

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5345-01  
Bill No.: HB 1659  
Subject: Taxation and Revenue - Sales and Use; Drugs and Controlled Substances  
Type: Original  
Date: March 10, 2014

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Bill Summary: This proposal changes the law regarding marijuana.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
General Revenue	(More than \$6,365,922)	Less than \$46,412,836	Less than \$41,884,474
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(More than \$6,365,922)</b>	<b>Less than \$46,412,836</b>	<b>Less than \$41,884,474</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 18 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Marijuana Control	\$0	\$0	\$0
Criminal Records	(Up to \$208,365)	(Up to \$252,588)	(Up to \$255,164)
Highway Fund	(Up to \$80,337)	(Up to \$88,745)	(Up to \$89,650)
Universities	\$0	\$31,065,385	\$31,901,561
Various	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Could exceed \$288,702)</b>	<b>Less than \$31,065,385</b>	<b>Less than \$31,901,561</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<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>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	8 FTE	8 FTE	8 FTE
Marijuana Control	59 FTE	59 FTE	59 FTE
Criminal Records	Up to 5 FTE	Up to 5 FTE	Up to 5 FTE
Highway	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Up to 74 FTE</b>	<b>Up to 74 FTE</b>	<b>Up to 74 FTE</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(Unknown)	Less than \$134,616,669	Less than \$138,240,097

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state Section 198.850 allows for citizens twenty-one years of age or older to engage in the productions, sale, distribution and consumption of marijuana and hemp. The language in the bill sets up a new program that puts ATC in charge of the monitoring, regulation and collection of excise taxes and license fees, from the production of and sales of marijuana, similarly as to the system that is currently used to regulate the alcohol industry.

ATC will begin licensing marijuana growers, producers, distributors, and retailers. It is estimated it will have a large positive impact on Total State Revenue. Although the language indicates that the excise taxes will not be considered a part of total state revenue or expense of state government. ATC estimates that excise taxes collected will be based on Missouri marijuana sales of between \$750 million and \$1 billion annually, resulting in possibly \$187.5 million in excise tax collections if tax rates are 25%. ATC also estimates that if the minimum number of retail licenses allowed (1 license per 2,500 people, 6.022 million Missouri population) of 2,400 obtain licenses, plus possibly 600 producers or distributors, there will be 3,000 licensees. ATC proposes a fee of \$10,000 per license which would result in approximately \$30 million in license fees. This license fee is in line with the range of fees paid by Colorado licensees.

ATC is requesting approximately \$5.6 million in personal service (PS) and expense and equipment (E&E) during the first year to respond to the tasks involved in marijuana legalization. Each year thereafter the cost would be approximately \$4.8 million. ATC would be responsible for licensing, collecting excise taxes and regulatory compliance in a new marijuana industry in

ASSUMPTION (continued)

Missouri. ATC believes that the only way to track marijuana is through a computerized system using bar codes and/or tax stamps. Colorado currently uses a system that cost \$1 million over a 2 year period. This system would track the product from the production to the retail system. Because there are no prohibitions against one person having all different types of marijuana licenses, the only way to assure excise taxes are being paid is through the use of bar codes and/or tax stamps and frequent inspections. ATC would utilize five district offices throughout the state with 1 District Supervisor, 1 Clerical person and various Special Agent/Auditors in each District. ATC would need 5 District Supervisors, 45 Special Agent/Auditors, 7 Senior Office Support Assistants, 1 Staff Attorney and 1 Agricultural Expert to facilitate such a large undertaking. It should be noted that Colorado, with a population of almost a million less than Missouri, has 56 FTE dedicated solely to the marijuana control program.

Additional Information: The state of Washington's marijuana initiative allows up to \$5 million annually for the Washington State Liquor Control Board to implement and administer the recreational marijuana program. The Economic Revenue Forecast Council has not yet projected revenues but we suspect it will be in the 0-\$300 million range in the first full year of operation. No Washington marijuana licenses have been issued yet but the applications are approaching 3,000 as of December 19, 2013.

ATC estimates a net impact to the Marijuana Control Fund of negative \$5.6 million in FY 2015 and positive \$212.7 million for both fiscal years 2016 and 2017.

Officials from the **Department of Elementary and Secondary Education (DESE)** state section 195.850.5(5)(b)(ii) appears to provide for public institutions of elementary and secondary education the receipt and transfer of funds received by the state totaling twenty-five percent of an excise tax and license and other fees collected resulting from the production, sale, distribution, and consumption of marijuana and the manufacture of goods from hemp.

DESE states they have no means to calculate the extent of any impact; however, the result could be income to local school districts.

Officials from the **Department of Health and Senior Services (DHSS)** assume that it will coordinate efforts with the Department of Public Safety to inspect and regulate retailers that produce marijuana products marketed as medicinal and/or food products. Section 195.850.6 prohibits other state laws from requiring additional licenses; therefore Local Public Health Agency (LPHA) ordinances concerning the permitting and inspection of food and drugs would not apply, and LPHAs would not engage in the regulation and inspection of marijuana retailers.

ASSUMPTION (continued)

Section 195.850.6(3) states that the number of marijuana licenses provided by the Department of Public Safety may be limited to no fewer than one per 2,500 citizens. DHSS assumes there will be one marijuana retailer per 2,500 citizens, and therefore estimates there will be 2,418 marijuana retailers ( $6,044,171 \text{ Missouri residents} \div 2,500 = 2,418 \text{ marijuana retailers}$ ). DHSS assumes all such retailers will market marijuana products as medicinal and/or food products. In addition to no involvement from LPHAs, the U.S. Food and Drug Administration would provide no assistance due to a conflict with federal laws. Therefore, DHSS would periodically inspect 2,418 marijuana retailers and submit inspection reports to the Department of Public Safety to ensure products are prepared and held in a sanitary manner and presented to the public in an honest fashion. DHSS assumes that sanitation inspections would fulfill a portion of the Department of Public Safety's licensing requirements. To ensure routine inspection of 2,418 establishments, DHSS would require one program manager (Environmental Public Health Specialist V; one Health Program Representative II; and an estimated six field inspectors-Environmental Public Health Specialist IV ( $2,418 \text{ retailers} \div 6 \text{ EPHS IV inspectors} = 403 \text{ retailers per inspector}$ ). Two EPHS IV inspectors would be located in the St. Louis area; one in the Poplar Bluff area; one in the Springfield area; one in the Kansas City area; and one in the Jefferson City area. An EPHS V program manager would provide program guidance, research, and training to ensure consistency statewide. A Health Program Representative II would assist in managing paperwork associated with 2,418 establishment files.

The DHSS assumes an annual cost for these 8 FTE of approximately \$620,000 per year.

Officials from the **Department of Public Safety - Missouri Highway Patrol's (MHP) Criminal Justice Information Services Division** state that there are currently 216,264 arrest charges in the Central Repository that qualify for expungement under this legislation. With no specific statutory reference into how these expungements would be handled or the process by which they would be expunged, it is difficult, at best, to estimate the number of FTE required by the CJIS Division to carry out the expungements. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,237 expungements per year. Conservatively, at least five FTE would be required to initially handle the expungements created by this legislation based on no clear expungement process. Clearly, if a large number of these expungements were to be granted with even 5 FTE, the backlog would compound greatly to the point it may take several years to catch up.

These FTE (Criminal History Technicians) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

ASSUMPTION (continued)

Based on the average yearly salary and benefit rate per FTE at \$49,358 and the ability of that employee to process 1,237 expungements per year, the cost alone per expungement is  $= \$49,358 \div 1,237 = \$39.90$ . It is suggested that a \$50.00 fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from \$50 to \$450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of \$650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of \$3,566 per FTE.

5 Criminal History Technicians (\$1,123.50 x 24)	\$134,820
Office Equipment/HW/SW	\$3,566

RECURRING COSTS

Phone Charges per FTE	\$350
Office Supplies per FTE	\$300

Additionally, all arrests made and citations issued by the Patrol are entered into the Patrol's Traffic Arrest System (TAS), which is managed by the Traffic Records Division. This legislation would increase the number of eligible expungements from the TAS by 28,000. If this change were to occur, the Traffic Records Division would need to employ 11 additional FTE in order to expunge all eligible arrests within the first year. The Patrol could reasonably add two FTE, which would allow the expungement of approximately 4,950 each year. This would create a backlog of expungements that would be processed when possible.

1 FTE = 1,856 hours (average work hours per year) x 60 minutes per hour = 111,360 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle  $2,475$  expungements per year  $= 111,360 / 45$ .

ASSUMPTION (continued)

With the current estimated potential of 28,000 petitions for expungement upon enactment of this legislation, the following percentages of persons actually requesting an expungement will directly relate to the number of FTE required:

20% =  $28,000 \times .20 = 5,600 / 2,475 = 2.26$  FTE  
50% =  $28,000 \times .50 = 14,000 / 2,475 = 5.66$  FTE  
80% =  $28,000 \times .80 = 22,400 / 2,475 = 9.05$  FTE  
100% =  $28,000 / 2,475 = 11.31$  FTE

It is realistic to assume a significant number of these individuals will file a petition to expunge these records. It would be reasonable to add 2 FTE and address any backlog that may occur. These FTE (Quality Control Clerks) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of \$43,273 and the ability of that employee to process 2,475 expungements per year, the cost per expungement is  $= \$43,273 \div 2,475 = \$17.48$ . It is suggested that a \$20.00 fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

There would be recurring costs of \$650 per year per FTE for office supplies and phone charges. Standard equipment would be required at a one-time cost of \$3,566 per FTE.

2 Quality Control Clerks ( $\$985 \times 24$ )	\$47,280
Office Equipment/HW/SW	\$3,566

RECURRING COSTS

Phone Charges per FTE	\$350
Office Supplies per FTE	\$300

In summary, the MHP assumes a need for 5 FTE with expenses totaling approximately \$250,000 per year to the Criminal Records Fund, and an additional 2 FTE with expenses totaling approximately \$90,000 per year to the Highway Fund.

**Oversight** is unsure how many requests for expungement the MHP will receive. The proposal does not seem to permit a fee to be collected to cover the expungement costs (as in Section 488.650); therefore, Oversight will reflect the potential costs of "up to" those estimates provided by the MHP.

RAS:LR:OD

ASSUMPTION (continued)

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** state a licensing system would be required to be developed for the Department of Public Safety - Division of Alcohol and Tobacco Control. The estimated cost is \$100,000 for the development of the system and \$25,000 for annual maintenance. In addition, the Department of Revenue's tax system would need to be modified at an estimated cost of \$55,405 to allow for the collections of the excise tax.

Officials from the **Office of the State Courts Administrator (CTS)** state during the past five years (2009 - 2013), there has been an average of 3,100 Associate Circuit Division charges disposed statewide by guilty outcome and 8,256 Circuit Division charges disposed by guilty outcome. We are unable to determine what number of these charges were for someone over the age of twenty-one. CTS provided the following list of court costs that would be impacted by this proposal:

<b>Felony Case Costs</b>	<b>Amount</b>	<b>Disbursement</b>
Basic Civil Legal Services Fund Surcharge	\$10	State - Basic Civil Legal Services Fund
Clerk Fee	\$45	State (GR) \$36; County \$9
Court Automation Fund Fee	\$75	County
Court Reporter fee	\$15	State - General Revenue
Crime Victims' Compensation	\$7.50	State - Crime Victim's Compensation
DNA Profiling Analysis Fund surcharge	\$30	State - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	\$2	State - Head Injury Fund
Independent Living Center	\$1	State - Head Injury Fund
Motorcycle Safety Trust Fund	\$1	State - Motorcycle Safety Trust Fund
POST Commission surcharge	\$1	State - POST Fund
Pros. and Circuit Attorney Retirement	\$4	Pros. Attorney Retirement Fund
Pros. Attorney Training Fund surcharge	\$1	State - Prosecuting Attorney Training
Sheriff's Fee	\$75	County
Sheriff's Retirement	\$3	Sheriff's Retirement
Spinal Cord Injury Fund surcharge	\$2	State - Spinal Cord Injury Fund
<b>Total</b>	<b>\$279.50</b>	

<b>Misdemeanor Case Costs</b>		
Basic Civil Legal Services Fund Surcharge	\$8	State - Basic Civil Legal Services Fund
Clerk Fee	\$15	State (GR) \$12; County \$3
County Fee	\$25	County
Court Automation Fund Fee	\$7	State - Court Automation Fund
Crime Victims' Compensation	\$7.50	State - Crime Victim's Compensation
DNA Profiling Analysis Fund surcharge	\$15	State - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	\$2	State - Head Injury Fund
Independent Living Center	\$1	State - Head Injury Fund
Motorcycle Safety Trust Fund	\$1	State - Motorcycle Safety Trust Fund
POST Commission surcharge	\$1	State - POST Fund
Pros. and Circuit Attorney Retirement	\$4	Pros. Attorney Retirement Fund
Pros. Attorney Training Fund surcharge	\$1	State - Prosecuting Attorney Training
Sheriff's Fee	\$10	County
Sheriff's Retirement	\$3	Sheriff's Retirement
Spinal Cord Injury Fund surcharge	\$2	State - Spinal Cord Injury Fund
<b>Total</b>	<b>\$102.50</b>	

CTS states the decrease in court fees, depending on the number of cases, will result in an unknown loss to the courts. We also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time we are unable to calculate the decrease. Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Office of the State Public Defender (SPD)** state the legislation could have some impact on the State Public Defender System. In FY 2013, the State Public Defender provided representation in an estimated 3,315 marijuana cases. If a percentage of these cases, were for the appropriate use, this number could/would be reduced. It is not possible or feasible to estimate a number that would have been for a "legal" use. Removing these cases would assist public defenders by reducing their caseloads, but it is not expected to result in significant savings.

Officials from the **Department of Corrections (DOC)** state currently, the DOC cannot predict the number of released offenders which may result from the creation of the offense(s) outlined in this proposal. A decrease in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

ASSUMPTION (continued)

If additional persons are released from the DOC due to the provisions of this legislation, the DOC will incur a corresponding decrease in direct offender cost either through incarceration (FY13 average of \$18,014 per offender, per day, or an annual cost of \$6,575 per inmate) which may be offset through supervision provided by the Board of Probation and Parole (FY13 average of \$5.07 per offender, per day or an annual cost of \$1,851 per offender).

In summary, offenders released from the DOC would result in saved expenses for the department and the exact fiscal impact is unknown per each year.

Officials from the **Department of Mental Health (DMH)** state the proposed legislation appears to place no direct obligation or requirement on their agency that would result in a fiscal impact. However, the impact on the demand for substance use disorder treatment is unknown, resulting in an unknown fiscal impact.

**Oversight** assumes the proposal would not directly impact the DMH. Future potential costs for new substance use disorder treatments would be considered an indirect impact.

Officials from the **Department of Revenue** state this legislation will have no fiscal impact on their department, but it may increase revenues by an unknown amount.

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

According to officials from the **Office of the Secretary of State (SOS)**, 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 \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of

ASSUMPTION (continued)

regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Transportation** assume the proposal would not fiscally impact their agency.

Officials from the **City of Columbia** state there is a potential for significant fiscal impact. One area would be the staff expense of expungement of records.

Officials from the Office of Prosecution Services, Boone County Sheriff's Department, Springfield Police Department, Columbia Public Schools, Blue Springs Public Schools, and Springfield Public Schools did not respond to our request for fiscal impact.

**Oversight** will assume that a General Revenue transfer into the Marijuana Control Fund in FY 2015 will occur to cover the costs for that fiscal year since excise taxes and license fees will not begin to be collected until FY 2016. Oversight will assume the Marijuana Control Fund will reimburse the General Revenue Fund the following year.

According to 195.850.5(5)(b), the proceeds in the Marijuana Control Fund will be disbursed to several categories:

	Net Proceeds	25% (each to pension plans and schools)	20% (to mental health substance abuse programs)	15% (each to cities/counties and higher education)
FY 2016	\$207,102,566	\$51,775,642	\$41,420,513	\$31,065,385
FY 2017	\$212,677,073	\$53,169,268	\$42,535,415	\$31,901,561

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Department of Corrections decrease in number of incarcerations	Unknown	Unknown	Unknown
<u>Savings</u> - Office of the State Public Defender - decrease in number of marijuana cases defended	Unknown	Unknown	Unknown
<u>Transfer In</u> - from Marijuana Control	\$0	\$5,634,921	\$0
<u>Income</u> - distribution of 20% of Marijuana Control Fund for mental health substance abuse (195.850.5(5)(b)(iii))	\$0	\$41,420,513	\$42,535,415
<u>Transfer Out</u> - to Marijuana Control	(\$5,634,921)	\$0	\$0
<u>Costs</u> - DHSS			
Personal Services (8 FTE)	(\$281,370)	(\$341,020)	(\$344,431)
Fringe Benefits	(\$143,513)	(\$173,937)	(\$175,677)
Expense and Equipment	(\$129,880)	(\$102,016)	(\$104,567)
<u>Total Costs</u> - DHSS	(\$554,763)	(\$616,973)	(\$624,675)
FTE Change DHSS	8 FTE	8 FTE	8 FTE
<u>Costs</u> - OA - ITSD			
develop and maintain licensing systems	(\$176,238)	(\$25,625)	(\$26,266)
<u>Costs</u> - CTS - expungement of marijuana convictions	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - DOC - expungement of marijuana convictions	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(More than \$6,365,922)</u></b>	<b><u>Less than \$46,412,836</u></b>	<b><u>Less than \$41,884,474</u></b>
Estimated Net FTE Change for the General Revenue Fund	8 FTE	8 FTE	8 FTE

RAS:LR:OD

FISCAL IMPACT - State Government  
 (continued)

FY 2015  
 (10 Mo.)

FY 2016

FY 2017

**MARIJUANA CONTROL FUND**

Income - ATC excise taxes (25% tax x \$750 million in sales) \$0 \$187,500,000 \$187,500,000

Income - ATC - licensing fees (\$10,000 fee for 3,000 licenses) \$0 \$30,000,000 \$30,000,000

Transfer In - from General Revenue \$5,634,921 \$0 \$0

Costs - ATC - marijuana enforcement

Personal Service (59 FTE) (\$2,136,253) (\$2,589,139) (\$2,615,030)

Fringe Benefits (\$1,089,596) (\$1,320,590) (\$1,333,796)

Tracking Computer Program (\$1,000,000) (\$25,000) (\$25,625)

Expense and Equipment (\$1,409,072) (\$827,784) (\$848,476)

Total Costs - ATC (\$5,634,921) (\$4,762,513) (\$4,822,927)

FTE Change - ATC 59 FTE 59 FTE 59 FTE

Transfer Out - to General Revenue \$0 (\$5,634,921) \$0

*FOR INFORMATIONAL PURPOSES:  
 NET PROCEEDS OF THE FUND TO  
 DISTRIBUTE ACCORDINGLY:*

\$0 \$207,102,566 \$212,677,073

Costs - distributions of 25% for state and local law enforcement and firefighter pensions and retirement plans (195.850.5(5)(b)(I)) \$0 (\$51,775,642) (\$53,169,268)

Costs - distribution of 25% for public institutions of elementary and secondary education (195.850.5(5)(b)(ii)) \$0 (\$51,775,642) (\$53,169,268)

Costs - distribution of 20% for mental health substance abuse programs (195.850.5(5)(b)(iii)) \$0 (\$41,420,513) (\$42,535,415)

RAS:LR:OD

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
<u>Costs</u> - distribution of 15% for cities and counties (195.850.5(5)(b)(iv))	\$0	(\$31,065,385)	(\$31,901,561)
<u>Costs</u> - distribution of 15% for public institutions of higher education or for scholarships to attend such institutions (195.850.5(5)(b)(v))	<u>\$0</u>	<u>(\$31,065,385)</u>	<u>(\$31,901,561)</u>
<b>ESTIMATED NET EFFECT TO THE MARIJUANA CONTROL FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change for the Marijuana Control Fund	59 FTE	59 FTE	59 FTE
<b>CRIMINAL RECORDS FUND</b>			
<u>Costs</u> - MHP - for expungement of marijuana records (195.850.12)	(Up to....)	(Up to...)	(Up to....)
Personal Service (5 FTE)	(\$112,350)	(\$136,168)	(\$137,530)
Fringe Benefits	(\$93,307)	(\$113,088)	(\$114,219)
Expense and Equipment	<u>(\$2,708)</u>	<u>(\$3,332)</u>	<u>(\$3,415)</u>
	(Up to	(Up to	(Up to
<u>Total Costs</u> - MHP	\$208,365)	\$252,588)	\$255,164)
FTE Change - MHP	Up to 5 FTE	Up to 5 FTE	Up to 5 FTE
<b>ESTIMATED NET EFFECT TO THE CRIMINAL RECORDS FUND</b>	<b>(Up to <u>\$208,365</u>)</b>	<b>(Up to <u>\$252,588</u>)</b>	<b>(Up to <u>\$255,164</u>)</b>
Estimated Net FTE Change for the Criminal Records Fund	Up to 5 FTE	Up to 5 FTE	Up to 5 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
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### HIGHWAY FUND

<u>Costs</u> - MHP - for expungement of marijuana records (195.850.12)	(Up to....)	(Up to...)	(Up to....)
Personal Service (2 FTE)	(\$39,400)	(\$47,753)	(\$48,230)
Fringe Benefits	(\$32,722)	(\$39,659)	(\$40,055)
Expense and Equipment	(\$8,215)	(\$1,333)	(\$1,365)
<u>Total Costs</u> - MHP	(Up to \$80,337)	(Up to \$88,745)	(Up to \$89,650)
FTE Change - MHP	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE

<b>ESTIMATED NET EFFECT TO THE HIGHWAY FUND</b>	<b><u>(Up to \$80,337)</u></b>	<b><u>(Up to \$88,745)</u></b>	<b><u>(Up to \$89,650)</u></b>
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Estimated Net FTE Change for the Highway Fund	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE
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### UNIVERSITIES

<u>Income</u> - distribution of 15% of Marijuana Control Fund - for public institutions of higher education or for scholarships to attend such institutions (195.850.5(5)(b)(v))	<u>\$0</u>	<u>\$31,065,385</u>	<u>\$31,901,561</u>
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<b>ESTIMATED NET EFFECT TO UNIVERSITIES</b>	<b><u>\$0</u></b>	<b><u>\$31,065,385</u></b>	<b><u>\$31,901,561</u></b>
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### VARIOUS STATE FUNDS

<u>Loss</u> - Court costs to various county funds from reduced marijuana convictions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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RAS:LR:OD

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - distributions of 25% of net proceeds in Marijuana Control Fund for state and local law enforcement and firefighter pensions and retirement plans (195.850.5(5)(b)(I))	\$0	\$51,775,642	\$53,169,268
<u>Income</u> - distribution of 25% of net proceeds in Marijuana Control Fund for public institutions of elementary and secondary education (195.850.5(5)(b)(ii))	\$0	\$51,775,642	\$53,169,268
<u>Income</u> - distribution of 15% of net proceeds in Marijuana Control Fund for cities and counties (195.850.5(5)(b)(iv))	\$0	\$31,065,385	\$31,901,561
<u>Costs</u> - Local police departments expungement of records and other additional expenses	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - Court costs to various county funds from reduced marijuana convictions	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>Less than</u> <b><u>\$134,616,669</u></b></b>	<b><u>Less than</u> <b><u>\$138,240,097</u></b></b>

FISCAL IMPACT - Small Business

New small businesses in the marijuana or hemp related fields would be positively would be expected as a result of this proposal. Small business law offices that currently defend their clients against marijuana convictions could be negatively impacted.

RAS:LR:OD

### FISCAL DESCRIPTION

This proposal changes the laws regarding the regulation of marijuana and synthetic marijuana. The bill:

- Specifies that a state law may impose an excise tax on the first fair market sale of all marijuana produced in this state at a rate of 25% of the purchase price;
- Requires the Division of Alcohol and Tobacco Control within the Department of Public Safety to promulgate, on or before June 1, 2015, rules and regulations that control and regulate the purchase, sale, manufacturing, production, processing, transportation, delivery, possession, and use of marijuana, marijuana products, marijuana extracts, and marijuana paraphernalia including, but not limited to, rules, regulations, and laws that:
  - Require a person to obtain a marijuana license to purchase, sell, manufacture, produce, process, transport, or deliver marijuana, marijuana products, marijuana extracts, or marijuana paraphernalia;
  - Provide for the collection of an excise tax;
  - Provide for the receipt and transfer of all funds received by the state from the excise taxes and license and other fees collected under the laws and specifies the order of the distribution of the funds.

The bill also specifies that convictions of marijuana offenses must be expungeable

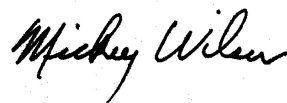
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

**SOURCES OF INFORMATION**

Office of Administration  
Department of Public Safety  
    Missouri Highway Patrol  
    Alcohol and Tobacco Control  
Department of Health and Senior Services  
Department of Mental Health  
Office of the State Public Defender  
Office of the State Courts Administrator  
Department of Corrections  
Joint Committee on Administrative Rules  
Office of the Secretary of State  
Department of Transportation  
Department of Revenue  
Department of Elementary and Secondary Education

**Not Responding:**

Office of Prosecution Services  
Boone County Sheriff's Department  
Springfield Police Department  
Columbia Public Schools  
Blue Springs Public Schools  
Springfield Public Schools



Mickey Wilson, CPA  
Director  
March 10, 2014

Ross Strobe  
Assistant Director  
March 10, 2014