

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-128)**

Subject

Initiative petition from Deirdre Hirner regarding a proposed constitutional amendment to Article XIV of the Constitution of Missouri. (Received November 5, 2019)

Date

November 25, 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.

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 Higher Education and Workforce Development** indicated no impact for their department for this initiative petition.

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 \$14,219,361 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 \$6,483,964 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 full-time employees (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 \$5,300,000. 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 \$5,300,000, 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 associated 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 \$0 in fiscal year 2020, \$192,382 in fiscal year 2021, \$1,324,322 in fiscal year 2025, and \$1,364,701 by fiscal year 2027.

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) 2020-128 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) 2028 with 90 fewer persons incarcerated and 1,269 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 fiscal note has 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 a fiscal 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 or on 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 may 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					
Marijuana Cultivation Facility	\$12,000	\$5,000	\$25,000	60	\$720,000	\$300,000	\$1,500,000
Dispensary	\$7,000	\$3,000	\$10,000	192	\$1,344,000	\$576,000	\$1,920,000
Marijuana Infused Product Facility	\$7,000	\$3,000	\$10,000	86	\$602,000	\$258,000	\$860,000
Marijuana Microbusiness	\$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 (please see Chart 2).

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
2018	\$3,300,000,000	\$3,800,000,000	\$5,300,000,000	\$6,200,000,000	\$8,600,000,000	\$10,000,000,000
2019	\$4,200,000,000	\$5,200,000,000	\$7,000,000,000	\$8,500,000,000	\$11,200,000,000	\$13,700,000,000
2020	\$5,500,000,000	\$6,800,000,000	\$10,200,000,000	\$12,200,000,000	\$15,700,000,000	\$19,000,000,000
2021	\$6,400,000,000	\$7,800,000,000	\$13,000,000,000	\$15,700,000,000	\$19,400,000,000	\$23,500,000,000
2022	\$6,700,000,000	\$8,300,000,000	\$15,700,000,000	\$19,100,000,000	\$22,400,000,000	\$27,400,000,000
2023	\$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(s) 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 in order to calculate an 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/Increase (Using Total U.S. Marijuana Retail Sales – Chart 2)	
	Low	High
2019	30.23%	37%
2020	40.18%	39%
2021	23.57%	24%
2022	15.46%	17%
2023	11.61%	11%
Average Percent Difference/Increase	24%	25%

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
2018	\$8,600,000,000	\$10,000,000,000
2019	\$11,200,000,000	\$13,700,000,000
2020	\$15,700,000,000	\$19,000,000,000
2021	\$19,400,000,000	\$23,500,000,000
2022	\$22,400,000,000	\$27,400,000,000
2023	\$25,000,000,000	\$30,400,000,000
2024	\$31,052,453,447	\$38,116,431,496
2025	\$38,570,194,602	\$47,791,524,670
2026	\$47,907,966,892	\$59,922,446,584
2027	\$59,506,396,466	\$75,132,560,206
2028	\$73,912,784,241	\$94,203,456,716
2029	\$91,806,931,670	\$118,115,118,571
2030	\$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%
Average Percent	34%	34%	66%	66%

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 moving forward:

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 x 34.8%) individuals in the United States aged between 19 and 25 and 28,269,815 (212,555,000 x 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 x 34.8%) Missourians aged 18-24 and 556,370 (4,183,237 x 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 the lower percent of 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. Also, due to the differences in the age groups defined between the Henry Kaiser Family Foundation and the Missouri Census Data Center, the revenue forecasts for Missouri is slightly overstated slightly, as individuals aged 18 are not included in the Henry Kaiser Family Foundation data but is included and accounted for in the Missouri Census Data Center data. The Department assumes, due to these acknowledgements just mentioned, that a "wash" could occur – reporting more accurate data than not.

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

Missouri's Recreational Marijuana Market (1.98%)	
Low	High
\$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 eighty days after application submissions. The Department believes that the sale of recreational marijuana would not begin until June 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 TSR (4.225% 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	\$5,122,656	\$1,707,552	\$213,444	\$170,755	\$7,214,407	\$25,613,280	\$6,710,679
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 TSR (4.225% 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	\$6,266,106	\$2,088,702	\$261,088	\$208,870	\$8,824,766	\$31,330,530	\$8,208,599
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 one month 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	\$731,808	\$243,936	\$30,492	\$24,394	\$1,030,630	\$3,659,040	\$958,668
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	\$895,158	\$298,386	\$37,298	\$29,839	\$1,260,681	\$4,475,790	\$1,172,657
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. 3/15th of the remaining balance to any local jurisdiction with recreational marijuana sales.
- d. Any remaining balance will then be distributed
 - a. 1/3rd to the Missouri Veterans' Commission
 - b. 1/3rd to the State Road Fund
 - c. 1/3rd 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	\$3,659,040	Unknown	Unknown	\$731,808	\$975,744	\$975,744	\$975,744
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	\$4,475,790	Unknown	Unknown	\$895,158	\$1,193,544	\$1,193,544	\$1,193,544
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.

Officials from the **Department of Public Safety - Office of Director** indicated they anticipate no impact. They also provided the following comments from Missouri State Highway Patrol officials.

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

If this Amendment would be approved, it would result in a fiscal impact to the Criminal Record Systems Fund.

The Missouri Department of Health and Senior Services estimates that between 18,000 and 36,000 new fingerprint based criminal record checks will be performed in relation to the 348 medical marijuana facilities under Section 1 of Article XIV. The Patrol estimates that between \$396,000.00 and \$792,000.00 may be deposited in the Criminal Record System Fund as a result of the background check requirements in Section 2. For purposes of this response, the Patrol assumes it will perform 36,000 checks. Using these same figures for

the marijuana facilities licensed as identified in Section 2 of Article XIV, the Patrol estimates the following fiscal impact.

The state fee for a fingerprint based criminal record check is \$20.00 per request. The federal fee for a fingerprint based criminal record check is \$13.25 per request, of which, the CJIS Division retains \$2.00 of the federal fee. This equates to \$22.00 of the total state and federal fingerprint background check fee that is retained in the Criminal Record System Fund per request.

State and Federal Fingerprint Fee Schedule

State Fee = \$20.00

Federal Fee = \$13.25

Total State and Federal fee = \$33.25

Vendor Fee (if applicable) = \$8.50

Total State and Federal with Vendor fee = \$41.75

Total Retained in the Criminal Record System Fund = \$22.00

Meanwhile, 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 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 approximately **\$13,476,898**, 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
(\$792,000)	Fee collected from fingerprinting/added to CRS Fund
\$13,476,898	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

While the Initiative Petition has the appropriate wording, the FBI does not recognize an Amendment to Missouri's Constitution by means of an Initiative Petition as meeting Public Law 92-544 criteria to authorize a federal fingerprint based criminal record check. If a Constitutional Amendment were to pass by means of the Initiative Petition process, the Patrol recommends that the Department of Health and Senior Services seek specific legislation to ensure the state and federal fingerprint based criminal record check is properly authorized.

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 once 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 creating conflict with both several 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 from the 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 no fiscal impact to their department/Missouri Highways and Transportation Commission.

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. The patient card fees remain \$25 per year. Budget and Planning (B&P) notes that it is not clear if patients will pay \$75 (\$25 x 3 years) upon application and renewal or \$25 each year the card is active. 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. 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	\$12,000	\$5,000	\$25,000	60	\$720,000	\$300,000	\$1,500,000
Dispensary	\$7,000	\$3,000	\$10,000	192	\$1,344,000	\$576,000	\$1,920,000
Marijuana-Infused Product Facility	\$7,000	\$3,000	\$10,000	86	\$602,000	\$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 cannabis¹. 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 Administration², 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 \$439.5 million in calendar year 2021 (\$24.5 billion x 1.79%) and up to \$848.4 million by calendar year 2027 (\$47.3 billion x 1.79%).

Based on further research³, 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

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

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

³ https://www.stltoday.com/news/local/metro/plenty-of-pot-study-says-missouri-will-license-twice-as/article_e94469b0-e1c6-5893-bc2e-e1d7b24f4a73.html

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 eighty days of their submission. Therefore, B&P estimates that sales of recreational marijuana will not begin until June 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 state revenues by \$50.0 million in calendar year 2022. By calendar year 2027, B&P estimates that this proposal may increase state revenues by \$132.5 million. This proposal could also increase local revenues by \$10.2 million in calendar year 2021 and \$27.1 million 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)	\$7,814,811	\$14,854,095	\$16,311,370	\$17,768,645	\$19,225,921	\$20,683,196
Education (1.0% tax)	\$2,604,937	\$4,951,365	\$5,437,123	\$5,922,882	\$6,408,640	\$6,894,399
Conservation (0.125% tax)	\$325,617	\$618,921	\$679,640	\$740,360	\$801,080	\$861,800
Parks, soil, water (0.1% tax)	\$260,494	\$495,136	\$543,712	\$592,288	\$640,864	\$689,440
Veterans, Infrastructure, and Health Fund (15.0% tax)	\$39,074,057	\$74,270,475	\$81,556,851	\$88,843,227	\$96,129,603	\$103,415,979
TSR (total 4.225% state sales tax)	\$50,079,057	\$95,189,992	\$104,528,697	\$113,867,402	\$123,206,108	\$132,544,813
Local Revenue (pop. weighted local rate 3.93%)	\$10,237,403	\$19,458,864	\$21,367,895	\$23,276,925	\$25,185,956	\$27,094,987

*Assumes 7 months of sales from June 2022 through December 2022.

However, B&P notes that sales would start one month 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 \$7.2 million in FY 2022. By FY 2028, this proposal may increase state revenues by \$132.5 million. This proposal may also increase local revenues by \$1.5 million in FY 2022 and up to \$27.1 million 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	\$1,116,402	\$14,125,457	\$15,582,733	\$17,040,008	\$18,497,283	\$19,954,558	\$20,683,196
Education	\$372,134	\$4,708,486	\$5,194,244	\$5,680,003	\$6,165,761	\$6,651,519	\$6,894,399
Conservation	\$46,517	\$588,561	\$649,281	\$710,000	\$770,720	\$831,440	\$861,800
Parks, soil, water	\$37,213	\$470,849	\$519,424	\$568,000	\$616,576	\$665,152	\$689,440
Veterans, Infrastructure, and Health Fund	<u>\$5,582,008</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>
TSR	\$7,154,274	\$90,520,639	\$99,859,344	\$109,198,050	\$118,536,755	\$127,875,461	\$132,544,813
Local Revenue	\$1,462,486	\$18,504,349	\$20,413,380	\$22,322,410	\$24,231,441	\$26,140,471	\$27,094,987

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. 3/15th 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	\$5,582,008	\$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**	\$1,116,402	\$14,125,457	\$15,582,733	\$17,040,008	\$18,497,283	\$19,954,558	\$20,683,196
Missouri Veterans Commission	\$1,488,536	\$18,833,943	\$20,776,977	\$22,720,010	\$24,663,044	\$26,606,078	\$27,577,594
State Road Fund	\$1,488,536	\$18,833,943	\$20,776,977	\$22,720,010	\$24,663,044	\$26,606,078	\$27,577,594
DHSS Drug Treatment Grants	\$1,488,536	\$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:

Criminal Court Costs		
Felony Case Costs	Amount of Cost	Disburse to State/County
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
Total	\$279.50	
Misdemeanor Case Costs		

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
Total	\$102.50	
Municipal Case (Filed in Associate Division) Costs		
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
Total	\$33.50	
Criminal Costs Not Included Above		
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 FY2019 MSPD data, is that this would reduce their caseload by 4,219 cases (3,102 C/D felonies, 144, misdemeanors, and 974 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; misdemeanors, 11.7 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 4,219 cases, those cases require 88,765 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 321 attorneys under the workload standards developed in *The Missouri Project*.

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 there is a tax and a variety of fees imposed in this petition. Once in operation, marijuana businesses have had difficulties obtaining and maintaining bank accounts due Federal law and regulations. State Treasurer's office and Department of Revenue are currently exploring options to handle large amounts of cash from licensed Medical Marijuana businesses as Department of Revenue may see many of these taxes paid in cash. Changes in security measures and collection points are under review as Department of Revenue, Department of Health and Senior Services, and Department of Labor and Industrial Relations do not currently receive large amounts of cash.

The changes in this initiative petition may increase the potential amount of receipts in cash exponentially.

They are unable to determine the 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 this proposal would have minimal to no fiscal impact on the operations of St. Louis County Government.

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 **Metropolitan Community College** indicated no fiscal impact.

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 Fax: (573) 751-6836

November 15, 2019

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

Dear Secretary of State Ashcroft,

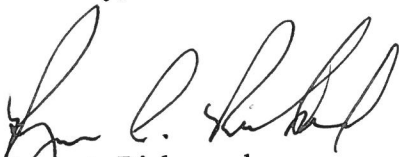
Initiative Petition 2020-128 (hereinafter, the Initiative) will have a disastrous fiscal impact upon the Missouri Veterans Commission. Under the existing medical marijuana program, we anticipate receiving \$12,458 in FY20, \$2,135,510 in FY21, \$2,529,753 in FY22 and \$2,929,271 in FY23 from the tax revenues generated from the retail sales of medical marijuana. The Initiative makes no significant changes to that program, but the adverse impact the Initiative poses 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 Initiative 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 Petition 2020-128 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,

A handwritten signature in black ink, appearing to read "Ryan A. Richmond", written in a cursive style.

Ryan A. Richmond
Deputy 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:

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

Initiative Petition 2020-128
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 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>5-year Total</u>
General Revenue	\$0	\$9,686,290	\$20,993,899	\$30,295,000	\$38,826,867	\$99,802,056
Veterans, Infrastructure, and Health Fund	\$2,666,000	\$4,472,000	\$48,305,110	\$81,685,223	\$122,258,755	\$259,387,089
Other State Dedicated Funds	\$0	\$540,584	\$3,639,638	\$6,365,681	\$9,576,776	\$20,122,678
Total Estimated Net Effect on All State Funds	\$2,666,000	\$14,698,874	\$72,938,647	\$118,345,903	\$170,662,397	\$376,645,822
Total Estimated Net Effect on All Local Funds	\$0	\$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	\$0
Total All Funds	\$2,666,000	\$14,698,874	\$83,183,173	\$136,379,122	\$197,870,174	\$434,797,343

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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

Purpose	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
Marijuana Cultivation Facilities	\$720,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,800,000	\$7,020,000
Marijuana-Infused Products Manufacturing Facilities	\$602,000	\$860,000	\$860,000	\$860,000	\$1,118,000	\$4,300,000
Marijuana Dispensary Facilities	\$1,344,000	\$1,920,000	\$1,920,000	\$1,920,000	\$2,496,000	\$9,600,000
Marijuana Microbusiness Facilities	\$0	\$192,000	\$120,000	\$120,000	\$240,000	\$672,000
15% sales tax	\$0	\$0	\$43,905,110	\$77,285,223	\$116,604,755	\$237,795,089
subtotal Veterans, Infrastructure, and Health Fund	\$2,666,000	\$4,472,000	\$48,305,110	\$81,685,223	\$122,258,755	\$259,387,089
General Revenue sales tax	\$0	\$0	\$8,781,022	\$15,457,045	\$23,320,951	\$47,559,018
General Revenue budget savings	\$0	\$9,686,290	\$12,212,877	\$14,837,955	\$15,505,916	\$52,243,038
subtotal GR	\$0	\$9,686,290	\$20,993,899	\$30,295,000	\$38,826,867	\$99,802,056
Prop C sales tax	\$0	\$0	\$2,927,007	\$5,152,348	\$7,773,650	\$15,853,006
Conservation sales tax	\$0	\$0	\$365,876	\$644,044	\$971,706	\$1,981,626
Parks and Soils sales tax	\$0	\$0	\$292,701	\$515,235	\$777,365	\$1,585,301
Criminal Records System Fund	\$0	\$540,584	\$54,054	\$54,054	\$54,054	\$702,746
subtotal Other State Funds	\$0	\$540,584	\$3,639,638	\$6,365,681	\$9,576,776	\$20,122,678
subtotal all state funds	\$2,666,000	\$14,698,874	\$72,938,647	\$118,345,903	\$170,662,397	\$379,311,822
Local Sales Tax	\$0	\$0	\$10,244,526	\$18,033,219	\$27,207,776	\$55,485,521
Grand Total State and Local	\$2,666,000	\$14,698,874	\$83,183,173	\$136,379,122	\$197,870,174	\$434,797,343

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 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
<u>Veterans, Infrastructure, and Health Fund</u>						
Sales tax revenue - received	\$0	\$0	\$43,905,110	\$77,285,223	\$116,604,755	\$237,795,089
Application and license fees	\$2,666,000	\$4,472,000	\$4,400,000	\$4,400,000	\$5,654,000	\$21,592,000
Total VIH fund collections	\$2,666,000	\$4,472,000	\$48,305,110	\$81,685,223	\$122,258,755	\$259,387,089
<u>Administration of tax and program</u>						
Department of Revenue (2% of collections)	(\$53,320)	(\$89,440)	(\$966,102)	(\$1,633,704)	(\$2,445,175)	(\$5,187,742)
Department of Health and Senior Services (for administration)	(\$2,612,680)	(\$4,382,560)	(\$15,668,590)	(\$15,981,962)	(\$16,301,601)	(\$54,947,393)
Remainder to distribute to major purposes	\$0	\$0	\$31,670,418	\$64,069,557	\$103,511,979	\$199,251,954
<u>Major Purposes</u>						
Local governments (3/15ths of remainder)	\$0	\$0	\$6,334,084	\$12,813,911	\$20,702,396	\$39,850,391
Veterans (one-third after local govt.)	\$0	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
Infrastructure (one-third after local govt.)	\$0	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
Health (one-third after local govt.)	\$0	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
subtotal for major purposes	\$0	\$0	\$31,670,418	\$64,069,557	\$103,511,979	\$199,251,954
Total allocated	\$2,666,000	\$4,472,000	\$48,305,110	\$81,685,223	\$122,258,755	\$259,387,089

Implementation dates required by Petition 2020-128

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.

TABLE 3 - Implementation Schedule	
11/3/2020	Election Day - Voter Approval
12/3/2020	30 days after election - effective date of constitutional amendment
2/1/2021	Prospective applicants shall notify DHSS of their intent to apply and prefile their application fee for Marijuana Cultivation Facilities, Marijuana Testing Facilities, Marijuana Dispensary Facilities, and Marijuana-Infused Products Manufacturing Facilities.
270 days after effective date of constitutional amendment	
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, and any other license types and certifications it deems necessary.
365 days after effective date of constitutional amendment	
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
180 days after DHSS begins accepting application forms it begins approving licenses	
6/1/2022	For any application submitted on 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 180 days of submission to DHSS thereafter.
First November national election date after initial statewide voter approval	
11/8/2022	Local governments can seek elections to prohibit operation of all or any category of marijuana facilities in their jurisdiction.
815 days after effective date of constitutional amendment	
2/26/2023	270 days after DHSS begins issuing licenses (6/1/22) DHSS may issue 6 additional microbusiness licenses per Congressional district.
1,093 days after effective date of constitutional amendment	
12/1/2023	548 days after DHSS begins issuing licenses (6/1/22) DHSS shall begin approving licenses 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 non-medical marijuana facility applicants. 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 \$12,000. 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. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. 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 December 1, 2023 (state fiscal year FY 2024).

Table 4 shows the calculation of the fee revenue estimated at \$720,000 in FY 2021, \$1.5 million from FY 2022 to 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 award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- 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 - \$720,000 in FY 2021 and \$0 in FY 2022-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 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Renewal fee					\$5,000
<u>Applicants</u>					
Medical marijuana licenses eligible year 1	60	0	0	0	60
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	\$720,000	\$0	\$0	\$0	\$300,000
Annual license fee	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
<u>Licenses</u>					
Medical marijuana licenses eligible year 1	0	60	60	60	60
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	\$0	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Total Cultivation license & fee revenues	\$720,000	\$1,500,000	\$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 \$7,000. 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. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. 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 December 1, 2023 (state fiscal year FY 2024).

Table 5 shows the calculation of the fee revenue estimated at \$602,000 in FY 2021, \$860,000 in FY 2022-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 award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- 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 - \$602,000 in FY 2021 and \$0 from FY 2022-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 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Renewal fee					\$3,000
<u>Applicants</u>					
Medical marijuana licenses eligible year 1	86	0	0	0	86
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	\$602,000	\$0	\$0	\$0	\$258,000
Annual license fee	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<u>Licenses</u>					
Medical marijuana licenses eligible year 1	0	86	86	86	86
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	\$0	\$860,000	\$860,000	\$860,000	\$860,000
Total Infused Product Manufacturing license & fee revenues	\$602,000	\$860,000	\$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 \$7,000. 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. The proposal requires that prospective applicants shall notify DHSS of their intent to apply and prefile their application fee by February 1, 2021, in FY 2021. 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 December 1, 2023 (state fiscal year FY 2024).

Table 6 shows the calculation of the fee revenue estimated at \$1.3 million in FY 2021 and \$1.9 million in FY 2022-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 award happens by June 2022, it is assumed that the licensees will pay the annual license fee in FY 2022 and the renewal license fee payment will occur in FY 2025.
- 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 - \$1,344,000 in FY 2021 and \$0 from FY 2022-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 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable application fee	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Renewal fee					\$3,000
<u>Applicants</u>					
Medical marijuana licenses eligible year 1	192	0	0	0	192
New additional licenses	0	0	0	0	0
subtotal Non-Refundable Fee revenues	\$1,344,000	\$0	\$0	\$0	\$576,000
Annual license fee	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
<u>Licenses</u>					
Medical marijuana licenses eligible year 1	0	192	192	192	192
New additional licenses	0	0	0	0	0
subtotal Annual License Fee revenues	\$0	\$1,920,000	\$1,920,000	\$1,920,000	\$1,920,000
Total Dispensary license & fee revenues	\$1,344,000	\$1,920,000	\$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

State	Approved by voters or legislature	Month/year sales started or anticipated	Months from election to sales
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 Health¹

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
<u>Colorado</u>		
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%
<u>Washington</u>		
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
Colorado			
January 2014	161		
January 2015	356	195	121.1%
January 2016	422	66	18.5%
change over 3 years		261	162.1%
Washington			
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%
Oregon			
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 Coloradoⁱⁱ, Washingtonⁱⁱⁱ, and Oregon^{iv}. The population used for each year is from the estimates made by the U.S. Census Bureau.^v

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
<u>Colorado</u>				
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
<u>Washington</u>				
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
<u>Oregon</u>				
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
<u>Combined 3 state totals</u>				
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
<u>Colorado</u>			
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%
<u>Washington</u>			
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%
<u>Oregon</u>			
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%
Combined 3 state totals			
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^{vi}. 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.^{vii}

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.^{viii}

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.^{ix} The first licenses will be awarded by early June 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 \$2.7 million in FY 2021 rising to \$182.3 million in FY 2025.
- A five-year total of \$381.9 million in all state and local funds.

State license and fee collections:

- Total state funds of \$2.7 million in FY 2021 and \$5.7 million in FY 2025.
- A five-year total of \$21.6 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 five-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 five-year total of \$55.5 million in local funds.

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

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
<u>Value of sales taxed</u>	\$0	\$0	\$292,700,736	\$515,234,822	\$777,365,033	\$1,585,300,590
SALES TAX COLLECTIONS						
Veterans, Infrastructure, and Health Fund						
Proposed Missouri sales tax rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Sales tax revenue	\$0	\$0	\$43,905,110	\$77,285,223	\$116,604,755	\$237,795,089
License and fee revenue	\$2,666,000	\$4,472,000	\$4,400,000	\$4,400,000	\$5,654,000	\$21,592,000
subtotal VIH fund	\$2,666,000	\$4,472,000	\$48,305,110	\$81,685,223	\$122,258,755	\$259,387,089
General Revenue						
GR statutory sales tax rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sales tax revenue	\$0	\$0	\$8,781,022	\$15,457,045	\$23,320,951	\$47,559,018
Prop C						
Prop C sales tax rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sales tax revenue	\$0	\$0	\$2,927,007	\$5,152,348	\$7,773,650	\$15,853,006
Conservation						
Conservation sales tax rate	0.125%	0.125%	0.125%	0.125%	0.125%	0.125%
Sales tax revenue	\$0	\$0	\$365,876	\$644,044	\$971,706	\$1,981,626
Parks and Soils						
Parks and Soils sales tax rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Sales tax revenue	\$0	\$0	\$292,701	\$515,235	\$777,365	\$1,585,301
Total State Funds						
All state funds sales tax rate	19.225%	19.225%	19.225%	19.225%	19.225%	19.225%
Sales tax and license fee revenue	\$2,666,000	\$4,472,000	\$60,671,716	\$103,453,894	\$155,102,427	\$326,366,038
Local Sales Taxes						
Median sales tax rate from DOR	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Sales tax revenue	\$0	\$0	\$10,244,526	\$18,033,219	\$27,207,776	\$55,485,521
Total State and Local Funds						
State and local sales tax rate	22.725%	22.725%	22.725%	22.725%	22.725%	22.725%
Total Sales tax, license, and fee revenue	\$2,666,000	\$4,472,000	\$70,916,242	\$121,487,113	\$182,310,204	\$381,851,559

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 5-year total of \$39.9 million.
- Veterans: \$8.4 million in FY 2023 rising to \$27.6 million in FY 2025. A 5-year total of \$53.1 million.
- Infrastructure: \$8.4 million in FY 2023 rising to \$27.6 million in FY 2025. A 5-year total of \$53.1 million.
- Health: \$8.4 million in FY 2023 rising to \$27.6 million in FY 2025. A 5-year total of \$53.1 million.

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

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5-year total
<u>Veterans, Infrastructure, and Health Fund</u>						
Sales tax revenue - received	\$0	\$0	\$43,905,110	\$77,285,223	\$116,604,755	\$237,795,089
Application and license fees	\$2,666,000	\$4,472,000	\$4,400,000	\$4,400,000	\$5,654,000	\$21,592,000
Total VIH fund collections	\$2,666,000	\$4,472,000	\$48,305,110	\$81,685,223	\$122,258,755	\$259,387,089
<u>Administration of tax and program</u>						
Department of Revenue (2% of collections)	(\$53,320)	(\$89,440)	(\$966,102)	(\$1,633,704)	(\$2,445,175)	(\$5,187,742)
Department of Health and Senior Services (for administration)	(\$2,612,680)	(\$4,382,560)	(\$15,668,590)	(\$15,981,962)	(\$16,301,601)	(\$54,947,393)
Remainder to distribute to major purposes	\$0	\$0	\$31,670,418	\$64,069,557	\$103,511,979	\$199,251,954
<u>Major Purposes</u>						
Local governments (3/15ths of remainder)	\$0	\$0	\$6,334,084	\$12,813,911	\$20,702,396	\$39,850,391
Veterans (one-third after local govt.)	\$0	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
Infrastructure (one-third after local govt.)	\$0	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
Health (one-third after local govt.)	\$0	\$0	\$8,445,445	\$17,085,215	\$27,603,194	\$53,133,854
subtotal for major purposes	\$0	\$0	\$31,670,418	\$64,069,557	\$103,511,979	\$199,251,954
Total allocated	\$2,666,000	\$4,472,000	\$48,305,110	\$81,685,223	\$122,258,755	\$259,387,089

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^x, 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

This measure will not result in an increase in crime as a result of the legalization of adult use marijuana. A recent study published by Reason Magazine^{xi} concluded legalization reduced possession and other marijuana crimes and relieved the burden placed on courts, law enforcement and prisons, allowing for greater focus on violent crime. It also identified other studies that showed that opioid use and deaths decreased in states with adult use marijuana. It reports on studies that show reduction in property crime and others that suggest that marijuana use does not lead to an increase in violent crime. Some more recent studies suggest that legalization might reduce violent crime. The Reason study also reported on a recent study that found legalization of marijuana for recreational use in Colorado and Washington was associated with an improvement in the rate of clearance of cases relating to violent crimes.

A federally funded study^{xii} of the experience in Colorado and Washington also concluded that marijuana legislation had minimal to no effect on major crimes in those states. The study found no statistically significant long-term effects of recreational cannabis laws or the initiation of retail sales on violent or property crimes in those states. The analysis was based on FBI data on violent, property, aggravated assault, auto theft, burglary, larceny, and robbery crime rates. The one trend that held was a decrease in the burglary rate in Washington. The study also called out some published research for bad research design and data for studies that purported to show increases in crime. The study found some immediate effect on crime in Colorado (property crime) and Washington (larceny) at the point of legalization but the trends suggest that if marijuana legalization influenced crime, it was short-lived.

Multiple analyses have concluded that medical marijuana laws are not causally linked with increases in violent crime or property crime.^{xiii} RAND researchers found a negative and significant relationship between dispensary allowances and property crime rates.^{xiv} A September 2019 study in *Regional Science and Urban Economics* reports reduction in crimes in areas around marijuana dispensaries.^{xv}

The Cato Institute studied outcomes in Colorado and Washington, including crime rates in Denver and Seattle, and found no statistical relationship between passage of adult-use legalization and increased crime.^{xvi} In a recent paper a University of Washington researcher used regression analysis on crime data from 1990 to 2017 and found that the legalization of marijuana, both recreational and medical, does not increase violent crime rates but could lead to a decline in violent crime such as homicide, robbery and aggravated assault.^{xvii} A peer-reviewed study published in *The Economic Journal* indicates that legalizing marijuana is likely reducing crime in many states by displacing the illicit markets traditionally controlled by drug cartels.^{xviii}

Other news reports also show a minimal impact of legal marijuana on crime^{xix} and its effect on reducing opioid use and deaths.

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
Public defenders	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 & 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

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

xi Reason Foundation, Does Legalizing Marijuana Reduce Crime. September 2018. <https://reason.org/wp-content/uploads/does-legalizing-marijuana-reduce-crime.pdf>

xii Justice Quarterly. The Cannabis Effect on Crime: Time-Series Analysis of Crime in Colorado and Washington State. October 8, 2019 <https://www.tandfonline.com/doi/full/10.1080/07418825.2019.1666903>. Marijuana Moment article about study: <https://www.marijuanamoment.net/marijuana-legalization-doesnt-cause-increased-crime-federally-funded-study-finds/>.

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- ^{xiii} Shepard, E. M., et al. (2016). Medical Marijuana and Crime: Further Evidence From the Western States. *Journal of Drug Issues*. <https://doi.org/10.1177/0022042615623983>
- Chu, Y. L., et al. (2019). Joint culpability: The effects of medical marijuana laws on crime. *Journal of Economic Behavior & Organization*, <https://doi.org/10.1016/j.jebo.2018.07.003>
- ^{xiv} Hunt, P., et al. (2018). High on Crime? Exploring the Effects of Marijuana Dispensary Laws on Crime in California Counties. Institute of Labor Economics. Accessed from <http://ftp.iza.org/dp11567.pdf>
- ^{xv} Jeffrey Brinkman and David Mok-Lamm. "Not in my backyard? Not so fast" The effect of marijuana legalization on neighborhood crime Regional Science and Urban Economics. September 2019. <https://www.sciencedirect.com/science/article/abs/pii/S016604621830293X?via%3Dihub>
- ^{xvi} Dills, A., et al (2016). Dose of Reality: The Effect of State Marijuana Legalizations. Cato Institute. Retrieved from <https://www.cato.org/publications/policy-analysis/dose-reality-effect-state-marijuana-legalizations>.
- ^{xvii} Rice, A. (2019) A blunt look at the impacts marijuana has on violent crime (manuscript). University of Washington. Accessed from <https://digital.lib.washington.edu/researchworks/handle/1773/44495>.
- ^{xviii} Gavrilova, E., et al. (2017). Is Legal Pot Crippling Mexican Drug Trafficking Organisations? The Effect of Medical Marijuana Laws on US Crime. *The Economic Journal*, <https://doi.org/10.1111/eoj.12521>.
- ^{xix} Washington Post, https://www.washingtonpost.com/news/wonk/wp/2016/10/13/heres-how-legal-pot-changed-colorado-and-washington/?wpisrc=nl_wonk&wpmm=1.
And https://www.washingtonpost.com/news/wonk/wp/2016/06/21/colorado-survey-shows-what-marijuana-legalization-will-do-to-your-kids/?wpisrc=nl_wonk&wpmm=1
- And https://www.washingtonpost.com/news/wonk/wp/2016/07/13/one-striking-chart-shows-why-pharma-companies-are-fighting-legal-marijuana/?wpisrc=nl_headlines&wpmm=1
- And https://www.washingtonpost.com/news/wonk/wp/2016/08/29/study-medical-marijuana-changes-how-employees-use-sick-time/?wpisrc=nl_wonk&wpmm=1
- And <https://www.washingtonpost.com/news/wonk/wp/2018/04/02/two-new-studies-show-how-marijuana-can-help-fight-the-opioid-epidemic/>
- And <https://www.washingtonpost.com/news/wonk/wp/2017/10/16/legal-marijuana-is-saving-lives-in-colorado-study-finds/>



Marijuana legalization is not linked with increased crime rates

“All those [marijuana] arrests do is make people hate us.”

— Cathy Lanier, former police chief for Washington, D.C.

“Our state’s efforts to regulate the sale of marijuana are succeeding. A few years ago, the illegal trafficking of marijuana lined the pockets of criminals everywhere. Now, in our state, illegal trafficking activity is being displaced by a closely regulated marijuana industry that pays hundreds of millions of dollars in taxes. This frees up significant law enforcement resources to protect our communities in other, more pressing ways.”

— Washington State Gov. Jay Inslee and Attorney General Bob Ferguson

Government-published data, academic research, and the experiences of many law enforcement officials indicate that marijuana policy reform does not increase crime rates. Relying on statistics from the FBI’s Uniform Crime Reports, peer-reviewed studies have analyzed changes after passage of both adult-use legalization and medical marijuana laws. Contrary to assertions made by some opponents of legalization, there is no compelling basis for claims that legalizing marijuana and establishing regulated markets undermines public safety.

For medical marijuana, multiple analyses have concluded that these laws are not linked with increases in violent crime or property crime.¹ In fact, researchers from RAND discovered a “negative and significant relationship between dispensary allowances and property crime rates.”²

Similarly, available evidence suggests that legalizing marijuana for adults does not lead to increased crime of any variety either. In a 2018 study, scientists found “no statistically significant long-term effects of recreational cannabis laws or the initiation of retail sales on violent or property crime rates.”³ In a more recent paper using regression analysis, a University of Washington researcher wrote, “Results indicate that the legalization of marijuana, both recreational and medical, does not increase violent crime rates. In contrast, marijuana legalization could lead to a decline in violent crime such as homicide, robbery and aggravated assault.”⁴

Other studies also point to marijuana policy reform as a public safety benefit. In a 2018 analysis, experts at Washington State University found that police solved significantly more violent and property crimes after passage of legalization laws in Colorado and Washington.⁵ Another peer-reviewed paper in *The Economic Journal* supports the argument that legalizing marijuana reduces crime by displacing illicit markets traditionally controlled by drug cartels and illicit distributors.⁶

¹ Shepard, E. M., et al. (2016). Medical Marijuana and Crime: Further Evidence From the Western States. *Journal of Drug Issues*. Accessed from <https://doi.org/10.1177/0022042615623983>

Chu, Y. L., et al. (2019). Joint culpability: The effects of medical marijuana laws on crime. *Journal of Economic Behavior & Organization*. Accessed from <https://doi.org/10.1016/j.jebo.2018.07.003>

² Hunt, P., et al. (2018). High on Crime? Exploring the Effects of Marijuana Dispensary Laws on Crime in California Counties. Institute of Labor Economics. Accessed from <http://ftp.iza.org/dp11567.pdf>

³ Lu, R., et al. (2018). The Cannabis Effect on Crime: Time-Series Analysis of Crime in Colorado and Washington State. *Justice Quarterly*. Accessed from <https://doi.org/10.1080/07418825.2019.1666903>

⁴ Rice, A. (2019). A blunt look at the impacts marijuana has on violent crime (manuscript). University of Washington. Accessed from <https://digital.lib.washington.edu/researchworks/handle/1773/44495>

⁵ Makin, D.A., et al. (2018). Marijuana Legalization and Crime Clearance Rates: Testing Proponent Assertions in Colorado and Washington State. *Police Quarterly*. Accessed from <https://doi.org/10.1177/1098611118786255>

⁶ Gavrilova, E., et al. (2017). Is Legal Pot Crippling Mexican Drug Trafficking Organisations? The Effect of Medical Marijuana Laws on US Crime. *The Economic Journal*. Accessed from <https://doi.org/10.1111/econj.12521>

The State Auditor's office did not receive a response from **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, Wellsville-Middletown R-1 School District, State Technical College of Missouri, 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 \$21 million, annual costs of up to \$6 million, and annual revenues from \$93 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.