

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0393S.02I  
 Bill No.: SB 54  
 Subject: Drugs and Controlled Substances; Department of Health and Senior Services;  
 Department of Public Safety; Public Health; Health Care  
 Type: Original  
 Date: January 21, 2025

Bill Summary: This proposal creates provisions relating to cannabis.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General	(\$8,737)	(\$21,389)	(\$21,817)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$8,737)</b>	<b>(\$21,389)</b>	<b>(\$21,817)</b>

\*Cost for the creation of a class E felony penalty for the disclosure of any individual information of persons who have applied for medical marijuana identification cards.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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. Due to a lack of any additional information, 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 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Local School Districts	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

\*Dispensary facilities that violate the provisions of this act shall be assessed a \$500 fine per occurrence. Fine revenue is paid to school districts.

**FISCAL ANALYSIS**

**ASSUMPTION**

**§ 195.800 - Disclosure of information of persons who have applied for medical marijuana identification cards**

Officials from the **Department of Corrections (DOC)** state this section creates provisions relating to cannabis. The bill creates § 195.800, including an associated class E felony penalty for the disclosure of any individual information of persons who have applied for or obtained a qualifying patient identification card, a qualifying patient cultivation identification card, or a primary caregiver identification card, as those cards are described in article XIV, section 1 of the Constitution of Missouri relating to the right to access medical marijuana.

As these are new crimes, there is little direct data on which to base an estimate, and as such, the department estimates an impact comparable to the creation of a new class E felony.

For each new nonviolent class E felony, the department estimates one person could be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, of which 2.1 years could be served in prison with 1.4 years to first release. The remaining 1.3 years could be on parole. Probation sentences could be 3 years.

The cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2028.

**Change in prison admissions and probation openings with legislation-Class E Felony (nonviolent)**

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	1	1	1	1	1	1	1	1	1	1
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	2	2	2	2	2	2	2	2	2	2
<b>Change (After Legislation - Current Law)</b>										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations	2	2	2	2	2	2	2	2	2	2
<b>Cumulative Populations</b>										
Prison	1	2	2	2	2	2	2	2	2	2
Parole			1	1	1	1	1	1	1	1
Probation	2	4	6	6	6	6	6	6	6	6
<b>Impact</b>										
Prison Population	1	2	2	2	2	2	2	2	2	2
Field Population	2	4	7	7	7	7	7	7	7	7
<b>Population Change</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	1	(\$10,485)	(\$8,737)	0	\$0	2	(\$8,737)
Year 2	2	(\$10,485)	(\$21,389)	0	\$0	4	(\$21,389)
Year 3	2	(\$10,485)	(\$21,817)	0	\$0	7	(\$21,817)
Year 4	2	(\$10,485)	(\$22,254)	0	\$0	7	(\$22,254)
Year 5	2	(\$10,485)	(\$22,699)	0	\$0	7	(\$22,699)
Year 6	2	(\$10,485)	(\$23,153)	0	\$0	7	(\$23,153)
Year 7	2	(\$10,485)	(\$23,616)	0	\$0	7	(\$23,616)
Year 8	2	(\$10,485)	(\$24,088)	0	\$0	7	(\$24,088)
Year 9	2	(\$10,485)	(\$24,570)	0	\$0	7	(\$24,570)
Year 10	2	(\$10,485)	(\$25,061)	0	\$0	7	(\$25,061)

\* If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

If the projected impact of legislation is less than 1,500 offenders added to or subtracted from the department's institutional caseload, the marginal cost of incarceration will be utilized. This cost of incarceration is \$28.73 per day or an annual cost of \$10,485 per offender and includes such costs as medical, food, and operational E&E. However, if the projected impact of legislation is 1,500 or more offenders added or removed to the department's institutional caseload, the full cost of incarceration will be used, which includes fixed costs. This cost is \$100.25 per day or an annual cost of \$36,591 per offender and includes personal services, all institutional E&E, medical and mental health, fringe, and miscellaneous expenses. None of these costs include construction to increase institutional capacity.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II. Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DOC.

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the proposal will have no measurable fiscal impact on MOPS. The enactment of a new crime [195.800.2] creates additional responsibilities for county prosecutors and the circuit attorney which may, in turn, result in additional costs, which are difficult to determine.

§ 195.819 - Marijuana dispensary records containing the consumer's identifying information

Under this act, no marijuana dispensary selling marijuana, marijuana-infused products, or intoxicating cannabinoids to end user consumers shall create or retain any record containing a consumer's identifying information upon the consumer's written request. This provision shall not apply to any constitutionally mandated record-keeping requirements relating to qualifying patients and primary caregivers. Dispensary facilities that violate the provisions of this act shall be assessed a \$500 fine per occurrence.

**Oversight** notes that violations of section § 195.819 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

§ 195.900– Intoxicating Cannabinoid Control Act

Officials from the **Department of Health and Senior Services (DHSS)** state § 195.800 amends Chapter 195 by placing regulation of all intoxicating cannabinoids under the Department of Health and Senior Services' authority within the framework of Article XIV, explicitly defining intoxicating cannabinoids as marijuana and not industrial hemp. The proposal states that these products will be regulated by the Department in the same manner as it regulates marijuana under Article XIV of the Missouri Constitution.

All or nearly all intoxicating cannabinoids in the unregulated market are produced using chemical conversion of other cannabinoids. Intoxicating cannabinoids produced using such chemical conversion cannot be created or sold under the Department's Article XIV regulatory framework. Since the Department's Article XIV regulatory framework does not allow the production or use of the intoxicating cannabinoids created through chemical conversion, it is assumed there will be no change to the types of products, processes or businesses the Department oversees under Article XIV. **Therefore, the Department can absorb the costs of this bill with current resources.**

However, if the workload in ensuring such 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 (#0606) and the Veterans Health Community Reinvestment Fund (#0608) if some portion of the demand for intoxicating cannabinoids that is currently met by the unregulated market transitions to the regulated cannabinoid market. However, there is no data available on which to estimate that potential increase in revenue.

In order to calculate such an increase, it would be important to know the current demand and revenue associated with unregulated intoxicating cannabinoids in Missouri, which has not been tracked over the years that market has been growing in Missouri. If that data was available, it would then be important to consider what demand and associated revenue for unregulated cannabinoid products may transfer to the regulated market vs transferring to non-intoxicating product markets, to no market at all, or to illicit market products. There is no good data regarding those market choices, either, at this time. It is therefore assumed that the impact on revenue arising from the move from the unregulated market to the regulated market is **unknown**.

**Oversight** does not have any information to the contrary. Oversight notes that funds are transferred to MVC and SPD after program administration costs, which could result in a transfer of as little as \$0 to an unknown amount to MVC and SPD for this program. Therefore, Oversight will reflect "\$0 to Unknown" income only to the Veterans Health and Care Fund and the Veterans Health Community Reinvestment Fund for DHSS.

Officials from the **Department of Revenue (DOR)** state this proposal declares its intent that intoxicating cannabinoids be regulated pursuant to the legal framework contained in Article XIV of the Missouri Constitution. Article XIV contains the regulation and taxation provisions governing the sale of marijuana.

This proposal attempts to distinguish between hemp that contains intoxicating cannabinoids and hemp that does not. The Missouri Constitution says that all hemp that is not "industrial hemp" is considered marijuana for the purposes of regulation and taxation under Article XIV. Article XIV does say that only industrial hemp is exempt from the regulation. Therefore, any hemp that is not industrial hemp is already subject to the regulation and taxation laws under Article XIV.

This proposal attempts in § 195.900.6 to clarify that "all intoxicating cannabinoids products are marijuana" and subject to the same regulation and taxation as products under Article XIV. Since the intoxicating cannabinoids are not industrial hemp and are to be considered marijuana, they are already subject to the regulations and taxation provisions of Article XIV.

Since these items are already subject to the marijuana excise tax per Article XIV and are subject to sales and use that, this proposal will not result in any additional impact to DOR or state and local revenue.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DOR.

Responses regarding the proposed legislation as a whole

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

**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 **Department of Public Safety - Missouri Veterans Commission** defer to the Department of Health and Senior Services for the potential fiscal impact of this proposal.

Officials from the **Department of Commerce and Insurance, 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 Public Safety – Director’s Office and Missouri Highway Patrol, the Department of Social Services, the Missouri Department of Agriculture, the Missouri Department of Transportation, the MoDOT & Patrol Employees’ Retirement System, 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 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 Police Retirement System, the Kansas City Public School Retirement System, the Metro St. Louis Sewer District Employees Pension Plan, the Public Schools and Education Employee Retirement Systems, the Rock Community Fire Protection District Retirement Plan, the Sheriff’s Retirement System, the Northwest Missouri State University and the University Of Central Missouri** 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.

In response to a similar proposal from the 2024 Session (SS for SB 984), officials from the **Office of Administration - Budget and Planning** deferred to DHSS for the potential fiscal impact of this proposal.

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 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Costs</u> – DOC (§ 195.800) – New penalties for medical marijuana information disclosure p. 3-4	<u>(\$8,737)</u>	<u>(\$21,389)</u>	<u>(\$21,817)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$8,737)</u></b>	<b><u>(\$21,389)</u></b>	<b><u>(\$21,817)</u></b>
<b>VETERANS HEALTH AND CARE FUND (0606)</b>			
<u>Income</u> – DHSS (§ 195.900) – Creation of hemp-derived intoxicating cannabinoids program p. 5-6	<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>



<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>VETERANS HEALTH COMMUNITY REINVESTMENT FUND (0608)</b>			
<u>Income – DHSS (§ 195.900) – creation of hemp-derived intoxicating cannabinoids program p. 5-6</u>	<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 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL SCHOOL DISTRICTS</b>			
<u>Income – (§ 195.819) – Civil penalties p. 5</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</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

Under this act, no state agency or state employee shall disclose any personally identifying information of persons who have applied for or obtained a qualifying patient identification card, a qualifying patient cultivation identification card, or primary caregiver identification card for medical marijuana to the federal government or any federal employee, or other unauthorized third party. Any person who knowingly violates this act shall be guilty of a Class E felony. (§ 195.800)

Under this act, no marijuana dispensary selling marijuana, marijuana-infused products, or intoxicating cannabinoids to end user consumers shall create or retain any record containing a consumer's identifying information upon the consumer's written request. This provision shall not apply to any constitutionally-mandated record-keeping requirements relating to qualifying patients and primary caregivers. Dispensary facilities that violate the provisions of this act shall be assessed a \$500 fine per occurrence. (§ 195.819)

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.

Hemp, industrial hemp, and hemp-derived products containing no intoxicating cannabinoids shall not be subject to regulation under this act.

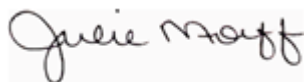
No person or entity other than a comprehensive or medical marijuana dispensary facility or a microbusiness dispensary facility shall carry on, conduct, or transact business under a name that contains as part of the name the word "dispensary". (§ 195.900)

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  
Newton County Health Department  
Phelps County Sheriff's Department  
Kansas City Police Department  
St. Louis County Police Department  
County Employees Retirement Fund  
Kansas City Civilian Police Employees' Retirement  
Kansas City Police Retirement System  
Kansas City Public School Retirement System  
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



Julie Morff  
Director  
January 21, 2025



Jessica Harris  
Assistant Director  
January 21, 2025