

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (22-059)**

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article XIV of the Constitution of Missouri. (Received August 27, 2021)

Date

September 16, 2021

Description

This proposal would amend Article XIV of the Constitution of Missouri.

The amendment is to be voted on in November 2022.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Commerce and Insurance**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Malta Bend R-V School District**, **Mehlville School District**, **Wellsville-Middletown R-1 School District**, **State Technical College of Missouri**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **University of Central Missouri**, **Harris-Stowe State University**, **Lincoln University**, **Missouri State University**, **Missouri Southern State University**, **Missouri Western State University**, **Northwest Missouri State University**, **Southeast Missouri State University**, **Truman State University**, **Missouri Veterans**

Commission, Missouri Office of Prosecution Services, the Kansas City Board of Police Commissioners, and the Metropolitan Police Department - City of St. Louis.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they expect that their office could absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may be required to request additional appropriations.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department from this initiative petition.

Officials from the **Department of Economic Development** indicated no fiscal impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated no impact to their department.

Officials from the **Department of Higher Education and Workforce Development** indicated no impact to their department.

Officials from the **Department of Health and Senior Services** indicated the total estimated net effect on all state funds for fiscal year 2023 would be negative \$10,312,978, fiscal year 2024 would be \$38,424,091, and fiscal year 2025 would be \$76,506,197. Initial/one-time costs total \$2,431,790.

They indicated the proposed initiative petition allows existing medical marijuana licensed facilities to convert to a comprehensive license. It is assumed that some revenues (medical patients, caregivers, patient/caregiver cultivation ID cards, and medical marijuana tax) will be deposited into the existing Missouri Veterans' Health and Care Fund while all other revenues associated with facility licensure, facility certifications, personal cultivation registration ID cards, and adult use tax will be deposited into a new Veterans, Health, and Community Reinvestment Fund.

The proposed legislation could create new small business opportunities.

Space for 38 staff (2 full-time employees (FTE) for the Missouri Veterans' Health and Care Fund (0606) and 36 for the Veterans, Health, and Community Reinvestment Fund) will be required by fiscal year (FY) 2023: $38 \text{ FTE} \times 230 \text{ sq. ft.} \times \$18.00 = \$157,320$ The staff will be located in Jefferson City.

Missouri Veterans' Health and Care Fund 0606

Section 1.3(5) – The previous confidentiality provision has been replaced with a provision making records subject to the Sunshine Law. The effect is that more records will be

releasable. In addition to this, the Department of Health and Senior Services (DHSS) is to establish a process for existing licensees to designate which portions of previously provided records should be protected as proprietary.

Their department requires two Associate Research Data Analysts with an annual salary of \$43,000 to address these needs beginning December 2022.

Section 1.3(12) – Previously, patient/caregiver cultivation ID cards were valid for one year and cost \$100. Under the initiative petition (IP), these cards are valid for 3 years and cost \$50. The first cards issued will not expire until after December 1, 2025, which is FY 2026. This causes a reduction in annual revenue of \$2,638,084 (\$2,889,634 amount collected in state fiscal year (SFY) 2021 less-\$251,550 projected in SFY 2023), \$2,381,956 ((\$2,889,634 less -\$507,678 projected in SFY 2024), \$2,377,428 (\$2,889,634 less -\$512,207 projected in SFY 2025).

Section 1.3(19) Patient ID cards are currently valid for one year. Under the IP, these cards would be valid for three years. This would cause a reduction in annual revenue of \$2,543,906 in FY 2023; \$1,915,961 in FY 2024; and \$1,905,109 in FY 2025 as the first cards issued will not expire until after December 1, 2025, which is FY26.

Section 1.3(20) – Previously, caregiver ID card were valid for one year. Under the IP, these cards are valid for 3 years. This causes a reduction in annual revenue as the first cards issued will not expire until after December 1, 2025, which is FY 2026. Annual revenue is estimated at FY 2023 \$76,843; FY 2024 \$61,771; and \$61,510.

Section 1.5(1) Out of state patients were not eligible to purchase medical marijuana in MO. Under the IP, they are, which will cause an increase in sales tax revenues. Based on data from Arkansas, who publishes temporary patient (reciprocity) licenses issued statistics, their department assumes out of state medical marijuana visitors will purchase an amount of medical marijuana equal to eleven percent of what Missouri's medical marijuana patient base purchases in a fiscal year.

Considering all changes in Section 1 there will be a reduction in new patient applications and its related fees. Their department estimates patient, caregiver, and patient cultivator applications and revenue received will be:

FY 23: \$882,925 (30,286 patient, caregiver, and patient cultivation) + \$1,129,523 (medical marijuana taxes) = \$2,012,448

FY 24: \$1,782,071 (60,574 patient, caregiver, and patient cultivation) + \$3,845,957 (medical marijuana taxes) = \$5,628,028

FY 25: \$1,797,712 (60,574 patient, caregiver, and patient cultivation) \$3,845,957 (medical marijuana taxes) = \$5,643,669

A detail summary of projected revenue for SFY 2023 through SFY 2025 is attached (**Attachment A**).

Due to the reduction in-patient, caregiver, and patient cultivator applications, their department will eliminate 3 full-time Public Health Program Associate positions that process applications, with their annual salaries of \$39,531 each.

There will be a reduction in the Missouri Veterans' Health and Care Fund from medical facility licenses converting to comprehensive licenses under Section 2. Their department anticipates certifications: Laboratory, Seed to Sale and Transportation will also move into Section 2. Their department anticipates a reduction in both license fees and certification fees with all future fees going to the new Veterans, Health, and Community Reinvestment Fund. The reduction will be FY 23 \$6,344,857; FY 24 \$5,163,434 and FY 25 \$5,281,115.

Once all facilities convert to comprehensive licenses under Section 2 provisions, their department anticipates facility agents ID cards will no longer be required. Their department anticipates a reduction in revenues from the loss of these fees \$289,502.

Relatedly, this results in reduced staffing costs as their department will no longer require 3 Public Health Program Associates with annual salaries of \$39,531 each, who process facility agent applications.

Their department will also no longer require the contract for a facility agent application system, which eliminates an annual cost of \$147,300.

Their department assumes all medical facility licenses will convert and will no longer pay annual or renewal fees under the Section 1. During the timeframe analyzed for this response, their department does not expect to issue new medical facility licenses to replace the licenses that converted. With no facility licenses operating under Section 1, the following full time positions would no longer be necessary and will move as operating expenditures to the new Veterans, Health, and Community Reinvestment Fund:

- Seven- Senior Regulatory Auditors who review minimum licensing standards, process change request per rule and audit licensure activities.
- One Regulatory Auditor Supervisor for management oversight.
- Fourteen- Compliance Inspectors that regulate medical marijuana licensed and certified facilities to comply with Missouri law through inspection and other regulatory tools, and provide compliance assistance;
- Four Compliance Inspection Supervisors for management oversight by region;
- One Regulatory Compliance Manager that oversees all licensed and certified medical marijuana facilities, and
- One Lead Administrative Support Assistant to support staff.

Their department assumes a **50/50** split in responsibilities between the two Funds for the following positions:

- One Section Director to provide leadership and program oversight;

- One Section deputy director to provide leadership and program oversight;
- Three legal counsel who handle license appeals and provide legal documents needed for licensure actions. These positions will represent 1.5 FTE;
- One Special Assistant Professional (Litigation Coordinator) who assists legal counsels as a paralegal;
- One Lead Administrative Support to support legal counsels;
- One Administrative Support Professional to support the Section Director, Deputy Director, and Operations Unit;
- One Program Coordinator to manage the Operations Unit and provide administrative logistical support across the program such as communications and program budget;
- One Staff Development Training Specialist to provide professional development and on-boarding of staff; and
- One Program Specialist to provide reporting and strategic development.

Veterans, Health, and Community Reinvestment Fund

The addition of Section 2 to Article XIV would have fiscal impact on DHSS include: Establishment of a Veterans, Health, and Community Reinvestment Fund. Establishing Section 2 of the Article XIV that would have fiscal impact on DHSS include:

Section 2.4(7) – Records, with certain exceptions, will be subject to the Sunshine Law.

Their department requires 1 Associate Research Data Analyst with an annual salary of \$43,000 to address these needs to appropriately respond to the expected volume of requests for records.

Section 2.4(1)(d) – DHSS holds an existing third-party contract for seed-to-sale tracking of medical marijuana. Under the IP, the same seed-to-sale tracking services would be required for comprehensive marijuana and microbusiness facilities.

The additional cost to add comprehensive marijuana and microbusiness facilities into the existing seed-to-sale tracking system is \$815,000 + for FY23 and \$365,000 for FY24 and FY25.

Section 2.4(1)(c), 2.4(8)–(12), 2.4(23)– DHSS holds an existing third-party contract for accepting online application forms. Under the IP, similar application form services would be required for comprehensive marijuana and microbusiness facilities and consumer cultivation ID cards. The additional cost for an online system for these applications will be \$527,700 for FY23 and \$223,560 for FY24 and FY25.

2.4(4)(i) – Previously, licensees could choose to appeal denials and revocations through the Administrative Hearings Commission. Under the IP, licensees may also appeal a host of penalties to the AHC. Costs associated with this provision are included below.

Section 2.4(9) – Section 2 allows all medical facility licenses to convert to comprehensive licenses; their department assumes all medical facility licenses will convert. Fees for

comprehensive marijuana cultivation facilities will be \$12,000 to apply or renew for the first three years of the program. The annual fee per license will be \$25,000. Per Section 2.4(15)-(17), their department assumes there will be 60 comprehensive cultivation facilities within 60 days of the effective date of the new law. Revenues from annual fees for these licenses will be \$1,500,000 in FY23, \$1,513,500 in FY24, and \$1,527,122 in FY25. After 1.5 years of the program, their department may issue additional comprehensive cultivation licenses, and assumes it will receive 400 applications during FY25 to issue 10 new licenses in December 2025. Revenues from 400 application and 10 annual fees will be \$5,141,309 in FY25 totaling \$6,668,431.

Section 2.4(10) – Section 2 allows all medical facility licenses to convert to comprehensive licenses, their department assumes all medical facility licenses will convert. Fees for comprehensive marijuana dispensary facilities will be \$7,000 to apply or renew for the first three years of the program. The annual fee per license will be \$10,000. Per Section 2.4(15)-(17), their department assumes there will be 192 comprehensive dispensary facilities within 60 days of the effective date of the new law. Revenues from annual fees for these licenses will be \$1,920,000 in FY23, \$1,937,280 in FY24, and \$1,954,716 in FY25. After 1.5 years of the program, their department may issue additional comprehensive dispensary licenses, and assumes it will receive 200 applications during FY25 to issue 16 new licenses in December 2025. Revenues from 200 application and 16 annual fees will be \$1,588,206 in FY25 totaling \$3,542,922.

Section 2.4(11) – Section 2 allows all medical facility licenses to convert to comprehensive licenses, their department assumes all medical facility licenses will convert. Fees for comprehensive marijuana manufacturing facilities will be \$7,000 to apply or renew for the first three years of the program. The annual fee per license will be \$10,000. Per Section 2.4(15)-(17), their department assumes there will be 86 comprehensive manufacturing facilities within 60 days of the effective date of the new law. Revenues from annual fees for these licenses will be \$860,000 in FY23, \$867,740 in FY24, and \$875,550 in FY25. After 1.5 years of the program, their department may issue additional comprehensive manufacturing licenses, and assumes it will receive 200 applications during FY25 to issue 8 new licenses in December 2025. Revenues from 200 application and 8 annual fees will be \$1,506,760 in FY25 totaling \$2,382,310.

Section 2.4(12) – Fees for marijuana microbusinesses will be \$1,500 for applications and renewals. Application fees may be refunded for applicants that do not receive a microbusiness license. Their department assumes all application fees will be refunded if a microbusiness license is not issued. Annual fees will be \$1,500 per year after the first year. Per Section 2.4(13), per the IP, their department will begin accepting applications by September 4, 2023, issue 32 microbusiness dispensary, and 64 microbusiness wholesale licenses in FY24. Per the IP, their department will issue another 16 microbusiness dispensary and 32 microbusiness wholesale licenses by April 4, 2025. Their department assumes all application fees will be refunded except those for the 48 awarded licenses. Revenues from these fees will be \$0 in FY23, \$145,296 in application fees and \$0.00 in annual fees for FY24, and \$146,604 in FY25 for annual fees from those licenses issued October 2023 (FY24).

The total for all new facility applications in FY25 is \$7,957,321.

Issuing new comprehensive facility licenses and microbusiness licenses under Section 2.4(9)-(12) by lottery will cause new licensing costs. Third party application system costs are addressed above. For license application processing and all related licensing activities associated with the new licenses, beginning in December 2022, their department will require;

- Two Regulatory Auditor Supervisors with an annual salary of \$63,500; and
- Six Senior Regulatory Auditors with annual salary of \$46,350.

The increased compliance needs for the new microbusiness, new comprehensive licenses, and additional testing/transportation/seed-to-sale certifications means their department will require an additional:

- Five Compliance Inspectors with annual salary of \$55,104;
- One Program Specialist with an annual salary of \$40,000; and
- One Administrative Support Assistant with an annual salary of \$39,000.

Vehicles and travel costs will be associated with the Compliance Inspector positions.

The increased investigation and enforcement needs, including participating in appeals of penalties and license denials/revocations, associated with the new microbusiness licenses, new comprehensive licenses, new certifications, consumer cultivators, and the increases in marijuana products and sales in Missouri means their department will require:

- One Regulatory Compliance Manager with an annual salary of \$68,895;
- Seven Compliance Inspectors with an annual salary of \$55,104; and
- One Business Project Manager with an annual salary of \$50,000.

One investigative/forensic data analysis unit with an annual salaries of:

- One Program Coordinator at \$68,495;
- Six Senior Research Analysts at \$50,000; and
- One Administrative Support Assistant at \$39,000 annually.

Vehicles and travel costs will be associated with the Compliance Inspector positions. Their department will also require an additional IT system solution for Investigation Workflow Management, at an annual cost of \$422,160.

This proposed language will require a Case Management System Expansion \$300,000; Investigative Management System \$729,000; RFDS \$24,000; IT Security Access Solution \$500,000; and Gensys Phone System \$13,459.

Section 2.4(13)-(14) – DHSS will appoint a Chief Equity Officer within 60 days of the effective date of the new law. For the duties described, they will require:

- One Business Project Manager for \$50,000 annual salary;
- One Program Specialist at \$35,000 to assist with eligibility reviews; and
- One Public Health Program Specialist at \$45,000 to assist with public education programming.

Section 2.4(15)-(16) – These provisions allow any medical facility licensee to convert its license to a comprehensive license in order to serve both patients and consumers. As long as they are in good standing with DHSS, all requests are allowed to convert. Therefore, their department assumes all medical facility licenses will convert to comprehensive licenses within the first 3 months after the effective date of the new law. These must be processed within 60 days of receiving the request. With all facility licenses operating under Section 2, the following positions will be necessary under Section 2 as of January 2023:

Seven Senior Regulatory Auditors who review minimum licensing standards, process change request per rule and audit licensure activities:

- One Regulatory Auditor Supervisor for management oversight \$69,865;
- Thirteen Compliance Inspectors \$55,105; and
- One non-commissioned Investigator \$45,900.

These will regulate medical marijuana licensed facilities to comply with Missouri law through inspection and other regulatory tools, and provide compliance assistance and 4 Compliance Inspection Supervisors for management oversight statewide or by region:

- One Regulatory Compliance Manager that oversees all licensed and certified medical marijuana facilities including the Licensing and Compliance units \$86,700; and
- One Lead Administrative Support Assistant to support staff \$42,840.

Some existing positions will be shared between Section 1 and Section 2. Their department assume a 50/50 split in responsibilities between the two Funds:

- One Section Director and one Section deputy director to provide leadership and program oversight;
- Three attorneys;
- One Litigation Coordinator;
- One Lead Administrative Support to support license appeals and provide legal documents needed for licensure actions;
- One Administrative Support Professional to support the Section Director, Deputy Director, and Operations Unit;
- One Program Coordinator to manage the Operations Unit and provide administrative logistical support across the program such as communications and program budget;
- One Staff Development Training Specialist to provide professional development and on-boarding of staff; and

- One Program Specialist to provide reporting and strategic development.

Section 2.4(22) – Their department anticipates certifications, including: Laboratory testing, Seed to Sale, and Transportation facilities will move from Section 1 to Section 2 including the fees associated with their certification. Fees to apply for certifications, such as testing, transportation, and seed-to-sale facilities, shall be \$2,500. Their department assumes it will receive 20 applications to issue 2 additional testing facility licenses, 10 applications to issue 5 additional transportation, and 10 applications to issue 5 additional seed-to-sale certifications annually. Revenues from application and annual fees will be \$210,000 in FY23, \$237,115 in FY24, and \$269,791 in FY25.

Section 2.4(23)-(24) – Their department will require staff to process applications for personal cultivation registration cards. The fee for these applications is \$100, and these registration cards are valid for 1 year. Their department estimates 26,136 new consumers will apply to cultivate in FY23, 79,200 in FY24, and 118,800 in FY25. The annual revenues for these cards would be \$2,613,600 in FY23, \$7,991,280 in FY24, and \$12,094,802 in FY25. As these are 1 year cards, they expect 12,428 renewal applications in FY24 and 37,660 renewal applications in FY25 with renewal revenues of \$1,253,952 in FY24 and \$3,834,052 in FY25. To process these applications, their department will require 10 Program Specialists with \$40,000 annual salary each year.

Section 2.6 – The tax on non-medical marijuana sold to consumers is 6%, and revenues from this tax will be deposited in a "Veterans, Health, and Community Reinvestment Fund." Their department estimates non-medical sales tax revenue as follows: \$8,977,382 for FY23, \$46,313,352 for FY24, and \$69,470,028 for FY25.

Their department will need to retain a reserve fund for a reasonable working cash balance. The reserve retained by their department is estimated to be approximately \$4 million. Their department will assess the need at the end of each fiscal year once actuals are recorded. The IP states each year, after expenses and reserved needed is calculated, monies will first go to governmental entities with expungement responsibilities in an unknown amount. Then the remaining amount is divided in thirds, including one third to DHSS to award as grants to certain entities; one third to the Veterans Commission and allied state agencies; and one third to Missouri Public Defenders system.

Section 2.6(2)(c)(ii) – DHSS is to establish a grant program for organizations that offer drug addiction treatment programs. Their department will also require beginning in FY 2023: 1 Program Coordinator at \$68,495.

Beginning in FY 2024:

- Three Grant Specialists at \$50,000;
- Two Grant Officers at \$45,000; and
- Two Grant Associates at \$40,000.

2.9(3)–(5) – DHSS is required to enforce packaging and labeling requirements. With the increase in marijuana and marijuana products under Section 2, their department requires 4

Program Specialists with \$45,000 annual salary to process requests for approval and pursue enforcement of the related requirements.

They also provided the following information.

ATTACHMENT B

Section 2: Adult Use

Type	FY 2023 Fee Schedule			FY 2023 Number of Projected Licenses			FY 2023 Projected Revenues				
	New Application Fee	Renewal Fee	Annual Fee	Number of Applications (New)	Number of Licenses (Renewal)	Number of Licenses (Annual)	New Application Fees (E* A)	Facility License Renewal Fees (F * B Fee)	Facility License Annual Fees (G * C)	Change Requests	Total Projected Revenues
Comprehensive Cultivation Facility	12,000.00	12,000.00	25,000.00	-	-	60	-	-	1,500,000	-	1,500,000
Comprehensive Dispensary Facility	7,000.00	7,000.00	10,000.00	-	-	192	-	-	1,920,000	-	1,920,000
Comprehensive Manufacturing Facility	7,000.00	7,000.00	10,000.00	-	-	86	-	-	860,000	-	860,000
Laboratory Testing	2,500.00	2,500.00	2,500.00	2	-	10	-	-	25,000	-	25,000
Seed to Sale	2,500.00	2,500.00	2,500.00	5	-	29	12,500	-	72,500	-	85,000
Transportation	2,500.00	2,500.00	2,500.00	5	-	35	12,500	-	87,500	-	100,000
Microbusiness Dispensary	1,500.00	1,500.00	1,500.00	-	-	-	-	-	-	-	-
Microbusiness Wholesale	1,500.00	1,500.00	1,500.00	-	-	-	-	-	-	-	-
Personal Cultivation Registration Cards	100.00	100.00	-	26,136	-	-	2,613,600	-	-	-	2,613,600
Change Requests	2,074.64	-	-	300	N/A	N/A	N/A	N/A	N/A	622,392	622,392
Total				26,448	-	412	2,638,600	-	4,465,000	622,392	7,725,992

Taxes (Section 2: Adult Use)											8,977,382
TOTAL											8,977,382

Type	FY 2024 Fee Schedule			FY 2024 Number of Projected Licenses			FY 2024 Projected Revenues				
	New Application Fee	Renewal Fee	Annual Fee	Number of Applications (New)	Number of Licenses (Renewal)	Number of Licenses (Annual)	New Application Fees (E* A)	Facility License Renewal Fees (F * B Fee)	Facility License Annual Fees (G * C)	Change Requests	Total Projected Revenues
Comprehensive Cultivation Facility	12,108.00	12,108.00	25,225.00	-	-	60	-	-	1,513,500	-	1,513,500
Comprehensive Dispensary Facility	7,063.00	7,063.00	10,090.00	-	-	192	-	-	1,937,280	-	1,937,280
Comprehensive Manufacturing Facility	7,063.00	7,063.00	10,090.00	-	-	86	-	-	867,740	-	867,740
Laboratory Testing	2,522.50	2,522.50	2,522.50	2	-	12	5,045	-	30,270	-	35,315
Seed to Sale	2,522.50	2,522.50	2,522.50	5	N/A	35	12,613	NA	88,288	-	100,900
Transportation	2,522.50	2,522.50	2,522.50	5	-	35	12,613	-	88,288	-	100,900
Microbusiness Dispensary	1,513.50	1,513.50	1,513.50	32	-	-	48,432	-	-	-	48,432
Microbusiness Wholesale	1,513.50	1,513.50	1,513.50	64	-	-	96,864	-	-	-	96,864
Personal Cultivation Registration Cards	100.90	100.90	-	79,200	12,428	-	7,991,280	1,253,952	-	-	9,245,232
Change Requests	2,093.31	-	-	300	-	N/A	N/A	N/A	N/A	627,994	627,994
Total				79,608	12,428	420	8,166,846	1,253,952	4,525,365	627,994	14,574,156

145,296

Taxes (Section 2: Adult Use)											46,313,352
TOTAL											46,313,352

Type	FY 2025 Fee Schedule			FY 2025 Number of Projected Licenses			FY 2025 Projected Revenues				
	New Application Fee	Renewal Fee	Annual Fee	Number of Applications (New)	Number of Licenses (Renewal)	Number of Licenses (Annual)	New Application Fees (E* A)	Facility License Renewal Fees (F * B Fee)	Facility License Annual Fees (G * C)	Change Requests	Total Projected Revenues
Cultivation Facility	12,216.97	12,216.97	25,452.03	400	-	70	4,886,789	-	1,781,642	-	6,668,431
Dispensary Facility	7,126.57	7,126.57	10,180.81	200	-	208	1,425,313	-	2,117,608	-	3,542,922

FISCAL ESTIMATE WORKSHEET
OVERSIGHT DIVISION (573)751-4143
FAX (573)751-7681

FISCAL NOTE: 22-059IP
BILL NO: _____

SUMMARY OF FISCAL IMPACT

Type of Fiscal Note Response: Original

Agency:	<u>DHSS</u>	Date:	<u>9-7-21</u>
Division:	<u>DHSS</u>	Telephone:	<u>573-751-6016</u>
Preparer:	<u>Judi Fifer</u>	E-Mail Address:	<u>Judi.Fifer@health.mo.gov</u>
Preparer's Signature:	<u>Judi Fifer</u>	No Impact on Agency:	_____
Approval Signature:	<u>Shelly Ash/Michael Oldv</u>	No Local Fiscal Impact:	_____

Note: if both of the "no impact" lines are checked, you only need to complete the "Summary of Fiscal Impact" and "Overview-Questions" worksheets.

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2023	FY 2024	FY 2025
Vet's Comp Health & Reinvestment Fund	\$8,957,005	\$51,027,497	\$89,178,716
Vet's Health & Care Fund 0606	(\$19,269,983)	(\$12,603,406)	(\$12,672,519)
Government Entities for Expungemen	Unknown	Unknown	Unknown
MO Veterans Commission new (1/3)	Unknown	Unknown	Unknown
DHSS Grants (1/3)	Unknown	Unknown	Unknown
MO Public Defenders (1/3)	Unknown	Unknown	Unknown
Total Estimated Net Effect on All State Funds	(\$10,312,978)	\$38,424,091	\$76,506,197

ESTIMATED NET EFFECT ON FEDERAL FUNDS

Federal Funds	\$0	\$0	\$0
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS

Local Funds	\$0	\$0	\$0
Total Estimated Net Effect on All Local Funds	\$0	\$0	\$0

FUND COSTS BY CATEGORY

Expenditure by Category	FTEs	Annual Salary	FY 2023	FY 2024	FY 2025
Personnel by Position					
Special Assistant Professional (Director)	(0.50)	99,807	(24,951.75)	(50,402.54)	(50,906.56)
Legal Council (Deputy Director)	(0.50)	\$93,293	(23,323.25)	(47,112.97)	(47,584.09)
Administrative Assistant Prof	(0.50)	\$45,900	(11,475.00)	(23,179.50)	(23,411.30)
Legal Council	(1.00)	\$68,850	(34,425.00)	(69,538.50)	(70,233.89)
Legal Council	(0.50)	\$78,642	(19,660.50)	(39,714.21)	(40,111.35)
Lead Administrative Support Assistant	(0.50)	\$34,517	(8,629.25)	(17,431.09)	(17,605.40)
Special Assistant Professional	(0.50)	\$51,059	(12,764.75)	(25,784.80)	(26,042.64)
Program Coordinator	(0.50)	\$63,036	(15,759.00)	(31,833.18)	(32,151.51)
Staff Dev Training Specialist	(0.50)	\$44,447	(11,111.75)	(22,445.74)	(22,670.19)
Program Specialist	(0.50)	\$51,457	(12,864.25)	(25,985.79)	(26,245.64)
Associate Research Data Analyst	2.00	\$43,860	\$43,860	\$88,597	\$89,483
Public Health Program Associate	(6.00)	\$39,531	(118,593.00)	(239,557.86)	(241,953.44)
Senior Regulatory Auditor	(6.00)	\$47,277	(141,831.00)	(286,498.62)	(289,363.61)
Senior Regulatory Auditor	(1.00)	\$58,931	(29,465.50)	(59,520.31)	(60,115.51)
Regulatory Auditor Supervisor	(1.00)	\$69,865	(34,932.50)	(70,563.65)	(71,269.29)
Compliance Inspector	(14.00)	\$69,895	(489,265.00)	(988,315.30)	(998,198.45)
Compliance Inspector Supervisor	(1.00)	\$69,865	(34,932.50)	(70,563.65)	(71,269.29)
Compliance Inspector Supervisor	(3.00)	\$64,770	(97,155.00)	(196,253.10)	(198,215.63)
Regulatory Compliance Manager	(1.00)	\$69,865	(34,932.50)	(70,563.65)	(71,269.29)
Lead Administrative Support Assistant	(1.00)	\$39,000	(19,500.00)	(39,390.00)	(39,783.90)
			0.00	0.00	0.00
		\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0
Total FTE by Fiscal Year	(37.50)		(18.75)	(37.50)	(37.50)
Total Salaries			(\$1,131,712)	(\$2,286,057)	(\$2,308,918)
Fringe Benefits			(\$568,515)	(\$1,219,294)	(\$1,227,010)

FISCAL ESTIMATE WORKSHEET

22-059IP

0

0606 VHC Fund

FUND COSTS BY CATEGORY

Expenditure by Category	BOBC	Units	Unit Cost	FY 2023	FY 2024	FY 2025
Equipment by Item						
Desk Chair	580	2	\$596	\$1,192		
Side Chair	580	0	\$314	\$0		
Desk	580	0	\$601	\$0		
File Cabinet	580	2	\$599	\$1,198		
Calculator	190	2	\$20	\$40		
Cubicle	580	2	\$6,800	\$13,600		
Telephone	340	2	\$145	\$290		
TOTAL EQUIPMENT				\$16,320	\$0	\$0
Expenses	BOBC	Units	Unit Cost			
Travel	140	2	\$10,103	\$10,103	\$20,711	\$21,229
Travel	140	0	\$5,103	\$0	\$0	\$0
Fleet	560	2	\$81	\$81	\$166	\$170
Supplies	190	2	\$238	\$238	\$488	\$500
Telecommunications	340	2	\$294	\$294	\$603	\$618
Maintenance and Repair	430	2	\$36	\$36	\$74	\$76
Annual cost of facility agent app syste				(\$147,300)	(\$147,300)	(\$147,300)
	81.5	-37.5	\$3,239	(\$60,731)	(\$124,499)	(\$127,612)
RENT:						
St. Louis/Metro (\$21)	680		\$4,830	\$0	\$0	\$0
Large City (\$18)	680	2	\$4,140	\$4,140	\$8,487	\$8,699
Out State (\$14)	680		\$3,220	\$0	\$0	\$0
			\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0
TOTAL EXPENSE				(\$193,139)	(\$241,270)	(\$243,620)
TOTAL EQUIPMENT AND EXPENSE				(\$176,819)	(\$241,270)	(\$243,620)
Local Assistance				\$0	\$0	\$0
Other Costs ()				\$0	\$0	\$0

SUMMARY OF FUND COSTS

I. Fund Costs by Category	FY 2023	FY 2024	FY 2025
Salaries	(1,131,712)	(2,286,057)	(2,308,918)
Fringe Benefits	(568,515)	(1,219,294)	(1,227,010)
Equipment and Expense	(176,819)	(241,270)	(243,620)
Local Assistance	\$0	\$0	\$0
Other Fund Costs	\$0	\$0	\$0
TOTAL FUND COSTS - ALL CATEGORIES	(\$1,877,046)	(\$3,746,621)	(\$3,779,548)
II. Fund Revenue Sources			
Medical Marijuana reduction in sales tax	(9,253,837)	(6,537,403)	(6,537,403)
Reduction in Agent Fees	(289,502)	(289,502)	(289,502)
Facility fees/application and renewals	(6,344,857)	(5,163,434)	(5,281,115)
Patient/Caregiver/Cultivator fees	(5,258,833)	(4,359,688)	(4,344,047)
TOTAL FUND REVENUE - ALL SOURCES	(21,147,029)	(16,350,027)	(16,452,067)
III. Cost Avoidance (Savings)			
Salaries	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0
Equipment and Expense	\$0	\$0	\$0
Other Sources ()	\$0	\$0	\$0
TOTAL FUND SAVINGS	\$0	\$0	\$0
ESTIMATED NET EFFECT ON FUND	(\$19,269,983)	(\$12,603,406)	(\$12,672,519)

attachment A:

Patient	2,543,906	1,915,961	1,905,109	row 6
Caregiver	76,843	61,771	61,510	row 10
Cultivator	2,638,084	2,381,956	2,377,428	row 15
Total	5,258,833	4,359,688	4,344,047	

FISCAL ESTIMATE WORKSHEET		FISCAL NOTE: 22-059IP			
		BILL NO:			
		VCHR Fund			
FUND COSTS BY CATEGORY					

Expenditure by Category	FTEs	Annual Salary	FY 2023	FY 2024	FY 2025
Personnel by Position					
Special Assistant Professional (Director)	0.50	99,807	24,951.75	50,402.54	50,906.56
Legal Council (Deputy Director)	0.50	\$93,293	23,323.25	47,112.97	47,584.09
Administrative Assistant Prof	0.50	\$45,900	11,475.00	23,179.50	23,411.30
Legal Council	1.00	\$68,850	34,425.00	69,538.50	70,233.89
Legal Council	0.50	\$78,642	19,660.50	39,714.21	40,111.35
Lead Administrative Support Assistant	0.50	\$34,517	8,629.25	17,431.09	17,605.40
Special Assistant Professional/Legislation Co	0.50	\$51,059	12,764.75	25,784.80	26,042.64
Program Coordinator	0.50	\$63,036	15,759.00	31,833.18	32,151.51
Staff Dev Training Specialist	0.50	\$44,447	11,111.75	22,445.74	22,670.19
Program Specialist	0.50	\$51,457	12,864.25	25,985.79	26,245.64
Regulatory Compliance Manager	1	\$86,700	\$43,350	\$87,567	\$88,443
Lead Admin Support Assistant	1	\$42,840	\$21,420	\$43,268	\$43,701
Public Health Program Specialist	1	\$45,000	\$22,500	\$45,450	\$45,905
Compliance Inspector	12	\$55,104	\$330,624	\$667,860	\$674,539
Regulatory Auditor Supervisor	2	\$63,500	\$63,500	\$128,270	\$129,553
Lead Admin Support Assistant	2	\$39,000	\$39,000	\$78,780	\$79,568
Senior Research Analyst	6	\$50,000	\$150,000	\$303,000	\$306,030
Compliance Inspector	13	\$55,104	\$358,176	\$723,516	\$730,751
Associate Research Data Analyst	1	\$43,000	\$21,500	\$43,430	\$43,864
Business Project Manager	2	\$50,000	\$50,000	\$101,000	\$102,010
Regulatory Compliance Manager	1	\$68,895	\$34,448	\$69,584	\$70,280
Program Coordinator	2	\$68,495	\$68,495	\$138,360	\$139,743
Program Specialist	1	\$35,000	\$17,500	\$35,350	\$35,704
Program Specialist	1	\$40,000	\$20,000	\$40,400	\$40,804
Grant Specialist	3	\$50,000	\$75,000	\$151,500	\$153,015
Grant Officers	2	\$45,000	\$45,000	\$90,900	\$91,809
Grant Associates	2	\$40,000	\$40,000	\$80,800	\$81,608
Regulatory Auditor Supervisor	1	\$69,865	\$34,933	\$70,564	\$71,269
Senior Regulatory Auditor	6	\$47,277	\$141,831	\$286,499	\$289,364
Senior Regulatory Auditor	1	\$58,931	\$29,466	\$59,520	\$60,116
Senior Regulatory Auditor	6	\$46,350	\$139,050	\$280,881	\$283,690
Compliance Inspection SPV	1	\$69,865	\$34,933	\$70,564	\$71,269

Compliance Inspection SPV	3	\$64,770	\$97,155	\$196,253	\$198,216
Non-Commissioned Investigator	1	\$45,900	\$22,950	\$46,359	\$46,823
Program Specialist	4	\$45,000	\$90,000	\$181,800	\$183,618
		\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0
Total FTE by Fiscal Year	81.50		81.50	81.50	81.50
Total Salaries			\$2,165,794	\$4,374,903	\$4,418,652
Fringe Benefits			\$1,541,880	\$2,449,640	\$2,464,405

FISCAL ESTIMATE WORKSHEET

22-059IP (Section 1)

0

VCHR Fund

FUND COSTS BY CATEGORY

Expenditure by Category	BOBC	Units	Unit Cost	FY 2023	FY 2024	FY 2025
Equipment by Item						
Desk Chair	580	36	\$596	\$21,456		
Side Chair	580	4	\$314	\$1,256		
Desk	580	4	\$601	\$2,404		
File Cabinet	580	36	\$599	\$21,564		
Calculator	190	36	\$20	\$720		
Cubicle	580	32	\$6,800	\$217,600		
Telephone	340	36	\$145	\$5,220		
Laptops with docks	480	36	\$952	\$34,272		
tablets with docks	480	12	\$1,542	\$18,504		
Monitors	480	94	\$221	\$20,774		
TOTAL EQUIPMENT				\$343,770	\$0	\$0
Expenses	BOBC	Units	Unit Cost			
Travel	140	18.5	\$10,103	\$93,453	\$191,578	\$196,368
Travel	140	20	\$5,103	\$51,030	\$104,612	\$107,227
Fleet	560	18.5	\$81	\$749	\$1,536	\$1,574
Supplies	190	48	\$238	\$5,712	\$11,710	\$12,002
Telecommunications	340	36	\$294	\$5,292	\$10,849	\$11,120
Maintenance and Repair	430	48	\$36	\$864	\$1,771	\$1,815
Online Registry	480	1	\$0	\$527,700	\$223,560	\$223,560
Track and Trace System	480	1	\$0	\$815,000	\$365,000	\$365,000
Case Management System Expansion	480	1	\$0	\$300,000	\$300,000	\$300,000
Investigative Management System	480	1	\$0	\$422,160	\$422,160	\$422,160
Edible Registry	480	1	\$0	\$729,000	\$441,900	\$441,900
RFIDS	480	12	\$2,000	\$24,000	\$24,000	\$24,000
IT Security Access Solution	480	1	\$500,000	\$500,000	\$500,000	\$500,000
Genesys Phone System	480	1	\$13,459	\$13,459	\$13,459	\$13,459
Network		81.5	\$3,239	\$131,989	\$270,578	\$277,342
RENT:						
St. Louis/Metro (\$21)	680		\$4,830	\$0	\$0	\$0
Large City (\$18)	680	36	\$4,140	\$74,520	\$152,766	\$156,585

Out State (\$14)	680		\$3,220	\$0	\$0	\$0
			\$0	\$0	\$0	\$0
			\$0	\$0	\$0	\$0
TOTAL EXPENSE				\$3,694,928	\$3,035,479	\$3,054,112
TOTAL EQUIPMENT AND EXPENSE				\$4,038,698	\$3,035,479	\$3,054,112
Local Assistance				\$0	\$0	\$0
Other Costs ()				\$0	\$0	\$0

SUMMARY OF FUND COSTS

I. Fund Costs by Category	FY 2023	FY 2024	FY 2025
Salaries	\$2,165,794	\$4,374,903	\$4,418,652
Fringe Benefits	\$1,541,880	\$2,449,640	\$2,464,405
Equipment and Expense	\$4,038,698	\$3,035,479	\$3,054,112
Local Assistance	\$0	\$0	\$0
Other Fund Costs	\$0	\$0	\$0
TOTAL FUND COSTS - ALL CATEGORIES	\$7,746,372	\$9,860,022	\$9,937,169
II. Fund Revenue Sources			
Taxes	\$8,977,382	\$46,313,352	\$69,470,028
Microbusiness	\$0	\$145,296	\$219,905
Lab Test/Seed to Sale/Transporation	\$210,000	\$237,115	\$269,791
Personal Cultivation	\$2,613,600	\$9,245,242	\$15,928,854
Facilitiy Fees	\$4,280,000	\$4,318,520	\$12,593,662
Change request	\$622,395	\$627,994	\$633,645
TOTAL FUND REVENUE - ALL SOURCES	\$16,703,377	\$60,887,519	\$99,115,885
III. Cost Avoidance (Savings)			
Salaries	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0
Equipment and Expense	\$0	\$0	\$0
Other Sources ()	\$0	\$0	\$0
TOTAL FUND SAVINGS	\$0	\$0	\$0
ESTIMATED NET EFFECT ON FUND	\$8,957,005	\$51,027,497	\$89,178,716

Officials from the **Department of Commerce and Insurance** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact. However, the impact on the demand for substance use disorder treatment is unknown. Their department sees the legalization of marijuana as a broader public health issue, especially for children.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated the total estimated net effect on all state funds for fiscal year 2024 would be \$227,986 to Unknown, fiscal year 2025 would be \$676,775 to Unknown, and fiscal year 2028 would be \$1,071,308 to Unknown.

This initiative petition establishes and modifies provisions relating to the legalization of marijuana.

The following estimation of operational impact only provides an estimate of the potential impact of the proposed language on future offender populations. It does not take into account the proposal to allow for the vacation of sentences for some drug offenses outlined in Subsection 10(7) of Section 2 because their department does not have the detailed information about the quantities of drugs involved in offenses that resulted in sentences that would be required to determine which offenders would be eligible for sentence vacation, immediate or otherwise.

The estimate of the number of offenders who will be impacted by the proposed legalization of marijuana can be calculated from the sentencing records maintained by their department, but with an important qualification. Most offenders sentenced for drug offenses in Missouri are sentenced for the production, sale, distribution or possession of a controlled substance, but the drug type is not always part of the sentence information that their department receives. In some cases, the drug type is known and is included in the offender management database, but the proportion of cases in which the drug related to the offense is known is a minority of the cases. Given that the drug associated with the offense is unknown by their department in the majority of cases, the estimation of the total impact that follows will use the proportions of cases in which the associated drug is known to determine the number of cases in which the associated drug is unknown that are likely related to marijuana. Therefore, they assume 3% of all prison admissions related to drug sentences are related to marijuana (see table 1).

Table 1. FY 2017 through FY 2020 admissions to prison on only drug-related sentences in which the drug associated with the offense is known. (Drug offenses and drug types are identified in the data system through the use of the NCIC categories, modifiers associated with a sentence, and the description of the offense.)

Marijuana	70	3.3%
Other Drug	2,072	96.7%
Total	2,142	100.0%

Of the 922 offenders with new commitments to prison in FY 2020 who were admitted only on drug sentences, 575 were cases in which an offender's youngest age associated with any of those drug offenses was 21 years of age or older. The average length of those sentences was 5.6 years. Based on their assumption that 3% of those sentences are related to marijuana, they estimate 17 admissions for sentences of people 21 years of age or older for offenses related only to marijuana.

In FY 2020, there were 1,263 offenders released from prison who had been incarcerated for new commitments to prison only on drug sentences. Their average length of time served to first release was 1.1 years, which is what they assume for all future new commitments in estimating their impact.

Based on their analysis of new probation cases related to drug sentences received by their department in FY 2020, approximately 7% of the cases in which the associated drug is known are related to marijuana (see table 2). Therefore, they assume 7% of all new probation cases are based on drug sentences related to marijuana.

Table 2. FY 2020 probation cases related only to drug sentences in which the drug associated with the offense is known. (Drug offenses and drug types are identified in the data system through the use of the NCIC categories, modifiers associated with a sentence, and the description of the offense.)

Marijuana	209	7.0%
Other Drug	2,766	93.0%
Total	2,975	100.0%

Of the 5,138 offenders with new probation cases in FY 2020 whose cases were only on drug sentences, 2,274 were cases in which an offender's youngest age associated with any of those drug offenses was 21 years of age or older. Based on their assumption that 7% of those sentences are related to marijuana, they estimate 159 new probations for sentences of people 21 years of age or older for offenses related only to marijuana. The average length of those sentences was 5.4 years. Given the possibility of earned compliance credit, they apply a 3-year sentence in their estimation of impact.

The estimated cumulative impact of this proposal on department operations is 44 fewer people in prison and 528 fewer people under supervision in the field by FY 2029.

Change in prison admissions and probation openings with legislation

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
New Admissions										
Current Law	17	17	17	17	17	17	17	17	17	17
After Legislation	0	0	0	0	0	0	0	0	0	0
Probation										
Current Law	159	159	159	159	159	159	159	159	159	159
After Legislation	0	0	0	0	0	0	0	0	0	0
Change (After Legislation - Current Law)										
Admissions	-17	-17	-17	-17	-17	-17	-17	-17	-17	-17
Probations	-159	-159	-159	-159	-159	-159	-159	-159	-159	-159
Cumulative Populations										
Prison	-17	-34	-44	-44	-44	-44	-44	-44	-44	-44
Parole			-7	-24	-41	-51	-51	-51	-51	-51
Probation	-159	-318	-477	-477	-477	-477	-477	-477	-477	-477
Impact										
Prison Population	-17	-34	-44	-44	-44	-44	-44	-44	-44	-44
Field Population	-159	-318	-484	-501	-518	-528	-528	-528	-528	-528
Population Change	-176	-352	-528	-545	-562	-572	-572	-572	-572	-572

*If this impact statement has changed from statements submitted in previous years, it is because their department has changed the way probation and parole daily costs are calculated to more accurately reflect the way the Division of Probation and Parole is staffed across the entire state

In December 2019, their department reevaluated the calculation used for computing the Probation and Parole (P&P) average daily cost of supervision and revised the cost calculation to be the DOC average district caseload across the state which is 51 offender cases per officer. The new calculation assumes that an increase/decrease of 51 cases would result in a change in costs/cost avoidance equal to the cost of one FTE staff person. Increases/decreases smaller than 51 offenders are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, their department will use the average caseload figure for that specific type of offender to calculate cost increases/decreases. For instances where the proposed legislation affects a less specific caseload, their department projects the impact based on prior year(s) actual data for their department's 48 probation and parole districts.

Their department cost of incarceration is \$21.251 per day or an annual cost of \$7,756 per offender. Their department cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

They also provided the following information.

FISCAL ESTIMATE WORKSHEET
OVERSIGHT DIVISION (573)751-4143
FAX (573)751-7681

FISCAL NOTE: **IP 22-059**
BILL NO: **Article XIV Section 2**

[Instructions](#)

SUMMARY OF FISCAL IMPACT

Type of Fiscal Note Response: Revised

Agency:	<u>DOC - Corrections</u>	Date:	<u>9/7/2021</u>
Division:	<u></u>	Telephone:	<u>526-7844</u>
Preparer:	<u>Trevor Foley</u>	E-Mail Address:	<u>trevor.foley@doc.mo.gov</u>
Preparer's Signature:	<u></u>	No Impact on Agency:	<u></u>
Approval:	<u>Matt Sturm</u>	No Local Fiscal Impact:	<u></u>
Approval Signature:	<u></u>	Oversight Analyst:	<u></u>

Note: if both of the "no impact" lines are checked, you only need to complete the "Summary of Fiscal Impact" and "Overview-Questions" worksheets.
 Create and complete separate worksheets for each state fund affected.

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2024	FY 2025	FY 2028
General Revenue	\$277,986 - Unknown	\$676,775 - Unknown	\$1,071,308 - Unknown
Total Estimated Net Effect on All State Funds	\$277,986 - Unknown	\$676,775 - Unknown	\$1,071,308 - Unknown

ESTIMATED NET EFFECT ON FEDERAL FUNDS

Federal Funds	\$0	\$0	\$0
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS

Total Estimated Net Effect on All Local Funds	\$0	\$0	\$0
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FISCAL ESTIMATE WORKSHEET

FISCAL NOTE: IP 22-059

[Fiscal Note Worksheet](#)

BILL NO: Article XIV Section 2

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	# to/from Prison	Cost per year	Total Cost of Prison (includes 2% inflation per year starting in year 2)	Change in number of Probation and Parole Officers	Probation and Parole Officer II Cost per year (includes PS, fringe, E&E and inflation)	Grand Total Prison and Probation	# of Offenders to/from Probation & Parole
Year 1 (10 months)	-17	(\$7,756)	\$109,877	(3)	\$168,109	\$277,986	(159)
Year 2 (includes 2% inflation)	-34	(\$7,756)	\$268,978	(6)	\$407,797	\$676,775	(318)
Year 3 (includes 2% inflation)	-44	(\$7,756)	\$355,051	(9)	\$618,299	\$973,350	(484)
Year 4 (includes 2% inflation)	-44	(\$7,756)	\$362,152	(9)	\$624,971	\$987,123	(501)
Year 5 (includes 2% inflation)	-44	(\$7,756)	\$369,395	(10)	\$701,913	\$1,071,308	(518)
Year 6 (includes 2% inflation)	-44	(\$7,756)	\$376,783	(10)	\$709,504	\$1,086,287	(528)
Year 7 (includes 2% inflation)	-44	(\$7,756)	\$384,319	(10)	\$717,197	\$1,101,516	(528)
Year 8 (includes 2% inflation)	-44	(\$7,756)	\$392,005	(10)	\$724,967	\$1,116,972	(528)

	# to/from Prison	Cost per year	Total Cost of Prison (includes 2% inflation per year starting in year 2)		Change in number of Probation and Parole Officers	Probation and Parole Officer II Cost per year (includes PS, fringe, E&E and inflation)	Grand Total Prison and Probation	# of Offenders to/from Probation & Parole
Year 9 (includes 2% inflation)	-44	(\$7,756)	\$399,845		(10)	\$732,844	\$1,132,689	(528)
Year 10 (includes 2% inflation)	-44	(\$7,756)	\$407,842		(10)	\$740,798	\$1,148,640	(528)

FISCAL ESTIMATE WORKSHEET **FISCAL NOTE: IP 22-059**
BILL: Article XIV Section 2
FUND: General Revenue
[Instructions](#) [Instructions](#) [Instructions](#)
FUND COSTS BY CATEGORY

<u>Expenditure by Category</u> Personnel by Position	FTEs	Annual Salary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
P&P Officer II	1	\$38,753	\$32,294	\$39,140	\$39,532	\$39,927	\$40,326	\$40,729	\$41,137	\$41,548	\$41,964	\$42,383
Total FTE			(3)	(6)	(9)	(9)	(10)	(10)	(10)	(10)	(10)	(10)
Total Salary for 1 Employee			\$32,294	\$39,140	\$39,532	\$39,927	\$40,326	\$40,729	\$41,137	\$41,548	\$41,964	\$42,383
Total Salaries Per Year for All Employees			(\$96,882)	(\$234,840)	(\$355,788)	(\$359,343)	(\$403,260)	(\$407,290)	(\$411,370)	(\$415,480)	(\$419,640)	(\$423,830)
Fringe Benefits for 1 Employee			\$20,849	\$25,269	\$25,522	\$25,777	\$26,035	\$26,295	\$26,558	\$26,824	\$27,092	\$27,363
Fringe Benefits Per Year for All Employees			(\$62,548)	(\$151,615)	(\$229,698)	(\$231,994)	(\$260,348)	(\$262,951)	(\$265,583)	(\$268,237)	(\$270,922)	(\$273,629)
TOTAL SALARIES + FRINGE ALL EMPLOYEE			(\$159,430)	(\$386,455)	(\$585,486)	(\$591,337)	(\$663,608)	(\$670,241)	(\$676,953)	(\$683,717)	(\$690,562)	(\$697,459)

FISCAL ESTIMATE WORKSHEET **FISCAL NOTE: IP 22-059**
BILL: Article XIV Section 2
FUND: General Revenue
[Instructions](#) [Instructions](#) [Instructions](#)
FUND COSTS BY CATEGORY

<u>Expenditure by Category</u> Equipment by Item	Units	Unit Cost	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Computer Equipment	1	\$2,874	\$2,874	\$2,874	\$2,960	\$3,049	\$3,140	\$3,235	\$3,332	\$3,432	\$3,535	\$3,641
Office Equipment	1	\$4,632	\$4,632	\$4,771	\$4,914	\$5,062	\$5,213	\$5,370	\$5,531	\$5,697	\$5,868	\$6,044
Other Equipment	1	\$520	\$520	\$536	\$552	\$568	\$585	\$603	\$621	\$640	\$659	\$678
TOTAL EQUIPMENT FOR 1 EMPLOYEE			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EQUIP/YEAR FOR ALL EMPLOYEE			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expenses	Units	Unit Cost										
Travel, In-State	1	\$425	\$354	\$436	\$447	\$458	\$470	\$481	\$493	\$506	\$518	\$531
Travel, Out-of-State	1	\$25	\$21	\$26	\$27	\$27	\$28	\$29	\$29	\$30	\$31	\$32

Supplies	1	\$815	\$679	\$835	\$856	\$877	\$899	\$922	\$945	\$968	\$993	\$1,017
Professional Development	1	\$450	\$375	\$461	\$473	\$484	\$496	\$509	\$522	\$535	\$548	\$562
Communication Svcs & Supp	1	\$650	\$542	\$666	\$683	\$700	\$717	\$735	\$754	\$772	\$792	\$811
Professional Services	1	\$494	\$412	\$506	\$519	\$532	\$545	\$559	\$572	\$587	\$601	\$617
Housekeeping & Janitor Svcs	1	\$232	\$193	\$237	\$243	\$249	\$255	\$262	\$268	\$275	\$282	\$289
M&R Services	1	\$350	\$292	\$359	\$368	\$377	\$387	\$396	\$406	\$416	\$427	\$437
Equipment Rentals & Leases	1	\$30	\$25	\$31	\$32	\$33	\$33	\$34	\$35	\$36	\$37	\$38
TOTAL EXPENSE FOR 1 EMPLOYEE		\$2,893	\$3,557	\$3,646	\$3,737	\$3,830	\$3,926	\$4,024	\$4,125	\$4,228	\$4,334	
TOTAL EXPENSE FOR ALL EMPLOYEES		(\$8,679)	(\$21,342)	(\$32,813)	(\$33,634)	(\$38,305)	(\$39,263)	(\$40,244)	(\$41,250)	(\$42,282)	(\$43,339)	
TOTAL EQUIP AND EXP FOR 1 EMPLOYEE		\$2,893	\$3,557	\$3,646	\$3,737	\$3,830	\$3,926	\$4,024	\$4,125	\$4,228	\$4,334	
TOTAL E&E FOR ALL EMPLOYEES		(\$8,679)	(\$21,342)	(\$32,813)	(\$33,634)	(\$38,305)	(\$39,263)	(\$40,244)	(\$41,250)	(\$42,282)	(\$43,339)	
Local Assistance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Costs ()		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

FISCAL ESTIMATE WORKSHEET

FISCAL NOTE: IP 22-059
BILL: Article XIV Section 2
FUND: General Revenue

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SUMMARY OF FUND COSTS

I. Fund Costs by Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Salaries	(\$96,882)	(\$234,840)	(\$355,788)	(\$359,343)	(\$403,260)	(\$407,290)	(\$411,370)	(\$415,480)	(\$419,640)	(\$423,830)
Fringe Benefits	(\$62,548)	(\$151,615)	(\$229,698)	(\$231,994)	(\$260,348)	(\$262,951)	(\$265,583)	(\$268,237)	(\$270,922)	(\$273,629)
Equipment and Expense	(\$8,679)	(\$21,342)	(\$32,813)	(\$33,634)	(\$38,305)	(\$39,263)	(\$40,244)	(\$41,250)	(\$42,282)	(\$43,339)
Local Assistance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Fund Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL FUND COSTS - ALL CATEGORIES	(\$168,109)	(\$407,797)	(\$618,299)	(\$624,971)	(\$701,913)	(\$709,504)	(\$717,197)	(\$724,967)	(\$732,844)	(\$740,798)
II. Fund Revenue Sources										
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fines	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Sanctions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Sources ()	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL FUND REVENUE - ALL SOURCES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
III. Cost Avoidance (Savings)										
Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment and Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Sources ()	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL FUND SAVINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ESTIMATED NET EFFECT ON FUND	\$168,109	\$407,797	\$618,299	\$624,971	\$701,913	\$709,504	\$717,197	\$724,967	\$732,844	\$740,798

Officials from the **Department of Labor and Industrial Relations** indicated they anticipate no fiscal impact for this initiative petition proposing to amend Article XIV.

Officials from the **Department of Revenue** indicated this is an initiative petition that would go to the vote of the people at the November 2022 general election. If this is not adopted by the people, this would not have a fiscal impact.

Should this be adopted at the November 2022 election, by the time certification of the election occurs, it is assumed this constitutional amendment would have a January 1, 2023 effective date. Per the requirements of this proposal, citizens would be able to file for a license to be certified to sell marijuana starting December 8, 2022. It is assumed that this proposal would start January 1, 2023 (FY 2023). For calculation of any costs in this proposal they used this start date.

Section 1- Medical Marijuana

XIV Section 1 – Removing the requirement that a person be a Missouri resident from the definition of "qualifying patient" may result in additional persons requesting a medical marijuana card. Currently in order to get a medical marijuana card you must be a resident of Missouri. Their department is unable to predict if there will be an increase in the number of medical marijuana cards.

Increasing the number of people who could purchase medical marijuana may increase the sales tax collected for medical marijuana. Currently medical marijuana is taxed at 8.225%.

The medical marijuana sales tax is distributed as:

- Missouri Veterans' Health and Care Fund (4%)
- General Revenue (3%)
- School Districts Trust Fund (1%)
- Conservation Commission (0.125%)
- Parks, Soil & Water (0.1%)

If additional medical marijuana is sold, it could potentially increase the revenue to these funds. Their department is unable to predict this increase.

Currently qualifying patients shall obtain annual identification cards. This proposal would no longer require them to annually renew. This will result in a loss of revenue. Their department defers to the Department of Health and Senior Services to determine this lost revenue.

Section 4- Taxation and Reporting

Their department is able to retain up to 5% of the revenue collected from the medical marijuana tax to reimburse for their actual collection costs. This proposal would lower the amount to no more than 2%. However, their department currently retains 1% to cover their expenses. From November 2020 to July 2021 they retained a total of \$26,325.

Section 4(8)- Medical Marijuana Deduction

This proposal would allow medical marijuana businesses a subtraction from the federal adjusted gross income the amount that would have been allowed from the computation of the taxpayer's federal taxable income if the income were not disallowed solely from them being a marijuana business. Under federal law marijuana is a controlled substance and businesses selling it are not allowed some deductions that other businesses are entitled to. Since marijuana is allowed to be sold in Missouri, this would allow them to adjust their federal adjusted gross income before calculating their Missouri adjusted gross income.

This would require their department to make an independent interpretation of federal law on what would or would not be an allowable federal deduction. Their department is unable to calculate the amount of income and deductions that these businesses could possibly be allowed to deduct under this proposal. They assume this could result in an unknown that could be significant negative fiscal impact to general revenue and total state revenue.

This bill would become effective January 1, 2023, and with no specific start date it would allow people to start filing for this immediately. Therefore, they will show the impact starting in fiscal year (FY) 2023.

This would require changes to the Forms MO-A and the MO-1120. The Form MO-A has a selection of check boxes for a set of "other" subtractions, so a new line would not necessarily be required. The Form MO-1120 does not currently have this checkbox option, so it would either require a new line or a reformatting of the subtractions in Part 2. This could result in some computer programming changes and form changes estimated at \$2,000 in one-time costs.

Section 2 Marijuana Legalization, Regulation and Taxation

These provisions establish the guidelines for the legalization of marijuana (selling and using) by adults 21 years of age or older. The provisions include who can sell the product and how much a consumer can possess.

This proposal establishes a process by which marijuana facilities must be licensed and the fees they must pay. Their department will defer to the Department of Health and Senior Services to determine the amount of revenue that will be generated annually from the registration fees.

Additionally, this allows any citizen to apply for a marijuana card to grow their own marijuana. These grow your own cards have an annual fee. Their department will defer to the Department of Health and Senior Services to determine the amount of revenue that will be generated annually from these fees.

Section 6 - Taxation and Reporting

This proposal legalizes marijuana for recreational purposes. It imposes a tax on recreational marijuana upon the retail sale at a marijuana retail facility. The tax shall be at a rate of 6 percent starting January 1, 2023, the effective date of this proposal. Per this proposal, their

department is allowed to retain 2% of the tax collected or an amount to cover their administrative costs whichever is less.

It should be noted that this proposal requires the collection and payment of this recreational marijuana tax but does not specify when it is to be paid. Additionally, their department is not given rulemaking authority to set the collection dates for this tax that was given to the Division of Alcohol and Tobacco Control. For the calculation of the fiscal note, their department assumes this tax will be collected and remitted at the same time regular sales and use tax is collected. Should it be determined a different remittance time is allowed, the projected fiscal impact could be different than calculated.

All recreational marijuana tax revenues are to be deposited into the Veterans, Health and Community Reinvestment Fund. This proposal then outlines how that money is to be spent.

Based on a study completed by Gallup, 12 percent of the nation's adults smoke marijuana regularly. Based on information published on suburbanstats.org, there are approximately 4,181,284 individuals at age 21 or above in the State of Missouri, 12% of the total number of adults aged 21 or older would equal 501,754 adults.

A report published by Headset Inc, a new market insights from Seattle-based cannabis intelligence company, believes that the average marijuana consumer spends roughly \$647 on marijuana and related products per year. Based on information provided in the report published by Headset Inc, the largest pool of individuals surveyed spent \$1,000 or above each year on marijuana and marijuana products. These amount of \$647 and \$1000 will allow them to estimate a fiscal impact range.

This proposal allows for a 6% excise tax to be collected on the recreational marijuana as well as the current state sales tax rate of 4.225%. Bringing the total state tax to 10.225%.

Their department notes that sales tax is added to the purchase prices. Therefore at the low rate of \$647 they assume total taxable sales of \$324,634,838 ($\$647 * 501,754$). Therefore at the low end they estimate the 10.225% collected state tax would be \$33,193,912 ($\$324,634,838 * 10.225\%$).

Veterans Health	\$19,478,090
General Revenue	\$9,739,045
School District Trust Fund	\$3,246,348
Conservation Commission	\$405,794
Park, Soil & Water Fund	\$324,635

At the upper rate of \$1,000 they assume a total taxable sales of \$501,754,000 ($\$1,000 * 501,754$). Therefore at the upper end they estimate the 10.225% collected state tax would be \$51,304,347 ($\$501,754,000 * 10.225\%$).

Veterans Health	\$30,105,347
General Revenue	\$15,052,620
School District Trust Fund	\$5,017,540
Conservation Commission	\$627,193
Park, Soil & Water Fund	\$501,754

This proposal allows local political subdivisions to collect their current sales and use tax on marijuana. Their department assumes a current local sales and use tax rate of 4.03%. At this current rate it is estimated this would generate \$13,867,751 to \$21,433,927 for local governments.

This proposal allows local political subdivisions to impose up to an additional 3% sales tax on marijuana in their political subdivision. Their department is unable to determine how many political subdivisions would chose to institute this additional 3%. Their department assumes this would be an increase in revenue to any local political subdivision that chooses to do this.

This proposal does not limit the sale of recreational marijuana to just Missouri residents. Therefore, this proposal could be significantly underestimated. Additionally, this proposal allows Missouri residents to receive a license to grow their own product. If citizens chose to grow their own it could significantly reduce the amount of recreational marijuana tax and sales tax that is collected by the state.

This proposal allows their department to retain up to 2% of the tax collected to pay for the administration and collection of the tax. This would allow their department to retain \$290,775 to \$449,421 based on the estimated amount collected above. They are unsure if this would cover all of their department's increased expenses from implementing recreational marijuana. Should it not be enough, they will request additional funding through the appropriation process.

They know they will need a new reporting form that needs to be developed to track and monitor the recreational tax on the sale of marijuana. 2 Associate Customer Service Representatives (ASCR) at \$24,360 for processing reporting forms, phone calls and correspondence received. 1 Management Analysis Specialist (MAS) at \$38,476 to work with Division of Alcohol and Tobacco Control to administer this section as significant coordination may be required. Their department will need to make programming changes to the current sales and use tax databases. This is estimated at \$10,000.

Section 2.6(8) - Recreational Marijuana Deduction

This proposal would allow recreational marijuana businesses a subtraction from the federal adjusted gross income the amount that would have been allowed from the computation of the taxpayer's federal taxable income if the income were not disallowed solely from them being a marijuana business. Under federal law marijuana is a controlled substance and business selling it are not allowed some deductions that other businesses are entitled to. Since marijuana is allowed to be sold in Missouri, this would allow them to adjust their federal adjusted gross income before calculating their Missouri adjusted gross income.

This would require their department to make an independent interpretation of federal law on what would or would not be an allowable federal deduction. Their department is unable to calculate the amount of income and deductions that these businesses could possibly be allowed to deduct under this proposal. Their department assumes this could result in an unknown that could be a significant negative fiscal impact to general revenue and total state revenue.

This bill would become effective January 1, 2023, and with no specific start date it would allow people to start filing for this immediately. Therefore, they will show the impact starting in FY 2023.

This would require changes to the Forms MO-A and the MO-1120. The Form MO-A has a selection of check boxes for a set of "other" subtractions, so a new line would not necessarily be required. The Form MO-1120 does not currently have this checkbox option, so it would either require a new line or a reformatting of the subtractions in Part 2. This could result in some computer programming changes and form changes estimated at \$2,000 in one-time costs.

Section 10- Personal Use of Marijuana – (Expungement of Records)

As written, this law would allow eligible individuals with marijuana-related Driving While Intoxicated offenses to expunge those offenses.

For offenses where there is a current punishment in place, Section, 10(7)(a)(iii) & (b)(iii), it offers remedies where an individual can petition the court, and those sections prohibit expungement of CDL-related offenses. But then there is a catch-all section, Section 10(8)(a), that would compel the court to automatically expunge all the sets of convictions for which the punishment had been completed – and that does not create an exception for CDL-related offenses

Allowing marijuana-related driving offenses to be expunged as proposed in this section will, in some instances, compromise the state's enforcement of the provisions of §302.060, RSMo, regarding five-year and ten-year alcohol and drug license denials. In other instances, it will compromise the enhancement provisions of §302.525, RSMo, and the state's ignition interlock programs requiring offenders with multiple offenses to have an interlock device on any vehicle they operate for a minimum period of six months from the date of license reinstatement. The federal regulations and state statutes consider a repeat offender to be any person who has been convicted of more than one impaired driving

offense in five years. Missouri law denies a driver license for five years when this occurs. In addition, Missouri denies a driver license for 10 years to any person who has three or more impaired driving convictions in a lifetime. If a person is allowed to expunge these offenses these laws will not be enforceable. As such, the state may be ineligible to seek "Impaired Driving" federal grants.

The language in this IP may be inconsistent with the provisions of §§577.054 and 610.130, RSMo, which do not allow a driving while intoxicated (DWI) offense to be expunged until after 10 years from date of conviction, and only if the person has no other DWI offenses on record or pending. It is unclear if the expungement under this new section would be considered an independent remedy.

As written, this IP could potentially allow eligible individuals with marijuana-related Driving While Intoxicated offenses who hold a commercial driver license (CDL) to expunge those offenses, which would violate federal Commercial Driver License provisions prohibiting masking of violations and record keeping requirements for convictions and license actions committed in any type of vehicle under 49 CFR Section 384, specifically, the provisions of §384.225(d), as adopted in Missouri under §302.347, RSMo, for offenses committed by those required to possess a CDL. This proposal could also potentially result in their department violating §302.347, RSMo, which contains Missouri adopting federal record keeping requirements under 49 CFR Section 384 to report to the CDLIS (Commercial Driver's License Information System) all convictions and license actions committed in any type of vehicle for CDL holders or those required to possess a CDL.

Failure to comply with federal regulations under 49 CFR Section 384 may result in the loss of Federal-aid highway funds apportioned to the State, as defined in 49 CFR 383.401, with the first year of non-compliance resulting in a 4% reduction (\$26 million), and each subsequent year subject to a 8% reduction (\$52 million). This proposal could result in the decertification under 49 CFR 384.405, resulting in Missouri not being able to issue CDL credentials.

Should their department be found to be non-compliant and be required to stop the issuance of CDL credentials, they should have a potential loss of revenue. For informational purposes their department is noting the number of transactions that occurred in FY 2020 (the last complete year of data) for CDL licenses, permits, test fees and update fees as well as TPT annual fees that would reduce total revenue if they remained non-compliant with no action to resolve and were required to shut down their program.

Here is the chart of costs.

Commercial Permit (new)	13,406	\$118,770.00
Commercial Permit (renewal)	354	\$1,770.00
Totals CDL New	16,416	\$621,690.00
Totals CDL Renewal	34,517	\$1,257,651.00
Duplicate CDL Instruction Permit	160	\$800.00
REAL ID Duplicate CDL *	8,574	\$0.00
CDL Skills Test	8,255	\$206,375.00
CDL Written Test	20,423	\$510,575.00
Third Party Tester App.	11	\$1,100.00
Medical Certificate Update	72,472	\$0.00
	174,588	\$2,718,731.00

Driver license issuance and renewal fees go MoDOT for transportation.

Should their department not be allowed to continue the CDL program then the Missouri State Highway Patrol and several third party contractors may impact their FTE requirements or allocation. Currently, CDL applicants must undergo testing done by the Highway Patrol or a third party contractor and that would no longer be necessary. Their department will defer to the Highway Patrol about any potential FTE impact.

Their department notes that they are unsure when or if the federal government would rule they are out of compliance and if found out of compliance not allow them to participate in the CDL licensing program. If found out of compliance and lose the ability to participate in the CDL program they have estimated the potential losses above. At this time they are unable to estimate in which fiscal year these losses could possibly occur.

DLB Administrative Impact

Section 10 of this proposal would require their department to honor a court-ordered expungement of any marijuana-related driving offenses currently reflected on the driving record of qualifying individuals. This would include convictions for driving under the influence of drugs (DUID), driving while intoxicated (DWI), Minor in Possession and abuse and loss suspensions and revocations and chemical related revocations. Excludes offenses committed by a CDL holder that is in violation of 49 CRR 390.5 or its successor provisions, from the expungement provisions.

Per this proposal all government entities are required to administratively expunge the marijuana records. Those expungements are to be done within 90 days. Currently, one FTE can process approximately 50 court-ordered expungements per day. The proposed legislation will increase the number of expungements received by their department. Their department has no current data or systematic way to determine how many of the over one million related actions are marijuana related and may require evaluation for expungement. Due to the age of the existing motor vehicle system they are unable to run a query for marijuana offenses. They will need to go through all the records to determine which offenses are for marijuana to expunge them.

In order to meet the timeline of this proposal, their department assumes they will need at a minimum 10 temporary staff members (\$8,164 per person). Based on the volume of marijuana violations additional staff may be necessary to meet the timeline.

Additionally, to implement the proposed legislation, their department will be required to:

- Update procedures; and
- Train staff.

FY 2020 – Driver License Bureau

Research Data Analyst	10 hrs. @ \$23.82 per hr.	= \$238
Manager	10 hrs. @ \$22.24 per hr.	= \$222
Total		= \$460

Their department assumes the cost to update procedures and internal training will be absorbed.

Comments:

To ensure full CDL program compliance the sponsor should modify the language to ensure the proposed expungement provisions do not apply to offenses in an CMV or by a commercial driver license or commercial learner's permit holder as defined in 49 CFR §383.51. Failure to meet these provisions and mandatory reporting requirements may result in a loss of funding of up to 4 percent of Federal-aid highway funding in the first year of noncompliance and up to 8 percent in second and subsequent years of noncompliance.

This language could also result in Missouri losing accreditation and the ability to issue CDL's. This noncompliant finding, if not remedied, could result in the loss of an estimated \$1.2 million in CDL issuance and renewal fees. These fees go toward highway funding.

Officials from the **Department of Public Safety - Office of Director** indicated no impact for the Director's office or the Department of Public Safety, Division of Alcohol and Tobacco Control. The Missouri Veterans Commission has addressed their fiscal concerns in a separate response to the State Auditor's Office. The following response is from the Missouri State Highway Patrol.

Missouri State Highway Patrol - Impact and Concerns 22-059

There are approximately 32,327 records in the Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri State Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest records with or without a court conviction with an NCIC modifier of 60-64 that relate to marijuana offenses. However, due to the uncertain nature of this proposal to amend Missouri's Constitution, the Patrol Records Division (PRD) has no true way to determine the actual impact associated with such a proposal. If PRD is required to simply complete a mass expungement of all 32,327 records without processing individual court orders, then this could probably be completed by the Criminal Justice Information Services Division (CJIS) programming the TAS. However, if PRD is required to process 32,327 court orders for this endeavor, then the division will require 9 FTE to process the court orders.

1 full-time employee (FTE) = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

30 minutes = estimate of the amount of time per petition to log, process, research, review, and expunge the information/record when the order is received.

1 FTE can process 3,728 expungements per year = $111,840 / 30$.

$32,327 / 3,728 = 9$ FTEs

The approximate cost for 9 FTEs would be \$477,000 including fringe benefits.

The fiscal impact would also include the cost associated with replacing all but 2 of the Patrol's canines. The Patrol's canines are currently trained using cannabis/marijuana as one of four drugs they are to alert to. The purchase and initial training for a canine is approximately \$25,000. The overall cost to purchase and train the current canine program would be approximately \$175,000 ($\$25,000 \times 7$). The time to train these canines could take up to three years. Not only will there be a financial impact to the Patrol, there will also be an impact to the services provided to other law enforcement agencies until the unit reaches full capacity.

In addition to the fiscal impact, the following are the Patrol's concerns based on what other states have reported:

In 2009, Colorado traffic fatalities involving drivers testing positive for marijuana represented 9% of the total traffic fatalities. Recreational marijuana use was legalized in 2012. By 2019, that number more than doubled to 21%.

Since recreational marijuana was legalized in 2013, Colorado traffic deaths in which drivers tested positive for marijuana increased 135% while all Colorado traffic deaths increased 24%.

Marijuana-related deaths when a driver tested positive for marijuana more than doubled from 55 deaths in 2013 to 129 deaths in 2019.

The yearly number of marijuana related hospitalizations increased 101% after the legalization of marijuana, (2009-2017).

Colorado's youth for 2020 marijuana use was 43% higher than the national average.

The average THC levels in marijuana has increased significantly over the years: 1969-0.8%, 1995-4%, 2013-13%, 2017-20+%, Oil, 1995-13%, 2013-52%, highest plant 38%, highest oil 95%+.

Medical marijuana has been legal in the state of Colorado since 2000. On November 12, 2012, the state of Colorado passed Amendment 64, which legalized private use of marijuana. Per the Colorado State Patrol's driving under the influence statistics, marijuana DUI citations increased 25.5% from 2014 to 2018 and marijuana and alcohol citations increased 112% in the same time range. As marijuana becomes legalized, its use increases.

The three years after Colorado legalized marijuana for recreational use (2013-2015), its use increased in youth ages 12-17, by 12%, in young adults aged 18-25 by 16%, and adults 26 and older by 71%. By removing the recommended acceptable ages of use, zoning regulations, packaging, and advertising of cannabis/marijuana, the risk of use and abuse of marijuana by the youth of Missouri is substantially increased. This category of Missourians, who recent studies have shown significant long-term cognitive impairment when marijuana is ingested during the developmental years, would be affected.

In Missouri, medical marijuana was legalized by Amendment 2 and took effect December 2018. As of July 9, 2020, 18 states and Washington D.C. have legalized recreational marijuana and 37 states have legalized medical marijuana. In a 2013-2014 National Highway Traffic Safety Administration (NHTSA) roadside survey, 20% of the nighttime and weekend drivers tested positive for drugs. Interestingly, the number of daytime drugged drivers was approximately the same amount as night and weekend drugged drivers. A roadside study in Colorado and Washington, the first two states to legalize marijuana for recreational use, showed the primary increase of marijuana users happened to their daytime drivers. The percent of drivers that tested positive for marijuana during the day went from 8%, before recreational marijuana sales, to 23%, 6-12 months after marijuana was legalized. There was a 48% increase in weekend nighttime drivers testing positive for THC or 11-OH-THC (an active metabolite of THC) from 2007 to 2014.

Montana legalized medical marijuana in 2004 and from 2007-2010, the presence of marijuana in DUI suspects increased over 100%. Also, the number of DUI suspects who tested positive for alcohol and marijuana increased by over 180%.

This has Department of Health and Senior Services (DHSS) being the agency that enforces it. The concern is that DHSS has no police powers which would inhibit enforcement efforts.

This initiative petition will remove cannabis/marijuana from Missouri Revised Statutes and creating conflict with both several Federal and State laws, such as the use or possession of a firearm, and could conflict and violate federal law. This initiative petition does not support the Gun Control Act (GCA), codified at 18 U.S.C. § 922.

As Section 2 includes the central repository, there is a CJIS technical impact to remove any offenses identified in the proposal including FBI records. This significance of the CJIS technical impact is unclear as the court petition process is not clearly defined and the proposal does not identify if expungement means to destroy or close the record.

The authority to submit fingerprints to the FBI for a federal fingerprint based criminal record check is not authorized through the Initiative Petition process. Federal fingerprint based criminal record checks authorized under P.L. 92-544 can only be approved under a state statute that has gone through the full legislative process. All legislative proposals and statute changes that involve access to FBI criminal history must be vetted through the FBI Criminal Justice Information Law Unit (CJILU) for approval prior to utilization. Section 195.815 RSMo covers the federal fingerprint based criminal record checks that the Initiative Petition is referencing, however, the Department of Health and Senior Services is proposing changes to 195.815 RSMo to obtain FBI approval, which may enable the use as a P.L. 92-544 statute.

As the Patrol has officers assigned to federal task forces that may be involved in a federal drug operation, there are concerns over potential civil litigation resulting from these types of operations, as marijuana is still classified as a Schedule I controlled substance, and illegal under federal law.

The Patrol operates in accordance with the Drug-Free Workplace Act of 1988, which requires a drug testing program. This program tests potential employees as well as random testing for incumbent employees in enforcement, and drug sensitive areas.

Noted in Section 1.7 (1) (d), this provides good protection for employers. The Patrol believes this needs to be added to Section 2 of the initiative petition as well.

Another concern is the inability to properly train officers as laws have not yet been established. Further training is currently needed on medical marijuana laws, and more training will need to be established if this passes. Once recreational use passes, other intoxicating/impairing substances may be targeted for legalization/decriminalization as they have in many other states. One example is Oregon which has decriminalized psilocybin, cocaine, heroin, oxycodone, methamphetamine, and other drugs.

If passed, this petition will conflict with federal cannabis/marijuana laws and could cause significant conflict with several Federal and State laws, such as the use or possession of a firearm. Cannabis/marijuana causes impairment and is not a suitable drug to be used in various safety sensitive positions in the workforce, therefore strong language protecting employers is suggested. The workforce which could be affected would include any position

where safety is a must, such as operating a motor vehicle, operating heavy machinery, and all aspects of public safety.

There is no language as to where the cannabis/marijuana may remain, such as any cannabis/marijuana purchased or grown in Missouri must remain in Missouri. While this is a federal offense, a lack of this type of language may allow Missouri cannabis/marijuana facilities to distribute cannabis/marijuana outside of the state or allow other states to distribute their cannabis/marijuana in Missouri. A lack of such language could lead to Missouri being a distribution state for states where cannabis/marijuana remains illegal.

The Patrol believes this initiative petition could be a detriment to the medical marijuana program Missouri has established. Across the board this initiative petition pushes legalizing or decriminalizing marijuana for everyone. Possession and cultivation amounts are raised, taxes and fines are decreased, and public safety aspects are removed or so specific that violators will likely never be convicted or prosecuted. This initiative petition will allow marijuana to be advertised similarly to alcohol, which is concerning due to the abuse of alcohol by minors.

For further consideration, as the legalization or decriminalization of cannabis/marijuana has increased in the past several years, so have the crashes and deaths on highways. Blood screenings on drivers in serious injury and fatal crashes have shown a staggering increase in drivers who have cannabis/marijuana within their system at the time of the crash.

Overall cost to the Patrol:

9 full-time employees = \$477,000

7 new canines for the canine program = \$175,000

Total cost = \$652,000

Officials from the **Department of Social Services** indicated this will have no fiscal impact for their department.

Officials from the **Governor's office** indicated this proposal addresses the regulation and taxation of cannabis for recreational and medical use. This proposal should not fiscally impact their office.

Officials from the **House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated there is no anticipated fiscal impact (cost or savings) to their department associated with this proposal.

Officials from the **Department of Transportation** indicated this initiative should not have a fiscal impact to their department/ Missouri Highways and Transportation Commission. Commercial Motor Vehicle drivers would remain prohibited from using and possessing marijuana due to the more stringent USDOT regulations.

Officials from the **Office of Administration** indicated this proposal would legalize recreational marijuana for any Missouri resident over the age of 21, beginning December 8, 2022. Article XIV, Section 1, which authorized creation of the medical marijuana program is also amended.

Subdivision 1.3(12) would increase the number of marijuana plants that a qualifying patient may cultivate within their home to six flowering marijuana plants, six nonflowering marijuana plants over fourteen inches tall, and six clones under fourteen inches tall. This subdivision also increases the duration of a patient cultivation card to three years and reduces the card fee to \$50. Each of these changes would result in a reduction to TSR. Budget & Planning (B&P) defers to the Department of Health and Senior Services (DHSS) for further discussion on the impact.

Subdivision 1.3(13) would increase the maximum amount of dried, unprocessed marijuana that can be purchased within a 30 day period to six ounces which may result in an increase to TSR. B&P defers to DHSS for further discussion on the impact.

Subdivision 1.3(14) would create a new penalty for medical marijuana possession over the legal limit. Patients with certification from two independent physicians or nurse practitioners with a compelling reason for possessing additional amounts will not be subject to these requirements. Possession of between 12 ounces and 24 ounces of dried, unprocessed flower shall be subject to department sanctions including an administrative penalty of up to \$200 and loss of their patient identification card for up to one year. This codifies this penalty into the Constitution and will have no impact on TSR as this matches current state regulations pursuant to 19 CSR 30-95. For possession in excess of 24 ounces, the possessor shall be subject to an infraction under applicable law. It is unknown how this change may impact the number of violations or penalties resulting in an unknown impact to TSR.

Subdivision 1.3(19-20) would increase the duration of patient and caregiver identification cards to three years which would result in a reduction to TSR. This section also requires a new patient certification every three years for each card renewal. B&P defers to DHSS for further discussion on the impact.

Subdivision 1.4(1) would reduce the percentage of medical marijuana sales tax collections that the Department of Revenue (DOR) may retain for the cost of collections. B&P defers to DOR for an estimated impact from this provision.

Subdivision 1.4(8) would allow marijuana related businesses operating under Article XIV to deduct business expenses from their Missouri adjusted gross income. B&P notes that this provision would begin January 1, 2023 if voter approved. Therefore, B&P assumes that this deduction would become available for taxpayers for tax year 2022. B&P notes that tax year 2022 returns would not be filed until April 2023. Therefore, B&P estimates that this proposal could reduce GR beginning in FY23.

B&P notes that typically businesses are allowed to deduct certain expenses from their federal adjusted gross income (FAGI). Those deductions would then flow through to the business's Missouri adjusted gross income (MAGI) allowing for an implicit deduction from Missouri's income tax. However, because marijuana is a controlled substance at the federal level, marijuana related businesses are not allowed to deduct their business expenses on their federal taxes. This would allow such businesses to receive the business expense deduction at the state level.

B&P was unable to obtain enough revenue, cost, or profit margin data for medical marijuana related businesses to estimate the GR impact from this proposal. Therefore, B&P estimates that this proposal will reduce TSR and GR by an unknown, but significant, amount beginning with FY23.

Subdivision 1.5(7) would increase the number of marijuana plants that a primary caregiver may cultivate within their home to six flowering marijuana plants, six nonflowering marijuana plants over fourteen inches tall, and six clones under fourteen inches tall. This subdivision also limits the number of flowering plants per caregiver to 24 regardless of the number of patients they are caring for.

Subdivision 1.7(3) would increase the penalty for any business or individual selling a product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. **Subdivision 1.7(4)** increases the penalty for any business that violates marijuana-infused products packaging requirements as mandated by DHSS. For each of these two provisions, the amended penalty now may include up to a \$5,000 administrative penalty which codifies this penalty into the Constitution and will have no impact on TSR as these match current state regulations pursuant to 19 CSR 30-95.

Subdivision 1.7(5) would increase the number of patients a primary caregiver may serve to six patients. It also limits the number of flowering plants per caregiver to 24 regardless of the number of patients they are caring for. It is unknown how these changes may impact the number of primary caregiver identification or cultivation cards resulting in an unknown impact to TSR.

Subdivision 1.7(6) would prohibit any person from smoking marijuana in any public place unless it is specifically licensed for that purpose by an entity with appropriate jurisdiction. Violations of this provision are subject to a civil penalty of up to \$100. This may increase TSR by an unknown amount.

Subdivision 1.7(7) would prohibit any person or business from extracting resins from marijuana using dangerous materials or gases without a medical marijuana manufacturing license. Violations of this provision are subject to an administrative penalty of up to \$1,000 for a patient or caregiver and \$10,000 for a facility licensee. This codifies this penalty within the Constitution and will have no impact on TSR as this matches current state regulations pursuant to 19 CSR 30-95.

Subsection 2.1 would legalize recreational marijuana for individuals age 21 and older effective December 8, 2022.

Subdivision 2.4(1)(i) would require DHSS to establish a lottery selection process to select comprehensive facility licenses, certificate holders, and marijuana microbusiness licensees. Medical marijuana facilities that will convert to a comprehensive facility will not be subject to the lottery process.

Subdivision 2.4(2) would require DHSS to issue no less than the amount of medical marijuana facility licenses currently issued as of December 7, 2022. This subdivision grants DHSS the authority to issue more licenses than the minimum requirements to meet market demand.

Subdivision 2.4(4) would authorize DHSS to promulgate rules and regulations necessary for the implementation and enforcement of this section, including the creation of administrative penalties. Dependent upon the penalty amounts and likelihood of violations that DHSS implements, these penalties may increase TSR by an unknown amount.

Subdivision 2.4(8) would require DHSS to make license application forms available for marijuana microbusinesses by June 6, 2023 and begin accepting those applications by September 4, 2023.

Subdivision 2.4(9) would require comprehensive marijuana cultivation facilities to pay a non-refundable \$12,000 per license application or renewal between December 8, 2022 and December 7, 2025. Beginning December 8, 2025, comprehensive marijuana cultivation facilities shall be charged a non-refundable application and renewal fee of \$5,000. Renewal fees would be incurred every three years. In addition, comprehensive marijuana cultivation facilities shall be charged an annual fee of \$25,000, adjusted for inflation.

Subdivision 2.4(10) would require comprehensive marijuana dispensary facilities to pay a non-refundable fee of \$7,000 per application or renewal between December 8, 2022 and December 7, 2025. Beginning December 8, 2025, comprehensive marijuana dispensary shall be charged a non-refundable application and renewal fee of \$3,000. Renewal fees would be incurred every three years. In addition, comprehensive marijuana dispensary facilities shall be charged an annual fee of \$10,000, adjusted for inflation.

Subdivision 2.4(11) would require comprehensive marijuana-infused products manufacturing facilities to pay a non-refundable fee of \$7,000 per application or renewal between December 8, 2022 and December 7, 2025. Beginning December 8, 2025, comprehensive marijuana-infused products manufacturing dispensary shall be charged a non-refundable application and renewal fee of \$3,000. Renewal fees would be incurred every three years. In addition, comprehensive marijuana-infused products manufacturing facilities shall be charged an annual fee of \$10,000, adjusted for inflation.

Subdivision 2.4(12) would require marijuana microbusiness facilities to pay a refundable fee of \$1,500 per application and renewal. The application and renewal fee shall be adjusted

for inflation annually. Renewal fees would be incurred every three years. In addition, microbusinesses shall be charged an annual fee of \$1,500, beginning the year after the microbusiness' application is accepted. Microbusinesses will only be allowed to operate as a microbusiness dispensary facility or as a microbusiness wholesale facility and conduct business transactions with other licensed microbusinesses and directly with qualifying patients, caregivers, and consumers. Microbusiness majority owners must meet at least one of several different qualifications including having a net worth below \$250,000, being disabled due to military service, reside in an economically disadvantaged area, or have been negatively impacted by past marijuana possession laws.

Subdivision 2.4(13) would require DHSS to issue microbusiness licenses in each Missouri congressional district as specified below. Future changes to the congressional boundaries or number of districts will not impact these license numbers.

- Six licenses (two dispensaries, four wholesale) – licenses to be issued no later than October 4, 2023;
- An additional six licenses (two dispensaries, four wholesale) – licenses to be issued no later than June 30, 2024; and
- An additional six licenses (two dispensaries, four wholesale) – licenses to be issued no later than April 1, 2025.

Subdivision 2.4(22) would permit DHSS to charge up to \$2,500 for certifications of testing facilities. Dependent upon the number of testing facilities DHSS would certify, this would result in an unknown increase to TSR. B&P defers to DHSS for further explanation on this impact.

Subdivision 2.4(23-24) would require DHSS to make personal cultivation application forms available to the public by January 7, 2023 and begin accepting these applications by February 6, 2023. Personal cultivators are allowed to cultivate up to six flowering marijuana plants, six nonflowering marijuana plants over fourteen inches tall, and six clones under fourteen inches tall. However, no more than twelve plants may be kept at a single private residence. Personal cultivation cards would be valid for 12 months at a charge of \$100 annually, adjusted for inflation. To the extent that individuals purchase personal cultivation cards, this would increase TSR by an unknown amount. B&P defers to DHSS for further explanation on this impact.

Subdivision 2.5(1) allows local governments to prohibit non-medical marijuana facilities to be located within the local subdivisions boundaries.

Subdivisions 2.6(1) through 2.6(3) would levy a 6% tax on the retail sale of recreational marijuana. Subdivision (1) would further grant DOR the ability to retain up to 2% of collections to reimburse the department for collection costs. All remaining monies collected shall be deposited into the newly created "Veterans, Health, and Community Reinvestment Fund." Monies in the fund shall be used in the following ways:

- DHSS costs for enforcing Section 2;

- Government entities for the costs of expungement; and
- The remaining balance shall be distributed equally among:
 - One-Third – Missouri Veterans Commission and allied agencies for the health care and other services for military veterans and their families;
 - One-Third – DHSS to provide grants to not-for-profit organizations to increase access to drug addiction treatment; and
 - One-Third – Missouri public defender system for legal assistance for low-income Missouri citizens.

Subdivision 2.6(4) states that the tax levied under Section 2 shall be in addition to all other state and local taxes. B&P notes that the state levies a sales tax rate of 4.225% and the population weighted local sales tax rate as of July 2021 is 4.03%. **Subdivision 2.6(5)** would allow local governments to levy up to an additional 3.0% tax on the sale of recreational marijuana within that subdivision’s boundaries. B&P is unable to determine which local jurisdictions would levy an additional tax and the tax rate that may be levied for each subdivision. Therefore, for the purpose of this fiscal note, B&P will only show the population weighted local sales tax rate of 4.03%. **Subdivision 2.6(6)** prohibits any other state and local taxes from being levied on recreational marijuana.

B&P notes that under this proposal the total state sales tax on medical marijuana will remain 8.225%, while the total state sales tax on recreational marijuana will be 10.225%. Therefore, B&P assumes that medical sales will not be reduced as a result of legalizing recreational marijuana. However, Subdivision 2.2(4) states that comprehensive marijuana dispensaries do not need to keep medical and recreational marijuana sales separated. B&P notes that this provision may create difficulties when determining whether a comprehensive dispensary is retaining and remitting the correct amount of sales tax. It is possible that under this provision, a comprehensive dispensary could claim that all sales were medical and only remit the 8.225% medical marijuana sales tax. Thereby either keeping 2% (10.225% - 8.225%) as profit or by charging all customers the lower medical sales tax rate.

Subsection 2.7 requires all law enforcement agencies to provide an annual report to the Attorney General detailing the results of searches for alleged marijuana offenses. The Attorney General shall compile all reports together and forward a summary to the Governor, General Assembly, and each law enforcement agency.

Subsection 2.9(2) would require that all comprehensive marijuana facility owners undergo a fingerprint-based criminal background check. The Missouri State Highway Patrol (MSHP) Criminal Justice Information Services (CJIS) Division processes all state and federal fingerprint background checks. The CJIS has the following fee structure for background checks:

State fee:	\$20.00
Vendor Fee:	\$8.50
FBI fee:	<u>\$13.25</u>
Total fees:	\$41.75

The state retains the \$20 state fee and \$2 of the FBI fee (\$22 total retained by the state). All fees collected will be deposited in the MSHP Criminal Records System Fund. MSHP verified that over 90% of background checks are conducted using third party vendor, IDEMIA, who charges the applicant an \$8.50 fee which is kept by IDEMIA. The applicant pays the full fee of \$41.75 to the vendor and MSHP then collects the full state and FBI fees (\$33.25) from the vendor each month. The FBI bills MSHP monthly, and MSHP pays the FBI their portion of the FBI fee out of the MSHP Criminal Records System Fund. B&P defers to MSHP for further discussion on this impact.

Subdivision 2.9(3) would create a penalty for any business or individual selling a product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. Further, it prohibits the manufacture, packaging, and labeling of products that are false or misleading. **Subdivision 2.9(4)** would prohibit a marijuana facility from selling edible marijuana products in forms that would be attractive to children. For each of these two provisions, the penalty may include up to a \$5,000 administrative penalty and loss of license. To the extent these violations occur, this proposal could increase total state revenue by an unknown amount.

Subdivision 2.9(5) would create an administrative penalty of up to \$5,000 for any business that violates marijuana-infused products packaging requirements as mandated by DHSS. To the extent these violations occur, this proposal could increase total state revenue by an unknown amount.

Subdivision 2.9(12) would prohibit any person or business from extracting resins from marijuana using dangerous materials or gases without a medical marijuana manufacturing license or microbusiness wholesale license. Violations of this provision are subject to an administrative penalty of up to \$1,000 for a patient or caregiver and \$10,000 for a facility licensee, including a loss of license for up to one year. To the extent these violations occur, this proposal could increase total state revenue by an unknown amount.

Subdivision 2.10(2) would prohibit any person from cultivating marijuana plants that are easily visible to the public. This would create a civil penalty up to \$250 and forfeiture of the marijuana. To the extent these violations occur, this proposal could increase total state revenue by an unknown amount.

Subdivision 2.10(3) would require any person to keep their marijuana plants in a locked space. This would create a civil penalty up to \$250 and forfeiture of the marijuana for any violations. To the extent these violations occur, this proposal could increase total state revenue by an unknown amount.

Subdivision 2.10(4) would prohibit any person from smoking marijuana in any public place unless it is specifically licensed for that purpose by an entity with appropriate jurisdiction. Violations of this provision are subject to a civil penalty of up to \$100. To the extent these violations occur, this proposal could increase total state revenue by an unknown amount.

Subdivision 2.10(5) would prohibit any person under 21 from possessing, using, or delivering three ounces or less of marijuana. Violations of this provision are subject to a civil penalty of up to \$100 and forfeiture of the marijuana. Offenders have the option of attending drug education or counseling in lieu of the fine. To the extent these violations occur, this proposal could increase total state revenue by an unknown amount.

Subdivision 2.10(6) would prohibit any person over 21 from possessing, using, or delivering not more than twice the legal limit of marijuana. First violations of this provision are subject to a civil penalty of up to \$250 and forfeiture of the marijuana. A second violation is subject to a civil penalty of up to \$500 and forfeiture of the marijuana. A third or subsequent violation is subject to a misdemeanor fine up to \$1,000 and forfeiture of the marijuana. Any individual under 21 in violation of this subdivision would be subject to a civil penalty of up to \$250. Individuals under age 21 have the option of attending drug education or counseling in lieu of the fine. To the extent these violations occur, this proposal could increase total state revenue by an unknown amount.

All penalties under this **subsection 2.10** may be satisfied through performance of community service in lieu of payment of fines.

Subsection 2.10(7-8) would require the expungement of certain marijuana related crimes.

Tax and License Fee Revenue Estimates

B&P notes that while this proposal would begin December 8, 2022, sales tax collections would not begin until at least January 1, 2024 or later due to the application and approval process timelines set forth in Section 3 (Licensure and Certification), subdivision (3). Therefore, B&P will reflect sales tax collections as beginning in early calendar year 2024 (late FY 2024).

Based on research, B&P was able to find forecasts for the U.S. legal market for cannabis. According to such forecasts, the U.S. market for legal marijuana will be approximately \$32.1 billion in calendar year 2023 and grow up to \$47.3 billion by calendar year 2027. Based on information from the Substance Abuse and Mental Health Services Administration¹, from 2018-2019 approximately 15.03% of Missouri residents and 16.98% of all U.S. residents surveyed have used marijuana within the last year. Using the populations of Missouri residents compared to the U.S. population, B&P estimates that the market for legal marijuana in Missouri is 1.66% of the total U.S. market. Therefore, B&P estimates that the Missouri market for legal marijuana would be approximately \$534.1 million in calendar year 2023 (\$32.1 billion x 1.66%) and up to \$787.1 million by calendar year 2027 (\$47.3 billion x 1.66%).

Based on further research², B&P estimates that there could be between 61,700 to 122,500 medical marijuana users in Missouri. Using these estimates, and the estimates shown

¹ <https://www.samhsa.gov/data/report/comparison-2015-2016-and-2016-2017-nsduh-population-percentages-50-states-and-district>

² https://www.stltoday.com/news/local/metro/plenty-of-pot-study-says-missouri-will-license-twice-as/article_e94469b0-e1c6-5893-bc2e-e1d7b24f4a73.html

above, B&P estimates that the Missouri market for medical marijuana would be between 0.14% and 0.29% of the total U.S. market for legal marijuana. Therefore, B&P estimates that the total Missouri market for recreational marijuana would be 1.38% to 1.52% of the total U.S. market. Table 1 shows the estimated U.S. and Missouri markets for marijuana.

Table 1: Estimated Marijuana Market Size for the U.S. and Missouri

Calendar Year	Estimated U.S. Market Size	Estimated MO Market Size	Estimated MO Medical Market Size	Estimated MO Recreational Market Size
2023	\$32,100,000,000	\$534,147,370	\$68,884,957	\$465,262,414
2024	\$35,900,000,000	\$597,379,769	\$85,613,340	\$511,766,429
2025	\$39,700,000,000	\$660,612,168	\$102,341,724	\$558,270,445
2026	\$43,500,000,000	\$723,844,567	\$119,070,107	\$604,774,460
2027	\$47,300,000,000	\$787,076,966	\$135,798,491	\$651,278,476

B&P notes that this petition would begin December 8, 2022. However, given the length of time allowed for license approvals and the time for businesses to become operational, B&P assumes that sales tax collections would not begin until at least July 2023.

Therefore, B&P estimates that this proposal may increase state revenues by \$23,789,541 in calendar year 2023. By calendar year 2027, B&P estimates that this proposal may increase state revenues by \$66,593,224. This proposal could also increase local revenues by \$9,375,038 in calendar year 2023 and \$26,246,523 by calendar year 2027. Table 2 shows the estimated revenues generated by calendar year.

Table 2: Sales Tax Collections by Calendar Year

Fund	CY 2023*	CY 2024	CY 2025	CY 2026	CY 2027
GR (3.0% tax)	\$6,978,936	\$15,352,993	\$16,748,113	\$18,143,234	\$19,538,354
Education (1.0% tax)	\$2,326,312	\$5,117,664	\$5,582,704	\$6,047,745	\$6,512,785
Conservation (0.125% tax)	\$290,789	\$639,708	\$697,838	\$755,968	\$814,098
Parks, soil, water (0.1% tax)	\$232,631	\$511,766	\$558,270	\$604,774	\$651,278
Veterans, Health, and Community Reinvestment Fund (6% tax)	\$13,957,872	\$30,705,986	\$33,496,227	\$36,286,468	\$39,076,709
TSR (total 10.225% state sales tax)	\$23,786,541	\$52,328,117	\$57,083,153	\$61,838,189	\$66,593,224
Local Revenue (pop. weighted local rate 4.03%)	\$9,375,038	\$20,624,187	\$22,498,299	\$24,372,411	\$26,246,523

*Assumes half a year of collections.

Based on historical sales tax collection data, B&P adjusts calendar year collections 50% into the first fiscal year and 50% into the second fiscal year. Therefore, B&P estimates that this proposal could increase state revenues from taxes by \$49,950,600 in FY 2024. By FY 2028, this proposal may increase state revenues from taxes by \$66,593,224. This proposal may also increase local revenues by \$19,687,131 in FY 2024 and up to \$26,246,523 by FY 2028. Table 3 shows the estimated revenue generated by fiscal year.

Table 3: Sales Tax Collections by Fiscal Year

Fund	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GR	\$14,655,433	\$16,050,553	\$17,445,674	\$18,840,794	\$19,538,354
Education	\$4,885,144	\$5,350,184	\$5,815,225	\$6,280,265	\$6,512,785
Conservation	\$610,643	\$668,773	\$726,903	\$785,033	\$814,098
Parks, soil, water	\$488,514	\$535,018	\$581,522	\$628,026	\$651,278
Veterans, Health, and Community Reinvestment Fund	\$29,310,865	\$32,101,106	\$34,891,347	\$37,681,588	\$39,076,709
TSR	\$49,950,600	\$54,705,635	\$59,460,671	\$64,215,706	\$66,593,224
Local Revenue	\$19,687,131	\$21,561,243	\$23,435,355	\$25,309,467	\$26,246,523

B&P assumes the same number of facility applications will be submitted for the comprehensive facility licenses as was submitted for the medical marijuana program, however DHSS would be required to strictly issue comprehensive facility licenses to current medical marijuana licenses for the first 548 days after initial issuance of licenses. Depending upon DHSS' decision on facility caps, this may result in a full saturation of all licenses by current medically licensed facilities before any licenses can be issued to any entities that do not currently operate a medical marijuana facility. Businesses may be unwilling to expend money on a non-refundable fee due to this requirement resulting in potentially reduced application fee revenue.

B&P further assumes no new licenses will be granted due to current medical marijuana Administrative Hearing Commission appeals before December 7, 2022 keeping the current number of facility licenses unchanged at 341 as of September 3, 2021. Therefore, B&P

estimates that all initial application revenues will be collected in FY 2023 at a total of \$18,513,000. Going forward from this date is strictly annual fees for the licensed facilities and renewal fees every third year. Beginning in FY 2024, microbusiness licensing is fully implemented resulting in an estimated \$4,496,000 in total facility annual fees going forward. FY 2026 will be the first three year renewal period resulting in an increase in yearly revenue to \$5,635,000. All license fees will be deposited into the Veterans, Health, and Community Reinvestment Fund. Table 4 shows the estimated revenue generated by fiscal year.

Table 4: License Fee Collections by Fiscal Year

Facility Type	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cultivation	\$6,984,000	\$1,450,000	\$1,450,000	\$1,740,000	\$1,450,000	\$1,450,000
Dispensary	\$3,010,000	\$1,970,000	\$1,970,000	\$2,561,000	\$1,970,000	\$1,970,000
Manufacturing	\$8,519,000	\$860,000	\$860,000	\$1,118,000	\$860,000	\$860,000
Microbusiness	\$0	\$144,000	\$216,000	\$216,000	\$216,000	\$216,000
TSR	\$18,513,000	\$4,424,000	\$4,496,000	\$5,635,000	\$4,496,000	\$4,496,000

Subdivision 2.6(8) would allow marijuana related businesses operating under Article XIV to deduct business expenses from their Missouri adjusted gross income. B&P notes that this language is already included under Subdivision 1.4(8), which did not limit the deduction to only medical facilities. Therefore, B&P estimates that this provision will not have an effect beyond that already granted under Subdivision 1.4(8).

Officials from the **Office of State Courts Administrator** indicated the initiative petition proposing to amend Article XIV establishes and modifies provisions relating to the legalization of marijuana for adult use.

The average of all marijuana related charge codes from 2015 to 2019 for Circuit case types is 2,457 per year. The average of all marijuana related charge codes from 2015 to 2019 for Associate case types is 8,153. They are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this proposed legislation:

Criminal Court Costs		
Felony Case Costs	Amount of Cost	Disburse to State/County
Basic Civil Legal Services Fund surcharge	\$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	\$45.00	State of Missouri - General Revenue \$36, County \$9
County Fee	\$75.00	County

Court Automation Fund Fee	\$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	\$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	\$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	\$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	\$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	\$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	\$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	\$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	\$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	\$5.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	\$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	\$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	<u>\$2.00</u>	State of Missouri - Spinal Cord Injury Fund
Total	\$283.50	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	\$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	\$15.00	\$12 State of Missouri / \$3 County
County Fee	\$25.00	County
Court Automation Fund Fee	\$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	\$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	\$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	\$2.00	State of Missouri - Brain Injury Fund

Independent Living Center Fund surcharge	\$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	\$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	\$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	\$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	\$5.00	\$0.50 State of Missouri / \$0.50 County
Sheriffs' fee	\$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	\$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	\$2.00	State of Missouri - Spinal Cord Injury Fund
Total	\$106.50	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	\$15.00	\$12 State of Missouri / \$3 County
Court Automation Fund Fee	\$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	\$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	\$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	\$3.00	Sheriffs' Retirement Fund
Total	\$33.50	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	\$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest		

Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts and to the specific funds.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated 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, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be \$7 million based on the cost of the 2020 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 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. Their office estimates \$75,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of

their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will have a fiscal impact on their office. This initiative petition would provide funding to the State Public Defender (SPD). If these funds are in addition to current funding SPD will be able to provide constitutional representation for additional low income Missourians. The exact amount of the fiscal impact is unknown, but would be 1/3 of the fund balance referenced in Section 6.2(c) (iii).

Officials from the **State Treasurer's office** indicated there is a tax and a variety of fees imposed in this petition. Once in operation, marijuana businesses have had difficulties obtaining and maintaining bank accounts due Federal law and regulations. Their office and the Department of Revenue have explored options to handle large amounts of cash from licensed marijuana businesses as the Department of Revenue may see many of these taxes paid in cash. Changes in security measures and collection points may be needed as the Department of Revenue, the Department of Health and Senior Services, and the Department of Labor and Industrial Relations do not currently receive large amounts of cash. The changes in this initiative petition may increase the potential amount of receipts in cash exponentially. They are unable to determine the fiscal impact to their office.

Officials from **Clay County** indicated they estimate the following as a result of this petition:

Costs:

- ~\$30,000 in Sheriff Road Patrol overtime for driving while intoxicated arrests
- ~\$5,000 in extra Sheriff fuel use to patrol
- ~\$35,000 annually in costs

Savings/Revenues:

- ~\$150,000 in local sales taxes
- ~\$25,000 in property taxes
- ~\$1,000 in liquor-equivalent licenses
- ~\$5,000 in planning & zoning permits
- ~181,000 annually in savings/new revenues

Net annual savings of ~\$146,000.

Officials from **Greene County** indicated there is anticipated costs to their county for this initiative petition per the following information concerning this initiative petition, <https://static1.squarespace.com/static/5541a76ae4b0175cee8827d0/t/580684e5ff7c50adea98399e/1476822252561/Letter+to+CA+from+Denver+DA.jpg> provided by their County Prosecutor, Dan Patterson. There may also be sales tax attained for their county based on the authority given for taxation and funding to impose a retail sales tax in Section 2, page 32. Since it is a may, there is no certainty to ascertain if any tax dollars attained will be collected, and if they are collected any data to suggest an amount of actual sales that will take place to base the estimation on.

In addition, it has been determined though that there may be costs to their county in the provisions of Section 2 on page 31 relating to the county submitting to voters permission to impose an additional sales tax. If a countywide election were held to ask voters the authority for the county to impose a tax, the estimated costs to hold the election would be \$357,141.

To help better fully understand the fiscal impact would require a very detailed study to give the best opportunity to understand the impact to law enforcement, prosecutors and the circuit courts within the proposed changes of this initiative petition, which the linked letter demonstrates occurred in Colorado after similar legislation passed. In addition, it would also require a very reliable method of measurement to predict a dependable sales estimate of this product and the impact the sales would have on additional local sales tax receipts for a local entity. Unfortunately neither of these are currently feasible due to the short timeline given to respond.

County Prosecutor, Dan Patterson provided the following information:



DenverDA

Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202

Bus. Phone: 720-913-9001
Fax: 720-913-9031

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marijuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

A handwritten signature in black ink, appearing to read "Mitchell R. Morrissey". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated the additional sales tax allowed by this proposed amendment could have a positive fiscal impact on their city.

Officials from **Metropolitan Community College** indicated no fiscal impact to their college.

Officials from the **Missouri Veterans Commission** indicated the following:



MISSOURI VETERANS COMMISSION

205 Jefferson Street, P.O. Drawer 147, Jefferson City, MO 65102-0147
Telephone: (573) 751-3779 www.mvc.dps.mo.gov Fax: (573) 751-6836

August 30, 2021

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

Dear Secretary of State Ashcroft,

Initiative Petition 2022-059 (hereinafter, the Petition) could have a disastrous fiscal impact upon the Missouri Veterans Commission. However, as explained below, there are too many variables in the Petition which come into play before the Commission receives its allocation under the proposed non-medical marijuana program to definitively state as much, so the Commission defers to the analysis of its sister agencies as further explained below.

Under the existing medical marijuana program (Article XIV of the Missouri Constitution), the Commission anticipates receiving \$2,529,753 in FY22 and \$2,929,271 in FY23 from the tax revenues generated from the retail sales of medical marijuana. The Petition makes some changes to that program by making it easier to obtain medical certification to use medical marijuana treatments (hence, a positive impact), but also expands the rights of individuals to cultivate their own marijuana (hence, a negative impact). Therefore, the Commission anticipates an overall neutral fiscal impact from these changes. However, the Petition's greatest potential fiscal impact to the Commission is in the creation of a non-medical marijuana program (the proposed Article XIV, section 2 to the Missouri Constitution) and the nature and extent of that impact is unascertainable at this time.

The currently existing medical marijuana program is predicated on medical need and the physician certification that marijuana is the appropriate treatment for that medical need. Conversely, the non-medical marijuana program has no requirement for medical need or for physician certification. It is only common sense that those wishing to use marijuana products will forego the inconvenience of establishing medical need and obtaining a physician's certification and avail themselves of the non-medical program should one exist regardless of their reason for wanting to use marijuana products. Therefore, we anticipate a significant reduction in the tax revenues generated by the medical marijuana program, perhaps as high as a 90% reduction, should the Petition become law.

Moreover, given the significantly different distribution of tax revenues provided for under the non-medical marijuana program, it is not clear whether the Commission can anticipate tax revenues generated under the non-medical program to defray the reduction we would experience

under the medical marijuana program. Specifically, the medical marijuana program establishes a 4% tax on all retail sales of medical marijuana and allocates to the Commission all of those proceeds minus 5% to the Department of Revenue and an amount to the Department of Health and Senior Services necessary to defray their costs in regulating the program. The Petition changes the percentage which the Department of Revenue is entitled to keep to 2%, but otherwise makes no changes to this arrangement. Conversely, the non-medical marijuana program establishes a 6% tax on all retail sales of non-medical marijuana and allocates those proceeds to the “Veterans, Health, and Community Reinvestment Fund” minus 2% for the Department of Revenue. Thereafter, the monies in the “Veterans, Health, and Community Reinvestment Fund” are divided as such: an appropriation for the Department of Health and Senior Services’ operating costs in regulating the program; an appropriation for government entities to expunge criminal records as required by the Petition; and then one-third of the remaining proceeds to the Commission.

Therefore, the language of the Petition makes it highly speculative how much in tax revenues under the non-medical marijuana program the Commission could receive. Therefore, the Commission defers to its sister agencies as to the total anticipated tax revenues from the non-medical marijuana program; the operating costs of the Department of Health and Senior Services in regulating such a program; and the costs of government entities to expunge criminal records as required by the Petition. If I can be of any further assistance on this issue, please contact me at (573) 522-4224 at your convenience.

Sincerely,



Scotty L. Allen
General Counsel
Missouri Veterans Commission

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County, the City of Cape Girardeau, the City of Columbia, the City of Jefferson, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Raymore, the City of St. Joseph, the City of St. Louis, the City of Springfield, the City of Union, the City of Wentzville, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, State Technical College of Missouri, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Missouri Office of Prosecution Services, the Kansas City Board of Police Commissioners, and the Metropolitan Police Department - City of St. Louis.**

Fiscal Note Summary

State governmental entities estimate initial costs of \$3.1 million, initial revenues of at least \$7.9 million, annual costs of \$5.5 million, and annual revenues of at least \$40.8 million. Local governments are estimated to have annual costs of at least \$35,000 and annual revenues of at least \$13.8 million.