

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1749-02  
Bill No.: HCS for HB 800  
Subject: Drugs and Controlled Substances; Health Care; Licenses - Professional;  
 Agriculture and Animals  
Type: Original  
Date: April 9, 2015

Bill Summary: This proposal establishes the Missouri Compassionate Care Act which provides for the licensure of medical cannabis centers and cultivation and production facilities to provide medical cannabis to qualifying patients.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$1,078,148)	Greater than \$5,931,020	Greater than \$8,919,795
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$1,078,148)</b>	<b>Greater than \$5,931,020</b>	<b>Greater than \$8,919,795</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Medical Cannabis License Cash	\$2,738,757	\$429,352	\$1,276,513
Criminal Records	\$26,400	\$2,640	\$26,400
School District Trust	Unknown	Unknown	Unknown
Conservation Commission	Unknown	Unknown	Unknown
Parks and Soils	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>More than \$2,765,157</b>	<b>More than \$431,992</b>	<b>More than \$1,302,913</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 28 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
General Revenue	5	1	1
Medical Cannabis License Cash	9	66	66
<b>Total Estimated Net Effect on FTE</b>	<b>14 FTE</b>	<b>67 FTE</b>	<b>67 FTE</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>Could exceed \$787,160</b>	<b>Unknown to (Greater than \$204,600)</b>	<b>Unknown to (Greater than \$138,500)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Due to time constraints, **Oversight** originally prepared a fiscal note for this bill without all of the agency responses. Oversight has since obtained the agency responses and upon review of those responses, believes the original fiscal note should be updated. Therefore, this fiscal note updates the original by providing agency responses and takes into account the current language of the proposal.

Officials from **the Department of Public Safety(DPS) - Alcohol and Tobacco Control (A&TC)** state section 195.903.1 makes A&TC the state Regulatory and Licensing Authority.

Section 195.903.2 prevents any General Revenue (GR) funds from being used to fund the operation of the proposal and prevents A&TC from expending GR money for the operation of these sections. A&TC will not have staff or funds available to initiate the operations of this proposal until funds are collected by the user fees and license fees. In order for A&TC to acquire staff and money to begin processing applications, funds will have to be appropriated in some manner to fund the start up.

Section 195.903.3 allows the state supervisor to employ no more than one FTE for each 10 medical cannabis centers; therefore, A&TC is limited to 9 FTE (30 primary medical cannabis center licensees, who each may apply for 2 additional licenses (60) for a total of 90 medical cannabis center licensees. A&TC does not believe that 9 staff will be enough to fulfill the regulatory and licensing responsibilities as set out in this proposal, but as the language limits the FTE count as a ratio to licenses, A&TC would hire 9 employees as follows: 1 Staff Attorney, 1 Senior Office Support Assistant, 1 Agricultural Expert, 5 Special Agents and 1 Auditor.

- Staff Attorney ( 1 FTE, \$60,000 annually) - This person would be responsible for sorting through the complex language of the bill, interpreting the statutes and assisting with the promulgation of new rules to implement the proposal.
- Senior Office Support Assistant (SOSA), 1 FTE, \$27,168 annually) - The SOSA would be assisting with the large amount of clerical work related to the implementation and ongoing licensing of all the medical cannabis centers, cultivation and production facilities, medical testing facilities, and all the occupational licenses. In addition, this position would assist with the monthly sales tax reporting duties.

ASSUMPTION (continued)

- Agricultural Expert (1 FTE, \$44,208 annually) - A&TC would employ this person to assist with the technical aspects of the medical cannabis growth process, cultivation, preparation of, testing of, storage of and anything to do with the product itself.
- Special Agents (5 FTE, \$44,208 each, annually) - Special Agents would each be assigned a specific territory in the district to oversee licensing and regulation. Agents would be the key contact person for licensees to contact with questions and application problems. Agents would attend public hearings, perform inspections and do background checks. A&TC currently has 5 districts.
- Auditor (1 FTE, \$44,208 annually) - The Auditor would audit the monthly sales tax reports of the medical cannabis licensees, be responsible for auditing licensed premises records to ascertain that the State of Missouri is receiving all taxes due, and the licensee is keeping records according to regulatory standards.

Expense and equipment would be necessary for staff including basic office equipment, laptops and telephone equipment. Agents will need law enforcement equipment to include weapons, ammunition, ballistic vest, vehicles, travel expenses, etc. A&TC would need an identification printer scanner to create identification cards for occupational licenses.

Section 195.903.3 specifies that A&TC should consider employment of temporary or contract staff to conduct background investigations and the cost should not exceed \$500,000. A&TC would contract out for these initial background investigations to initiate the medical cannabis licensing process. The Missouri State Highway Patrol (MHP) charges \$43.05 for fingerprint background checks (\$20 for state fingerprint check + \$14.75 for federal check and \$8.30 for the electronic fingerprint option through a third-party vendor), however, more stringent background checks are required and would require agents to follow up in various measures to assure the person is of good moral character, and that the affirmations in the application are valid and true. Inspections would be required to verify information on the licensed premises and to validate that the signage, security and sanitary requirements are being met. Applicant must have at least \$500,000 in liquid assets to qualify for a license, thus a thorough review of applicants' financial records must be made. Background checks would be required on each owner, officer, manager, stockholder, and employees who work at or otherwise associated with the operation. It is hard to estimate how many background checks on 30 licensees, owners and staff, would be required, but based on Nevada's experience (received 176 applications for only 74 allowed medical cannabis centers), it could be a substantial number. Missouri's population is double that of Nevada and the A&TC might expect to see a substantially larger number of applicants vying for the initial 30 licenses.

ASSUMPTION (continued)

In addition, A&TC plans to contract with a consultant who has expertise implementing state medical marijuana laws to help with creating the rules for the proper regulation and control of the cultivation, manufacture, distribution and sale of medical cannabis. Section 195.906 sets out A&TC's responsibilities and duties under this law. A&TC is responsible for setting out requirements for inspections, investigations, searches and seizures. A&TC must create a range of administrative penalties, control of informational and product displays, development of individual identification cards for owners, officers, managers, contractors, employees and other support staff. A&TC must set out the strict security requirements for licensed premises, regulation of the storage of, warehouse for, and transportation of medical cannabis. Sanitary requirements must be set. A&TC must set labeling standards, recordkeeping standards, licensing procedures, and monthly reporting and payment of sales tax. A&TC must prepare rules to prohibit misrepresentation and unfair practices in this new industry.

Section 195.966.2 provides that A&TC's expenditures shall be paid out of the medical cannabis license cash fund.

Many states have a medical cannabis program that is similar to the proposed legislation. It appears Missouri's language was a combination of Oregon, Nevada and Colorado laws.

**Oregon** (population 3.97 million) has a medical marijuana registry program that registers patients, caregivers and grow sites. It allows for the medical use of marijuana in Oregon within specified limits. It provides legal protections for qualified patients; requires a physician-written statement of the patient's qualifying debilitating medical condition; allows for a caregiver to provide assistance; and mandates an Oregon Health Authority registration system. The Oregon Medical Marijuana Program is totally fee-supported. No state funds are used to support the program. Beginning in 2014, the state has begun to license dispensaries in Oregon. Additional information regarding fees and the types of licenses issued is still being researched.

**Nevada's** (population 2.84 million) medical marijuana program seems to be very similar to the proposed legislation. The initial program included a patient and caregiver registry, but in 2014 expanded to include a regulated medical marijuana industry. It sets a schedule of fees for medical marijuana dispensaries (of which there may be up to 66), medical marijuana cultivation facilities, infused product manufacturers, testing laboratories and staff. The initial fees range from \$3,000 for a cultivator to \$30,000 for a dispensary. Renewal fees range from \$1,000 to \$5,000. Annual staff ID cards are \$75. In addition to standard sales tax, there is also a 2% excise tax at the wholesale level and a 2% excise tax at the retail level. Nevada has issued 373 provisional certificates out of 519 applications, thus far. None are operational as of February 2015. They are 17 labs, 183 cultivation facilities and 118 production facilities. Fifty-five are

ASSUMPTION (continued)

dispensaries. They have 16 authorized state FTE and 11 Contract FTE plus 3 software contractors. Nevada's annual budget for FY 2015 for the medical marijuana establishment (MME) program budget is \$1.1 million. The MME fees projected to be balanced at the end of FY 2015 are approximately \$400,000 or about 90 days operating cash. Revenue is still unknown.

**Colorado** (population 5.36 million) has the largest state-regulated dispensary program in the nation. As of FY 2012, more than 1,700 medical marijuana businesses were operating in the state (532 medical marijuana centers and 1,459 cultivation facilities and infused products manufacturers). Medical marijuana taxes and fees have been quite lucrative, both at the city and state levels. Revenues from state and city tax, registry and licensing medical marijuana exceeded \$20 million in FY 2012. The Medical Marijuana Enforcement Division (MMED) collected \$3.78 million in fees in FY 2011 and FY 2012. The state application fees for medical marijuana centers are \$7,500 for 300 or fewer patients, \$12,500 for 301 to 500 patients, and \$18,000 for those serving 501 or more patients. Annual renewal fees are lower, with center fees ranging from \$3,750 to \$14,000 depending on the center's size. Cultivation and infused products manufacturers annual fees are \$2,750. In addition, medical marijuana sales taxes brought in more than \$5.4 million to state coffers. It appears that at least \$6.3 million was collected in county and local sales taxes on medical marijuana in FY 2012.

Colorado's Expenditures for their Medical Marijuana Enforcement Division

Fiscal Year	Total Program Expenditure	FTE
10-11	\$1,127,118	22
11-12	\$5,262,020	13
12-13	\$2,103,341	17
13-14	\$9,555,599	35

Some of the other states that have medical marijuana programs including licensing of industry for production and retail sales are Arizona, New Mexico, California, Maine, Rhode Island, Delaware, Massachusetts, Washington D.C., New Hampshire, Vermont, New Jersey, Delaware, Connecticut and Illinois.

Michigan, Alaska, and Hawaii have medical marijuana laws and register patients and caregivers, but do not have state-registered dispensaries. Washington is the only one of the 21 states that does not provide for a registry card and there are also no state-regulated dispensaries.

Section 195.966.1 directs all fees and fines provided for by this proposal (other than as collected by DHSS for patient and caregiver registry or collected by A&TC for the Department of Revenue) shall be paid to the Division and credited to the Medical Cannabis License Cash Fund.

ASSUMPTION (continued)

A&TC does not believe the first year will result in fines as the licensing process could take 6 months to a year before an applicant becomes licensed. It is estimated that in FY 2017 and ongoing, fines could be between \$25,000 - \$500,000 annually.

<u>Revenue</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
License Application Fees	\$2,750,000	\$61,600	\$392,100
License Fees (2 year license)	\$1,177,400	\$420,000	\$420,000
License Change Fees	\$26,400	\$47,000	\$47,000
Fines	\$0	\$100,000	\$200,000
Total Revenue	\$3,953,800	\$628,600	\$1,059,100

A&TC estimates that license fees may have to be increased in fiscal year 2018 as the 2 year licensing cycle may limit collections in between years, and require additional funds to cover the years between license renewals.

Colorado receipts include a 2.9% sales tax rate on medical marijuana. A&TC estimates that sales tax receipts in Missouri for the first year will be minimal because of the time it will take to implement the proposal. However, A&TC estimates that Missouri revenue from sales tax collections on medical marijuana could be substantially higher as the Missouri sales tax rate (4.225%) is almost double what Colorado is assessing. On a conservative note, A&TC will use Colorado's numbers to reflect sales tax income.

Colorado Medical Marijuana Sales Tax Receipts

Fiscal Year	Receipts
10-11	\$4,367
11-12	\$5,982,950
12-13	\$9,112,237
13-14	\$10,562,577

A&TC assumes sales tax revenue into the General Revenue Fund of \$4,000 in FY 2016, \$6,000,000 in FY 2017, and \$9,000,000 in FY 2018 (based on Colorado's medical marijuana sales tax receipts).

**Oversight** notes from the Department of Health and Senior Services' (DHSS) response that DHSS assumes it will not have the medical marijuana program set up and be issuing permits until FY 2017. Therefore, Oversight will not present A&TC's revenue estimates for FY 2016.

ASSUMPTION (continued)

A&TC assumes a cost of the 9 FTE to total \$697,043 in FY 2016, \$704,188 in FY 2017 and \$712,636 in FY 2018. A&TC also assumes income of \$3,935,800 in FY 2016, \$314,000 in FY 2017 and \$1,169,500 in FY 2018.

A&TC also assumes licensing revenue to local political subdivisions. Locals can only charge 10% of state fees; therefore, A&TC estimates FY 2016 revenues of \$787,160 to cities and counties [ $\$3,935,800 \text{ A\&TC fees} \times 10\% = \$393,580 \times 2 \text{ (cities + counties)}$ ]; FY 2017 revenues are estimated to be \$105,720 [ $\$528,600 \text{ A\&TC fees} \times 10\% = \$52,860 \times 2 \text{ (cities + counties)}$ ]; and FY 2018 revenues are estimated to be \$171,820 [ $\$859,100 \text{ A\&TC fees} \times 10\% = \$85,910 \times 2 \text{ (cities + counties)}$ ].

DPS-A&TC provided the **Office of Administration (OA) - Information Technology Services Division (ITSD)** response. ITSD assume that a new system will be required to carry out the provisions of the proposed legislation. ITSD would contract for the development of a single system to support the requirements of the Department of Health and Senior Services and for the Department of Public Safety. The estimated hours for development to support the requirement of the Department of Public Safety are based on a similar system implemented for the Department of Public Safety. The application would be hosted in the State Data Center (SDC) on existing shared hosting systems and those costs are included in the on-going costs. First year funding is expected to be General Revenue with following years being supported by the Medical Cannabis Program Fund. Total estimated cost of the system is \$715,797 with \$365,472 for requirements of the Department of Health and Senior Services and \$350,325 for the requirements of the Department of Public Safety.

Officials from the **Department of Health and Senior Services (DHSS)** provide the following assumptions for this proposal:

**DHSS, Division of Community and Public Health (DCPH)**

The state of Oregon has a medical marijuana program in place that seems to be similar to the proposed language of this bill. For purposes of this fiscal note, the State of Oregon's program will be benchmarked. The Oregon program was initiated in May 1999. Information from the Oregon Medical Marijuana Program (OMMP) at

<http://public.health.oregon.gov/DiseasesConditions/ChronicDisease/MedicalMarijuanaProgram/Pages/data.aspx> indicates the following as of January 1, 2015:

Number of OMMP patients	69,865
Number of current OMMP caregivers	34,914

ASSUMPTION (continued)

**Applications**

For the purposes of fiscal note computations, DHSS assumes that the number of patients registered in Oregon will remain at 69,865. Since the diagnoses accepted are broader under the proposed Missouri program and Missouri's rates of chronic diseases are generally higher than those of Oregon, DHSS is assuming 25 percent more applicants in Missouri.

2014 Population of Oregon - 3,970,239 (Source -- US Census)  
2014 Population of Missouri - 6,063,589 (Source -- US Census)

Calculation of applications:

- Oregon -- 69,865 patients + 34,914 caregivers = 104,779 annual applications.
- $6,063,589 \text{ Missouri population} / 3,970,239 \text{ Oregon population} = 1.53$ . Applying the 1.53 factor to registrants = 160,312 (106,894 patients + 53,418 caregivers) Missouri registrants.
- $160,312 \text{ Missouri registrants} \times 1.25 \text{ (adjustment for additional diagnoses)} = 200,390 \text{ total Missouri registrants}$  (133,618 patients + 66,772 caregivers.) DHSS assumes total registrants will increase two percent each year.

For purposes of this fiscal note analysis, it is assumed that it will take FY 2016 to establish the rules, information system and program policies and procedures needed to implement the program effectively. DHSS also assumed Missouri will charge a \$25 annual fee for initial and renewal applications for both patients and caregivers. It is further assumed that the first fees would be collected in July 2016 (FY 2017).

	FY 2016	FY 2017	FY 2018
Applications & Renewals	0	200,390	204,398
Application Fees	\$0	\$5,009,750	\$5,109,950

Section 195.981 requires the establishment of a the medical cannabis program through promulgation of rules, including the development of program forms, registration card, and a computerized database or registration system to allow for the verification of registration cards by law enforcement. As a result, DHSS, Division of Community and Public Health (DCPH) anticipates the need to hire the following staff beginning on August 28, 2015 (FY 2016) to begin development of the system:

- One Program Manager Broad Band 2 (\$65,000 annually) - will serve as Chief of the Medical Cannabis Bureau. Duties will include overall program management, including involvement in rule promulgation, development of forms, program policies and procedures, information system development, and initial program set-up.

ASSUMPTION (continued)

- One Health Program Representative III ( \$38,928 annually) - duties will include assistance in rule promulgation, program policies and procedures, forms development, information system development/troubleshooting and maintenance, and initial program set-up. This position will also be responsible for coordinating the public hearings as required in Sections 195.981.3.
- One Administrative Office Support Assistant (\$28,104 annually) - duties will include providing administrative assistance to the Bureau Chief, and HPR III positions. As allowed, this position will also assist in initial processing of patient and caregiver applications for registration cards.
- One Environmental Public Health Specialist V (\$45,156 annually) within the Bureau of Environmental Health Services. This position would be responsible for ensuring regulatory compliance for the manufacturing of medical cannabis-infused products as designated by Section 195.957. This position would need to begin August 28, 2015 in order to assist in the development of rules and the medical cannabis program.

The following staff will be hired effective July 1, 2016 upon completion of the system development and implementation of the program:

- 32 Senior Office Support Assistant (SOSA) positions (\$25,824 annually) - duties will include processing of paper applications to include opening and date stamping of mail, entry of application information into the electronic registry, initial verification of applicant and physician identification, preparation of patient and caregiver registration cards, and answering and assisting telephone callers.
- 16 Health Program Representative II (HPR II) positions (\$34,944 annually) - duties will include supervision of the SOSA positions and quality assurance checks of the application entry and initial verification completed by the SOSAs. This position will have responsibility for final approval of application rejects and card issuances.

The program will not receive fees until it is operational, so there will be no funds in the Medical Cannabis Program Account of the Medical Cannabis License Cash Fund during the development phase. It is assumed General Revenue funds will be expended for FY 2016. Beginning July 2016, it is assumed that adequate cash for personnel and standard expense and equipment will be available in the Medical Cannabis Program Account. It is further assumed that funds will be appropriated from the account and expenses related to program operations will be paid from the fund in FY 2017 and FY 2018.

ASSUMPTION (continued)

**Printing**

DHSS will print each patient and caregiver his/her card. DCPH assumed that each patient and caregiver will renew each year and renewal cards will also need to be printed for each patient and caregiver annually. DCPH will purchase three card printers for \$8,719 each and three magnetic strip encoders for \$695 each. The supplies (including ribbon, te-transfer set, etc) for the printers and encoders average \$0.63 per card. The cards itself cost \$96 per 500.

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

FY 2017

200,390 cards (\$96 per 500) = 401 X \$96 = \$ 38,496  
 200,390 cards (supplies x \$0.63 per card) = \$126,246  
 100,000 brochures (\$0.06 per brochure) = \$6,000

FY 2018

204,398 cards (\$96 per 500) = 409 X \$96 = \$39,264  
 204,398 cards (supplies x \$0.63 per card) = \$128,771  
 100,000 brochures (\$0.06 per brochure) = \$6,000

	FY 2016	FY 2017	FY 2018
Cards mailed to new applicants	0	200,390	4,008
Renewal cards mailed	0	0	<u>200,390</u>
Total cards	0	200,390	204,398

Mailing costs

Each patient and caregiver will receive his/her card in the mail. It is assumed that each patient and caregiver will renew each year. Renewal cards will also be mailed to each patient and caregiver annually. It is also projected that twenty five percent of the printed brochures (25,000) along with paper applications will be mailed to the public upon request. The other printed brochures will be available for distribution at conferences and other public venues.

Projected mailings are as follows:

	FY 2016	FY 2017	FY 2018
Cards mailed to new applicants	0	200,390	4,008
Renewal cards mailed	0	0	200,390
Brochures/app mailed	0	<u>25,000</u>	<u>25,000</u>
Total mailings	0	225,390	229,398

ASSUMPTION (continued)

FY 2016

225,390 envelopes (\$41 per 1,000) =  $226 \times \$41 = \$9,266$

Postage (225,390 x \$0.39/postage rate) = \$87,902

FY 2017

229,398 envelopes (\$41 per 1,000) =  $230 \times \$41 = \$9,430$

Postage (229,398 x \$0.39/postage rate) = \$89,465

**DHSS, Division of Administration (DA)**

For fiscal note purposes DA estimates one Account Clerk I can process 50,000 payments received per year. DHSS estimates 200,390 payments for applications will be processed in FY 2017 and 204,398 in FY 2018. ( $200,390/50,000 = 4.0078$  additional FTE)

Four (4) Account Clerk I positions (\$22,536 each, annually) duties will include

- Opens and sorts mail;
- Process and enter receipts into the departmental computer system;
- Prepares bank deposits and cash receipts documents;
- Reconciles daily receipts;
- Distributes supporting documentation to program.

One (1) Accountant I position (\$30,984 annually) duties will include

- Supervise and review the work of Account Clerk Is who are processing the application fees.

The DHSS provided the response for the **Office of Administration, Information Technology Services Division (ITSD)**. ITSD states it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Application Storage Costs

In order to manage the final storage of paper applications submitted, Content Manager for electronic scanning and storage will be utilized. The costs for Content Manager are estimated at \$132 per month for the state data server costs, \$624 for an annual license for each user, and \$686 for an annual license for each position with ability to scan/import documents.

The application process will be conducted using a paper process. DHSS will data enter application information into the registry to assign an identification number and print a Registry Identification Card for the patient or primary caregiver. The Registry Identification Card will be mailed to the patient or primary caregiver. The application will be hosted in the State Data

ASSUMPTION (continued)

Center (SDC) on existing shared hosting systems. Estimated as a 12 month project. First year funding is expected to be General Revenue with following years being supported by the Medical Cannabis Program Fund. ITSD costs for the development of the systems (§195.981.8(2)) are estimated to be \$308,286 for FY 2016 (General Revenue), \$63,199 in FY 2017 (Medical Cannabis Fund) and \$64,779 in FY 2018 (Medical Cannabis Fund).

In addition, the existing MOHWORX application (§195.918.1(2)) will be modified to collect and report the required information. Modifications will not affect the existing maintenance cost of the application. This is estimated to be a four month project. FY 2016 costs are estimated to be \$57,186. Therefore, total costs for the creation of the DHSS system and modifications to the MOHWORX application for FY 2016 is \$365,472.

DHSS assumes a cost of approximately \$287,438 in FY 2016 to the General Revenue Fund for the 4 new FTE (excludes IT costs). Starting in FY 2017, DHSS assumes a cost of approximately \$4.4 million in FY 2017 and \$4.1 million in FY 2018 to the new Medical Cannabis Fund (includes IT costs).

Officials from the **Department of Public Safety (DPS), Missouri Highway Patrol (MHP)** state, regarding section 195.927, the Criminal Justice Information Services Division (CJIS) estimates that approximately ten owners, officers, and employees of each licensed medical cannabis center and each licensed medical cannabis cultivation and production facility will submit to fingerprint based background checks under the bill. Based on an authorized total of thirty (30) state licenses for medical cannabis centers and thirty (30) state licenses for medical cannabis cultivation and production facilities plus an additional two (2) licenses (30 + 30 + 30), if necessary, to provide statewide access, the CJIS Division estimates there is the potential for 120 (30 + 30 + 30 + 30) licenses being granted under this bill. Therefore, the CJIS Division estimates that 1,200 (120 x 10) criminal background checks may be generated by this proposal.

Section 195.936.6 states that all licenses shall be valid for a period not to exceed two years from the date of issuance unless revoked or suspended. Therefore, the Highway Patrol assumes that every other year, all owners, officers, and employees will submit to a fingerprint background check. Additionally, CJIS estimates that approximately 120 (1,200 x 0.10) or ten percent background checks would be required for new applicants every other year.

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

ASSUMPTION (continued)

Estimated Revenue for FY 2016 and Every Other Year 1,200 x \$34.75 (state/federal background check)	\$41,700
Estimated Expense for FY 2016 and Every Other Year 1,200 x \$12.75 (federal background check charge)	<u>\$15,300</u>
Net Revenue for FY 2016 and every other year	<u>\$26,400</u>
Estimated Revenue for FY 2017 and Every Other Year 120 x \$34.75 (state/federal background check)	\$4,170
Estimated Expense for FY 2017 and Every Other Year 120 x \$12.75 (federal background check charge)	<u>\$1,530</u>
Net Revenue for FY 2017 and every other year	<u>\$2,640</u>

The MHP assumes a net positive impact to the Criminal Records Fund from this proposal of \$26,400 in FY 2016, \$2,640 in FY 2017 and \$26,400 again in FY 2018.

Officials from the **Department of Revenue (DOR)** stated the legislation allows for the collection of state and local sales tax on medical cannabis-infused products. This will create an unknown, positive impact to Total State Revenue.

DOR will be required to conduct a tax clearance for all tax types for medical cannabis centers and their owners. DOR assumes this proposal would require Personal Tax to hire one FTE Revenue Processing Technician I (at \$26,652 annually) for every 2,400 pieces of correspondence. Also, DOR assumes a cost of \$37,584 for 501 hours of estimated computer programming needed to make changes to the MINITS system.

**Oversight** assumes the amount of correspondence resulting from this proposal will not rise to the level stated by DOR to require an additional FTE. Oversight will reflect DOR's estimated programming expense.

Officials from the **Office of Administration (OA) , Division of Budget and Planning (B&P)** provided the following information regarding this proposal:

Section 195.909.1 authorizes local licensing authorities to issue licenses for medical cannabis centers, medical cannabis cultivation and production facilities, and medical cannabis testing facilities. The local licensing authorities are authorized to charge the following fees:

- A late renewal application fee of \$500 payable to the local licensing authority under section 195.939.2; and
- An application fee and license fee under section 195.969.1, not exceeding 10% of the of the state application and license fee.

ASSUMPTION (continued)

License fees must be paid to the local county or municipality treasurer per section 195.969.2. Therefore, these fees will not increase total state revenues, but may impact the state's Article X, Section 18(e) calculation by an unknown amount.

Section 195.927.2(3) requires applicants for medical cannabis center licenses and medical cannabis cultivation and production facility licenses to submit fingerprints to the Missouri State Highway Patrol (MHP) for a fingerprint-based criminal background check that may include a review by the Federal Bureau of Investigation. The increased fees collected for the state and federal fingerprinting portion would increase total state revenue and impact the state's Article X, Section 18(e) calculation. B&P defers to the Department of Public Safety (DPS-MHP) for an estimate of revenues generated by this requirement.

Section 195.948.1 authorizes the DPS, Division of Alcohol and Tobacco Control (A&TC) to issue licenses for medical cannabis centers, medical cannabis cultivation and production facilities, medical cannabis testing facilities, and "occupational licenses and registrations."

A&TC is authorized to charge the following fees:

- An annual fee per section 195.927.1(1)(a);
- An application fee under section 195.963.2(1);
- Fees for processing certain types of applications, licenses, notices, and reports under section 195.963.2(2); and
- A basic subpoena fee per section 195.963.3.

All fees will be deposited into the Medical Cannabis License Cash Fund. These fees will increase total state revenue and impact the state's Article X, Section 18(e) calculation. B&P defers to the DPS-A&TC for an estimate of revenues generated by the fees.

Section 195.948.3 requires all licensed persons under the Act to collect sales tax on all medical cannabis sales made under the licensing activities. Section 195.960.7 further clarifies medical cannabis-infused products shall not be exempt from state or local sales tax. This will increase total state revenues and impact the state's Article X, Section 18(e) calculation. B&P defers to the Department of Revenue for an estimate of revenues generated by the tax on these products.

Section 195.972.3 authorizes a licensee to pay A&TC a fine in lieu of having a license suspended due to violations of the Act. This will impact total state revenues by an unknown amount but will not impact the state's Article X, Section 18(e) calculation.

Section 195.978.6 categorizes the penalty for committing unlawful acts under sections 195.900 to 195.985 as a class A misdemeanor. Any collection of fines associated with this penalty will increase total state revenue by an unknown amount but will not impact the state's Article X, Section 18(e) calculation.

ASSUMPTION (continued)

Section 195.981 authorizes the Department of Health and Senior Services (DHSS) to collect fees from patients who apply to the medical cannabis program for a cannabis registry identification card. DHSS is further authorized to charge a basic subpoena fee under this section. All fees will be deposited into the Medical Cannabis Program Account within the Medical Cannabis License Cash Fund. These fees will increase total state revenue and impact the state's Article X, Section 18(e) calculation. Budget and Planning defers DHSS for an estimate of revenues generated by the fees.

In response to an earlier version of this proposal, officials from the **Cole County Sheriff's Department** stated the active ingredients in marijuana are available, pharmaceutically, now. The fiscal impact of this proposal, whether marijuana is made legal for medicinal purposes or for general use, is extremely high. Licensing of grow sites and distribution sites, control of the product, and additional medical training of physicians all contribute to the cost of the proposal. Additional criminal justice issues must be evaluated as there will be a need for additional inspectors and enforcement agents. It is not currently possible to estimate the fiscal impact of this proposal.

Officials from the **St. Louis County Police Department** assume this would cost approximately \$310,320 annually for four additional police officers (an average salary and benefits per officer of \$77,580).

**Oversight** will assume an unknown negative fiscal impact greater than \$310,320 annually on local law enforcement agencies beginning in FY 2017 (based on DHSS assumptions). In addition, local governments may see an increase in sales tax revenue if they have local sales taxes in place. Therefore, Oversight will range the impact on local governments from Unknown positive (sales tax revenue) to Unknown costs greater than \$310,320.

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

Chu (2014) found that similar medical marijuana laws (MML) were related to a 15-20% increase in marijuana arrests in adult males, and Alford (2014) found that allowances for marijuana dispensaries increased property crime rates by 8% and robbery rates by 11%. Conversely, Alford also found that home cultivation allowance may have decreased robbery by 10%. Choi (2014) found that MMLs were associated with a 12% increase in other drug use but allowing home

ASSUMPTION (continued)

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

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

Current laws provide for class C felony penalties for possession (Section 195.202) and class B felony penalties for distribution and production of controlled substances (Section 195.211). Considering additional increases in related violations, proposed changes in this proposal are expected to result in one new class B felony serving two years in prison and five years parole, one class C felony serving one year in prison with four years parole, and two new probations serving three years. The total impact is estimated to be 3 additional offenders in prison and 15 on field supervision.

The FY 2014 average cost of supervision is \$6.72 per offender per day or an annual cost of \$2,453 per offender. The DOC cost of incarceration is \$16.725 per day or an annual cost of \$6,105 per offender.

The DOC would assume this legislation will result in the following long term costs (includes 2% annual inflation):

FY 2016 (10 months)	\$14,263
FY 2017	\$31,192
FY 2018	\$42,024
FY 2019	\$48,082
FY 2020	\$54,371
FY 2021	\$58,184
FY 2022	\$62,130
FY 2023	\$63,390
FY 2024	\$64,676
FY 2025	\$65,987

**Oversight** assumes FY 2016 (10 months) costs to be absorbable by the DOC.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** state the DOR will be required to conduct a tax clearance for all types for medical cannabis centers and their owners.

The legislation removes the provision that law enforcement agencies have the authority to run background checks on primary caregivers, licensees, or their employees. In addition, the legislation requires the applicant to have \$500,000 in assets. The legislation modifies who cannot be issued a license. Section 195.957 tasks the Department of Health and Senior Services as the designated state agency to regulate and control the manufacture of medical cannabis.

The DOR will require programming changes. It is estimated these changes will require 501.12 contractor hours at \$75 per hour for a total of \$37,584. It is assumed these costs will be charged to the General Revenue Fund.

In addition, Personal Tax will require one (1) Revenue Processing Technician I (\$26,652 annually) for every 2,400 pieces of correspondence.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the Revenue Processing Technician I to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Officials from the **Office of State Treasurer (STO)** stated in section 195.963(4), a Medical Cannabis Program Account is created within the Medical Cannabis License Cash Fund. The state accounting system cannot segregate monies within a fund. If part of the receipts need to be segregated, a separate fund will have to be established.

In sections 195.966 and 195.972(4) and 195.981(13), the STO assumes the Division of Alcohol and Tobacco Control (A&TC) and the Department of Health and Senior Services (DHSS) will deposit all fees and fines received according to existing state account procedures and prepare the cash receipt documents to post the deposits to the appropriated fund. If this is not the case, the STO will require 1 FTE to perform this function.

**Oversight** assumes the A&TC and the DHSS will deposit fees and fines according to state procedures and prepare the appropriate documents. Oversight assumes the STO will not require an FTE to perform this function.

Officials from the **Office of Attorney General** assumed any potential costs arising from this proposal can be absorbed with existing resources.

ASSUMPTION (continued)

Officials from the **Office of Administration, Administrative Hearing Commission** anticipated this legislation will not significantly alter its caseload. However, if similar bills pass resulting in more cases, there will be a fiscal impact.

Officials from the **Department of Agriculture, the Department of Elementary and Secondary Education, the Department of Insurance, Financial Institutions and Professional Registration, the Department of Mental Health, the Department of Public Safety, Division of Fire Safety, the Department of Social Services, the Joint Committee on Administrative Rules, the Missouri Office of Prosecution Services, the Office of the State Courts Administrator, the Office of State Public Defender, Mississippi County, St. Louis County, the Springfield Police Department, the Carondelet Leadership Academy, the Kansas City Public Schools and the Malta Bend School District** each assume the proposal would not fiscally impact their respective agencies.

In response to a previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

**This proposal will increase Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Income - A&amp;TC</u>			
Sales tax on cannabis	\$0	Unknown greater than \$6,000,000	Unknown greater than \$9,000,000
<u>Income - DOR</u>			
Sales tax on cannabis products	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>
Total <u>Income</u> - Tax receipts on the sale of cannabis and cannabis products	<u>\$0</u>	<u>Unknown</u> greater than \$6,000,000	<u>Unknown</u> greater than \$9,000,000
<u>Costs - OA-ITSD</u>			
Contract costs for DPS-A&TC	(\$350,325)	\$0	\$0
Contract costs for DHSS	<u>(\$365,472)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - OA-ITSD	<u>(\$715,797)</u>	<u>\$0</u>	<u>\$0</u>
<u>Costs - DHSS</u>			
Personal service (4 FTE)	(\$147,657)	\$0	\$0
Fringe benefits	(\$76,789)	\$0	\$0
Equipment & expense	<u>(\$62,992)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - DHSS	<u>(\$287,438)</u>	<u>\$0</u>	<u>\$0</u>
FTE Change - DHSS	4 FTE	0 FTE	0 FTE
<u>Costs - DOR</u>			
Personal service (1 FTE)	(\$19,900)	(\$24,119)	(\$24,360)
Fringe benefits	(\$10,349)	(\$12,543)	(\$12,668)
Equipment and expense	(\$7,080)	(\$1,126)	(\$1,153)
System programming	<u>(\$37,584)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - DOR	<u>(\$74,913)</u>	<u>(\$37,788)</u>	<u>(\$38,181)</u>
FTE Change - DOR	1 FTE	1 FTE	1 FTE
<u>Costs - DOC</u>			
Increase in incarceration and probation/parole costs	<u>\$0</u>	<u>(\$31,192)</u>	<u>(\$42,024)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(\$1,078,148)</u></b>	<b><u>Greater than</u></b> <b><u>\$5,931,020</u></b>	<b><u>Greater than</u></b> <b><u>\$8,919,795</u></b>
Estimated Net FTE Change for the General Revenue Fund	5 FTE	1 FTE	1 FTE



<u>FISCAL IMPACT - State Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>CRIMINAL RECORDS FUND</b>			
<u>Income - MHP</u>			
Background checks on owners, officers, and employees	\$41,700	\$4,170	\$41,700
<u>Costs - MHP</u>			
Federal background check charge	<u>(\$15,300)</u>	<u>(\$1,530)</u>	<u>(\$15,300)</u>
<b>ESTIMATED NET EFFECT OF THE CRIMINAL RECORDS FUND</b>	<b><u>\$26,400</u></b>	<b><u>\$2,640</u></b>	<b><u>\$26,400</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Income - Increase in sales tax revenues</u>	Unknown	Unknown	Unknown
<b>ESTIMATED NET EFFECT ON THE SCHOOL DISTRICT TRUST FUND</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Income - Increase in sales tax revenues</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON THE CONSERVATION COMMISSION FUND</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
<b>PARKS AND SOILS FUND</b>			
<u>Income - Increase in sales tax revenues</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON THE PARKS AND SOILS FUND</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - Counties			
License and user fees	\$393,580	\$52,860	\$85,910
<u>Income</u> - Cities			
License and user fees	\$393,580	\$52,860	\$85,910
<u>Income</u> - Increase in local sales taxes collected			
	Unknown	Unknown	Unknown
<u>Costs</u> - Local Law Enforcement			
Increase in costs related to medicinal cannabis	\$0	<u>(Unknown greater than \$310,320)</u>	<u>(Unknown greater than \$310,320)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>			
	<u>Could exceed \$787,160</u>	<u>Unknown to (Greater than \$204,600)</u>	<u>Unknown to (Greater than \$138,500)</u>

FISCAL IMPACT - Small Business

Small businesses that could be related to medical cannabis could be impacted by this proposal.

FISCAL DESCRIPTION

This proposal creates the Missouri Compassionate Care Act. The proposal provides a licensure process for medical cannabis centers and medical cannabis cultivation and production facilities, which may possess, cultivate, and dispense cannabis to assist patients with certain debilitating medical conditions. A business must hold both a medical cannabis center license and a medical cannabis cultivation and production facility license. In addition, the business must have local licenses in order to be issued state licenses, and needs state and local licenses to engage in the activities provided under the proposal. The licenses are valid for two years.

FISCAL DESCRIPTION (continued)

A medical cannabis center license allows the licensee to sell medical cannabis that was grown in the licensee's cultivation and production facility and medical cannabis-infused products. The cannabis for medical cannabis-infused products does not need to be grown in its facility, but only cannabis-infused products produced in a licensee's cultivation and production facility may be sold by the licensee's medical cannabis center. A licensee may not purchase more than 30% of its total on-hand inventory from other licensees and may not sell more than 30% of its inventory to other licensees.

Under this proposal, the Division of Alcohol and Tobacco Control is designated as the state licensing authority. This proposal provides that the division may only employ one full-time employee for each 10 medical cannabis centers that are licensed or applying for licensure, except additional temporary staff may be employed to conduct background checks during the first year of implementation. The division is required to establish rules for the regulation and control of the cultivation, manufacture, distribution, and sale of medical cannabis, except the rules may not fix prices. Also, the division must develop forms, licenses, identification cards, and applications necessary for the administration of the proposal, and must report each year to the Governor. By January 1, 2016, the division must ask the federal Drug Enforcement Administration to consider rescheduling medical cannabis from a Schedule I controlled substance to a Schedule II controlled substance.

This proposal allows a municipality or county to designate a local licensing authority that may issue licenses to medical cannabis centers and cultivation and production facilities. Applicants for a local license must file plans and specifications for the interior of the building or a plot plan and a detailed sketch if the building does not exist yet. The licensing authority must hold public hearings on the licenses. This proposal provides requirements for those hearings. A local licensing authority or applicant for a local license may ask the division to conduct a concurrent review of the license application.

The local licensing authority may refuse to issue a license for good cause, subject to judicial review. This proposal specifies factors the local licensing authority may consider before issuing a decision on an application. The decision must be issued within 30 days after the public hearing or completion of the application investigation. After approval, a license may not be issued until the building is ready for occupancy, is equipped with the materials needed to comply with the proposal, and has been inspected by the local licensing authority. The local licensing authority must notify the state licensing authority of approvals.

Under this proposal, the division may issue up to 30 state licenses for medical cannabis centers and 30 state licenses for medical cannabis cultivation and production facilities. The licenses must be geographically disbursed to provide statewide access. An applicant for a medical cannabis center license may be approved for two additional licenses that do not count toward the statewide limit if necessary to provide statewide access.

FISCAL DESCRIPTION (continued)

This proposal specifies requirements for applicants of a state license. Applicants must be at least 21 years of age and may not be a licensed physician making patient recommendations. This proposal specifies when the division may deny an application for state licensure and provides a hearing before the Administrative Hearing Commission to applicants who have been denied. The division must complete a fingerprint-based criminal background check on applicants.

This proposal prohibits the division and the local licensing authority from issuing a license if the location is the same as or within 1,000 feet of a location that has previously been denied, it has not been established if the applicant is entitled to possession of the premises, if the location is in an area not zoned for such activities, or if the building in which medical cannabis is to be sold is within 1,000 feet of a school, an alcohol or drug treatment facility, college or seminary campus, or a residential child care facility.

Counties and municipalities may enact reasonable regulations or restrictions on licenses of medical cannabis centers and cultivation and production facilities based on zoning, health, safety, and public welfare laws. This proposal requires a medical cannabis center or cultivation and production facility to provide the division with certain information regarding owners, officers, and employees of the licensee, and anyone with a direct or indirect financial interest in the licensee, including fingerprints for criminal background checks. In addition, this proposal places limitations on licensees in regard to transfers of ownership and management and movement of locations.

The division must notify the licensee of the expiration date 90 days prior to the expiration of the license. If complaints have been filed against licensee or there is a history of violations, the local licensing authority may hold a hearing on a license renewal. This proposal provides requirements for licensees to renew their licenses. A license may be revoked or not renewed if it is determined that the licensed premises have been inactive without good cause for a year. The licensees must collect sales tax on all sales made under the licensed activities.

This proposal allows state-chartered banks and credit unions to loan money for the operation of a licensed business. Labeling and packaging, testing, storage, and processing requirements for cannabis and cannabis-infused products are provided under this proposal. This proposal prohibits certain relationships between testing laboratories and licensees. Also, provided are requirements for the sanitation and cleanliness of the facilities.

This proposal creates the Medical Cannabis License Cash Fund, which consists of all money collected by the division under this proposal. It is a dedicated fund to be used for the administration of the proposal. Also created is an account within the fund for moneys collected by the Department of Health and Senior Services that is to be used for the issuance of registry identification cards to patients and caregivers for the use of medical cannabis.

FISCAL DESCRIPTION (continued)

Applicants for a medical cannabis center and cultivation and production facility license must pay a fee of \$12,500 for each license. The division sets the fees for licenses renewals, applications to change location or transfer ownership, and testing facility licenses, but the fees must reflect the actual costs to the division in the administration and enforcement of the program. In addition, the division must establish a fee to be paid at the time of service of any subpoena upon the division plus a fee for meals and miles for state officers and employees billing in response to a subpoena. The local licensing authorities may establish licensing fees that do not exceed 10% of the state's fee.

This proposal provides procedures for sanctions against licensees, including revocation and suspension. The procedures require notice and an opportunity for a hearing. Requirements for record-keeping and procedures for auditing and inspecting the licensees are also provided.

This proposal creates several class A misdemeanors relating to medical cannabis. This proposal allows a licensee that has reasonable cause to believe a person is exhibiting a fraudulent patient registry identification card in an attempt to obtain medical cannabis to confiscate the card.

Under this proposal, the Department of Health and Senior Services must establish rules to ensure that patients are not subject to criminal prosecution for their use of medical cannabis and are able to establish an affirmative defense to their use of medical cannabis, prevent persons who do not suffer from legitimate debilitating medical conditions from selling, possessing, producing, using, or transporting cannabis in violation of state and federal laws, establish a confidential registry of patients who have applied for and are entitled to receive a registry identification card and develop application forms for the cards, verify medical information of applicants for a registry card, and establish a waiver process to allow a homebound patient who is on the registry to have a primary caregiver transport the patient's medical cannabis from a licensed medical cannabis center to the patient, among other rules.

This proposal allows licensed physicians, who have a relationship with a patient seeking to have access to medical cannabis, to certify that the patient has a debilitating medical condition and may benefit from the use of medical cannabis. This proposal specifies a list of debilitating medical conditions that allow a patient, who meets the other requirements of the bill, to receive a registry identification card to access medical cannabis.

This proposal prohibits physicians from offering any form of pecuniary remuneration to a primary caregiver, distributor, or any other provider of medical cannabis, offering a discount or any other thing of value to a patient who uses or agrees to use a particular primary caregiver, distributor, or other provider of medical cannabis to procure medical cannabis, examining a

FISCAL DESCRIPTION (continued)

patient at a location where medical cannabis is sold or distributed, or holding an economic interest in an enterprise that provides or distributes medical cannabis. The department must conduct a hearing when there is reasonable cause to believe a physician has violated any of the above. Upon a finding of unprofessional conduct by the State Board of Medical Examiners or a finding of a violation by the department, the department must restrict a physician's authority to recommend the use of medical cannabis.

This proposal also places restrictions on patients and primary caregivers, including limitations on where medical cannabis may be used or possessed. Patients and primary caregivers must have their registry identification cards in their possession at all times they are in possession of any form of medical cannabis and produce the cards upon request of a law enforcement officer. The department may deny a patient's application for a registry identification card or revoke the card if the department determines that the physician who diagnosed the patient's debilitating medical condition, the patient, or the primary caregiver violated the statutes or department's rules. A registry identification card is valid for one year. This proposal specifies fees that the department may establish. The division may suspend a license, and the department may suspend a registry identification card, pending further proceedings to protect the public health, safety, or welfare.

This legislation is not federally mandated and would not duplicate any other program. It would, however, require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General  
Department of Agriculture  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Corrections  
Department of Revenue  
Department of Public Safety -  
    Division of Alcohol & Tobacco Control  
    Missouri State Highway Patrol  
    Division of Fire Safety  
Department of Social Services  
Joint Committee on Administrative Rules

SOURCES OF INFORMATION (continued)

Missouri Office of Prosecution Services  
Office of Administration -  
    Administrative Hearing Commission  
    Division of Budget and Planning  
    Information Technology Services Division  
Office of State Courts Administrator  
Office of Secretary of State  
Office of State Public Defender  
Office of State Treasurer  
City of Kansas City  
Mississippi County  
St. Louis County  
Cole County Sheriff's Department  
St. Louis County Police Department  
Springfield Police Department  
Kansas City Public School District  
Malta Bend School District  
Carondelet Leadership Academy



Mickey Wilson, CPA  
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April 9, 2015

Ross Strobe  
Assistant Director  
April 9, 2015