

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0662-02
Bill No.: SB 2
Subject: Office of Administration, Business and Commerce; Drugs and Controlled Substances; Health Care; Health and Senior Services Department
Type: Original
Date: January 9, 2019

Bill Summary: This proposal requires the Department of Health and Senior Services to make certain considerations when granting medical marijuana licenses and certifications.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§195.800 - Special consideration for MBE and WBE applications

Oversight notes that the **Department of Health and Senior Services (DHSS)** has stated the proposal would not have a direct fiscal impact on their organization. Oversight assumes since the DHSS is already responsible for scoring and licensing applications for the medical marijuana program as passed under Constitutional Amendment 2 in November 2018, special consideration for a minority business enterprise (MBE) or a women's business enterprise (WBE) would not significantly alter DHSS' process and result in increased costs for licensing applicants. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

Officials from the **Office of Administration (OA)**, **Office of Equal Opportunity (OEO)** state section 195.800.2 of this bill requires a ten percent bonus to be given to a minority business enterprise (MBE) or a women's business enterprise (WBE) when scoring competing medical marijuana license and certificate applicants. OEO assumes that this provision will result in an increase in applications to OEO for MBE and WBE certification.

OEO assumes each MBE or WBE certification application would require two hours of time by a clerical support staff to provide the initial application review for document completeness (2 hours x \$15.93 per hour = \$31.86) and four hours of time by the Certification Coordinator to determine eligibility for the program (4 hours x \$20.84 per hour = \$83.36).

OEO lacks sufficient information to know precisely how many additional certification applications it will receive because of this bill. Based on the total number of medical marijuana facilities anticipated by sponsors of the constitutional provision, OEO roughly estimates an anticipated increase of 50 applications. Based on that estimate, the total cost estimate for this bill is \$5,761. This amount could increase or decrease depending upon the actual number of applications received.

OEO anticipates being able to absorb the costs stated above. However, until the FY20 budget is final, the program cannot identify specific funding sources.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the OA, OEO will not need any additional clerical support staff for application reviews and will reflect a zero impact in the fiscal note for this organization.

ASSUMPTION (continued)

Officials from the **OA, Division of Purchasing** assume the proposal would have no fiscal impact on their organization. They indicate that DHSS has informed them that they will be handling the scoring and licensing. If for any reason that would not be the case, then OA, Division of Purchasing would need to re-evaluate and would likely be impacted fiscally.

Oversight notes that OA, Purchasing has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may have a positive fiscal impact on small business MBEs or WBEs if the consideration given to their application results in a medical marijuana business related license.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

SOURCES OF INFORMATION

Department of Health and Senior Services
Office of Administration -
 Division of Purchasing and Materials Management
 Office of Equal Opportunity



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January 9, 2019

Ross Strobe
Assistant Director
January 9, 2019