

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1107S.02C
Bill No.: SCS for SB 209
Subject: Agriculture; Civil Penalties; Highway Patrol; Trees and Other Plants
Type: Original
Date: March 24, 2023

Bill Summary: This proposal repeals provisions regulating industrial hemp and hemp cultivation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	\$40,000	\$0	\$0
Total Estimated Net Effect on General Revenue	\$40,000	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Agriculture (MDA)**, **Department of Health and Senior Services** and **Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

MDA notes, in FY 2023 the registrations of industrial hemp producers are predicted to decline significantly, thus leading MDA to turn this program back to USDA. If MDA were to continue to operate this program in FY 2023, this would cost the State of Missouri General Revenue in the amount of approximately \$40,000 (the projected deficit above revenue collections for FY 2023). Turning the program over to USDA, in accordance with SB 209 has no impact, as MDA will no longer be collecting the registration fees, which were previously supporting the industrial hemp program.

MDA notes the beginning balance of the Industrial Hemp Fund (0476) was \$82,349 as of July 1, 2022 (FY 2023). As of January 31, 2023, the balance was \$26,839. Revenue is mostly made up of registration fees to the program.

MDA also notes, there are five FTE being reduced in the 2024 Governor’s recommended budget in coordination with the removal of the Industrial Hemp program from MDA, along with a corresponding core cut of the appropriation authority for the program. MDA only filled two of the originally appropriated five FTE. The two FTE are now vacant.

Oversight does not have information to the contrary and therefore, Oversight will reflect a savings of approximately \$40,000 to the General Revenue fund as indicated by MDA. Oversight will reflect the savings in FY 2024 as Oversight assumes the program will no longer exist under MDA in further fiscal years.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Savings</u> – MDA – returning Industrial Hemp program to the federal government	<u>\$40,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$40,000</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<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

Under the current law, any sale, distribution, or offer to sell any agricultural hemp is regulated by the Missouri Department of Agriculture.

Under the current law, the Department of Agriculture regulates agricultural hemp registration and seed permit and may impose civil penalties for any violations.

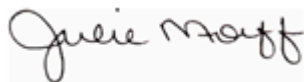
The current law gives authority to the Department of Agriculture to regulate licensing, storage, testing requirements, manufacture, waste disposal, and transportation of hemp extract.

This act repeals the current law regulating industrial hemp and hemp cultivation.

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

Missouri Department of Agriculture
Missouri Highway Patrol
Department of Health and Senior Services



Julie Morff
Director
March 24, 2023



Ross Strobe
Assistant Director
March 24, 2023