

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4319S.01I  
 Bill No.: SB 984  
 Subject: Drugs and Controlled Substances; Department of Health and Senior Services;  
 Department of Public Safety; Public Health  
 Type: Original  
 Date: February 11, 2024

Bill Summary: This proposal creates the "Intoxicating Cannabinoid Control Act".

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Veterans Health And Care Fund (0606)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Veterans Health Community Reinvestment Fund (0608)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

\*The Department of Health and Senior Services (DHSS) states, per Article XIV, DHSS regulates cannabis and has associated rules in place to provide a regulatory framework. DHSS could receive additional revenues as the unregulated hemp-derived intoxicating cannabinoids market would likely transition to the regulated cannabis market. Oversight assumes, increased revenues to DHSS could be over \$250,000 annually.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §195.900– Intoxicating Cannabinoid Control Act

Officials from the **Department of Health and Senior Services (DHSS)** state the proposed legislation places hemp-derived intoxicating cannabinoids under framework of Article XIV and associated rules. However, under that framework, these substances cannot be created or used. Therefore, any state revenue currently generated by the unregulated production or sale of these products would no longer be generated.

On the other hand, the demand for intoxicating cannabinoids that is currently being served by the unregulated hemp-derived intoxicating cannabinoids market would likely transition to the regulated cannabis market, thereby replacing some or all of the state revenue lost under this proposal. The Department is unable to estimate what the loss in state revenue would be for moving products from the unregulated market to the regulated market.

§195.900.2(5)(b) of proposed legislation, amends Chapter 195 by placing regulation of hemp-derived intoxicating cannabinoids under the Department of Health and Senior Services' (DHSS) authority within the framework of Article XIV and defines intoxicating cannabinoids as marijuana and not industrial hemp. Per Article XIV, the department regulates cannabis and has associated rules in place to provide a regulatory framework.

Section 195.900. 4 of the proposed legislation, states that these products will be regulated by the Department in a same manner as it regulates marijuana under Article XIV of the Missouri Constitution. Hemp-derived intoxicating cannabinoids cannot be created or sold under the Department's Article XIV regulatory framework. Therefore, the Department will incur no additional costs under this proposal.

Since the department's Article XIV regulatory framework does not allow the production or use of hemp-derived intoxicating cannabinoids, it is assumed the Department can absorb the costs of this bill with current resources. However, if the workload in ensuring hemp-derived cannabinoids are not produced or sold significantly increases or other legislation becomes enacted, additional resources would be requested through the appropriation process.

The department could receive additional revenues in the Veterans Health and Care Fund and the Veterans Health Community Reinvestment Fund as the unregulated hemp-derived intoxicating cannabinoids market would likely transition to the regulated cannabis market.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect “\$0 to Unknown” income to the Veterans Health and Care Fund and the Veterans Health Community Reinvestment Fund for this agency.

Officials from the **Department of Public Safety - Missouri Veterans Commission (MVC)** defer to DHSS for the potential fiscal impact of this proposal. Officials from MVC state, DHSS reported during MVCs October 2023 Commission meeting they have 152 individuals employed in the newly created marijuana regulation division. Adding additional regulation requirements to DHSS for "intoxicating cannabinoids" will result in an increase in DHSS administrative expenses, possibly resulting in fewer dollars making their way to the Veterans Reinvestment Fund. MVC does not have a way to calculate what that fiscal impact might be and they defer to DHSS for the calculation of fiscal impact.

Officials from the **Office of Administration - Budget and Planning (B&P)** defer to the DHSS for the potential fiscal impact of this proposal.

**Oversight** notes DPS/MVC’s and B&P’s deferral to DHSS for a statement of fiscal impact; for fiscal note purposes, Oversight assumes no fiscal impact for DPS/MVC or B&P.

In response to a similar proposal from the current session (HB 1781), officials from the **Office of Attorney General (AGO)** assumed any additional litigation costs arising from this proposal could be absorbed with existing personnel and resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Public Schools and Education Employee Retirement Systems** state this bill has no substantial fiscal or operational impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Branson Police Department** state this proposal will increase caseload, thus resulting in more officer hours expended for the new cases. However, this is a good bill that will help regulate the synthetic THC business.

**Oversight** assumes because the potential for increased caseloads is speculative, that the Branson Police Department will not incur significant cost related to this proposal. Oversight assumes the costs incurred by the Branson Police Department related to this proposal can be absorbed within current resource levels.

Officials from the **Department of Commerce and Insurance**, the **Department of Corrections**, the **Department of Elementary and Secondary Education**, the **Department of Labor and**

**Industrial Relations, the Department of Mental Health, the Department of Natural Resources, the Department of Revenue, Department of Public Safety – Director’s Office and Missouri Highway Patrol, the Missouri Department of Agriculture, the Missouri Department of Transportation, the MoDOT & Patrol Employees’ Retirement System, the Missouri Office of Prosecution Services, the Office of Administration, the Office of the State Public Defender, the Office of the State Courts Administrator, the Office of the State Treasurer, the City of Kansas City, the City of O’Fallon, the Newton County Health Department, the Phelps County Sheriff’s Department, the Kansas City Police Department, the St. Louis County Police Department, the County Employees Retirement Fund, the Kansas City Civilian Police Employees’ Retirement, the Kansas City Employees’ Retirement System, the Kansas City Firefighter’s Pension System, the Kansas City Police Retirement System, the Kansas City Public School Retirement System, the Kansas City Supplemental Retirement Plan, the Metro St. Louis Sewer District Employees Pension Plan, the Rock Community Fire Protection District Retirement Plan, the Sheriff’s Retirement System, the Northwest Missouri State University, the University Of Central Missouri, and the St. Charles Community College** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>VETERANS HEALTH AND CARE FUND (0606)</b>			
<u>Income</u> – DHSS (§195.900) – creation of hemp-derived intoxicating cannabinoids program p. 3-4	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>ESTIMATED NET EFFECT ON THE VETERANS HEALTH AND CARE FUND</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>
<b>VETERANS HEALTH COMMUNITY REINVESTMENT FUND (0608)</b>			
<u>Income</u> – DHSS (§195.900) – creation of hemp-derived intoxicating cannabinoids program p. 3-4	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>ESTIMATED NET EFFECT ON THE VETERANS HEALTH COMMUNITY REINVESTMENT FUND</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

This proposal could have a positive fiscal impact on small businesses if they can create a hemp-derived project and market it. However, the proposed legislation places hemp-derived intoxicating cannabinoids under framework of Article XIV and associated rules. Any small

businesses currently producing or selling these products outside of the regulatory framework would no longer be able to do so. (§195.900)

### FISCAL DESCRIPTION

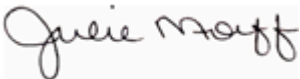
This act establishes the "Intoxicating Cannabinoid Control Act". Under this act, intoxicating cannabinoid products shall be considered as marijuana and regulated as marijuana is regulated by the Department of Health and Senior Services under the Missouri Constitution. The Department shall collaborate with the Department of Public Safety to enforce the provisions of this act. (§195.900)

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

Attorney General's Office  
Budget and Planning  
Department of Commerce and Insurance  
Department of Corrections  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Public Safety –  
    Director's Office  
    Missouri Highway Patrol  
    Missouri Veterans Commission  
Department of Revenue  
Department of Social Services  
Missouri Department of Agriculture  
Missouri Department of Transportation  
MoDOT & Patrol Employees' Retirement System  
Missouri Office of Prosecution Services  
Office of Administration  
Office of the Secretary of State  
Office of the State Courts Administrator  
Office of the State Public Defender  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
City of Kansas City  
City of O'Fallon  
Newton County Health Department

Phelps County Sheriff's Department  
Branson Police Department  
Kansas City Police Department  
St. Louis County Police Department  
County Employees Retirement Fund  
Kansas City Civilian Police Employees' Retirement  
Kansas City Employees' Retirement System  
Kansas City Firefighter's Pension System  
Kansas City Police Retirement System  
Kansas City Public School Retirement System  
Kansas City Supplemental Retirement Plan  
Metro St. Louis Sewer District Employees Pension Plan  
Public Schools and Education Employee Retirement Systems  
Rock Community Fire Protection District Retirement Plan  
Sheriff's Retirement System  
Northwest Missouri State University  
University Of Central Missouri  
St. Charles Community College



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