

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3619-01
Bill No.: HJR 72
Subject: Health Care; Health, Public; Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Department of Revenue; Drugs and Controlled Substances; Constitutional Amendments
Type: Original
Date: February 3, 2020

Bill Summary: This proposal directs a percentage of medical marijuana tax revenue to a dedicated fund for University of Missouri School of Law Veterans Clinic.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Missouri Veterans' Health and Care Fund (0606)*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

*Appropriation of the first \$2 million of total annual revenue into the fund goes to the UM School of Law Veterans Clinic.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

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 2021	FY 2022	FY 2023
Local Government*	\$0	\$0	\$0

*Potential costs and state reimbursements net to zero in FY 2021 if a special election is called.

FISCAL ANALYSIS

ASSUMPTION

Constitutional Amendment

Officials from the **Department of Revenue (DOR)** assume this proposal would require the first 10% of the total annual revenue collected from the medical marijuana provisions, up to \$2 million, to be given to the University of Missouri's School of Law Veterans Clinic. Every three years the \$2 million would be adjusted for inflation. DOR uses a 2% inflation rate. This proposal would begin the transfer of funds from the Missouri Veterans' Health and Care Fund to the University of Missouri School of Law Veterans' Clinic on January 1, 2021 (FY 2021) .

FY 2021	Up to \$2,000,000
FY 2022	Up to \$2,000,000
FY 2023	Up to \$2,000,000
FY 2024	Up to \$2,040,000

Officials from the **Department of Health and Senior Services (DHSS)** state the proposed legislation amends Section 1, Article XIV of the Constitution by adopting one new section relating to appropriation of funds in the Missouri Veterans' Health and Care Fund. The new section under Section 4.2(a), establishes an appropriation within the fund dedicating ten percent of the total annual revenue collected under this section (not to exceed two million dollars) to the Missouri School of Law Veterans Clinic. These funds will be appropriated prior to funds providing for the operation of the Section of Medical Marijuana.

It is assumed the new section will decrease the state revenue available for operating the Medical Marijuana program, as the cost to Missouri School of Law Veterans Clinic shall be deducted before the Section of Medical Marijuana determine the fiscal year operating cost. The amount is unknown but will be between \$0 and \$2 million.

Officials from the **Department of Public Safety, Missouri Veterans Commission (VET)** state this proposal will have a negative fiscal impact of up to \$2,000,000 per year on the Missouri Veterans Commission.

Officials from the **Office of Administration, Budget & Planning (B&P)** state this proposal has no direct fiscal impact on B&P. In addition, the proposal has no direct impact on general or total state revenues and will not impact the calculation pursuant to Article X, Sec. 18(e).

ASSUMPTION (continued)

Officials from the **Office of 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 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. The fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our 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.

The SOS also states 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 \$7.8 million based on the cost of the 2016 Presidential Preference Primary.

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

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

ASSUMPTION (continued)

The SOS will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, the SOS reserves the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2021. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2020 and the next scheduled general election is in November 2020 (both in FY 2021). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor (a different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2021.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a dedicated appropriation within the Missouri Veterans' Health and Care Fund of up to \$2 million each year, beginning in FY 2022 to the University of Missouri School of Law Veterans Clinic. Oversight will reflect a range of \$0 (joint resolution not passed by voters) to the maximum of \$2 million in FY 2022 and FY 2023.

Oversight notes the **Jackson County Election Board**, the **Platte County Board of Elections** and the **St. Louis County Board of Elections** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, the University of Missouri and other board of election commissions and local election authorities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

Oversight notes the balance of the Missouri Veterans' Health and Care Fund as of January 31, 2020 is \$16.9 million. In FY 2019, the beginning balance of the fund was \$0, had \$3.9 million in receipts and an ending balance of \$3.3 million.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Transfer Out</u> - SOS - reimbursement of local election authority election costs if a special election is called by the Governor	<u>\$0 or (More than \$7,800,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 or (More than \$7,800,000)</u>	<u>\$0</u>	<u>\$0</u>
MISSOURI VETERANS' HEALTH AND CARE FUND			
<u>Appropriation</u> - to the University of Missouri School of Law Veterans Clinic	\$0	\$0 or Up to \$2,000,000	\$0 or Up to \$2,000,000
<u>Appropriation Deduction</u> - from the Missouri Veterans Commission	<u>\$0</u>	<u>\$0 or (Up to \$2,000,000)</u>	<u>\$0 or (Up to \$2,000,000)</u>
ESTIMATED NET EFFECT TO THE MISSOURI VETERANS HEALTH AND CARE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FISCAL IMPACT - Local Government			
	FY 2021 (10 Mo.)	FY 2022	FY 2023
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - to Local Election Authorities the cost of a special election	\$0 or \$7,800,000	\$0	\$0
<u>Cost</u> - LEAs the cost of the special election if called for by the Governor	<u>\$0 or (\$7,800,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Upon voter approval, this proposed Constitutional amendment requires that beginning January 1, 2021, an amount equal to ten percent of the total annual revenue collected up to \$2 million dollars, of the Missouri Veterans' Health and Care Fund (the fund made up of fees and taxes resulting from the sale of medical marijuana) be appropriated to the University of Missouri School of Law Veterans Clinic. The \$2 million year cap will be adjusted every three years for inflation.

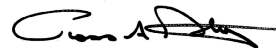
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Public Safety - Missouri Veterans' Commission
Department of Revenue
Office of Administration - Budget & Planning
Office of Secretary of State
Jackson County Election Board
Platte County Board of Elections
St. Louis County Board of Elections



Julie Morff
Director
February 3, 2020



Ross Strope
Assistant Director
February 3, 2020