

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1035-04
Bill No.: HCS for HB 437
Subject: Drugs and Controlled Substances
Type: Original
Date: April 17, 2017

Bill Summary: This proposal allows persons with certain serious medical conditions to use medical cannabis.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$585,415)	(\$137,836)	(\$173,416)
Total Estimated Net Effect on General Revenue	(\$585,415)	(\$137,836)	(\$173,416)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Criminal Records	\$33,000	\$33,000	\$33,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$33,000	\$33,000	\$33,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	3	5	5
Total Estimated Net Effect on FTE	3	5	5

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§191.480 - Misdemeanor charges

Officials from the **Department of Corrections (DOC)** provide the following assumptions related to this proposal:

Section 191.480 sets the penalty for inhibiting the use of medical cannabis as an investigatory drug as a class A misdemeanor. Since the DOC has no jurisdiction over this type of misdemeanor, this statute has no impact on the DOC.

As of March 1, 2017, twenty-eight states and the District of Columbia have approved medical marijuana usage. As many of these states have relatively recently allowed for legal medical marijuana possession and use, there is limited information on the impact within the criminal justice system. A full analysis is 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 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.

According to the research, a MML will result in an increase in violations of possession and production/distribution of controlled substances (195.202 and 195.211, RSMo): three new class C felonies (one to incarceration and two admitted to probation) and one additional class B felony each year. Analysis of FY16 data shows a class C felony for possession of a controlled substance

ASSUMPTION (continued)

on average serves 2.3 years in prison and 2.1 years on parole; those assigned to probation receive a 3-year sentence. A class B felony for distribution and production on average serves 4.6 years in prison and 3.4 years on parole.

The proposed legislation also creates a new class D felony for distributing medical cannabis to minors in violation of the proposed statutes. This is a new offense without historical data. Current law provides penalty for distributing marijuana to minors. However, whether it is medical or non-medical cannabis is not indicated (579.020.4 and .5 RSMo enacted August 2016). To estimate the impact of this new class D felony requires using data from the non-violent class C felony from FY16. Eight offenders are estimated to be sentenced with this offense; three are incarcerated and five are sent to probation. Incarcerated offenders serve 2.9 years in prison and 1.9 years on parole while the term for probation is three years.

The full, yearly impact of FN 1035-04N occurs in FY 25 with an additional cost of supervision of 47.8 offender-full time equivalent which equates to 15.6 offenders-full time equivalent for incarceration and 32.2 for field supervision.

If this impact statement has changed from statements submitted in previous years, it is because the department's Budget and Research Section reviewed the way responses had been submitted and has developed a more precise way to calculate the impact. In previous years' responses, the full impact of recidivism for parole releases was not adequately calculated. Now we have been able to quantify the fact that some parolees are returned to prison after release and that has been added into the calculation of the impact. The total number of offenders has not changed but there is an assumption that they will spend more time back in prison rather than being on community supervision, which will increase the amount of the impacts.

The FY16 average cost of supervision is \$6.12 per offender per day or an annual cost of \$2,234 per offender. The DOC cost of incarceration is \$16.67 per day or an annual cost of \$6,085 per offender. DOC assumes a 2% annual inflation in costs.

The DOC would assume this legislation will result in the following long term costs to the General Revenue Fund:

ASSUMPTION (continued)

FY18 (Year 1, 10 months)	\$38,386
FY19 (Year 2)	\$93,969
FY20 (Year 3)	\$139,765
FY21 (Year 4)	\$163,480
FY22 (Year 5)	\$173,361
FY23 (Year 6)	\$179,295
FY24 (Year 7)	\$185,397
FY25 (Year 8)	\$191,671
FY26 (Year 9)	\$195,504
FY27 (Year 10)	\$199,414

Officials from the **Office of State Public Defender (SPD)** state the proposed legislation would allow the medical use of marijuana. This could have some impact on the SPD System. In FY15, the SPD provided representation in an estimated 5,000 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 to estimate a number that would have been for “legal” use.

The SPD is currently providing legal representation in caseloads in excess of recognized standards. Removing these cases would assist public defenders by reducing their caseloads, but it is not expected to result in significant savings.

§192.945 - Medical cannabis

Officials from the **Department of Health and Senior Services (DHSS), Division of Community and Public Health (DCPH)** state that under section 192.945, RSMo, DHSS is currently issuing hemp extract registration cards for persons suffering from intractable epilepsy. This proposal would expand the current program by allowing the issuance of medical cannabis registration cards for persons with terminal illness.

Applications

Currently, the Missouri Hemp Extract Registration Program is issuing registration cards for adults and minors with intractable epilepsy who have received certification from a neurologist. In 2016, 80 Missouri Hemp Extract Registration Cards were issued. Under the proposed legislation, a physician or neurologist may sign the certification needed to receive the hemp extract registration card. Allowing both physicians and neurologists to sign the certification, Missouri expects the number of Missouri Hemp Extract Registration cards issued to increase by 300 percent. Therefore, for purposes of this fiscal note, DCPH estimates 240 Missouri Hemp Extract Registration Cards to be issued each year.

ASSUMPTION (continued)

In addition to issuing hemp extract registration cards, the proposed legislation requires DHSS to issue medical cannabis registration cards for adults and minors who receive certification from a neurologist or physician that the patient suffers from a "terminal illness". Terminal illness is defined in the legislation as "a disease that without life-sustaining procedures will result in death in the near future or a state of permanent unconsciousness from which recovery is unlikely." Since hospice serves patients who meet specific terminal illness criteria certified by a physician, data on the number of hospice patients served in Missouri is being utilized for an estimate on the potential number of terminally ill patients who may seek a medical cannabis registration card. According to the annual report issued by Missouri Hospice and Palliative Care Association, an average of 31,220 patients of all ages were admitted into hospice care each year during 2013 through 2015. For purposes of this fiscal note estimate, DHSS anticipates 5 percent of the average hospice admissions ($31,220 \times .05 = 1,561$) would apply for a medical cannabis registration card. Per information received from the Illinois Department of Public Health, this estimate is comparable to the number of applications for terminally ill patients that is actually being received for their Medical Cannabis Pilot Program. Therefore, DHSS estimates processing 1,801 ($240 + 1,561$) applications for either a hemp extract registration or medical cannabis registration annually.

Staffing

Section 192.945 requires the establishment of the medical cannabis registration program and modifications to the hemp extract registration program through promulgation of rules, including the development of program forms, registration cards, and a system to record the name of each registrant and each minor receiving care from a registrant. Section 192.945 also requires DHSS to publish a list of terminal illnesses for which a medical cannabis registration card can be issued. It also requires DHSS to publish a list of diseases and conditions for which a hemp extract registration card may be issued, containing only intractable epilepsy. As a result, DCPH anticipates the need to hire the following staff beginning on August 28, 2017 (FY 2018) to develop the Medical Cannabis Registration Program and modify the current Missouri Hemp Extract Registration Program:

One Program Manager Broad Band 2 (\$65,000 annually) to serve as Chief of the Hemp Extract and Medical Cannabis Registration Program. Duties will include overall program management, with activities including, but not limited to:

- rule promulgation,
- development of forms,
- development of program policies and procedures,
- information system development (liaison with ITSD) and maintenance, and
- training and supervision of all staff within the program.

ASSUMPTION (continued)

One Environmental Public Health Specialist V position (\$46,056 annually) whose duties will include:

- researching and developing the list of requirements that all manufacturing, storage or testing of medical cannabis or any medical cannabis product shall meet;
- providing technical assistance to Missouri Department of Agriculture (AGR) in development of administrative rules and continuous revision/updating of administrative rules related to the requirements established by DHSS for manufacturing, storage and testing of medical cannabis, and
- providing technical assistance to AGR regarding problematic inspections related to DHSS requirements.

The proposed legislation does not limit the amount of licenses that may be issued by AGR for medical cannabis cultivation and production facilities. If these cannabis care centers manufacture food products with medical cannabis, DHSS would be required by sections 196.010 through 196.298, RSMo, to inspect these facilities to ensure the product is manufactured in a sanitary environment. DHSS assumes that the EPHS V position will also perform these inspections. It is possible that additional staff may need to be acquired based on the number of facilities and products established in order to meet the registrant demand.

For fiscal note purposes DCPH calculated 45 minutes of processing time per registration application. Based on this assumption, it was determined 1.0 FTE will be needed (1,801 applications X 0.75 hours per application/ 2,080 hours per year = 0.65, round to 1.0 FTE). Because of the importance of accuracy and validation to the registration process, the activities related to the registration need to be divided across two positions for cross-checking and quality assurance. Therefore, both the HPR II and AOSA positions will be involved in application processing. The following staff will be hired effective July 1, 2018 (FY 2019) upon completion of the information system development, rule promulgation process, and implementation of the program:

One Health Program Representative II (\$35,640 annually) whose duties will include:

- checking quality assurance of the application including valid, Missouri licensed practitioners and required documentation of allowed condition(s);
- verifying and approving applications including final approval of application rejects and card issuances;
- drafting correspondence for incomplete, inaccurate, or unapproved applicants;
- generation of renewal notices; and
- handling applicant and physician questions, complaints and concerns.

ASSUMPTION (continued)

One Administrative Office Support Assistant (\$28,668 annually) whose duties will include:

- initial processing of paper applications for the medical cannabis and hemp extract registration program, to include opening and date stamping of mail;
- entering application information into the electronic registry;
- verifying applicant and physician/neurologist identification;
- preparing registration cards;
- mailing applicant correspondence, renewal notices, and registration cards
- answering and assisting telephone callers; and
- providing administrative assistance to the Bureau Chief and all other positions.

Printing

DCPH assumes that 90% of hemp extract registrants will renew each year and renewal cards will also need to be printed for each registrant annually. DCPH also estimates new hemp extract applicants to grow by 10 percent annually. DCPH does not expect any renewals for medical cannabis but would expect the same amount of new cards to be issued each year. DCPH will purchase a high quality color printer (estimated at \$656) and utilize special paper manufactured by state printing for production of the registration cards.

DCPH will print 2,500 brochures each year the program is operational at a cost of \$.06 per brochure. This brochure will provide the public with information about the medical cannabis and hemp extract registration program and assistance in completing a valid registration.

	FY 2018	FY 2019	FY 2020
Cards for New Hemp Extract Applicants	0	160	24
Cards for Hemp Extract Renewals	0	80	216
Cards for New Medical Cannabis Applicants	0	1,561	1,561
Total Cards Issued	0	1,801	1,801

FY19

2,000 sheets of specialty print paper @ \$330/2,000 sheets = \$330
 2,000 card protector sleeves @ \$21.00 per 1,000 = \$42
 2,500 brochures (\$0.06 per brochure) = \$150

FY20

2,000 sheets of specialty print paper @ \$330/2,000 sheets = \$330
 2,000 card protector sleeves @ \$21.00 per 1,000 = \$42
 2,500 brochures (\$0.06 per brochure) = \$150

ASSUMPTION (continued)

Mailing costs

Each registrant will receive his/her card in the mail. Renewal cards will also be mailed to each registrant annually. It is also assumed five percent of applications (new and renewal) will be incomplete, requiring written notification of an incomplete application. It is also projected that 25 percent of the printed brochures (625) 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 2018	FY 2019	FY 2020
Cards mailed to new applicants	0	1,721	1,585
Renewal cards mailed	0	80	216
Brochures/app mailed	0	625	625
Incomplete Application	0	90	91
Total mailings	0	2,517	2,517

FY19

2,517 envelopes (\$41 per 1,000) = 3 X \$41 = \$123

Postage (2,517 x \$0.39/postage rate) = \$982

FY20

2,517 envelopes (\$41 per 1,000) = 3 X \$41 = \$123

Postage (2,517 x \$0.39/postage rate) = \$982

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, \$234 for an annual license for each user who needs to view files, and \$828 for an annual license for each position with ability to scan/import documents.

Application Registration Fees

The proposal allows the DHSS to establish a fee for the issuance of a medical marijuana registration card. For purposes of this fiscal note, it is estimated that DHSS would charge a \$225 registration fee.

ASSUMPTION (continued)

It is anticipated that Missouri will receive 1,801 new applications in its first year of operation (FY 2019). In subsequent years, new applications are estimated to grow by 10 percent annually; however, renewals are estimated to decline by 10 percent annually. Since medical cannabis registration cards are issued to patients who are terminal, DHSS does not expect to renew any medical cannabis registration cards, but would expect to issue the same amount of new cards each year.

Projected fees received for the three years (FY 2018 – FY 2020) are as follows:

	FY 2018	FY 2019	FY 2020
Application & Renewals	0	1,801	1,801
Application Fees	\$0	\$405,225	\$405,225

DHSS estimates the net impact to the General Revenue Fund to be a cost of \$476,943 for FY18 and \$6,111 for FY19; and a positive impact of \$4,065 for FY20.

Oversight assumes the DHSS would not need additional rental space for four (4) new FTE for this single proposal. However, Oversight notes, depending on the number of proposals passed during the legislative session, that cumulatively, the DHSS may need additional rental space or capital improvements as determined by the Office of Administration, Facilities Management, Design and Construction.

DHSS provided the following assumptions from the **Office of Administration (OA), 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

A 12-month project effort with three contractors has been assumed. It is assumed the application will be hosted in the State Data Center (SDC) on existing web application servers. Disk space has been assumed at 50 GB per environment (DEVO, TEST, and PROD). Funding for ongoing maintenance will come from registration fees established by DHSS.

FY18 costs to the General Revenue Fund are estimated to be \$308,736. On-going support costs for FY19 and FY20 are estimated to be \$63,752 and \$65,346 respectively.

§§261.265 - Medical marijuana cultivation

Officials from the **Department of Agriculture (AGR)** state Colorado currently has 998 licensed medical marijuana cultivation and infused product manufacturers; New Mexico has 48 licensed medical marijuana producers; and Illinois limited the number of medical marijuana producers to

ASSUMPTION (continued)

21. It is estimated that Missouri will license approximately 50 medical marijuana cultivation and/or hemp extract cultivation and production facilities across the state. It is assumed that each production facility would be inspected four times per year. It is also assumed that approximately 30 facilities would be licensed in the first year of implementation and 50 facilities in subsequent years.

It is assumed that an inspection would be similar to the hemp extract facility inspections the AGR currently conducts. These inspections average 12 hours per inspection. Therefore, 50 cultivation/production sites X 4 inspections per year X 12 hours/inspection = 2,400 inspection hours.

Total inspection hours 2,400 / 1,800 hours (actual work hours after taking into consideration vacation/sick leave, etc.) = 1.33 (1 FTEs). The FTE is at range A22 step M. The inspector would be responsible for inspection of cultivation/production facilities.

Approximately \$5,000 will be needed to update the MOPlants computer system to enable license and inspection capabilities.

Oversight has, for fiscal note purposes only, changed the starting salary for the Feed and Seed Inspectors II 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 **Department of Public Safety (DPS), Missouri State Highway Patrol (MHP)** state Section 261.265.9(1) states the department shall promulgate rules including, but not limited to application requirements for licensing, including requirements for the submission of fingerprints and the completion of a criminal background check.

The Criminal Justice Information Services (CJIS) Division of the Oregon State Police processed approximately 1,500 fingerprint-based criminal record checks for the Oregon Health Authority associated with medical marijuana. Based on Oregon's figures, the CJIS Division estimates the following fiscal impact:

The cost for a fingerprint-based criminal record check, to include state and federal open and closed records, is \$40.30. Twenty dollars (\$20) for the state fingerprint check, \$12 for the federal check, and an \$8.30 charge for the statewide applicant fingerprinting contractor fee ($\$20 + \$12 + 8.30 = \$40.30$). Of this amount, the state retains the \$20 fee and \$2 of the federal charge of \$12 for a pass-thru fee (total \$22). The \$8.30 charge is paid directly to the vendor at the time of application.

ASSUMPTION (continued)

Estimated Revenue FY18 and beyond 1,500 x \$32 (state/federal background check)	\$48,000
Estimated Expense FY18 and beyond 1,500 x \$10 (federal background check charge)	<u>\$15,000</u>
Net revenue to the Criminal Records Fund	<u>\$33,000</u>

It should be noted that Oregon's population is approximately 20 percent less than the state of Missouri; therefore, the actual fiscal impact may be slightly higher than the estimate.

Bill as a whole

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 Insurance, Financial Institutions and Professional Registration, the Missouri Office of Prosecution Services, the OA, Division of General Services, the Office of State Courts Administrator and the Columbia/Boone County Department of Public Health and Human Services** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state 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.

Officials from the **Office of Attorney General (AGO)** did not respond to **Oversight's** request for a statement of fiscal impact. However, in response the previous version of this proposal, the AGO assumed any potential costs arising from the proposal could be absorbed with existing resources.

ASSUMPTION (continued)

Officials from the following **sheriffs' departments**: the Boone County Sheriff's Department, Buchanan County Sheriff's Department, Cass County Sheriff's Office, Clark County Sheriff's Department, Cole County Sheriff's Department, Jackson County Sheriff's Department, and the Platte County Sheriff's Department did not respond to **Oversight's** request for a statement of fiscal impact.

Oversight assumes this proposal will, at least initially, result in increased activity by local law enforcement agencies. Oversight further assumes that those agencies will request additional resources through decision items in the appropriate political subdivision budgets.

Officials from the following **health departments**: Audrain County Health Unit, Cass County Health Department, Clay County Public Health Center, Cooper County Public Health Center, Harrison County Public Health Department and Hospice, Henry County Health Center, Hickory County Health Department, Howell County Health Department, City of Independence Health Department, Jefferson County Health Department, Knox County Health Department, Linn County Health Department, McDonald County Health Department, Madison County Health Department, Marion County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Polk County Health Center, Pulaski County Health Center and Home Health Agency, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department, the St. Francois County Health Center and the St. Joseph Health Department did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Income</u> - DHSS (§192.945) (p. 10)			
Application fees	\$0	\$405,225	\$405,225
<u>Costs</u> - DOC (§191.480) (p. 5)			
Increase in incarceration and parole expenditures	(\$38,386)	(\$93,969)	(\$139,765)
<u>Costs</u> - DHSS (§192.945) (p. 6-10)			
Personal service	(\$92,547)	(\$177,118)	(\$178,889)
Fringe benefits	(\$44,740)	(\$93,978)	(\$94,505)
Equipment and expense	(\$21,528)	(\$53,384)	-38738
ITSD costs/on-going support	(\$308,736)	(\$63,752)	(\$65,346)
Total <u>Costs</u> - DHSS	<u>(\$467,551)</u>	<u>(\$388,232)</u>	<u>(\$377,478)</u>
FTE Change - DHSS	2 FTE	4 FTE	4 FTE
<u>Costs</u> - AGR (§261.265) (p. 11)			
Personal service	(\$30,770)	(\$37,293)	(\$37,666)
Fringe benefits	(\$17,753)	(\$21,414)	(\$21,525)
Equipment and expense	(\$30,955)	(\$2,153)	(\$2,207)
Total <u>Costs</u> - AGR	<u>(\$79,478)</u>	<u>(\$60,860)</u>	<u>(\$61,398)</u>
FTE Change - AGR	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$585,415)</u>	<u>(\$137,836)</u>	<u>(\$173,416)</u>
Estimated Net FTE Change for the General Revenue Fund	3 FTE	5 FTE	5 FTE
CRIMINAL RECORDS FUND			
<u>Income</u> - DPS (§261.265) (p. 12)			
Increase in background check fees	<u>\$33,000</u>	<u>\$33,000</u>	<u>\$33,000</u>
ESTIMATED NET EFFECT ON THE CRIMINAL RECORDS FUND	<u>\$33,000</u>	<u>\$33,000</u>	<u>\$33,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

§261.265 - The proposed legislation allows the Missouri Department of Agriculture to issue licenses to cultivation and production facilities in the state to grow or cultivate the cannabis plant used to make hemp extract. There could be an unknown impact on small businesses that may serve as these facilities.

FISCAL DESCRIPTION

INVESTIGATIONAL DRUG USE BY TERMINAL PATIENTS

This bill expands the definition of investigational drug, biological product, or device so that it can include medical cannabis. Under this provision a dispensing organization or manufacturer of an investigational drug, biological product, or device that has successfully completed phase one of a clinical trial but has not been approved for general use by the FDA and remains under investigation in a clinical trial can be made available to certain eligible patients who have terminal illnesses and meet all the other requirements of the section. This bill makes it a class A misdemeanor for any official, employee, or agent of the state to block or attempt to block the access of an eligible patient to an investigation drug, biological product, or device (Section 191.480).

MEDICAL CANNABIS REGISTRATION CARDS

This bill changes the law regarding the use of hemp extract to treat intractable epilepsy to include authorizing the legal use of medical cannabis for individuals who suffer from a terminal illness and that may benefit from treatment with medical cannabis. This bill authorizes the Department of Health and Senior Services to issue medical cannabis or hemp extract registration cards to any Missouri resident, 18 years old or older, who can provide a statement signed by a doctor stating that the individual suffers from epilepsy or a terminal illness that may benefit from treatment with medical cannabis. The registration cards will only be valid for one year but can be renewed.

The department will publish a list of diseases and conditions for which a medical cannabis registration card can be issued. The list shall only contain terminal illnesses as defined in 191.480. The department will also public a list of diseases and conditions for which a hemp extract registration card may be issued. The list shall only contain intractable epilepsy.

FISCAL DESCRIPTION (continued)

Any physician who signs a statement for a patient to obtain a medical cannabis registration card must keep a record of his or her evaluation and observation of that patient, including the patient's response to medical cannabis, and transmit such record to the department. The department must maintain a database of these records, which it can share with a higher education institution for the purpose of studying medical cannabis. The department is also required to maintain a record of each person it issues a registration card to. The department can also authorize clinical trials involving medical cannabis (Section 192.945, RSMo).

THE CULTIVATION AND PRODUCTION OF MEDICAL CANNABIS

The Department of Agriculture shall issue cultivation and production facility licenses to grow or cultivate medical cannabis. A cannabis grower may produce and manufacture medical cannabis, and distribute medical cannabis for the treatment of persons suffering from a terminal illness.

The department will maintain a list of all licensed growers. The department is responsible for establishing rules relating to application requirements, including submission of fingerprints and criminal background checks; security requirements for cultivation and production premises; cannabis monitoring systems; the submission of medical cannabis to an approved testing facility; and the manufacture, storage, and transportation of medical cannabis (Section 261.265).

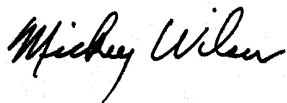
This legislation is not federally mandated, would not duplicate and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Agriculture
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Corrections
Department of Public Safety -
 Missouri State Highway Patrol
Joint Committee on Administrative Rules
Missouri Office of Prosecution Services
Office of Administration -
 Information Technology Services Division/DHSS
 Division of General Services
Office of State Courts Administrator

SOURCES OF INFORMATION (continued)

Office of Secretary of State
Office of State Public Defender
Columbia/Boone County Department of Public
Health and Human Services



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