

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0274-05
Bill No.: SB 386
Subject: Agriculture Department; Drugs and Controlled Substances; Health Care; Health Care Professionals; Health Department; Licenses - Miscellaneous
Type: Original
Date: March 3, 2015

Bill Summary: This proposal modifies provisions relating to hemp extract.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	Unknown	Unknown	Unknown
Total Estimated Net Effect on FTE	Unknown	Unknown	Unknown

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

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

In response to HB 2238 from 2014, the Department of Health and Senior Services (DHSS) assumed the need for 2.5 FTE (annual cost of approximately \$225,000) and the Department of Agriculture assumed the need for 2 FTE (annual cost of approximately \$125,000). The Department of Health and Senior Services also assumed income from fees from the proposal of approximately \$225,000.

This proposal would expand the population of those who could register with DHSS to receive hemp extract by including those with a 'serious condition', which includes 'cancer, positive status for human immunodeficiency virus or acquired immune deficiency syndrome, amyotrophic lateral sclerosis, Parkinson's disease, multiple sclerosis, damage to the nervous tissue of the spinal cord with objective neurological indication of intractable spasticity, inflammatory bowel disease, neuropathies, Huntington's disease, post-traumatic stress disorder', or any of the following conditions that is clinically associated with, or a complication of, severe nausea, seizures, or severe or persistent muscle spasms. **Oversight** assumes this would greatly expand the number of people who would register with DHSS. Oversight is unsure if DHSS would be able to administer the now-expanded program with the 2.5 FTE as previously estimated. The FTE were:

- 1.0 FTE Health Program Rep. III to administer the program;
- 0.5 FTE Physician to review statements from neurologists to ensure applicants have the qualifying diagnosis of intractable epilepsy; and
- 1.0 FTE Investigator II to inspect/investigate cannabidiol oil care centers

Oversight assumes the expansion of the program resulting from this bill would require additional resources from DHSS. Therefore, Oversight will reflect an unknown amount of costs to DHSS.

ASSUMPTION (continued)

Subsection 192.945.6 allows DHSS to establish and charge fees that are no greater than the amount necessary to cover the costs the department incurs. Therefore, **Oversight** will reflect fee revenue that offsets DHSS anticipated additional costs.

In addition to expanding the population that can apply to DHSS to receive the oil, the proposal also increases the number of 'licensed cultivation and production facilities' in the state that can grow the hemp from two to ten. In response to HB 2238 from 2014, the Department of Agriculture (AGR) assumed the need for two FTE (one Program Coordinator and one Senior Office Support Assistant) to administer the program. According to the AGR, the two licenses allowed by current statutes have been awarded, one to an organization in St. Charles County and the other to an organization in Chesterfield. AGR states that they received ten applications for the hemp growers licenses, and that a committee comprised of the Department of Health and Senior Services, Department of Public Safety, and AGR reviewed the applications, and awarded the two licenses. **Oversight** is unsure if expanding the number of licensed facilities from 2 to 10 would require additional resources from AGR. Therefore, Oversight will reflect a potential cost to AGR ranging from \$0 (can be absorbed by the 2 FTE reflected in the fiscal note for HB 2238) to an unknown amount of additional costs.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Income</u> - Department of Health and Senior Services - Fees from hemp registration §192.945.6	Unknown	Unknown	Unknown
<u>Costs</u> - Department of Health and Senior Services - expansion of hemp extract program beyond epilepsy.	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - Department of Agriculture - expansion of the program from a maximum of 2 licensed cultivation and production facilities to 10	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Current law allows people with intractable epilepsy to possess and use hemp extract to treat their condition. This act also allows people with serious conditions to use hemp extract. Serious condition is defined as cancer, HIV, AIDS, amyotrophic lateral sclerosis, Parkinson's disease, multiple sclerosis, spinal cord damage, inflammatory bowel disease, neuropathies, Huntington's disease, post-traumatic stress disorder, or certain specified symptoms or complications associated with the conditions listed above.

Under current law, the Department of Health and Senior Services must issue a registration card to a person who provides a statement signed by a neurologist that the person suffers from intractable epilepsy and may benefit from treatment with hemp extract. This act provides that the Department must issue a registration card to a person who provides a recommendation signed by a practitioner or neurologist that the person suffers from a serious condition or intractable epilepsy and may benefit from treatment with hemp extract, indicates the practitioner or neurologist is qualified to treat the condition, states that the individual is under the neurologist or practitioner's continuing care, and recommends the form of hemp extract the patient may consume, including the method of consumption. The practitioner must be a licensed physician and registered with the Department. The Department may allow advanced practice registered nurses to be considered practitioners.

This act requires neurologists and practitioners to notify patients before providing a recommendation that hemp extract is not FDA approved and, by using hemp extract, the patient is accepting the risks involved in using an unapproved product. In addition, this act exempts practitioners and neurologists from criminal, civil, and administrative liability for recommending hemp extract.

Registration cards currently expire after one year. This act provides that the practitioner or neurologist may specify an earlier date of expiration.

FISCAL DESCRIPTION (continued)

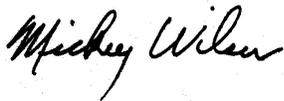
Under this act, a person may only possess a form of hemp extract that complies with the neurologist or practitioner's recommendations.

Current law allows the Department of Agriculture to license up to two cultivation and production facility licenses. This act allows the department to license up to ten facilities, and requires nonprofit entities seeking such licensure to have had their domicile in the state for at least five years.

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

SOURCES OF INFORMATION

Joint Committee on Administrative Rules



Mickey Wilson, CPA
Director
March 3, 2015

Ross Strobe
Assistant Director
March 3, 2015