

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4158-01
Bill No.: SB 951
Subject: Crimes and Punishment; Drugs and Controlled Substances; Health Care; Health Care Professionals; Department of Social Services; Law Enforcement Officers and Agencies; Medical Procedures and Personnel; Physicians; Taxes - Sales and Use
Type: Original
Date: March 31, 2014

Bill Summary: This proposal allows medical marijuana for medical use and provides that it shall be taxed at 8 percent of the purchase price.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 or (\$337,652)	\$0 or (\$519,634)	\$0 or Could exceed \$5,495,195
Total Estimated Net Effect on General Revenue Fund	\$0 or (\$337,652)	\$0 or (\$519,634)	\$0 or Could exceed \$5,495,195

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Conservation Commission	\$0	\$0	\$0 or Unknown
Parks and Soils Sales Tax	\$0	\$0	\$0 or Unknown
Prop C	\$0	\$0	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0 or Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	0 or 3	0 or 3	0 or 32
Total Estimated Net Effect on FTE	0 or 3	0 or 3	0 or 32

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** state that, as indicated in Section B of the proposed legislation, Section A of this act would not be effective unless approved by a majority vote held in November, 2014. Section 195.595.3 states, "Not later than ninety days after the effective date of sections 195.580 to 195.598, the department shall promulgate rules..." Therefore, for fiscal note computation purposes, it is assumed the program would begin hiring staff in November 2014.

The state of Oregon has a medical marijuana program in place that seems to be similar to the proposed language. For purposes of this fiscal note, the State of Oregon's program will be benchmarked by DHSS in many of its assumptions. The Oregon program was initiated in May 1999. Information from the Oregon Medical Marijuana Program (OMMP) indicates the following as of January 1, 2014:

Number of OMMP patients	60,516
Number of current OMMP caregivers	30,638

Allowable medical conditions for patients to participate in OMMP include: Malignant neoplasms; glaucoma; positive HIV/AIDS status; agitation related to Alzheimer's disease; and other conditions or treatments for a condition that produces one or more of the following -- cachexia, severe pain, severe nausea, seizures (including but not limited to seizures caused by epilepsy), and persistent muscle spasms (including but not limited to spasms caused by multiple sclerosis).

Applications

For the purposes of fiscal note computations, DHSS assumes that the number of patients registered in Oregon (OR) will remain at 60,516. Since the diagnoses accepted are broader under the proposed Missouri program, DHSS is also assuming 25 percent more applicants in Missouri.

2012 Population of Oregon – 3,899,353 (Source -- US Census)

2012 Population of Missouri – 6,021,988 (Source -- US Census)

Calculation of applications:

- Oregon - 60,516 patients;
- $6,021,988 \text{ Missouri population} / 3,899,353 \text{ Oregon population} = 1.54 \text{ factor}$;
- Applying the 1.54 factor to Oregon's 60,516 registrants = 93,195 estimated Missouri registrants;
- $93,195 \text{ Missouri registrants} \times 1.25 \text{ (adjustment for additional diagnoses in Missouri)} = 116,493 \text{ total Missouri registrants}$. DHSS assumes total registrants will increase two percent in subsequent years.

ASSUMPTION (continued)

Calculation of caregivers:

- 30,636 Oregon caregivers
- Applying the 1.54 population adjustment calculated above results in 47,183 estimated Missouri caregivers (30,696 X 1.54);
- Further applying the 1.25 adjustment for the additional diagnoses results in 58,978 Missouri caregivers (47,183 X 1.25). Caregivers are assumed to increase two percent per year.

For purposes of this fiscal note analysis, it is assumed Missouri will charge a \$100 annual fee for initial and renewal applications for patients only. It is also assumed that the first fees would be collected in November 2016 (8/12 for FY17).

Section 195.592

Section 195.592.1 requires DHSS to promulgate rules within ninety days after the effective date governing the manner in which it will consider applications for registry identification cards and for renewing registry identification cards for qualified patients and primary caregivers.

If a majority of the voters approve the legislation, the following staff will be hired in November 2014 and will be involved in rule promulgation, program policies and procedures, information system development, and initial program set-up.

One Health and Senior Services Manager Band 1 (\$41,520 annually) will be required to administer the medical marijuana program. This position will be responsible for overall operation of the program, including the initial rule writing and start-up of the program. This person will be responsible for supervision of staff, program integrity, coordination with other agencies, etc.

One Administrative Office Support Assistant (\$27,828 annually) will be required to provide clerical support during the development phase and to the entire staff after full implementation.

The remaining staff will be hired beginning in November 2016. These include:

One Investigator III position (\$39,984 annually) will be required to perform supervision of the Investigator II positions, oversight activities, and assist in the education of medical marijuana centers, patient groups, and working with law enforcement as needed.

Four Investigator II positions (\$37,176 annually, each) will be required to perform random inspections of patient records in participating physician offices and to perform oversight of the activities of medical marijuana centers, as well as working with law enforcement when needed.

ASSUMPTION (continued)

One Health Program Rep III (\$38,544 annually) will be required to assist in administering the program, responding to inquiries from other agencies and the public, preparing program materials and web site information, and analyzing statistics and preparing reports to upper management, other agencies, and the public.

Two Senior Office Support Assistants (\$25,573 annually, each) will be required to provide clerical support to the Investigator II positions, to compile program statistics, to oversee day-to-day registration program functions, to supervise registration staff, and to respond to routine inquiries from the public regarding the program.

19 Office Support Assistants (\$22,932 annually, each) will be needed to perform day-to-day processing of applications. The program will be under tight timeframes for issuing registration cards as established in the proposal. The department must verify the information submitted in the application and approve or deny an application within 30 days of receipt of the application. The department is to issue registry identification cards within five days of approval. Registration cards will expire annually. It is assumed that each OSA will process three (3) applications per hour. With approximately 120,000 applications and renewals received annually, 19 OSA will be required.

Two physicians (\$94,464 annually, each) will be needed to review applications with diagnoses not specifically listed in the proposed legislation. The physician will determine if the submitted diagnoses could be categorized as "severe". Each application has a 30 day turn-around time.

Identification Cards

Qualified patients and primary caregivers must renew each year and receive a new identification card. Qualified patients will pay a \$100 annual fee. Caregivers are not required to pay the \$100 annual fee. Each patient and caregiver will receive his/her renewal notice in the mail at least ninety days prior to the expiration of the identification card. The identification cards will also be mailed. Projected mailing costs are as follows:

FY15 and FY16 - No new or renewal cards or notices mailed.

FY17 - 116,981 new cards mailed (116,493 qualified patients x 8 months/12 = 77,662 qualified patients and 58,978 caregivers X 8 months/12=39,319 caregivers); 77,662 qualified patients + 39,319 caregivers =116,981 new cards.

It is estimated that the cards will cost four dollars each. Total cost for the cards for FY17 will be \$467,924 (116,981 patients and caregivers X \$4/card).

HWC:LR:OD

ASSUMPTION (continued)

Office of Administration - Information Technology Services Division (ITSD)

Support from ITSD will be needed to develop a software application that will assist with the issuance of registry identification cards to qualifying patients and to qualifying patients' primary caregivers. The registry will also house the registrant information and allow the printing of the "Registry Identification Card." It is assumed that the software application will house information about Registered Organizations.

It is assumed that this software application will need to be developed and functional at the time that the DHSS promulgates rules governing the manner in which it will consider applications for registry identification cards, and for renewing registry identification cards, for qualifying patients and primary caregivers. The application will also require functionality for the business registration of a "medical marijuana center". In response to the assumptions above, ITSD assumes that a new data system will need to be developed for this activity and the application will reside on servers at ITSD. Ongoing maintenance will be required by ITSD.

The following staff will be hired in November 2014:

One FTE Information Technology Specialist I (\$52,104 annually) to provide business analysis, programming and support of the application.

0.25 FTE Information Technology Specialist II (\$62,150 annually) to provide project management, development support and administration/maintenance of application.

0.10 Information Technology Specialist I (\$52,104 annually) to provide the support for the setup of the Content Manager repository software.

One IT Consultant to provide high-level business analysis skills. That analysis will lead to the application design. (\$85 x 2,080 hours = \$176,800)

The following will be hired in July 2015:

Two IT Consultants to provide high-level database and programming skills to the application. (\$85 x 4,160 hours = \$353,600)

Hardware and Software Costs (State Data Center service charges)

½ TB Disk Storage	\$ 1,829 per year
2 Virtual Servers	\$ 1,370 per year
1 Oracle Instance	\$ 3,867 per year
Backup & Recovery	<u>\$ 2,345 per year</u>
	\$ 9,411 Total per year

ASSUMPTION (continued)

Content Manager licenses for the 31 non-ITSD employees in the amount of \$675 for the first year and \$135 for each additional year. Content Manager is the software used to scan and file the paper applications and the written certifications from attending physicians. Required hardware costs of \$20,000 to purchase a JS12 blade server. The Content Manager application will also require an additional \$260 per year in State Data Center charges and \$110 for backup services for the estimated 120,000 documents.

DHSS estimates the costs of this proposal on the General Revenue Fund at \$328,376 for FY15 and \$545,346 for FY16. The proposal is estimated to have a positive fiscal impact to the General Revenue Fund for FY17 of \$5,569,246.

Oversight assumes the OA-ITSD/DHSS would not hire 0.25 FTE Information Technology Specialist II or the 0.1 FTE Information Technology Specialist 1 (Content Manager) but would instead have existing staff absorb these additional duties.

Officials from the **Department of Revenue (DOR)** state sections 144.020 and 144.021 add new provisions that levy an eight percent tax of the purchase price or amount charged on medical marijuana. Section 144.030 specifies that the exemptions of this section do not apply to medical marijuana.

Administrative Impact:

Collections & Tax Assistance:

Collections & Tax Assistance will see additional registration phone calls, business tax account update requests, and delinquent phone contacts from the additional businesses registering to collect sales tax on medical marijuana. The section requires one (1) Revenue Processing Technician I (\$26,384 annually) per 24,000 additional contacts annually to the registration section, with CARES equipment and agent license, one (1) Revenue Processing Technician I (\$26,384 annually) per 4,800 additional contacts annually to the tax assistance offices, with CARES equipment and agent license, and one (1) Tax Collection Technician (\$26,384 annually) for every additional 15,000 contacts annually on the delinquent tax line with CARES equipment.

Sales Tax:

This legislation requires programming and forms changes. The DOR will need to send rate change notices to all businesses that could sell medical marijuana. Any business selling medical marijuana that does not have an existing sales tax license needs to register and post a bond.

ITSD-DOR:

Sales Tax 1,344 hours

HWC:LR:OD

ASSUMPTION (continued)

The DOR estimates this proposal will result in expenditures to the General Revenue Fund of \$164,761 for FY15; \$124,065 for FY16; and \$125,354 for FY17.

Oversight assumes current DOR staff could absorb the additional workload resulting from this proposal if it is approved by a vote of the people. If, however, the number of calls, account update requests, and delinquent phone contacts reach the numbers estimated by the DOR, the department could seek additional funding through the appropriations process.

Officials from the **Department of Public Safety (DPS) - Missouri State Highway Patrol (MHP)** state the Division of Drug and Crime Control states that indoor growing operation investigations are handled in each of the nine troops. It is assumed that many people involved with indoor growing would put forth a defense related to the production of medicinal marijuana. Item 6 of 195.583 requires “any property, (including live plants) not be harmed, neglected, injured, or destroyed while in the possession of state or local law enforcement officials”. This section would require the MHP to care for and protect marijuana plants for an extended period of time while the case is being adjudicated. Without clarification on this topic, an exact fiscal impact cannot be determined; however, the Patrol assumes the impact will exceed \$100,000 annually, with the majority of the cost involving the rental of greenhouse space and possibly some overtime to care for the plants.

Oversight assumes the DPS-MHP will not need to care for live marijuana plants until the Department of Health and Senior Services has implemented its rules and regulations, distributed identification cards to applicants and caregivers, and medical marijuana becomes legal.

Officials from the **Office of the Secretary of State (SOS)** assume each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution 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 \$7.1 million based on the cost of the 2012 Presidential Preference Primary. This figure was determined through analyzing and totaling expense reports from the 2012 Presidential Preference Primary received from local election authorities.

ASSUMPTION (continued)

The SOS 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. The Secretary of State's Office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically

appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). Therefore, the Secretary of State's Office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight notes Section B of the proposal provides that this act will be submitted to the voters for approval or rejection during the November 2014 election. Therefore, there will be no election costs in the fiscal note.

In addition, the SOS states many proposal 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.

Officials from the **Department of Conservation** assume an unknown positive impact from the taxing of marijuana.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources (DNR)** state the DNR's Parks and Soils Sales Tax Funds (PSSTF) are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Therefore, the DNR assumes this proposal would result in an increase in revenue to the PSSTF. It is unknown the amount of sales of medical marijuana that would result from this proposal.

The DNR assumes the Department of Revenue would be better able to estimate the exact amount of impact to the PSSTF.

Officials from the **Office of State Public Defender (SPD)** state the proposed legislation could have some impact on the SPD. In FY13, the SPD provided representation in an estimated 3,315 marijuana cases. If a percentage of these cases were for the proposed appropriate medical use, this number could/would be reduced. It is not possible or feasible to estimate a number that would have been for a "legal" use. Removing these cases would assist public defenders by reducing their caseloads, but it is not expected to result in significant savings.

Officials from the **Department of Corrections (DOC)** assume this proposal allows registered cardholders with specific medical illnesses to possess and use marijuana for medicinal purposes. While this legislation appears to attempt to protect the safety and security of DOC's institutions, it seems to allow staff inside the correctional institutions to perform their duties while under the influence of marijuana.

In addition, this legislation allows an employee to be exonerated when he/she is a registered cardholder and tests positive for marijuana. This conflicts with DOC's current policies, procedures and practices. This legislation should not have a significant impact on the DOC, other than the concerns stated above.

Officials from the **Department of Mental Health (DMH)** state this proposed legislation appears to place no direct obligation or requirement DMH that would result in a fiscal impact. However, the demand for substance use disorder treatment may increase causing an unknown fiscal impact.

Oversight assumes the potential demand for additional substance use disorder treatment to be speculative. However, if this should occur, the DMH could request additional resources through the appropriations process.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would not fiscally impact BAP. Since this proposal is subject to voter approval as provided in Section B, there is no impact to total state revenue.

ASSUMPTION (continued)

Officials from the **University of Missouri - Economic and Policy Analysis Research Center** state they do not possess or have the ability to obtain significant data regarding the taxation of medical marijuana and are not able to determine a fiscal impact for this proposal.

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

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Social Services (DSS)** state the proposal will have no fiscal impact on the **Children's Division**, the **Division of Legal Services**, the **Family Support Division**, or the **MO HealthNet Division**.

Oversight notes the provisions of this proposal are subject to voter approval. As a result, potential costs and revenues will be presented as "\$0 or" for fiscal note purposes. Oversight also assumes the state would not begin receiving sales tax revenues until FY17 when the Department of Health and Senior Services has implemented its rules and regulations and distributed identification cards to applicants and caregivers and it becomes legal to buy medical marijuana.

Officials from the **Columbia/Boone County Department of Public Health and Human Services**, **Columbia Police Department**, the **Department of Agriculture**, the **Department of Elementary and Secondary Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety - Division of Fire Safety**, the **Jefferson City Police Department**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Transportation**, the **Office of Prosecution Services**, the **Office of State Courts Administrator**, **Office of State Treasurer**, **Springfield Police Department**, **State Tax Commission**, **St. Louis County** each assume there is no fiscal impact from this proposal.

Officials from the **Cole County Sheriff's Department** responded to **Oversight's** request for a response regarding this proposal, but did not provide a statement of fiscal impact.

Officials from the following **counties**: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for a statement of fiscal impact.

ASSUMPTION (continued)

Officials from the following **hospitals**: Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital, and Washington County Memorial Hospital did not respond to **Oversight's** request for fiscal impact.

Officials from the following **fire protection districts**: Battlefield Fire Protection District, Central County Fire and Rescue, Centralia Fire Department, Creve Coeur Fire District, Desoto Rural Fire Protection District, Hawk Point Fire Protection District, Hillsboro Fire Protection, Lake St. Louis Fire District, Mehlville Fire District, Nixa Fire Protection District, Saline Valley Fire Protection District, and Southern Iron County Fire Protection District did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **health departments**: Audrain County Health Unit, Cass County Health Department, Harrison County Health Department, Henry County Health Center, Jefferson County Health Department, Linn County Health Department, Madison County Health Department, McDonald County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department, St Francois County Health Center and the Tri-County Health Department did not respond to **Oversight's** request for fiscal impact.

Officials from the following **law enforcement agencies**: Boone County Sheriff, Buchanan County Sheriff, Clark County Sheriff, Eureka, Independence Police, Jackson County Sheriff, Platte County Sheriff, St. Joseph Police, St. Louis County Department of Police, and St. Louis Metro Police did not respond to **Oversight's** request for fiscal impact.

Officials from the following **ambulance districts** did not respond to **Oversight's** request for a statement of fiscal impact: **St. Charles County Ambulance, Taney County Ambulance and Valle Ambulance District.**

<u>FISCAL IMPACT - State Government</u>	FY 2015 (8 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Income - DOR</u>			
Sales tax revenue	\$0	\$0	\$0 or Unknown
<u>Income - DHSS</u>			
Registration fees	\$0	\$0	\$0 or \$7,766,200
<u>Costs - DHSS</u>			
Personal service	\$0 or (\$80,968)	\$0 or (\$122,667)	\$0 or (\$738,002)
Fringe benefits	\$0 or (\$41,298)	\$0 or (\$62,566)	\$0 or (\$376,418)
Equipment and supplies	<u>\$0 or</u> (\$178,695)	<u>\$0 or</u> (\$334,401)	<u>\$0 or</u> (\$1,056,585)
Total <u>Costs</u> - DHSS	<u>\$0 or</u> (\$300,961)	<u>\$0 or</u> (\$519,634)	<u>\$0 or</u> (\$2,171,005)
FTE Change - DHSS	0 or 3 FTE	0 or 3 FTE	0 or 32 FTE
<u>Costs - DPS-MHP</u>			
Equipment and expense to care for marijuana plants	\$0	\$0	\$0 or (Unknown, could exceed \$100,000)
<u>Costs - DOR</u>			
Computer system modifications	<u>\$0 or (\$36,691)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>\$0 or</u> <u>(\$337,652)</u>	<u>\$0 or</u> <u>(\$519,634)</u>	<u>\$0 or Could</u> <u>exceed</u> <u>\$5,495,195</u>
Estimated Net FTE Effect on the General Revenue Fund	0 or 3 FTE	0 or 3 FTE	0 or 32 FTE

FISCAL IMPACT - State Government

FY 2015
(8 Mo.)

FY 2016

FY 2017

**CONSERVATION COMMISSION
FUND**

Income - MDC

Tax revenues received from the sale of
marijuana

\$0

\$0

\$0 or Unknown

**ESTIMATED NET EFFECT ON THE
CONSERVATION COMMISSION
FUND**

\$0

\$0

\$0 or Unknown

**PARKS AND SOILS SALES TAX
FUNDS**

Income - DNR

Tax revenues received from the sale of
marijuana

\$0

\$0

\$0 or Unknown

**ESTIMATED NET EFFECT ON THE
PARKS AND SOILS SALES TAX
FUNDS**

\$0

\$0

\$0 or Unknown

PROP C FUND

Income - Schools

Tax revenues received from the sale of
marijuana

\$0

\$0

\$0 or Unknown

**ESTIMATED NET EFFECT ON THE
PROP C FUND**

\$0

\$0

\$0 or Unknown

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENTS			
<u>Income - Local Governments</u>			
Tax revenues received from the sale of marijuana	<u>\$0</u>	<u>\$0</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>\$0</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, marijuana is a Schedule I controlled substance that has no accepted medical use. This proposal changes marijuana to a Schedule II controlled substance making it acceptable for medical use with severe restrictions.

The proposal exempts from prosecution qualified patients or primary caregivers possessing a registry identification card issued by the Department of Health and Senior Services for the use or possession of medical marijuana. To become a qualified patient a person must have a debilitating condition, as defined in the proposal, and have written certification from an attending physician. Attending physicians will also not be prosecuted or subject to arrest for providing written certification for the medical use of marijuana. A qualified patient's marijuana and equipment used for cultivation cannot be confiscated so long as the patient can present a registry identification card or written certification.

A qualified patient is not able to use medical marijuana when it will compromise the health of others such as on public buses, school property, or areas of employment. The proposal provides that the fraudulent misrepresentation to an officer of any fact relating to the use of medical marijuana in order to avoid arrest shall be a misdemeanor subject to a five hundred dollar fine.

The proposal defines a medical marijuana center as a business registered with the Department of Health and Senior Services for the lawful cultivation and selling of medical marijuana. The Department of Health and Senior Services shall institute rules and procedures regarding oversight and the application process for medical marijuana centers. Medical marijuana centers are not to obtain marijuana from outside the state in violation of federal law, and may only lawfully sell to qualified patients, and primary caregivers with registry identification cards.

FISCAL DESCRIPTION (continued)

Medical marijuana shall be taxed at eight percent of the purchase price paid or charged.

This proposal contains a referendum clause.

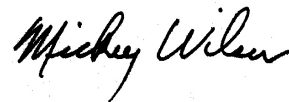
This legislation is not federally mandated, would not duplicate any other program and may require additional capital improvements or rental space.

SOURCES OF INFORMATION

Columbia/Boone County Department of Public Health and Human Services
Columbia Police Department
Cole County Sheriff Department
Department of Agriculture
Department of Conservation
Department of Corrections
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health
Department of Public Safety -
 Division of Fire Safety
 Missouri State Highway Patrol
Department of Social Services -
 Children's Division
 Division of Legal Services
 Family Support Division
 MO HealthNet Division
Missouri Department of Transportation
Jefferson City Police Department
Joint Committee on Administrative Rules
Missouri Consolidated Health Care Plan
Office of Administration -
 Division of Budget and Planning
 Information Technology Services Division
Office of Attorney General
Office of the Secretary of State
Office of Prosecution Services
Office of State Courts Administrator
Office of the State Public Defender

SOURCES OF INFORMATION (continued)

Office of State Treasurer
Springfield Police Department
State Tax Commission
St. Louis County
University of Missouri -
Economic & Policy Analysis Research Center



Mickey Wilson, CPA
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March 31, 2014

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Assistant Director
March 31, 2014