\$77,285,223	\$116,604,755	\$237,795,089
Application and license fees	\$6,740,000	\$4,400,000	\$4,400,000	\$5,654,000	\$21,194,000
Total VIH fund collections	\$6,740,000	\$48,305,110	\$81,685,223	\$122,258,755	\$258,989,089
<u>Administration of tax and program</u>					
Department of Revenue (2% of collections)	(\$134,800)	(\$966,102)	(\$1,633,704)	(\$2,445,175)	(\$5,179,782)
Department of Health and Senior Services (for administration)	(\$6,605,200)	(\$15,668,590)	(\$15,981,962)	(\$16,301,601)	(\$54,557,353)
Remainder to distribute to major purposes	\$0	\$31,670,418	\$64,069,557	\$103,511,979	\$199,251,954
<u>Major Purposes</u>					
Local governments (3/15ths of remainder)	\$0	\$6,334,084	\$12,813,911	\$20,702,396	\$39,850,391
Veterans (one-third after local govt.)	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
Infrastructure (one-third after local govt.)	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
Health (one-third after local govt.)	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
subtotal for major purposes	\$0	\$31,670,418	\$64,069,557	\$103,511,979	\$199,251,954
Total allocated	\$6,740,000	\$48,305,110	\$81,685,223	\$122,258,755	\$258,989,089

### **Department of Health and Senior Services (DHSS) - costs**

DHSS has experience with implementing the medical marijuana program in accordance with Amendment 2 passed by Missouri voters in November 2018. Thus, the learning curve should be dramatically reduced for the department for a fully legal adult use marijuana program. Much of the language of the new petition mirrors the framework and language from voter-approved Amendment 2 to implement the new program. The tasks that DHSS has already completed or will complete for the medical marijuana program includes, but is not limited to creating:

- rules for the medical marijuana program;
- Advisory Committees;
- a robust website with information about the program;
- forms and applications;
- an online application portal;
- awarding and completing a contract to provide for blind scoring of the applications;
- FAQs;
- videos to help applicants understand the process
- a significant outreach program to businesses and organizations involved or interested in the medical marijuana program;
- reporting mechanisms available to show the distribution of applicants across the state;
- other resources for applicants and the public; and
- educating the Governor and legislature on its budgetary needs to successfully implement the program.

DHSS was successful in receiving \$846,726, including 3.5 staff, in FY 2019 supplemental budget funding to begin implementation of the medical marijuana program. In addition, DHSS received \$15.7 million, including 52 staff and fringe benefits, in full year FY 2020 funding to implement the program. The staff included:

- 40 health facilities consultants to process and verify applications, inspect facilities, provide technical assistance to the testing facilities to assist with obtaining and maintaining certification; monitor for compliance, and other duties as needed.
- 4 health and senior services managers to manage patient and caregiver applications while meeting application decision deadlines; manage licensing and/or certification of medical marijuana cultivation facilities, dispensary facilities, infused products manufacturing facilities, testing facilities, transportation entities, seed-to-sale tracking systems; and provide ongoing management responsibilities.
- 2 attorneys to provide legal support.
- 1 Planner IV to project manage and work in conjunction with the IT project manager to plan, monitor, and execute the implementation of a seed-to-sale tracking system
- 1 designated principal assistant.
- 4 clerical support staff

Table 19 provides budget information for Colorado<sup>x</sup>, Washington, and Oregon to provide perspective on their administrative costs for the Department of Revenue and the relevant administrative agencies. Missouri's \$15.7 million budget for medical marijuana administration appears to be larger than the programs in the other states.

Table 19 - Administrative costs in Oregon, Washington, and Colorado

	Total (in millions)	FTE
<u>Oregon</u>		
Adult use	\$19.0	68.0
Medical	\$5.6	23.0
Total	\$24.6	91.0
<u>Washington</u>		
Adult use & medical	\$24.2	
<u>Colorado</u>		
Adult use	\$14.5	120.1
Medical	\$2.4	1.3
Total	\$16.9	121.4

All of this success and sizable budget should make the additional cost of regulating legal marijuana more easily accomplished and keep costs down. For example, DHSS has 40 health facility consultants to process and verify applications, provide technical assistance, monitor compliance, and other duties. DHSS asked for such a sizable staff in part because it was unclear whether OA ITSD would supply a highly functional IT system to process applications during this first round of applications. DHSS received 2,163 medical marijuana applications yet is expected to issue just 348 licenses – the minimum required by the medical marijuana amendment. DHSS has thus received about 6 times more applicants than the number it will approve.

The current DHSS process and timetable is for the first medical marijuana licenses to be issued in late December 2019 or early January 2020. Providing the necessary construction phase for the medical marijuana facilities and the initial growing period, Missourians can expect that medical marijuana product becomes available during the summer or fall of 2020 with dispensaries being opened from then until the end of 2020. DHSS has indicated publicly that it intends to go slowly on issuing licenses during the first few years of medical marijuana implementation to ensure that the marketplace is sufficient to provide a healthy medical marijuana industry and prevent an oversupply of product. There is little expectation that DHSS will begin another round of medical marijuana facilities expansion before late 2022 – which is beyond the dates contained in this petition and required for implementation of a legal marijuana program. Thus, there is no conflict or doubling up of application processing between the two programs.

As noted earlier in this analysis, for the first 548 days of legal marijuana applications DHSS may only accept applications for licensure from entities holding similar medical marijuana facility licenses. The 40 health facility consultants will face a maximum of 348 marijuana facility applications in late 2021, 16% of what they faced in 2019. In addition, the health facility consultants and all of the staff only have to deal with facilities that they have already instructed, inspected, monitored for compliance, and reviewed. The owners and staff of the medical marijuana facilities will already be knowledgeable of all of the rules and regulations and will have developed a strong working relationship with DHSS.

It is assumed that there will be some costs required to process adult use marijuana facility applications. Costs for OA ITSD for IT services are included in the DHSS medical marijuana budget and can be used to provide additional functionality to reduce the amount of paperwork done by the health facilities consultants and clerical staff. Providing a more efficient, robust and user-friendly application portal will help the department. In addition, additional website development to improve reporting tools, update

videos, and other functionality can be completed before the adult use program applications are announced. Blind scoring costs currently in the DHSS budget will not be needed for the first round of adult use marijuana application evaluation.

This analysis assumes that the department will spend the same \$15.7 million for their administrative costs for adult use as it did for medical marijuana. It will either do so by shifting some medical marijuana staff to the adult use program or add additional staff. There likely will be significant cost savings in administrative costs when the medical and adult use programs are operational. As shown in Table 19, Colorado, Washington, and Oregon spend much less than the \$32 million in administration for both programs that possible under the assumptions of this analysis. Those savings are not calculated herein and will be decided by the Governor and legislature as both programs proceed.

### **Department of Corrections Savings**

In a fiscal note to HB 1448 (2018) the Department of Corrections laid out its estimate of savings to a bill that allowed adult use marijuana. It indicated substantial savings. The department reported that the annual number of persons admitted for cannabis offenses was expected to be 209 with an additional 986 sent to probation. It also reported that the average incarcerated offender spent one year in prison and three more years on parole.

<https://house.mo.gov/billtracking/bills181/fiscal/fispdf/4952-01N.ORG.pdf>

In its 2017 Annual Report the Missouri Board of Probation and Parole reported that the per diem cost of incarceration was \$58.85 compared to \$5.39 for probation or parole. Revised numbers have not been made available by the Department. However, the 2017 costs are included in the analysis below to identify the cost savings of the initiative petition to the Department. A two percent inflation factor is assumed for institutional and probation/parole costs.

The number of people normally incarcerated remains static in this analysis at 209 each year since a new cohort comes in and then leaves after one year. At \$58.85/day (\$21,480/year) the department will save \$4.5 million in incarceration costs. The number of people normally expected to be under supervision grows until it peaks at year four. The 209 that normally serves three years of probation increases until it tops out at 627. The 986 people that normally serve three years of supervision tops out at 2,958. The number of people that will not be under supervision in year four is 3,794. The savings run from \$6.4 million in year one to \$12.2 million in year four.

Table 20 - Department of Corrections - Savings				
	FY 2022	FY 2023	FY 2024	FY 2025
Incarcerated	209	209	209	209
Parole		209	418	627
Probation	986	1,972	2,958	2,958
subtotal supervision	986	2,181	3,376	3,585
Total affected population	1,195	2,390	3,585	3,794
Institutional costs/day	\$58.85	\$60.03	\$61.23	\$62.45
Institutional costs/year	\$21,480	\$21,910	\$22,348	\$22,795
Probation/parole costs/day	\$5.39	\$5.50	\$5.61	\$5.72
Probation/parole costs/year	\$1,967	\$2,007	\$2,047	\$2,088
Savings institutional	\$4,489,372	\$4,579,160	\$4,670,743	\$4,764,158
Savings probation/parole	\$1,939,807	\$4,376,606	\$6,910,101	\$7,484,647
Total Savings	\$6,429,179	\$8,955,766	\$11,580,844	\$12,248,805

### **Public Defender Savings**

The State Public Defender's Office also estimated its savings in the same fiscal note to HB 1448 (2018). The Public Defender reported that the bill would save 52,230 attorney hours, or slightly more than 25 attorneys based on the state's 2,080-hour work year. The Public Defender assumed that 25% of drug cases relate to marijuana affecting about 2,472 cases. However, it did not convert the 52,230 hours savings into a dollar amount. It stated that it would not cut its budget because it is staffed substantially below the level it believes is necessary to meet its caseload standards.

Table 21 provides the conversion of hours saved into dollars using the FY 2020 budget request for 385 additional staff made by the Public Defender's Office. The FY 2020 budget request included a request for attorneys at a salary of \$60,084 and a secretary for every three attorneys at a salary of \$28,668. That provides a savings of \$1.7 million in salaries if the Public Defender's budget was cut to keep its staffing levels at the level the General Assembly has been providing. The expense and equipment requests provided \$10,500/attorney in travel and \$6,380/FTE for all other expense and equipment leading to a savings of \$475,145. Fringe benefit savings would add another \$1 million. Total savings to the Public Defender's budget annually is estimated at \$3.3 million. However, the petitioners do not recommend such cuts.

Table 21 - Public Defender possible savings			
Hours saved	52,230		
Yearly hours per FTE	2,080		
FTE saved	25.11		
	# staff	Avg. salary	Total
<u>Public defenders</u>	25	\$60,084	\$1,502,100
Secretary (1 for every 3 attorneys)	8.33	\$28,668	\$238,804
subtotal Personal Service Savings			\$1,740,904
<u>Expense &amp; equipment</u>			
Travel	25	\$10,500	\$262,500
Other items	33.33	\$6,380	\$212,645
subtotal E&E Savings			\$475,145
Fringe benefits (59.8% of PS costs)			\$1,041,061
Total savings for Public Defender			\$3,257,110

**Other department – costs, revenues, or savings**

The Missouri State Highway Patrol (MSHP) should expect additional revenue as a result of this proposal. For HB 1448 (2018) the MSHP estimated income of \$540,584 for the Criminal Records System Fund as a result of fingerprint and criminal record system checks in the first year and \$54,054 annually thereafter.

The Office of Administration, Information Technology Systems Division provided IT support to DHSS. Possible additional costs to OA ITSD are included in the DHSS cost discussion of this analysis.

The Office of State Courts Administrator, the courts, the Department of Corrections, and the Public Defender may have additional costs to process expungement of marijuana convictions from criminal records. The petition provides that people with such convictions “may apply for expungement upon the effective date of this section and such expungement shall be granted...”. A search of the Missouri General Assembly’s bill list for the past seven regular sessions found three bills filed by Rep. Ellington from 2014-2016 that included expungement of such records. It was not the same as the petition’s provisions. The Oversight Division did not complete a fiscal note of the possible costs or savings.



Footnotes:

- 
- i i SAMSHA, National Survey on Drug Use and Health - <https://www.samhsa.gov/data/nsduh/state-reports-NSDUH-2016>
- ii Colorado provides data on monthly sales and monthly tax revenue. Colorado Department of Revenue, Monthly sales of marijuana. Excel spreadsheet downloaded. <https://www.colorado.gov/pacific/revenue/colorado-marijuana-sales-reports>. Monthly tax receipts from marijuana sales. Excel spreadsheet downloaded. <https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data>
- iii Washington's website has annual data for the first three years but only part of a 2018. <https://data.lcb.wa.gov/Sales/Sales-and-Tax-Grouped-by-Fiscal-Year-Chart/g9n8-n3mg>. Monthly tax data is not on the Washington website but can be found at the following site but the monthly numbers when added are slightly different than the state annual numbers. <https://www.502data.com/>
- iv Oregon Department of Revenue. Download excel spreadsheet. <https://www.oregon.gov/DOR/programs/gov-research/Pages/research-marijuana.aspx>
- v U.S. Census Bureau <https://www.census.gov/data/tables/time-series/demo/popest/2010s-state-total.html>
- vi Data obtained from the Division of Tourism offices in each state.
- vii Governing Magazine, High on Pot Taxes, September 2019. [https://www.governing.com/columns/public-money/gov-pot-taxes-high.html?utm\\_term=High%20on%20Pot%20Taxes&utm\\_campaign=High%20on%20Pot%20Taxes&utm\\_content=email&utm\\_source=Act-On+Software&utm\\_medium=email](https://www.governing.com/columns/public-money/gov-pot-taxes-high.html?utm_term=High%20on%20Pot%20Taxes&utm_campaign=High%20on%20Pot%20Taxes&utm_content=email&utm_source=Act-On+Software&utm_medium=email)
- viii Missouri Office of Administration, Division of Budget and Planning. <https://archive.oa.mo.gov/bp/projections/TotalPop.pdf>. The population estimates are at five year intervals. To determine the numbers for years 2023-2025 for this analysis the 2020 to 2025 total change was calculated and divided to determine the level annual increase per year needed to make the 2025 number – 38,204 increase per year.
- ix Missouri Department of Revenue, Sales and Use tax rate table in effect for August/September 2019; <https://dor.mo.gov/business/sales/taxcards/multiletter.pdf>
- x Colorado Joint Budget Committee, Marijuana Policy Overview. [https://leg.colorado.gov/sites/default/files/fy2019-20\\_marbrf.pdf](https://leg.colorado.gov/sites/default/files/fy2019-20_marbrf.pdf)

**David R. Usher** provided the following information:

October 24, 2019

Nicole Galloway  
Missouri State Auditor  
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Jefferson City, MO 65101

Delivered by:

Email to [elections@sos.mo.gov](mailto:elections@sos.mo.gov)  
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CC:

Secretary of State John R. (Jay) Ashcroft  
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Missouri Attorney General Eric Schmitt  
Supreme Court Building  
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P.O. Box 899  
Jefferson City, MO 65102

Re:

IP 2020-125 Converting Missouri's "Medical Marijuana" Amendment 1 enacted in 2018  
to include Recreational Marijuana  
<https://www.sos.mo.gov/CMSImages/Elections/Petitions/2020-125.pdf>

and

IP 2020-126 Legalization of THC-containing recreational marijuana  
<https://www.sos.mo.gov/CMSImages/Elections/Petitions/2020-126.pdf>

Dear Hon. Governor Parson, Nicole Galloway, Jay Ashcroft, and Eric Schmitt,

We are filing this document as formal comments for inclusion in the public record regarding the two Initiatives identified above.

This document provides a necessary estimate of the consequential costs (**CC**) that will be incurred if THC-containing marijuana (hereinafter referred to as "**psychoactive marijuana**") regardless of the reason for its use as a "medical" or "recreational" drug, is legalized in Missouri.

**Preface and Recommendation Summary:**

When other states legalized THC-containing marijuana, they only calculated the cost for implementing the new statute. They failed to foresee the necessity of evaluating fiscal impact of the *consequences* of legalization.

In other states, marijuana legalization was enacted expecting profits, when in fact massive losses to states, local jurisdictions, and businesses took place. These states are in jeopardy, unable to reverse legalization, unable to tax because of restrictions in the laws enacted, and stuck with massive costs.

In the short amount of time it is only possible to make a rough estimate the fiscal impact. There are thousands of state and local expenditures impacted by use of substances that impact mind and body for days, weeks, or years, and the abuse of those drugs.

We have many years of experience studying these problems and are in the best possible position to estimate these costs so the voters have some idea of the financial cost to the State.

We have an incontrovertible wealth of longitudinal facts from other states proving decisively that marijuana legalization will:

1. Greatly harm the general welfare of Missourians without providing any palpable benefit, and,
2. Create a large annual fiscal note comprised of a long list of proven fiscal consequences imposed on other states, local jurisdictions, and businesses in states legalized any form of psychoactive marijuana.

### **Finding:**

We estimate the total CC fiscal note associated with the passage of the above to Initiatives would be a total annual fiscal note of approximately \$2,818,214,740 annually to the state of Missouri and local governments.

### **Breakdown of costs:**

**\$1,283,340,100** of the total is a baseline cost representing actual Colorado data adjusted for population.

**\$1,534,874,640** is our estimated “contingency” cost for 15 categories of known expenses that the Colorado study did not evaluate. These categories are evaluated later in this document and rationally estimated.

It is not possible to do thorough research and numerical analysis of these items in just a few days, however, I do believe it is mandatory to express the likely magnitude of expense the Initiatives will incur.

What we can supportably declare, based on my research and estimates below is “Fifteen complex line items cannot be accurately numerically evaluated, but **may** represent significant cost.”

This amount will ramp up to the amount estimated within two to four years of passage, and elastically grow or shrink as use and abuse rates of psychoactive marijuana rise to levels we see in other states that legalized the use of any form of THC-containing marijuana.

### **Items Not included in the Cost Estimate:**

1. There are longitudinal elements we are unable to estimate here, such as the potential cost to the state of younger Missourians who increasingly use or abuse substances in the “gig economy” employment environment where retirement plans and medical insurance are often not provided. So called “failure to launch” kids, who may have brain damage caused exposure before birth or use before the age of 24, may represent a large long-term cost liability to the State for medical, health, housing, and eventual indigency in old age.
2. We cannot estimate the costs to business in this document. We can say that the costs to business of legalization psychoactive marijuana will be high.

Property, medical, and workman’s compensation insurance rates will skyrocket. Workman’s comp fraud and lawsuits will force many businesses to either close down, leave urban areas, or only hire self-insuring contractors.

Costs for all businesses and government agencies that have to comply with OSHA will skyrocket. Psychoactive marijuana impacts motor skills and judgement for at least one or two days or in some cases months after use. The bus driver who gets stoned on Saturday night is much more likely to have an accident on Monday morning, for example.

If other states are a predictor, we will see all “brick and mortar” businesses, particularly larger businesses, hit with head taxes and “window taxes”. These IP’s bar the state from additional taxation of marijuana, so creative new taxes will be invented to pay for the consequential costs of drug use and abuse.

### **Recommendations:**

1. If possible, we recommend that the Attorney General and/or the Secretary of State reject IP 2020-125 “Marijuana Legalization” and IP 2020-126, for the following reasons:
  - a. The CC cannot be reasonably ascertained until a full cost study is performed, which is not possible short time period allowed in the context of the Initiative process.
  - b. The legalization of psychoactive marijuana falls under the statutory authority of the Missouri Legislature, which has the authority and time to conduct a thorough fiscal impact study and allocate budgetary resources to fund those consequences, and
  - c. The CC constitutes a large unfunded mandate on the State of Missouri for which there is no pressing constitutional justification for forcing on the State, local jurisdictions, and the taxpayers to bear, and
  - d. These Initiatives deny the Legislature and local jurisdictions its statutory right to increase or enact new taxes on psychoactive marijuana to fund the associated CC at both state and local levels.
  - e. These Initiatives may be unconstitutional as previously communicated to Governor Parsons, Attorney General Eric Schmitt, and the legislature.
2. If either ballot initiative is approved for the 2020 election cycle, we recommend that in addition to the implementation costs, the ballot state that “The consequential fiscal cost

of additional substance use and abuse to the state, local jurisdictions, and taxpayers is estimated to be \$2,818,214,740 billion dollars annually”.

This sum reflects costs to both state and local governments. Since these are state initiatives, the state should take responsibility, anticipate the expenditures, and be prepared to raise the funds to pay for the increase in problems that will arise in every jurisdiction. The most serious impacts will be seen in St. Louis, Kansas City, and perhaps Springfield. We should not abandon them to go bankrupt because of a state initiative.

This estimate may be slightly higher or lower depending on whether one or both Initiatives are enacted. The impact differential will be small because, in both cases, “recreational marijuana” is being fully legalized. Whether or not one has to get a card and a doctor’s letter is merely procedural. In other states, medical marijuana quickly fell into disuse as soon as unrestricted “recreational marijuana” was legalized.

This may provide some incentive to reject these initiatives on the grounds they involve very large unfunded annual mandates that may also be unconstitutional. There is no rational basis for inserting possibly unconstitutional unfunded mandates into the Missouri Constitution when the initiatives contain no pressing strict-scrutiny civil rights concern requiring the state to fund the initiative.

### **The Fiscal Note Estimate:**

1. **Components of the Fiscal Note Estimate:** The fiscal note must include:
  - a. The costs for administratively implementing and managing legalization, and
  - b. The costs the state will incur due to the “consequential costs” (CC ) of marijuana legalization. CC includes all expenditures to the state and local jurisdictions due to increased **use and abuse** of psychoactive marijuana such as homelessness, medicare, high-school dropouts and youth drug gangs, interdiction and prosecution of illegal marijuana growing, environmental cleanup of illegal grows, sales and smuggling, crime, incarceration, police, violence, divorce and illegitimacy, mental health problems, violence shelters, illegal smuggling and illegal grows, OSHA-compliance, unemployment, and increased insurance costs for property, workman’s comp, medical, and liability insurance. We cannot estimate those costs in this document. We must be aware that the actual costs of marijuana to all government agencies is much higher than the fiscal note estimate below, which applies only at the State level.

2. **Basis for Fiscal Note Estimate:**

Our CC fiscal note estimate is based on actual CC financial data extracted from the State of Colorado and reports documenting the CC of the legalization of psychoactive marijuana. Colorado was the first state to legalize psychoactive marijuana. The longitudinal consequences are documented more thoroughly for Colorado than any other state.

3. **Baseline CC Fiscal Note Estimate: \$1,283,340,100 annually.**

The Centennial Institute of the Colorado Christian University reports that Colorado is spending about \$4.50 in costs to mitigate the effects of legalization for every \$1 of tax revenue income. This baseline estimate does not include a large number of consequential expenses.

- A. In 2018, the tax revenue for Marijuana in Colorado was \$266,529,617.<sup>1</sup>
- B. Therefore, the approximate fiscal note for downstream costs of marijuana legalization in Colorado for 2018 was approximately  $\$4.50 * \$266,529,617$ , for an estimate of \$1,199,383,276.
- C. The population of Colorado of individuals aged 10 and older is approximately 5,010,757.
- D. The population of Missouri of individuals aged 10 and older is 5,375,792.
- E. **Therefore, the baseline annual CC for psychoactive marijuana legalization in Missouri, adjusted for population, is \$1,283,340,100.**

4. **Contingency Risk Factor Costs: \$1,534,874,640.**

**The following contingency multipliers, when applied to the baseline cost are a total contingency multiplier of 119.6%.**

These factors are added because they are known cost factors not evaluated in the Colorado report:

- a. **(15%) CC contingency for extant drug abuse and violence problems:** Missouri and St. Louis are at high risk of fiscal and law-enforcement exposure to the consequences of marijuana legalization compared to Colorado:
  - Missouri has the 3rd highest per-capita drug abuse rate in the nation before Psychoactive marijuana is legalized.<sup>2</sup>
  - St. Louis had the highest STD rate in the nation.<sup>3</sup> (the prevalence of STD's is highly associated with substance abuse).
  - St. Louis has the highest murder rate in the nation in 2017 <sup>4</sup> and was ranked the most dangerous city in America by CBS News.<sup>5</sup> (Gun violence is tightly linked to substance abuse and the drug trade<sup>6</sup>).
- b. **(10%) Gang violence in St. Louis and Kansas City:** The problems of gang violence in St. Louis and secondarily in Kansas City will grow and become much more serious with the legalization of psychoactive marijuana. Gangs control the smuggling and sales of illegal drugs. In Colorado, about 2/3 of marijuana sales are by illegal drug dealers because their product is much less expensive than the highly-regulated, taxed retail stores. St. Louis recently announced it is spending \$5-million on a "Cure Violence" program that is a proven failure in all other cities that it has

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<sup>1</sup> <https://www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data>

<sup>2</sup> <https://wallethub.com/edu/drug-use-by-state/35150/>

<sup>3</sup> [https://www.stltoday.com/lifestyles/health-med-fit/st-louis-holds-top-spot-in-chlamydia-and-gonorrhea-stds/article\\_3f675a46-b330-5305-80db-82b4dd999b5e.html](https://www.stltoday.com/lifestyles/health-med-fit/st-louis-holds-top-spot-in-chlamydia-and-gonorrhea-stds/article_3f675a46-b330-5305-80db-82b4dd999b5e.html)

<sup>4</sup> <https://www.apnews.com/281f4f35c74b43d0aa111c2d898c3bf8>

<sup>5</sup> <https://www.cbsnews.com/pictures/the-most-dangerous-cities-in-america/50/>

<sup>6</sup> [https://www.stltoday.com/news/local/crime-and-courts/deadly-turn-study-shows-violent-crime-growing-deadlier-in-st/article\\_45e5d21f-1b38-5ada-8b04-e5eddb82ab3b.html](https://www.stltoday.com/news/local/crime-and-courts/deadly-turn-study-shows-violent-crime-growing-deadlier-in-st/article_45e5d21f-1b38-5ada-8b04-e5eddb82ab3b.html)

been implemented in. The State should be prepared to intervene. The screen capture below is by my organization Civitas Economic Engineering, documenting the fact that Cure Violence does not work:<sup>7</sup>

- The City of Saint Louis is spending \$5M on “Cure Violence”,<sup>1</sup> a globalist<sup>2</sup> program replacing prisons by “using the methods and strategies associated with disease control” – using former gang members and drug dealers to act as conflict intervenors. The Mayor claims it will reduce shootings by 30% in one year.
- “Cure Violence”<sup>2</sup> issued false<sup>3</sup> data to the City about their program’s crime decreases in Baltimore, New York City, New Orleans, and other cities to justify putting drug dealers back on the street.
  - In New York City, shootings increased by 4.7% in 2017, not a 63% reduction.<sup>4</sup>
  - Baltimore had an 11% increase in homicides in 2011, not a 56% reduction.<sup>5</sup>
  - New Orleans had the highest murder rate in the nation in 2017, not a 47% reduction in homicide.<sup>6</sup>
  - Philadelphia had a 24% decrease in shootings in 2017,<sup>7</sup> but a 14% increase in homicides.<sup>8</sup>
  - Cure Violence programs were shut down in Chicago and other parts of Illinois in 2012<sup>9</sup> and 2015<sup>10</sup> due to a combination of ineffectiveness, high cost, lack of cooperation with police, and program workers getting into trouble.

- c. **(10%) CC baby boomer contingency:** There are a large number of baby boomers who have little savings and who use (or will use) psychoactive marijuana. According to the retirement institute, 45% of baby boomers have no retirement savings.<sup>8</sup> I estimate that at least 10% of them use psychoactive marijuana. This is attributable to the fact that baby boomers are the hippie culture, where marijuana use was and is still commonplace. Use of mood-altering substances over time does impact life, financial choices, and upward mobility negatively. Medical, housing, and other costs for caring for indigent elderly with aggressive mental health and memory issues may likely be a major expense to the state or local jurisdictions.
- d. **(6%) Educational Remediation:** To pay for education remediation for marijuana-using school dropouts and disciplinary problems in public schools and universities. We are placing emphasis on this category because high-school dropouts are a very costly problem in Colorado.
- e. **(10%) Long-term impact on (government and contractor) employee productivity:** This category includes lower production, rework, associated material and other costs, and legal expense. 15.2% of Coloradans are regular users of psychoactive marijuana. Efficiency, motivation, mistakes, rework, damage, and accidents are the consequence. 80% of Colorado marijuana users are not as active as indicated and have higher rates of medical problems, with medical expenditures of \$54,833,218 in 2017.<sup>9</sup> Cost of cannabis use disorder in Colorado for 2017 was \$31,448,908.<sup>10</sup> These kinds of costs may fall on the State or local jurisdictions for employees and indigents.

<sup>7</sup> Civitas Economic Engineering, “Proof that Substance Abuse is the Keystone Driver of Violence, Homelessness, Marriage-Absence, and Endless Crisis Spending, St. Louis, October, 2019.

<sup>8</sup> <https://www.investopedia.com/articles/personal-finance/032216/are-we-baby-boomer-retirement-crisis.asp>

<sup>9</sup> <http://cdn-centennial.pressidium.com/centennial/wp-content/uploads/2018/11/Economic-and-Social-Costs-of-Legalized-Marijuana-CO.pdf>, pg. 26

<sup>10</sup> <http://cdn-centennial.pressidium.com/centennial/wp-content/uploads/2018/11/Economic-and-Social-Costs-of-Legalized-Marijuana-CO.pdf> pf. 21.



- f. **(0%) Medical care for indigents:** Depending on insurance and local policy, costs for marijuana-related expenditures itemized in (d.) may fall on the State or local jurisdictions. Please add a percent if you believe this is a factor in Missouri.
- g. **(6%) Workplace accidents:**
- h. **(5%) Gun and domestic violence:** Substance-abuse is highly correlated with gun violence (at least 50% of all cases) and domestic violence (at least 75% of all cases). This drives costs police, investigative, prosecution, shelter, riot control, property damage, and compliance with federal social justice mandates for the state and local jurisdictions.
- i. **(10%) Marijuana-related crime outside St. Louis:** This may be a very large number considering the broad costs of interdiction, prosecution, imprisonment, property damage, murder, theft, . Colorado reports a severe shortage of funding for marijuana inspections, finding and cleaning up illegal grows, and dealing with marijuana DUI. Missouri is a major route for smuggling and distribution of drugs along interstates 40 and 44. If psychoactive marijuana is legalized we will see a lot more local marijuana being grown and smuggled to other states.
- j. We are adding a contingency to assure enough resources are available to handle these problems.
- k. **(3%) Marijuana-related hazardous environmental cleanups:** The Rocky Mountain HIDTA report shows that meth and other drug use is being replaced by marijuana use and abuse. Illegal grows in Colorado and other states are expensive to catch, requiring aerial surveillance. Environmental cleanup of toxic chemicals can be very costly. Since Missouri is a prime state for growing marijuana outdoors, and we have a lot of heavily forested areas, we predict that illegal growing on public lands and related cleanups will become a major problem.
- l. **(5%) Property damage:** This estimates cost to repair property damage to public properties caused by substance abusers.
- m. **(19%) Homelessness and Urban Cleanup:** There were 5,883 homeless adults in Missouri in 2018 while Colorado, a state with similar population had a homeless population of 10,857<sup>11</sup> despite approximately 350 anti-homeless laws enacted to combat fires, trash, crime, and tent cities.<sup>12</sup> In this chart, we see that states that legalized psychoactive marijuana years ago suffer from the highest homelessness rates regardless of weather conditions.

A 2008 survey by the United States Conference of Mayors asked 25 cities for their top three causes of homelessness. Substance abuse was the single largest cause of homelessness for single adults (reported by 68% of cities).<sup>13</sup>

<sup>11</sup> <https://files.hudexchange.info/resources/documents/2018-AHAR-Part-1.pdf>

<sup>12</sup> [https://en.wikipedia.org/wiki/Homelessness\\_in\\_the\\_United\\_States\\_by\\_state](https://en.wikipedia.org/wiki/Homelessness_in_the_United_States_by_state)

<sup>13</sup> National Coalition for the Homeless, "Substance Abuse and Homelessness"; July, 2009; <https://www.nationalhomeless.org/factsheets/addiction.html>

Following the legalization of psychoactive marijuana in 2012, Colorado experienced the third largest percent increase in homelessness nationally -13 percent between 2015 and 2016.<sup>14</sup>

Scott Lindsay, a consultant to the Mayor of Seattle, investigated the cases of about 100 homeless people in Seattle and found that 100% of them had a substance abuse problem. Over 2/3 have been arrested for theft this year. Retailers are hit hard by theft.<sup>15</sup>

States report that each homeless person costs the government up to \$50,000 per year.<sup>16</sup> These are costs associated with arrest, prosecution, cleanup of homeless tent cities, medical, health and hospitalization, services, trash, fires, property damage, and human waste.

If Missouri's homeless rate grows the match Colorado's, which should be expected, it will add an additional cost burden of \$248,700,000, or 19.1% of the baseline CC cost to state and local governments.

- n. **(.6%) Costs of family breakup and non-marriage:** The annual cost to the state of Missouri for 19,187 divorces and 29,134 children born out of wedlock in 2017 is conservatively estimated to be about \$1.7 Billion – (5.8% of Missouri's 2019 budget). (UMC Regional and Fiscal Studies, CDC). Substance abuse is a primary factor in family breakup and failure of unmarried cohabiting relationships.<sup>17</sup>

With each instance of non-marriage costing the state about \$20,000 annually, an 10% decrease in marriage rates and 10% increase in cohabitation or illegitimacy rates will cost the state \$170,000,000 not including lost tax receipts that would have been paid if couples had not broken up. This amount is six-tenths of 1% of the baseline cost estimate.

- o. **(20%) Miscellaneous costs to state and local governments:** There are hundreds of elastic line item costs to state and local jurisdictions that expand or shrink with the prevalence of substance use and abuse. Here is a short list of major categories, some of which are not listed above. The Auditor's office may wish to modify our estimate based on their understanding of other expenses that will be incurred, a short list of categories listed below:<sup>18</sup>

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<sup>14</sup> [https://www.colorado.gov/pacific/sites/default/files/PSD\\_SDOH\\_Homelessness\\_long.pdf](https://www.colorado.gov/pacific/sites/default/files/PSD_SDOH_Homelessness_long.pdf)

<sup>15</sup> <https://www.seattlebusinessmag.com/editors-note/conflating-seattle-street-crime-homeless-wont-solve-either-problem>

<sup>16</sup> <https://www.adn.com/alaska-news/anchorage/2018/05/02/anchorages-hardest-to-house-homeless-cost-50000-a-year-on-the-street-could-that-money-be-better-spent/>

<sup>17</sup> <https://drugabuse.com/guide-for-families/addiction-hurts-relationships/>,  
<https://www.psychologytoday.com/us/blog/contemplating-divorce/201109/so-youre-married-addict-is-divorce-inevitable>,

<sup>18</sup> Civitas Economic Engineering, "Proof that Substance Abuse is the Keystone Driver of Violence, Homelessness, Marriage-Absence, and Endless Crisis Spending, St. Louis, October, 2019.

- Mass shootings (at least 80% correlation)
- Homelessness (nearly 100% correlation)
- Domestic Violence (at least 75% correlation)
- Gun Violence (at least 50% correlation)
- Car, Construction, Work, Other Accidents
- Crime, Property damage, related costs
- High medical, property, accident insurance
- High divorce, illegitimacy, related costs
- Lifelong debilitating mental and physical problems and longitudinal costs (all ages)
- Child Abuse and Neglect
- Educational failure
- "Failure to Launch" permanently-dependent adult children
- Permanent brain damage to children under age 24 caused by marijuana and other drugs
- Suicide by adults and children (600% higher)
- Long-term poverty for women and children
- **Double Governmental Jeopardy: Loss of tax income coupled with compounding demand spending**

Submitted Respectfully,



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## **ADDENDUM:**

The following pages are included to provide additional research, facts, information and citations of authorities the auditor's staff may wish to use to adjust or verify our estimation.

### **Unconstitutionality Of Legalizing Psychoactive Marijuana**

We believe it is within the jurisdiction of the Attorney General and perhaps the Secretary of State to reject the above constitutional initiatives to protect the Constitution of the State of Missouri from being suborned by provisions detrimental to the purpose of Constitutional government and the general welfare of the Citizens of the State of Missouri.

**Cite:** Article 1 Section 2 of the Missouri Constitution requires the state to serve the general welfare of the Citizens. The idea that the state should go into business making money selling drugs that drive violence, homelessness, divorce, and poverty fully opposes the purpose of Constitutional government in the State of Missouri:

#### **Promotion of general welfare--natural rights of persons--equality under the law--purpose of government.**

Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.

Source: Const. of 1875, Art. II, § 4.

A large body of data exists documenting the consequences of legalizing marijuana over the past 12 years in other states and by the federal government, herein cited below.

This easily-obtained body of publicly-accessible documentation provides incontrovertible and convincing evidence that the legalization of marijuana containing a primary ingredient of THC causes great Harms to the general welfare of the people. It causes many social, economic, and legal consequences, resulting in crushing costs and legal dilemmas to the state, local jurisdictions, businesses, and individuals. It is not possible to reverse these consequences and equitably correct the Harms regardless of crisis-management expense by the State and local governments.

We suggest that the Attorney General has a duty to *protect* the Missouri Constitution by rejecting any Constitutional Amendment Initiative containing language that offends, controverts, opposes, or violates settled law principles set forth in the Missouri Constitution.

We state that the form of IP 2020-125 Section 2.1 is deceptive and must be rejected in the absence of evidence from proponents proving that their claims regarding very positive impact of the Initiative are in fact true and accurate

We have a large body of studies, reports, and longitudinal data from other states that legalized psychoactive marijuana for "medicinal" or recreational purposes proving that the statements contained in IP 2020-125 Section 2.2 "Purpose" are false and deceptive.

The White House Office of National Drug Control Policy (ONDCP)<sup>19</sup> has issued [The Rocky Mountain High Intensity Drug Trafficking Area Report](#)<sup>20</sup>, an extensive series of longitudinal reports spanning 23 years tracking marijuana use and abuse in Colorado, Montana, Utah, and Wyoming since 1996. The ONDCP uniformly reports harm to citizens who use marijuana and finds no salutary benefits worthy of Constitutional protection or recognition.

I am available to consult and testify to the facts below on behalf of the Citizens of the State of Missouri and/or as an advisor to the Missouri Attorney General's Office as a Subject Matter Expert on marijuana legalization

We find both of the above Initiatives invalid. The intent stated in the language of **Section 2.1. "Purpose"** is opposite of the actual effect the Constitutional Amendment will impose on the Citizens of the State of Missouri:

## **Section 2. Marijuana Legalization, Regulation, and Taxation**

### **1. Purpose.**

The purpose of this section is to make marijuana legal under state and local law for adults twenty-one years of age or older, and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved while protecting public health. The intent is to prevent arrest and penalty for personal possession and cultivation of limited amounts of marijuana by adults twenty-one years of age or older; remove the commercial production and distribution of marijuana from the illicit market; prevent revenue generated from commerce in marijuana from going to criminal enterprises; prevent the distribution of marijuana to persons under twenty-one years of age; prevent the diversion of marijuana to illicit markets; protect health by ensuring the safety of marijuana and products containing marijuana; and ensure the security of marijuana facilities. To the fullest extent possible, this section shall be interpreted in accordance with the purpose and intent set forth in this section.

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## **The Policy Impact of both Initiatives:**

### **1. THC vs. CBD: Fraudulent misrepresentation of fact by omission.**

- a. The Definitions, Section 2. (6) on both Initiatives do not state that "recreational marijuana" containing THC is being legalized. The initiative uses scientific plant names that the average person does not understand. Marijuana is defined deceptively as any form of marijuana not containing CBD. Many voters will not understand that this Initiative legalizes recreational psychoactive marijuana with no proven medical advantages over CBD, but is bred to get people very "high".

<sup>19</sup><https://www.whitehouse.gov/ondcp/>

<sup>20</sup><https://rmhidta.org/default.aspx?act=documents2.aspx&DocumentCategoryID=27&AspxAutoDetectCookieSupport=1>




(6) "Marijuana" means *cannabis indica*, *cannabis sativa*, and *cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana or cannabis, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp including any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent on a dry weight basis, or commodities or products manufactured with industrial hemp, or any other ingredient combined with marijuana or marijuana to prepare topical or oral administrations, food, drink, or other products.

- b. Marijuana grown for "recreational" use is specifically bred to reduce CBD content to near-zero because CBD kills the "high" caused by THC. Therefore, we can decisively state that psychoactive marijuana is genetically bred and engineered to get people "high", not to provide medical benefits that do not put the patient at risk for car accidents, paranoia, hallucinations, suicide, or addiction.
- c. Medical uses for CBD (cannabidiol) legalized under the trade name Epidiolex are well-documented and understood. CBD provides the medical properties that are medically beneficial without the "high" caused by THC. There is no harm to citizens and no consequential costs to the state by the legalization of CBD-based products. The Missouri legislature enacted law in 2018 legalizing farming of marijuana plants genetically hybridized to produce CBD with little or no THC in the plant.
- d. There are no proven **additional** medical benefits of psychoactive marijuana over what is provided by CBD.<sup>21</sup> Proponents of recreational marijuana flooded the internet and media with anecdotal claims that marijuana might be beneficial for sleep disorders, morning sickness, pain, and other ailments, but there is no peer-reviewed medical testing or evidence that THC does anything more than get people "high". Studies do say that, if anything, recreational marijuana only delays pain.

## CBD vs. THC: Medical benefits

CBD and THC have many of the same **medical benefits**. They can provide relief from several of the same conditions. However, CBD doesn't cause the euphoric effects that occur with THC. Some people may prefer to use CBD because of the lack of this side effect.

In June 2018, the Food and Drug Administration **approved**  Epidiolex, the first prescription medication to contain CBD. It's used to treat rare, difficult-to-control forms of epilepsy.

## 2. **Health Consequences of Psychoactive Marijuana:**

It is impossible for licensure, regulation, or taxation of marijuana to "protect public health". Legalizing a destructive recreational drug increases documented Harm to citizens and the state.

The health consequences and costs to the state making recreational use and abuse of psychoactive marijuana a constitutional right are not disclosed in the Initiative.

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<sup>21</sup> <https://www.healthline.com/health/cbd-vs-thc#medical-benefits>

“Public health” includes the physical, emotional, mental, financial, employability, and health care costs imposed on individuals.

- a. Marijuana is a drug that even in the best of situations is a primary driver of domestic, violence, gun violence, mass violence, school failure, homelessness, mental health problems, divorce, crime, and employment problems. THC causes permanent brain damage in individuals under age 24 and the unborn, and is an incontrovertible medical threat to public health.
  - b. Psychoactive marijuana harms public health no matter whether it is inhaled, smoked, or ingested. Peer-reviewed studies prove there are few, if any benefits of marijuana or THC on the human body. It is an addictive, mood-altering chemical used for getting high. It is classified as a Class-1 drug alongside heroin, lysergic acid diethylamide (LSD), marijuana (cannabis), 3,4-methylenedioxymethamphetamine (ecstasy), methaqualone, and peyote
- Proponents of psychoactive marijuana claim many possible medicinal benefits but none have been found medically effective or safe, and none are undergoing approved by the FDA.
  - Marijuana causes [amotivational syndrome, psychosis, acute psychosis, schizophrenia, tachycardia, postural hypotension, cyclic vomiting syndrome, attention impairment, hypotension, panic, anxiety, myoclonic jerking/hyperkinesia, delirium, respiratory depression, ataxia, and conjunctivitis.](#)<sup>22</sup> [Half of young adults in Massachusetts report using marijuana.](#)<sup>23</sup> Marijuana smoke [is significantly more damaging to heart, lungs, and circulatory system than cigarette smoke.](#)<sup>24</sup>
  - In school, marijuana-exposed children are [more likely to show gaps in problem-solving skills, memory, the ability to remain attentive, low birth weight, and decreased motor development.](#)<sup>25</sup> MRI scans [confirm damage to the prefrontal cortex](#)<sup>26</sup>.
  - Trying marijuana by age 15 [doubles the risk of addiction.](#)<sup>27</sup> Marijuana is a mixer drug. [60% of Marijuana users also misuse illegal and prescription drugs.](#)<sup>28</sup>
  - A noted large-group controlled study by Harvard psycho-biologist Dr. Bertha Madras, analyzing 65,454 brain scans from 31,227 people age 9 months to 105 years proved that [marijuana cuts blood flow \(and ages brains\) similarly to bipolar disorder, ADHD, and schizophrenia.](#)<sup>29</sup> Reduced blood flow is also linked to dementia and stroke.

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<sup>22</sup> <https://www.ncbi.nlm.nih.gov/books/NBK430823/>

<sup>23</sup> <http://dailycaller.com/2018/08/03/us-pot-capital-massachusetts/>

<sup>24</sup> <https://www.nhs.uk/news/cancer/smoking-cannabis-worse-than-tobacco/>

<sup>25</sup> <https://www.drugabuse.gov/publications/research-reports/marijuana/can-marijuana-use-during-pregnancy-harm-baby>

<sup>26</sup> <http://www.dailymail.co.uk/health/article-3651255/How-pot-harms-baby-s-brain-Smoking-cannabis-pregnancy-impairs-memory-decision-making-personality.html>

<sup>27</sup> <http://www.dailymail.co.uk/health/article-5754165/Teens-try-marijuana-age-15-TWICE-likely-develop-addiction.html>

<sup>28</sup> <https://www.breitbart.com/news/study-medical-marijuana-users-likely-to-use-other-drugs/>

<sup>29</sup> <http://www.dailymail.co.uk/health/article-6086073/Smoking-cannabis-ages-brain-average-2-8-YEARS.html>

- In youth, marijuana causes [depression, functional problems, and educational failure](#).<sup>30</sup> Colorado's youth marijuana usage rate [74% higher than the national average](#)<sup>31</sup> because it is seen as "safe" because it is legal.
- [Pot advocates teach people to believe it is safe to drive stoned](#)<sup>32</sup> when in fact it is [dangerous](#).<sup>33</sup>
- With [marijuana being a "multiplier drug" enhancing the effects of alcohol](#),<sup>34</sup> many individuals drive when they are drunk *and* stoned, [resulting in many more deaths](#).<sup>35</sup> [Driving drunk and stoned doubles the driving risk](#).<sup>36</sup>
- Colorado's noted Colorado Christian University Centennial Institute found that marijuana legalization resulted in great economic, social, physical losses to the State of Colorado and its Citizens:<sup>37</sup>
  - **For every dollar gained in tax revenue, Coloradans spent approximately \$4.50 to mitigate the effects of legalization.**
  - **The cost of DUI's for people who tested positive for marijuana in 2016 was over \$25-million.**
  - **Costs related to the healthcare system and from high school drop-outs are the largest cost contributors.**
  - Like tobacco, commercial marijuana is likely to have health consequences that we won't be able to determine for decades.
  - 69% of marijuana users say they have driven under the influence of marijuana at least once, and 27% admit to driving under the influence on a daily basis.
  - Research does suggest that long-term marijuana use may lead to reduced cognitive ability, particularly in people who begin using it before they turn 18.
  - Adult marijuana users generally have lower educational attainment than non-users
  - The marijuana industry used enough electricity to power 32,355 homes in 2016
- Marijuana "normalization" results in state-sponsored child abuse and neglect. Abuse of any drug results in profound impact to children. here many proven stories of adults getting [babies](#)<sup>38</sup> or [children](#)<sup>39</sup> stoned, abusing them, neglecting them, babies born "high", children being raised in marijuana "grow" operations, and leaving marijuana where children can use it.
- When [entire urban areas reek of pot](#),<sup>40</sup> we [know that marijuana addiction is a seminal public safety and health problem](#).<sup>41</sup>

<sup>30</sup> <http://www.dailymail.co.uk/health/article-4728102/Increasing-marijuana-use-age-linked-depression.html>

<sup>31</sup> <https://amp.usatoday.com/amp/536010001>

<sup>32</sup> <https://melmagazine.com/where-were-at-with-driving-while-stoned-6d44ffe9cf52>

<sup>33</sup> <https://www.usatoday.com/story/opinion/2018/01/01/drugged-driving-marijuana-dangerous-take-seriously-kyle-clark-column/990398001/>

<sup>34</sup> <https://www.youtube.com/watch?v=zTeaOTkjtU0>

<sup>35</sup> <https://keprtv.com/news/local/driving-drunk-and-stoned-alarming-new-trend-killing-hundreds-on-wash-highways>

<sup>36</sup> <https://www.promises.com/articles/substance-abuse/drunk-stoned-behind-wheel-double-driving-risk/>

<sup>37</sup> <http://www.ccu.edu/centennial/policy-briefs/marijuana-costs/>

<sup>38</sup> <https://www.cnn.com/2016/09/23/health/child-marijuana-video-trnd/index.html>

<sup>39</sup> <https://www.dailymail.co.uk/news/article-6140523/Parents-rage-videos-showing-babysitters-abusing-nine-year-old-son-Syndrome.html>

<sup>40</sup> <https://www.bostonglobe.com/lifestyle/style/2017/07/04/you-love-smell-marijuana-morning/VWnegTgDNDdNJGHIFM6QcP/story.html>



- The [Colorado School of Public Health](#)<sup>42</sup> study recognized that children are being “prescribed” psychoactive marijuana in Colorado and that parents use pot as a “parenting tool” to calm themselves (p. 33).<sup>43</sup>
- The [American Academy of Child and Adolescent Psychiatry](#) formally opposes marijuana legalization.<sup>44</sup>

### 3. **Homelessness:**

Marijuana and abuse of other drugs drives the tragic and very expensive homelessness crisis. Marijuana is the most commonly abused drug by the homeless.

- The correlation between substance abuse and homelessness is nearly 100% because nobody dares to help a drug abuser by letting them move into their home.
- San Francisco is spending [\\$280-million annually on homelessness](#)<sup>45</sup> — over \$37,000 per person – not including another \$65-million on [street cleanup](#)<sup>46</sup> – for a total of \$345-million in expenses for just one city
- Orange County is spending nearly [\\$300-million](#)<sup>47</sup> on homelessness.
- Los Angeles County is spending [\\$1-billion annually on homelessness](#)<sup>48</sup> with no end in sight.

### 4. **Expansion of the Illicit marijuana Market:** cultivation, smuggling, interdiction, arrests, and prosecutions

**IP 2020-125 Section 1. Purpose** does not accurately state the purpose of the Initiative. There is no body of documentation proving the theories stated are anything other than theories.

We have in our possession abundant documentation proving that the statements made in Section 1. Purpose are undocumented theories or marketing language that are 180-degree opposite of what marijuana legalization caused in all other states.

The benefits asserted are entirely false, unproven, and controverted by abundant historical documented proof about the consequences of marijuana legalization in all other states we have studied.

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<sup>41</sup> [https://www.washingtonpost.com/lifestyle/style/its-summer-and-washington-smells-like-weed-everywhere-all-the-time/2017/07/03/10d3461a-578a-11e7-b38e-35fd8e0c288f\\_story.html?utm\\_term=.ce5c714165fa](https://www.washingtonpost.com/lifestyle/style/its-summer-and-washington-smells-like-weed-everywhere-all-the-time/2017/07/03/10d3461a-578a-11e7-b38e-35fd8e0c288f_story.html?utm_term=.ce5c714165fa)

<sup>42</sup> <http://www.ucdenver.edu/academics/colleges/PublicHealth/Academics/departments/HealthSystems/Research/Documents/MJ%20CW%20HIA%20Final%20Report%2011.3.2016.pdf>

<sup>43</sup> <http://www.ucdenver.edu/academics/colleges/PublicHealth/Academics/departments/HealthSystems/Research/Documents/MJ%20CW%20HIA%20Final%20Report%2011.3.2016.pdf>

<sup>44</sup> [https://www.aacap.org/AACAP/Policy\\_Statements/2012/AACAP\\_Medical\\_Marijuana\\_Policy\\_Statement.aspx](https://www.aacap.org/AACAP/Policy_Statements/2012/AACAP_Medical_Marijuana_Policy_Statement.aspx)

<sup>45</sup> <https://www.nbcbayarea.com/news/local/SF-Mayor-Theres-more-feces-on-the-sidewalks-than-lve-ever-seen-488156431.html>

<sup>46</sup> <https://www.nbcbayarea.com/news/local/SF-Mayor-Theres-more-feces-on-the-sidewalks-than-lve-ever-seen-488156431.html>

<sup>47</sup> <https://www.ocregister.com/2017/03/08/price-tag-of-homelessness-in-orange-county-is-nearly-300-million-uci-study-finds/>

<sup>48</sup> <http://www.latimes.com/local/lanow/la-me-county-homelessness-spending-20160205-story.html>

**Where the Purposes stated are a gross misrepresentation of documented facts, with massive fiscal costs to the State and local jurisdictions intentionally concealed, we urge the Secretary of State and the Attorney General to reject IP 2020-125 on the grounds that an accurate Fiscal note is impossible to estimate until a longitudinal cost study is done a Big Four accounting firm.**

**We suggest that if recreational marijuana is to be legalized, it should be done by the Missouri Legislature which is in the statutory position to conduct appropriate cost and impact, and budget studies before passing legislation:**

**A. Legalization of recreational marijuana does not “remove (or reduce} the commercial production and distribution, of marijuana from the illicit market”. The illicit market and costs to the state expand precipitously with legalization of recreational marijuana.**

- Illegal pot is now commonly grown in state parks in California, Colorado, Washington, and other states with great damage done to the environment due to noxious chemicals going into waterways. Interdiction is expensive and underfunded. There are many articles about this we can provide to prove this fact.<sup>49 50 51</sup>
- Approximately 10% of low income housing in Colorado has been destroyed by illegal growers who rent cheap houses to grow pot, which then have to be torn down because of mold and toxic chemicals. This decreases housing available to low-income citizens and effectively makes them homeless. There are many news stories and police testimony documenting this fact.<sup>52 53 54</sup>
- Los Angeles recently [charged over 500 people running illegal pot businesses](#).<sup>55</sup>
- Seizures of black market marijuana in Colorado increased 1042% since recreational marijuana was legalized.<sup>56</sup>
  - Seizures of Colorado marijuana in the U.S. mail system has increased 1,042 percent from an average of 52 parcels (2009-2012) to an average of 594 parcels (2013-2017) during the time recreational marijuana has been legal.
- The number of seizures of illegally-grown marijuana increased 2800% since the legalization of recreational marijuana in Colorado.<sup>57</sup>

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<sup>49</sup> <https://www.theatlantic.com/science/archive/2017/03/backcountry-drug-war/521352/>

<sup>50</sup> [https://e360.yale.edu/features/the\\_high\\_environmental\\_cost\\_of\\_illicit\\_marijuana\\_cultivation](https://e360.yale.edu/features/the_high_environmental_cost_of_illicit_marijuana_cultivation)

<sup>51</sup> <https://www.sciencedaily.com/releases/2017/02/170221081736.htm>

<sup>52</sup> <https://www.westword.com/marijuana/colorado-springs-police-continue-comparisons-of-marijuana-home-grows-to-meth-houses-9900178>

<sup>53</sup> <https://www.nytimes.com/2019/04/27/us/marijuana-california-legalization.html>

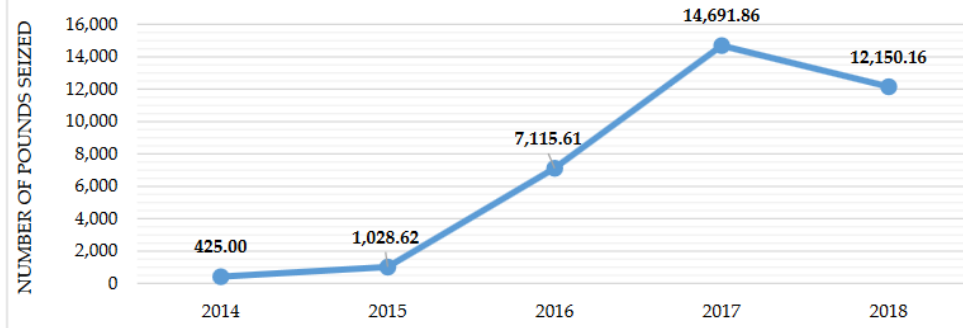
<sup>54</sup> <https://www.denverpost.com/2017/07/31/marijuana-leaving-colorado-homes-mold/>

<sup>55</sup> <https://www.sacbee.com/latest-news/article218010230.html>

<sup>56</sup> <http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf>; pg. 49

<sup>57</sup> <http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf>, page 51

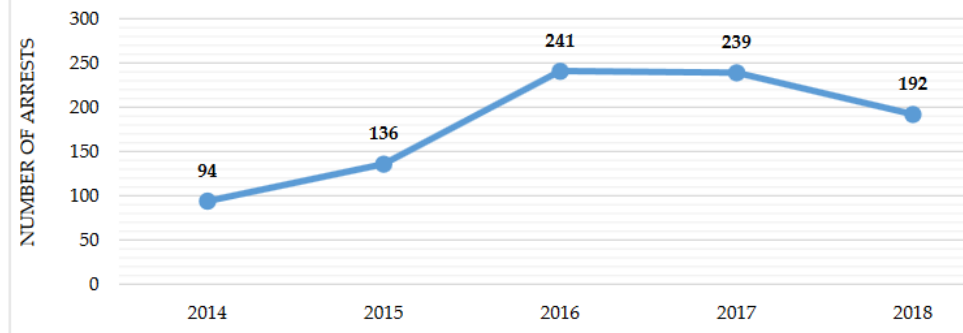
### RMHIDTA Colorado Task Forces: Marijuana Investigative Seizures



SOURCE: Rocky Mountain HIDTA Performance Management Process (PMP) Data

- The number of felony arrests for marijuana increased by 208% in Colorado from 2014 to 2018 after recreational marijuana was legalized:<sup>58</sup>

### RMHIDTA Colorado Task Forces: Marijuana Investigative Felony Arrests



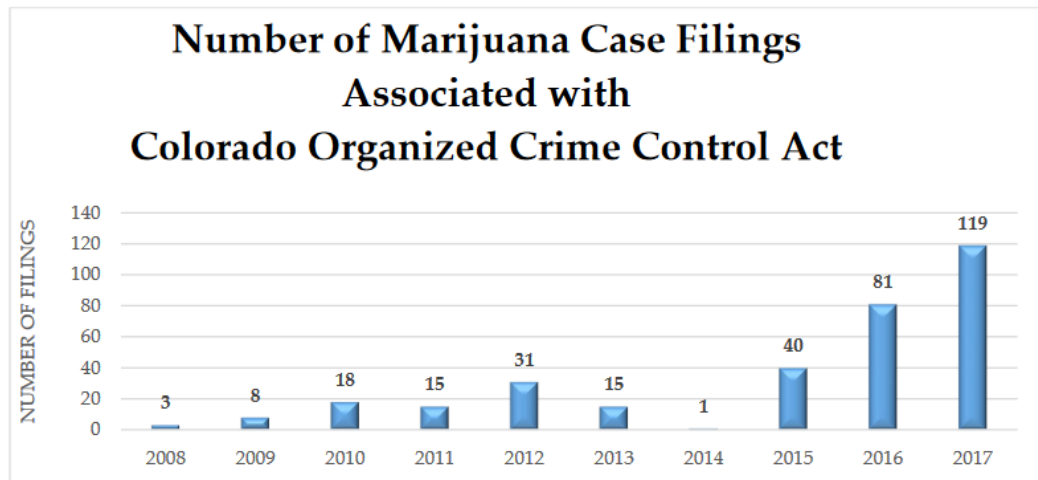
SOURCE: Rocky Mountain HIDTA Performance Management Process (PMP) Data

- The number of case filings under the Colorado Organized Crime Control Act increased 11,900% since recreational marijuana was legalized in 2014:<sup>59</sup>

<sup>58</sup> <http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf>, pg 52.

<sup>59</sup> <http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf> pg 52

## Colorado Organized Crime Control Act Filings



SOURCE: Colorado Department of Public Safety, Division of Criminal Justice, Office of Research and Statistics

- ❖ Colorado Organized Crime Control Act (COCCA) filings are conspiracy cases in which there is potential for a larger sentence than other types of drug filings.

### B. Distribution of marijuana to minors will increase

These Initiatives will not prevent the distribution of marijuana to persons under twenty-one years of age. Marijuana use by youths age 12-17 and a variety of consequential mental health problems increased precipitously in states that legalized either “medical” or “recreational” marijuana according to the National Survey on Drug Abuse and Health (NSDUH)<sup>60</sup> administered by the federal Substance Abuse and Mental Health Services Administration (SAMSHA).

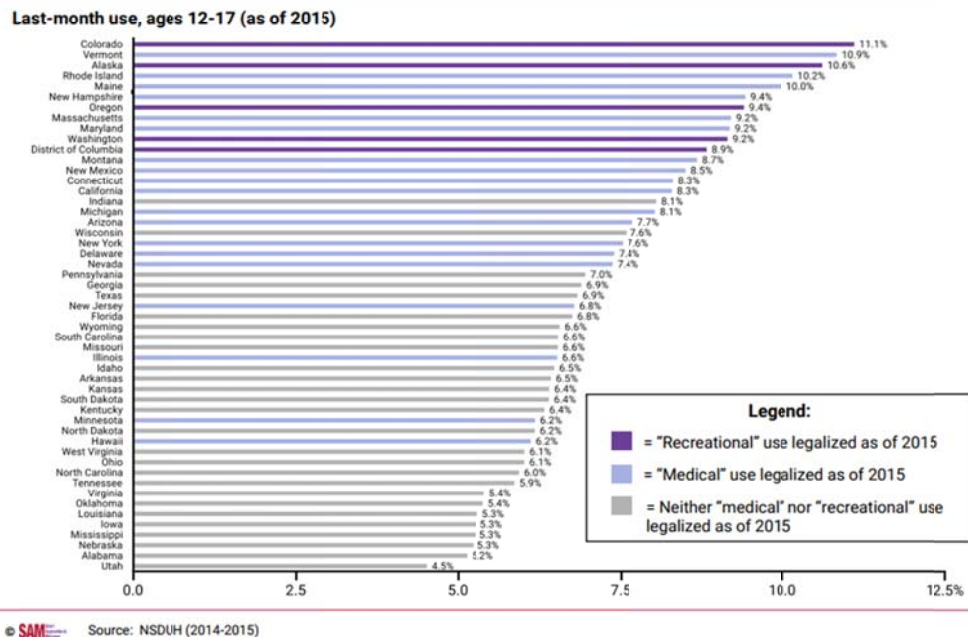
- Substance abuse rates are as much as 244% higher in states that legalized any form of psychoactive marijuana. There is no data proving a decrease in substance abuse by young adults in states that legalized any form of psychoactive marijuana. The structure of this IP contains no policy different from other states that would result in a decrease of distribution marijuana to persons under age 21.<sup>61</sup>

<sup>60</sup> <https://nsduhweb.rti.org/respweb/homepage.cfm>;

<https://www.samhsa.gov/data/sites/default/files/NSDUH-FFR1-2016/NSDUH-FFR1-2016.pdf>

<sup>61</sup> <https://learnaboutsam.org/wp-content/uploads/2017/04/MMJgraph.png>

## Youth use rates in states that have legalized marijuana outstrip those that have not



- From 2009 to 2017, ingestion of marijuana by youth increased an mean average of 27% per year in states that legalized any form of psychoactive marijuana:<sup>62</sup>

### Children Ingesting Marijuana Increase after Legalization of Marijuana

From January 2000 through June 2017 there were nearly 3,000 ingestions of marijuana by children younger than six. Over 70% of those ingestions were by children under the age of 3 and more than half received some form of hospital-based care. Symptoms in the children ranged from drowsiness and confusion to seizures and coma. Before 2009 there was no significant change in either the number or rate of marijuana ingestions, however from 2009 to 2017 the mean annual increase was 27% per year rising to 742 ingestions per year. Over 70% of those ingestions occurred in states with legalized marijuana.

SOURCE: Wang, Sam. (2019). *Study shows increase in ingestions of marijuana by children in U.S.* Nationwide Children's Hospital.

## C. Revenue to criminal enterprises will increase

Both initiatives will increase the revenue generated by illicit marijuana going to criminal enterprises. The IP will increase the diversion of marijuana to illegal enterprises and create a new shadow street market based on back-door sales by licensed growers and sales outlets. Every state that legalized "recreational" (sometimes called medical) marijuana has seen significant increases in criminal illegal cultivation, smuggling, interdiction, arrests, and prosecutions.

<sup>62</sup> <http://msani.org/wp-content/uploads/2019/09/The-Legalization-of-Marijuana-in-Colo.The-Impact.-Volume-6.pdf>; pg 48.

**These initiatives will not decrease revenue to illicit markets. Illegal marijuana growing, distribution, smuggling, and importation has been proven to be stimulated by marijuana legalization. This drives increases in violent crime, and does not decrease criminal prosecutions for illegal marijuana growing, sales, and production.**

- When marijuana is legalized, the market size for marijuana increases exponentially. This drives increases in local illegal growing and importation from Mexico.
- Interdictions of illegal product actually increase and there are actually more arrests for illegal growing. Over [400 polluted grow sites exist in California](#)<sup>63</sup> in public forests.
- Illegal marijuana costs much less than state-approved marijuana – causing a new and very large black market to appear that is difficult to interdict because the state cannot prosecute without proving that the pot is illegal.
- In Colorado, legal stores are selling only about 1/3 of the product they anticipated. Licensed growers end up selling overproduction on the black market to keep from going bankrupt. *Licensing does not encourage above-board commercial activity. It is driving major expansions of illicit activity that are much more profitable for marijuana business people.*
- At least half of all gun violence is caused by individuals who test positive for illegal drugs at the time of arrest. Marijuana is the most common drug involved in gun violence.<sup>64</sup>
- 76% of domestic violence involves an offender using drugs or alcohol at the time of the offense. (*Ibid.*, 25)
- In Washington State, [legal production is 300% of sales demand](#),<sup>65</sup> and prices for “regulated” pot are half of black market prices. So growers are illegally exporting large quantities of pot to non-marijuana states.
- [Increasingly violent drug wars](#) in Chicago are a direct consequence of Illinois’ marijuana legalization in 2013 with an additional Cook County ballot approval in June, 2018.<sup>66</sup>
- [Cartels are buying many inexpensive homes and turning them into marijuana farms](#)<sup>67</sup> to the destruction of community, environment, and real estate markets. In Colorado and California,
- [Pot shops are losing a lot of “business” to bootleg weed](#).<sup>68</sup>
- The “[litany of conflicts created by \[the paradigm shift of\] legal marijuana](#)” have made policing and enforcement expensive, laborious, and difficult.<sup>69</sup>

<sup>63</sup> <https://www.usda.gov/media/blog/2017/08/21/cleaning-illegal-marijuana-grow-sites>

<sup>64</sup> BJS, “Alcohol and Crime”, (1998) <http://bjs.ojp.usdoj.gov/index.cfm?ty=pbdetail&iid=385>

<sup>65</sup> <https://mjbizdaily.com/washington-state-cannabis-supply-hits-new-low-spurs-calls-change/>

<sup>66</sup> <http://www.dailymail.co.uk/news/article-6045581/Thats-bad-leadership-Trump-says-theres-no-reason-million-years-people.html>

<sup>67</sup> <https://www.nbcnews.com/news/us-news/foreign-cartels-embrace-home-grown-marijuana-pot-legal-states-n875666>

<sup>68</sup> <https://www.usnews.com/news/best-states/california/articles/2018-07-05/illegal-marijuana-market-still-thrives-in-los-angeles?int=undefined-rec>

<sup>69</sup> <https://www.washingtonpost.com/news/wonk/wp/2017/06/26/legalized-marijuana-is-making-it-harder-for-police-to-search-your-car/>

#### D. FISCAL NOTE:

- The Fiscal note in the Initiative estimates only administrative costs for implementing the Initiative. Other states failed to estimate the consequential costs and are facing budgetary and social disaster. Missouri must fully understand the costs to the state before approving any Initiative to legalize recreational marijuana.
- The costs for interdiction, enforcement, interdiction, environmental damage, gang violence, mass shootings, longitudinal costs for kids who fail in school, mental health problems, divorce, illegitimacy, homelessness, and other problems caused by substance use and abuse will increase significantly and must be estimated in the Fiscal note. Front-line costs to local jurisdictions, who are immediately impacted, must also be estimated so the voters know what they are voting on. I very roughly estimate we are looking at well over \$4 billion in costs to the State annually.

#### E. **Public Safety:** IP 2020-125 will result in much higher rates of traffic fatalities, serious environmental risks.

- [Pot advocates teach people to believe it is safe to drive stoned](#)<sup>70</sup> when in fact it is [dangerous](#).<sup>71</sup> As we might expect, [drugged driving is now the leading cause of traffic deaths](#).<sup>72</sup>
- In [Denver](#) and at least 9 other American cities, laws banning the smoking of marijuana publicly are broadly ignored. Los Angeles just [charged over 500 people running illegal pot businesses](#). Marijuana is being illegally grown in plain sight.
- Illegal grows on public lands are out of control and result in [costly, dangerous environmental cleanups](#).<sup>73</sup>
- The [stench](#)<sup>74</sup> of both legal and illegal marijuana farming [and its widespread use](#)<sup>75</sup> are [driving community disagreement](#)<sup>76</sup> and property value loss.
- Misuse of fertilizer and herbicides [poisons public lands, waterways, and kills animals](#).<sup>77</sup>

<sup>70</sup> <https://melmagazine.com/where-were-at-with-driving-while-stoned-6d44ffe9cf52>

<sup>71</sup> <https://www.usatoday.com/story/opinion/2018/01/01/drugged-driving-marijuana-dangerous-take-seriously-kyle-clark-column/990398001/>

<sup>72</sup> <https://www.cnn.com/2017/04/27/health/drugged-driving-death-rates-report/index.html>

<sup>73</sup> <https://www.reuters.com/article/us-usa-marijuana-environment/toxic-waste-from-u-s-pot-farms-alarms-experts-idUSKBN1AM0C3>

<sup>74</sup> [http://www.bostonherald.com/business/business\\_markets/2018/05/pot\\_farm\\_neighbors\\_air\\_grievances\\_about\\_stench](http://www.bostonherald.com/business/business_markets/2018/05/pot_farm_neighbors_air_grievances_about_stench)

<sup>75</sup> [https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=2ahUKEwixqvi4lu\\_cAhVBQKwKHVe4A0UQFjAEegQIBxAB&url=https%3A%2F%2Fthefreshtoast.com%2Fcannabis%2Fwhats-that-smell-two-big-east-coast-papers-ask-the-big-question%2F&usq=AOvVaw37uL5VPBvPSczIk86pmMb2](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=2ahUKEwixqvi4lu_cAhVBQKwKHVe4A0UQFjAEegQIBxAB&url=https%3A%2F%2Fthefreshtoast.com%2Fcannabis%2Fwhats-that-smell-two-big-east-coast-papers-ask-the-big-question%2F&usq=AOvVaw37uL5VPBvPSczIk86pmMb2)

<sup>76</sup> <https://www.independent.co.uk/news/world/americas/california-marijuana-crops-smell-skunk-cannabis-carpinteria-a8344451.html>

<sup>77</sup> <https://www.usnews.com/news/us/articles/2017-09-08/banned-pesticides-from-illegal-pot-farms-seep-into-california-water>



**F. IP 2020-125 will not “protect health by ensuring the safety of marijuana and products containing marijuana”. It will magnify and exacerbate existing health consequences of marijuana use and abuse.**

- Psychoactive marijuana will never be a “safe drug”. Its effects on individuals are almost entirely harmful with the impact to brain and motor functions extending days or weeks after use.
- THC causes permanent brain damage in individuals under age 24.
- THC causes paranoia and anxiety in many individuals.
- [Cannabis-related deaths increased in Colorado by 66% after marijuana was legalized.](#)<sup>78</sup>
- A highlighted 2017 CDOT survey found that [55% of marijuana users surveyed drove a vehicle within two hours of smoking pot](#) with only 32% believing they were “safe to drive”.<sup>79</sup>
- [Violent crime increased by 40% in Denver since “medical marijuana” was “legalized”](#)<sup>80</sup>
- [Violent juvenile crime in Denver was up 11% between 2013 and 2015.](#)<sup>81</sup>
- [Chronic homelessness in Denver is at a 10-year high in 2017](#)<sup>82</sup> (homelessness began increasing as soon as “medical marijuana” was legalized in Colorado in 2008).
- Colorado had a 24% increase — the [nation’s largest increase — in homeless veterans](#), at a time when Veteran homelessness is declining nationally.<sup>83</sup>
- Homelessness grew exponentially in every state that legalized psychoactive marijuana. Domestic violence, gun violence, health care crises grew substantially in every state that legalized psychoactive marijuana.
- The problem of illegal street marijuana is so bad that in Colorado cities are forcing growers to spray junk DNA on their product so the State can identify legal vs illegal marijuana. This adds expense for both growers and the state (DNA tests are very expensive) — making legal marijuana even more uncompetitive against street marijuana. **Dangerous Health Risk:** The strains of custom junk DNA used for tracing grower identity have not been FDA tested or approved — creating a potentially serious public health risk that has not been tested or approved by the FDA.
- The [KOMO News Special: Seattle is Dying](#)<sup>84</sup> documented and proved that substance abuse — led by marijuana use — is driving a massive homelessness problem in Seattle. They are pushing for mandatory substance abuse treatment in prisons.

**G. Marijuana legalization drives significant increases in youth educational, addiction, and school failure.**

<sup>78</sup> <http://www.dailymail.co.uk/health/article-4971644/Cannabis-linked-66-rise-traffic-deaths-Colorado.html>

<sup>79</sup> [https://www.codot.gov/business/budget/cdot-budget/current-budget-documents/fy-2017-18-cdot-proposed-legislative-budget/at\\_download/file](https://www.codot.gov/business/budget/cdot-budget/current-budget-documents/fy-2017-18-cdot-proposed-legislative-budget/at_download/file)

<sup>80</sup> <https://denverite.com/2017/07/03/chronic-homelessness-ten-year-high-metro-denver-heres-citys/>

<sup>81</sup> [https://www.thedenverchannel.com/news/locViolent juvenile crime was up 11% between 2013 and 2015. al-news/violent-juvenile-crime-on-the-rise-parents-recommended-to-take-action](https://www.thedenverchannel.com/news/locViolent%20juvenile%20crime%20was%20up%2011%20between%202013%20and%202015.%20al-news/violent-juvenile-crime-on-the-rise-parents-recommended-to-take-action)

<sup>82</sup> <https://denverite.com/2017/07/03/chronic-homelessness-ten-year-high-metro-denver-heres-citys/>

<sup>83</sup> <https://www.denverpost.com/2016/11/18/colorado-spike-homeless-veterans/>

<sup>84</sup> <https://komonews.com/news/local/komo-news-special-seattle-is-dying>



- In individuals under age 24, marijuana causes [depression, functional problems, and educational failure](#).<sup>85</sup>
- Colorado's youth marijuana usage rate [74% higher than the national average](#)<sup>86</sup> because it is seen as "safe" because it is legal.
- Rhode Island, which legalized medicinal use, tops the list for use by 12-17 year olds with rates 55% higher than the national average and 82% higher than Idaho (where marijuana is not legal). The percentage of youth aged 12-17 in Alaska that reported past month marijuana use is 80% higher than Idaho youth.<sup>87</sup>

#### H. Unconstitutional Overreach:

- IP 2020-125 Section 6.(2).(c).(iii) publicly admits that marijuana causes serious substance abuse and addiction *problems and provides funding to "help" citizens whose lives have been destroyed by drug abuse that will be sponsored by the State of Missouri via a constitutionally-protected public-private drug-dealing operation.*
- It is unconstitutional for the State to violate Article 2, Section 1 of the Missouri Constitution by going into business as a drug dealer, and going into business with drug dealers selling "recreational" Class-I drugs known to harm and addict Missouri Citizens.
- An IP that violates any provision of the Missouri Constitution cannot be added to the Missouri Constitution and must be procedurally rejected.
- We would never Constitutionally immunize [doctors for recommending cigarettes](#)<sup>88</sup> as they did nearly 60 years ago. We cannot now establish a Constitutional Right and Immunity for the State, drug dealers, and drug-dealing "businesses" to promote and profit from drug addiction.

#### I. The massive negative fiscal note provisions intentionally designed into IP 2020-125 render it unconstitutional. Section 6. of this IP will structurally impose massive unfunded fiscal mandates, fiscal liabilities, and imponderable policy quagmires on the State of Missouri, the Missouri Legislature, all local jurisdictions, businesses, and taxpayers; as follows:

**Cite** - IP 2020-125 Section 6. and subsections:

<sup>85</sup> <http://www.dailymail.co.uk/health/article-4728102/Increasing-marijuana-use-age-linked-depression.html>

<sup>86</sup> <https://amp.usatoday.com/amp/536010001>

<sup>87</sup> <http://keepidaho.org/#modal-10>

<sup>88</sup> <https://www.youtube.com/watch?v=BYgLAPhbyKg>

## **6. Taxation and Reporting.**

(1) A tax shall be levied upon the retail sale of non-medical marijuana sold to consumers at marijuana facilities licensed pursuant to this section within the state. The tax shall be at a rate of fifteen percent of the retail price. The tax shall be collected by each licensed non-medical retail marijuana facility and paid to the department of revenue. After retaining no more than two percent of the total tax collected or its actual collection costs, whichever is less, amounts generated by the tax levied in this section shall be deposited by the department of revenue into the "Veterans, Infrastructure, and Health Fund") created under this subsection. Licensed entities making non-medical retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Veterans, Infrastructure, and Health Fund" which shall consist of taxes and fees collected under this section. The state treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall be distributed as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, distributed to the local government where the retail sale occurred, three-fifteenths of the remaining fund balance.

(c) After the distribution to the local government where the retail sale occurred, the remaining fund balance shall be distributed in thirds as follows:

(i) One-third of the remainder of the fund balance shall be transferred to the Missouri veterans commission and allied state agencies, as determined by

(Continued next page)

appropriation, exclusively for health care and other services for military veterans and their dependent families;

(ii) One-third of the remainder of the fund balance to the State Road Fund created under article IV, section 30b of this Constitution for constructing and maintaining an adequate system of connected state highways; and

(iii) One-third of the remainder of the fund balance to the department to provide grants to existing agencies and not-for-profit organizations, whether government or community-based, to increase access to evidence-based low-barrier drug addiction treatment, prioritizing medically proven treatment and overdose prevention and reversal methods and public or private treatment options with an emphasis on reintegrating recipients into their local communities, to support overdose prevention education, and to support job placement, housing, and counseling for those with substance use disorders. Agencies and organizations serving populations with the highest rates of drug-related overdose shall be prioritized to receive the grants.

(d) All monies from the taxes and fees authorized hereunder shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana, a record shall be kept by the seller of all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected, and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the department and the department of revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana.

**The IP is unconstitutional for the following aggregate reasons:**

- A. IP 2020-125 provides no funding to pay for the massive fiscal note imposed on the state and local jurisdictions to cover costs of significant increases in homelessness, crime, violence, vehicle accidents, divorce, and other expensive problems that state-sponsored substance abuse has proven to have caused in other states.
- B. IP 2020-125 Section 6(1) creates a 15% sales tax on recreational marijuana but intentionally denies funding to the State, local jurisdictions, and businesses to pay for costs of implementation and the diaspora of consequences of marijuana legalization including but not limited to homelessness, interdiction, prisons, environmental cleanup, crime, increased domestic and gun violence, property damage, increased medical, property, and vehicle insurance, OSHA compliance, testing of marijuana for safety, and state and local marijuana regulation infrastructure.

- C. IP 2020-125 Section 6(2) forces all but a tiny percent of tax revenues to be donated a “Veterans, Infrastructure, and Health Fund” operating independently of the General Revenue fund, operating as follows:
1. The fund firstly pays for “carrying out” the IP. *It does not fund ongoing operations of state agencies to handle, pay for, or recover from the consequences of this IP or substance abuse.*
  2. Funding to Veterans
  3. Highway funding,
  4. Addiction treatment done by psychiatrists, psychologists, and mental health individuals.
- The State Legislature has responsibility for and is constitutionally required to enact a balanced budget every year. Spending needs consistently outpace tax collections. This IP undermines the Legislature’s constitutional right to establish and manage the state budget.
  - The directed use of tax revenues defined in the IP are a “Christmas tree” of political buyoffs unrelated to the purpose of the IP. These buy-offs are intended to garner support for the initiative, but do not provide functional use of the revenues to carry out the IP.
  - To pass constitutional muster, if the IP directs use of tax revenues, the funds must go to serve a narrowly-tailored purpose fully funding the provisions of the IP without imposing unfunded mandates or tying the hands of the Missouri Legislature to implement the State Budget.
  - The majority of tax revenues will not be directed to pay for the costs, impacts, and consequences of marijuana legalization. This forms an unconstitutional unfunded mandate requiring rejection of the IP.
  - Section 6. (5) prohibits enactment of any additional taxes on marijuana at the state or local levels to pay for unfunded costs, mandates, and consequences of marijuana legalization. The hands of the legislature, local jurisdictions, and courts are tied.
  - The wording of IP 2020-125 Section 6. suggests that the Missouri Supreme Court could rule it unconstitutional for the City of St. Louis to enact a corporate head tax to pay for homelessness – which is caused by substance abuse, or any other tax to pay for problems caused by substance abuse
- I argue that it is unconstitutional for Citizens to force large invisible, un-itemized, un-estimated, unassigned, and unfunded mandates on the State, the Legislature, local jurisdictions, businesses, and Citizens via a Constitutional initiative not afforded strict scrutiny protections for race and sex and designed to procedurally serve and financially execute narrowly-tailored constitutional purpose.

- In Montana, the [Marsy's Law IP was ruled unconstitutional by the Montana Supreme Court](#)<sup>89</sup> because of unfunded mandates and an expansive list of unseen impacts that voters, the State, and local jurisdictions could not see or judge within the language of the IP..

**"Although well intentioned, the process leading to CI-116's passage deprived Montana voters of the ability to consider the many, separate ways it changed Montana's constitution or explain the significant administrative, financial, and compliance burdens its unfunded mandates imposed upon state, county and local governments while jeopardizing the existing rights of everyone involved with the criminal justice system,"** wrote Lewis and Clark County Attorney Leo Gallagher, one of those initially named on the petition to void Marsy's Law, in a press release.

**J. IP 2020-125 is unconstitutional in present form because:**

- A.** It forces many unseen and unreconciled changes other state laws, administrative rules for many agencies, police, social services, and local laws that the voters cannot see or vote on.
- B.** It forces many unseen financial mandates on the state, local jurisdictions, schools, police, and other public institutions.
- C.** It forces exceptionally-large financial mandates on insurance companies. Insurance companies will be forced to pay for much higher rates of traffic accident, mental health, property, theft, and OSHA and employment-related claims and lawsuits, suicides, and life insurance.
- D.** It forces unfunded mandates on businesses who will:
  - Be forced to deal with, pay for, and clean up after vagrancy, theft, crime, and loss of business caused by homeless encampments.
  - Be forced to pay large "head taxes" and other brick-and-mortar taxes that have been imposed on businesses in Colorado, Washington, California, and New York to pay for homelessness and related increases in criminal costs.
- E.** I believe that the Montana ruling on the many administrative, financial, and compliance burdens imposed on state, local, police, courts, and administrative agencies, and the very large costs imposed on businesses and insurance companies prove that **IP 2020-125** is an unconstitutional Initiative in the form it is written, and must be rejected. Marijuana legalization is a complicated issue that must be handled and funded by the Missouri Legislature.

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<sup>89</sup> <https://www.greatfallsribune.com/story/news/2017/11/01/montana-supreme-court-marsys-law-initiative-unconstitutional-victims-rights/822077001/>

## **Citations: Key Source Studies and Reports**

- [“The Rocky Mountain High Intensity Drug Trafficking Area”](#)<sup>90</sup>; The White House Office on National Drug Control Policy.
- [“Economic and Social Costs of Marijuana Legalization”](#)<sup>91</sup> Colorado Christian University Centennial Institute, November 15, 2018
- [“The Chronic State”](#)<sup>92</sup>; [Drug Free Idaho](#)<sup>93</sup> – Video documenting consequences of marijuana normalization
- [Report: The Costly Fraud of Marijuana Normalization](#)<sup>94</sup> The Center for Marriage Policy, February 12, 2018
- [KOMO News Special: Seattle is Dying](#); March 19, 2019, KOMO TV – Documentary proving the tight link between marijuana and homelessness.

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<sup>90</sup><https://rmhidta.org/default.aspx?menuitemid=781&menugroup=RMHIDTA+Public+Overview&AspxAutoDetectCookieSupport=1>

<sup>91</sup><http://www.ccu.edu/centennial/policy-briefs/marijuana-costs/>

<sup>92</sup><https://www.youtube.com/watch?v=hhHI01CCFxQ>

<sup>93</sup><https://drugfreeidaho.org/>

<sup>94</sup><http://marriagepolicy.org/2018/09/report-the-costly-fraud-of-marijuana-normalization/>



**Proof that Substance Abuse is the Keystone Driver of  
Violence, Homelessness, Marriage-Absence, and Endless Crisis Spending**

**and**

**A Simple Statute Giving Every Family  
The Ability to Stop Serious Substance Abuse Where It Starts:**

**The Family**

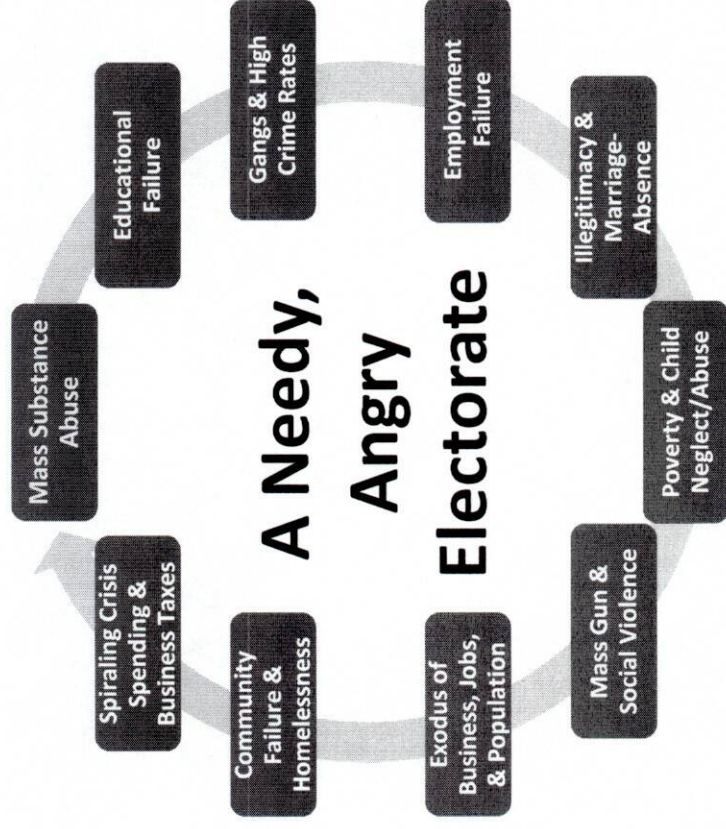
**Resulting in:**

**Significant Reductions of State and Local Crisis Demand Spending**

By David R. Usher  
Civitas Economic Engineering  
St. Louis, Missouri  
dusher@gmx.com  
October 14, 2019

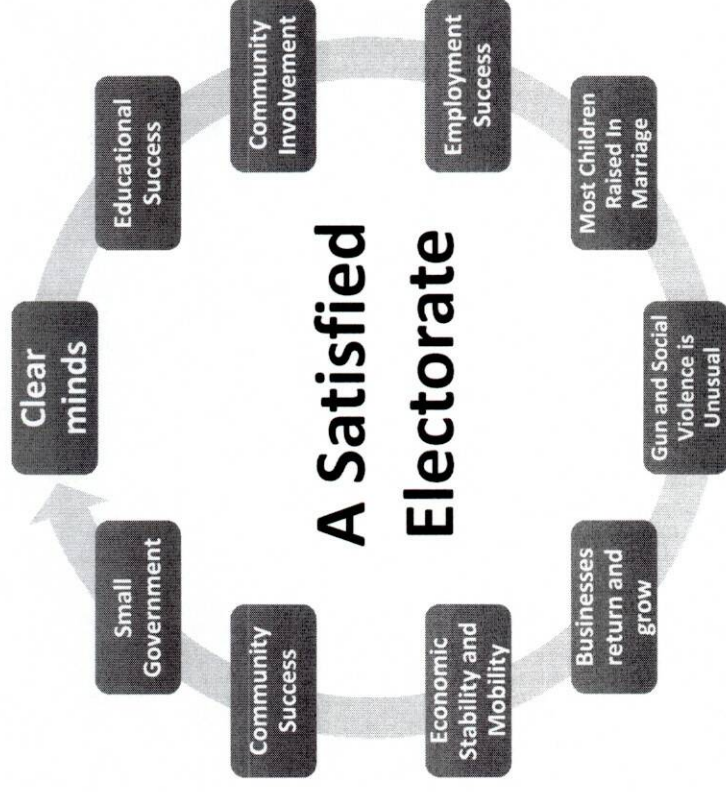
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Use Left Arrow to go back / repeat

**The cycle of community failure begins with substance abuse.**





The cycle of urban success begins with families being empowered  
with choice-based policy to drive substance abuse out of their neighborhoods –  
*one family at a time.*



## Fact: Substance Abuse is the primary driver of violence in America

- 76% of domestic violence involves an offender using drugs or alcohol **at the time of the offense.** \*
- At least 50% of non-intimate violence involves an offender using drugs or alcohol **at the time of the offense.** \*
- **Underreporting:** The BJS did not report how much violence involves individuals addicted to substances who were not “high” at the time of the offense. \*

Among victims of violence who were able to describe the offender's use of drugs or alcohol, about two-thirds in an intimate relationship with the offender reported the offender's drinking at the time of the crime.

Victim-offender relationship	Total	Offender using			Neither drugs nor alcohol
		Alcohol	Drugs	Drugs or alcohol	
All victims of violence	100%	28%	7%	9%	56%
Intimate*	100	55	9	12	25
Nonmarital relative	100	38	14	12	36
Acquaintance	100	28	9	10	52
Stranger	100	24	6	7	63

\*Includes current or former spouse, boyfriend, and girlfriend.

Figure 3

- 75% of people who begin treatment for drug addiction report performing acts of violence, including (but not limited to) mugging, physical assault, and using a weapon to attack another person. \*\*
- Gun owners who have been convicted of an alcohol-related offense, such as driving under the influence or drunk and disorderly conduct, are up to five times more likely to be arrested for a violent or firearm-related crime than those who have not. \*\*\*

\* BJS, “Alcohol and Crime”, (1998) <http://bjs.ojp.usdoj.gov/index.cfm?ty=pbdetail&iid=385>

\*\* Chermack ST, Murray RL, Walton MA, et al. Partner aggression among men and women in substance use disorder treatment: correlates of psychological and physical aggression and injury. *Drug Alcohol Depend.* 2008;98:35-44.

\*\*\* *Firearms, alcohol and crime*, *BMJ Journals*, Volume 24, Issue 1, 4/21/2016; <https://injuryprevention.bmj.com/content/24/1/68>

## Fact: Substance Abuse is the primary driver of crime and violence in America

- About 60% of the prison population has met the DSM-IV criteria for drug dependence or abuse.\*
- Almost 40% of people locked up for property crimes and 14% of those incarcerated for violent crimes reported that they had committed their most serious offense for drug-related reasons.\*
- During 2007-09, prisoners (77%) and jail inmates (78%) reported having ever used marijuana/hashish, more than any other drug\*

- NOTE: The above figures are understated because:

1. Substance users tend to be reticent admitting to using substances .

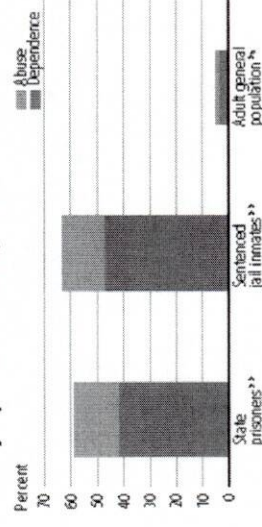
2. Substance users who were killed, escaped while committing a crime, or not arrested are not included in this data set.

3. Individuals misusing prescription drugs are often not triaged until a deep investigation into a violent crime is specifically made.

4. **Substance abuse causes symptoms presumed to be “mental illness” until diagnosed as a “substance use disorder”. An unknown but significant amount of substance abuse is undiagnosed, misreported as “mental illness”, and improperly blamed on “mental illness”.** The Sandy Hook case is an example of misreporting later corrected by deep police investigation.

- **Psychiatric drug cover-up: There have been at least 27 school shootings committed by those taking or withdrawing from psychiatric drugs such as opiates, resulting in 162 wounded and 72 students and/or faculty killed ... there has yet to be a federal investigation in the United States on the link between psychiatric drugs and acts of school or other mass shooting. \*\***

**FIGURE 1**  
Inmates and adult general population who met the criteria for drug dependence or abuse, 2007-2009



\* Results from the 2017 National Survey on Drug Use and Health (HHS Publication No. SMA 18-5068) Bureau Of Justice Statistics, September, 2018; <https://www.bjs.gov/content/pub/pdf/dudaspi0709.pdf>

\*\* “School Shootings and Student Mental Health: Role of the School Counselor in Mitigating Violence”, Allison Paolini, American Counseling Association Knowledge Center, 2013; <https://www.counseling.org/knowledge-center/vistas/by-subject2/vistas-crisis/docs/default-source/default-source/vistas/school-shootings-and-student-mental-health>



## **Fact: Substance Abuse is also the primary driver of homelessness in America**

- A 2008 survey by the United States Conference of Mayors asked 25 cities for their top three causes of homelessness. Substance abuse was the single largest cause of homelessness for single adults (reported by 68% of cities).<sup>1</sup>
- Scott Lindsay, a consultant to the Mayor of Seattle, investigated the cases of about 100 homeless people in Seattle and found that 100% of them had a substance abuse problem. Over 2/3 have been arrested for theft this year. Retailers are hit hard by theft.<sup>2</sup>

## **Why do substance abusers end up homeless?**

- If you are a hard working person and you accidentally end up in hard times, your friends or your church will take you in or help you find a place to live until you get your feet back on the ground.
- But if you are a drug addict and end up divorced, unemployed, or destitute, nobody will help you or let you move in with them. You are on your own living on the streets unless you can find room in a homeless shelter.

## **Our Policy Meta-analysis:**

- Our extensive review of interdisciplinary literature indicates that the onset of substance abuse -- most often in the family -- is the predominant lifespan factor driving homelessness and many other serious longitudinal consequences for individuals and families.
- Homelessness cannot be managed via end-stage crisis-cleanup programs. Free housing, food, and support services are a formula for long-term dependence, not recovery and independence. *The emphasis must be on upstream substance abuse policy in the family.*
- Substance abuse usually begins because of social and environmental factors. As substance abuse advances to addiction, epigenetic change to brain DNA takes place, modifying neural networks in ways that can persist beyond the time of drug intake and may become permanent.<sup>3</sup> *Therefore substance abuse treatment must occur near the onset of substance abuse, which is commonly the family.*
- Homelessness can be effectively prevented via simple policies *healing early-stage substance abuse in families before irreversible chronic phase consequences and hopelessness have destroyed families.*

1. National Coalition for the Homeless, "Substance Abuse and Homelessness", July, 2009; <https://www.nationalhomeless.org/factsheets/addiction.html>

2. Seattle Business Magazine, <https://www.seattlebusinessmag.com/editors-note/conflating-seattle-street-crime-homeless-wont-solve-either-problem>

3. Epigenetic Effects of Drugs of Abuse, Thomas Heinbockel\* and Antonei B. Csoka; *Int J Environ Res Public Health*, 2018 Oct; 15(10): 2098. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6210395/>

## Impacting Substance Abuse in the family is the key to balancing local, state, and federal budgets

Substance abuse is the riverhead driving a long list of serious intergenerational consequences.

Below is a partial list of costly consequences of unaddressed substance abuse in the family:

- Mass shootings (at least 80% correlation)
- Homelessness (nearly 100% correlation)
- Domestic Violence (at least 75% correlation)
- Gun Violence (at least 50% correlation)
- Car, Construction, Work, Other Accidents
- Crime, Property damage, related costs
- High medical, property, accident insurance
- High divorce, illegitimacy, related costs
- Lifelong debilitating mental and physical problems and longitudinal costs (all ages)
- Child Abuse and Neglect
- Educational failure
- “Failure to Launch” permanently-dependent adult children
- Permanent brain damage to children under age 24 caused by marijuana and other drugs
- Suicide by adults and children (600% higher)
- Long-term poverty for women and children
- **Double Governmental Jeopardy: Loss of tax income coupled with compounding demand spending**

*Today there are no federal or state policies impacting substance abuse in the family.*

*Filling the “Recovery Gap” is the only way we can reverse the trend of costly, violent socioeconomic collapse*

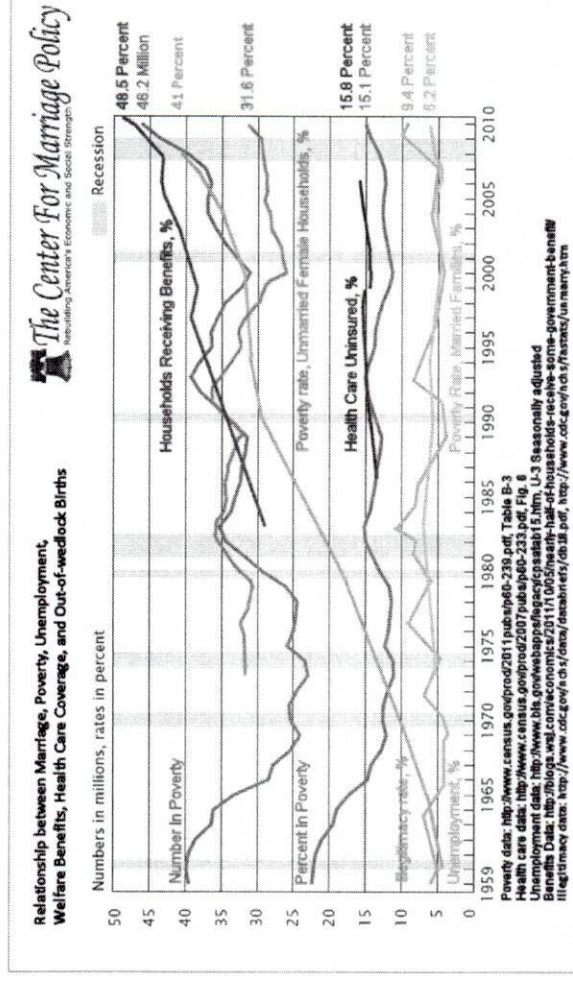


## Ending family disruption driven by substance abuse is the key to balancing government budgets and maintaining a strong economy over time

- Marriage is the socioeconomic engine creating the motivated, educated, reliable work force that businesses want and need.
- Marriage guarantees the lowest crime rates, poverty rates, and means-tested welfare costs.
- Marriage guarantees the brightest social and economic outcomes for women and children.
- We either have big marriage or big government. *Marriage metrics report success or failure of social policy just like employment/unemployment metrics report success or failure of economic policy. Success in both sectors is required for a balanced budget.*
- Political parties are at loggerheads arguing about high crime rates, poverty, violence, and deficit spending. Our political system is overwhelmed and the rule of Constitutional law existentially threatened by the trickle-down consequences of substance abuse. **Government will be increasingly frantic, volatile, radical, and unproductive until we finally reverse the unaddressed trend of substance abuse.**
- Health care financial metrics will stabilize. Far fewer individuals will need free health care when mass substance abuse is obviated. National Health Care can be retired without a fight.
- Gun control will fall by the wayside as a national issue.

## Why Building Marriage is the key to balancing budgets.

- Despite welfare spending being the largest line item in the federal budget, the poverty rate for married families is consistently at least 450% to 600% lower than for unmarried female households.
- *This happens because married families have two income sources and twice the human resources.*
- When we finally address substance abuse in the family, poverty and means-tested welfare spending will shrink naturally.
- The bonus prizes will be corresponding shrinkage of health care, criminal and educational costs.



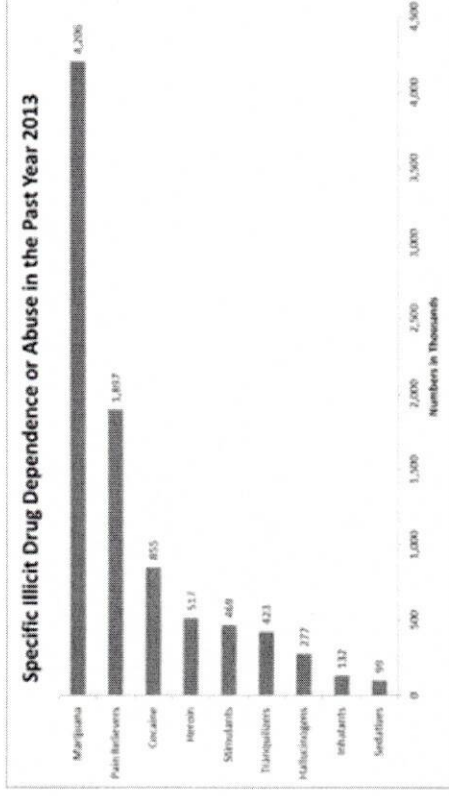
## **Why Building Marriage is the key to freeing up budget resources for education and infrastructure**

- According to the Heritage Foundation, each divorce and case of illegitimacy costs the state an average of \$20,000 in expenditures and lost revenues ***each year***
- The annual cost to the state of Missouri for 19,187 divorces and 29,134 children born out of wedlock in 2017 is conservatively estimated to be about \$1.7 Billion – (5.8% of Missouri's 2019 budget). (UMC Regional and Fiscal Studies, CDC)
- A reduction of divorce and illegitimacy of only 10% will painlessly shrink demand spending in Missouri by at least \$116-million, freeing up capital for education. Actual savings should be much higher.
- States will enjoy across-the-board spending reductions due to the wide span of programs with costs driven by substance abuse. Savings could be as high as \$2-billion in Missouri depending on the amount invested in public outreach and subsequent media involvement.



## Closing the “Treatment Gap” – In the Family<sup>1</sup>

- In 2015, the National Institute for Drug Abuse (NIDA) stated that an estimated 22.7 million Americans (8.6 percent) needed treatment for a problem related to drugs or alcohol, but only about 2.5 million people (about 11% of substance abusers) received treatment at a specialty facility.
- **Only 1 in 10 individuals addicted to substances are recovering from their addiction. (The other 9 are bankrupting the United States and making it impossible to govern).**
- NIDA calls this oversight the “Treatment Gap”. Substance abuse occurs *in the family*. The family is the only effective place to effect recovery – before people lose everything and become hopeless.
- The opiate and marijuana abuse crises will abate when people stop wanting drugs for recreational purposes. Policies aggressively reducing teen and young adult drug abuse – **in the family** – are overdue.



**Binge and heavy drinking are more widespread among men than women.** In 2013, 30.2 percent of men and 16.0 percent of women 12 and older reported binge drinking in the past month. And 9.5 percent of men and 3.3 percent of women reported heavy alcohol use.

**Drug use is highest among people in their late teens and twenties.** In 2013, 22.6 percent of 18- to 20-year-olds reported using an illicit drug in the past month.

1. <https://www.drugabuse.gov/publications/drugfacts/nationwide-trends>

# The Family Substance-Abuse Restraining Order (FSRO) Process

## How It Works

- An FSRO is similar to what Drug Courts do, but brings about substance-abuse recovery in an intact family, at an early phase in the addiction cycle, and usually long before the substance abuser ends up in serious or irreversible trouble.
- The spouse of a substance-abusing partner (or parents of a substance abusing child) files for a Family Substance-Abuse Restraining Order at the same court where domestic violence restraining orders are filed.
- For substance-abusing children, the parent coordinates with a children's home, which cooperatively handles or performs substance abuse counseling in a rigorous, disciplined, environment. Children will take recovery very seriously because they do not like living in the highly regimented "boot camp" of a children's home.
- The substance abuser is removed from the home and is not allowed to return until he/she has demonstrated a convincing level of sobriety. The Judge tells the substance abuser that they only have two choices – grow up or lose everything – to emphasize the importance of choosing recovery.
- Telephone-contact orders are encouraged to maintain communication so the responsible spouse can gauge recovery progress and keep firm but loving pressure on the substance abuser to recover.
- Recovery status is mailed to the court biweekly (or when indicated by an event) via forms using checkboxes indicating recovery progress and cooperation. This is similar to drug-court reporting methods (which make court appearances by recovery centers, A.A., and other counselors unnecessary).
- The FSRO is dropped when the court and spouse/parent are convinced that the respondent's has achieved a convincing level of sobriety.

## The cost of substance abuse is very high. Everyone is impacted socially, economically, and politically

- Every corporation pays for the costs of substance abuse via inflating HR costs, poor work performance, turnover, accidents, lawsuits, health and property insurance, property loss, and high taxes.
- Governments, OSHA-compliant businesses and agencies, and insurance companies have the highest direct-exposure out-of-pocket costs.
- “Death Profession” risks are significantly driven by substance abuse (both on and off the job), and job-related exposure to substance-abusers.
- Every taxpayer funds the high costs of government constantly reacting to, enabling, covering up, and cleaning up from substance-abuse related criminal, social, and economic consequences. Many innocent victims are robbed, injured, or killed by substance abusers.
- ***Marijuana “legalization” approximately quadruples the number of costly criminal prosecutions and incarcerations for illegal drug sales, smuggling, growing, and illegal production. Prisons fill up, not empty out and interdiction costs explode.<sup>1</sup> This fact is opposite of claims made by marijuana activists.***
- The inability of politicians to manage out-of-control costs, deficits, human wreckage, and mass violence problems is why cities, states, and the federal government are drowning in debt, while politicians and media are in a war of words with no actionable answers on the horizon.

1. <https://www.chicagotribune.com/news/ct-viz-met-colorado-legal-marijuana-by-the-numbers-htmistory.html>



**If you ask politicians or the media what is driving violence, the chances are they will blame it on guns, poverty, police, gangs, mental health, racism, fatherlessness, video games, or income inequality.**

**If you ask police officers what is driving violence, The chances are they will say drugs or substance abuse.**

**Politicians usually do not know what police officers know. They are not on the front lines. Politicians often hurriedly respond to angry constituents with costly crisis mop-up programs funding the *consequences* of substance abuse. This fixes nothing and fosters funding models that entitle and guarantee future drug abuse in the community.<sup>1</sup>**

**Harnessing the People to drive substance abuse out of communities, one family at a time, is the only way for everyone to finally win.**

1. (Example: National Institutes of Health, Journal of Social Distress and Homelessness <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4833089/>)

**The “system” knows that substance abuse drives crime and violence.  
(Why Missouri Must Act Now)**

In August, 2019, Federalist advocates at the National Council for Behavioral Health issued a 77-page study, “Mass Violence In America”.<sup>1</sup>

They intend to misuse mass violence to “end the war on drugs”, empty-out prisons, and establish a powerful new government agency combining national security, FBI, substance abuse, mental health, school, and family surveillance functions into one super-agency.

This new agency would move social and psychological services inside national security with unlimited “military” funding not presently available to social services.

The agency would have power to surveil families from schools and other government agencies. It is intended to eventually force substance abuse or mental health services on adults or children and expand common core agenda in our schools – in the name of public safety.

Our FSRO policy giving citizens the personal power to drive substance abuse out of their communities, one family at a time, is the only small-government, effective way to reverse the trend of mass substance abuse.

**We must not let Federalists establish a new and dangerously powerful conglomerate agency.**

1. [https://www.thenationalcouncil.org/wp-content/uploads/2019/08/Mass-Violence-in-America\\_8-6-19.pdf](https://www.thenationalcouncil.org/wp-content/uploads/2019/08/Mass-Violence-in-America_8-6-19.pdf)

## The City of Saint Louis knows that substance abuse drives crime and violence.

So it is launching a \$5M make-work “violence prevention” program that is a proven failure in other cities.

- The City of Saint Louis is spending \$5M on “Cure Violence”,<sup>1</sup> a globalist<sup>2</sup> program replacing prisons by “using the methods and strategies associated with disease control” – using former gang members and drug dealers to act as conflict intervenors. The Mayor claims it will reduce shootings by 30% in one year.
- “Cure Violence”<sup>3</sup> issued false<sup>4</sup> data to the City about their program’s crime decreases in Baltimore, New York City, New Orleans, and other cities to justify putting drug dealers back on the street.
- In New York City, shootings increased by 4.7% in 2017, not a 63% reduction.<sup>4</sup>
- Baltimore had an 11% increase in homicides in 2011, not a 56% reduction.<sup>5</sup>
- New Orleans had the highest murder rate in the nation in 2017, not a 47% reduction in homicide.<sup>6</sup>
- Philadelphia had a 24% decrease in shootings in 2017,<sup>7</sup> but a 14% increase in homicides.<sup>8</sup>
- Cure Violence programs were shut down in Chicago and other parts of Illinois in 2012<sup>9</sup> and 2015<sup>10</sup> due to a combination of ineffectiveness, high cost, lack of cooperation with police, and program workers getting into trouble.

**Fact: Public policy cannot put Humpty Dumpty back together again.**

**Substance abuse must be addressed in the family so that crime, violence, homelessness, and frightfully expensive crisis-cleanup demand spending does not overwhelm state and local budgets.**

1. <https://www.stlouis-mo.gov/government/departments/aldermen/president/news/pres-reed-reaction-to-cure-violence-funding.cfm#feedbackSection>

2. <https://cvg.org/>

3. <https://cvg.org/what-we-do/>

4. <https://compstat.nypdonline.org/2e5c3f4b-85c1-4635-83c6-22b27fe7c75c/view/90>

5. <https://homicides.news.baltimoresun.com/?range=2012>

6. [https://www.nola.com/news/crime\\_police/article\\_e7a54d3f-90a8-5adf-ac70-328c28b5f5cc.html](https://www.nola.com/news/crime_police/article_e7a54d3f-90a8-5adf-ac70-328c28b5f5cc.html)

7. <https://data.philly.com/philly/crime/>

8. <https://drive.google.com/open?id=1eGYP7V4nDgln9KtmGx6bM6stHhgXT0G>

9. <https://www.pbs.org/wgbh/frontline/article/chicago-drops-ceasefire-from-anti-violence-strategy/>

10. <https://tallahasseeherald.com/2015/10/12/cure-violence-programs-shutdown-in-chicago/>



## Where do we want Missouri to be in five years?

Every state that legalized THC-containing marijuana (in any form) has suffered crippling increases in serious social and budget problems due to crisis demand spending.

Local jurisdictions in states that legalized THC-containing marijuana (in any form) sustained imponderable increases in serious social and budget crises due to homelessness, crime, loss of tax income, unemployment, and more.

Constitutional Initiatives banning new marijuana taxes (*like enacted in Missouri*) forced legislatures and cities to invent tangential “head” and other “gotcha” taxes on businesses and innocent citizens to subsidize the State-run Drug Cartel.

Amazon abandoned plans to build its new headquarters buildings in Seattle and New York City because of costly marijuana-driven taxation schemes. Amazon is building its HQ in a small Virginia town where it cannot be soaked.

*Missouri legalized high-power THC-containing “medical” marijuana in 2018.*

*1/3 of marijuana users have a life-impacting addiction problem.<sup>1</sup> Missouri’s socioeconomic disaster will begin in 2020.*

The Family Substance-abuse Restraining Order (FSRO) legislation will improve Missouri’s tax income and broadly reduce crisis-demand spending, making Missouri safer and more competitive than marijuana states.

Missouri’s crime, substance abuse, and STD rates and costs can be the best in Nation -- not the worst.

Missouri must grant every responsible citizen in every Missouri family the personal power to drive substance abuse out of their community, *one family at a time*.

Empowering and Enlisting every responsible Missouri Citizen is the only way to put drug dealers out of business  
And to facilitate maximal capital Missouri needs for infrastructure, education and other growth priorities.

(End of Presentation – Click to Restart)

1. <https://www.drugabuse.gov/publications/drugfacts/genetics-epigenetics-addiction>

The State Auditor's office did not receive a response from the **Department of Higher Education and Workforce Development, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles 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 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, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and Truman State University.**

### **Fiscal Note Summary**

State government entities are expected to have one-time costs of \$20 million, annual costs from \$6 million to unknown, and annual revenues from \$86 million to \$155 million by 2025. Local governments estimate unknown costs and are expected to have annual revenues from \$17 million to \$27 million by 2025.