

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1806-02
Bill No.: Perfected HB 829
Subject: Health, Public
Type: Original
Date: March 6, 2019

Bill Summary: This proposal creates provisions stating any litigation Missouri is involved in due to medical marijuana shall be paid out of the Department of Health and Senior Services' portion of the Missouri Veterans' Health Care Fund.

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
State Legal Expense (0692)*	\$0	\$0	\$0
Missouri Veterans' Health and Care	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* Costs and reimbursement for legal expenses net to \$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

§191.1116 - Litigation expenditures

Officials from the **Department of Health and Senior Services (DHSS)** state §191.1116 requires that if the state of Missouri were to become involved in litigation arising from Article XIV of the Constitution, the costs of the litigation shall be paid out of the DHSS' portion of the Missouri Veterans' Health and Care Fund. DHSS cannot predict the number or costs of litigation that it may become involved in, so the cost to the Missouri Veterans' Health and Care Fund is unknown.

Officials from the **Office of Administration (OA)** state this legislation mandates which fund would be used to pay expenses of litigation. The current Legal Expense Fund (LEF) transfer appropriation and language in HB 5 gives OA the flexibility to transfer from Federal and Other Funds. It is OA's position that it can already accommodate this. Funds could be transferred from the appropriate health fund into the LEF and then payment could be made. For this reason, OA assumes there would be no direct fiscal impact.

Oversight notes that costs of litigation arising from Article XIV of the Constitution are to be paid out of DHSS' portion of the Missouri Veterans' Health and Care Fund. Oversight assumes costs would initially be paid for by the State Legal Expense Fund. Litigation costs would then be transferred from the Missouri Veterans' Health and Care Fund to the State Legal Expense Fund cover the expenditures. Since it is unknown if or when litigation might arise, Oversight will range costs as \$0 to Unknown.

Oversight notes that the **Office of Attorney General** and the **Department of Public Safety, Missouri Veterans Commission** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
STATE LEGAL EXPENSE FUND (#0692)			
<u>Transfer-in</u> from Missouri Veterans' Health and Care Fund Reimbursement for litigation expenditures	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - AGO/OA (\$191.1116) Litigation expenditures	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)
ESTIMATED NET EFFECT ON THE STATE LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
MISSOURI VETERANS' HEALTH AND CARE FUND			
<u>Transfer-out</u> to State Legal Expense Fund (\$191.1116) Litigation expenditures	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)
ESTIMATED NET EFFECT ON THE MISSOURI VETERANS HEALTH AND CARE FUND	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)
<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

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill requires the costs of any litigation arising under Article XIV Medical Cannabis of the Constitution of Missouri to be paid out from the Department of Health and Senior Services' portion of the funds collected on sales of medical marijuana.

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 Attorney General
Department of Health and Senior Services
Department of Public Safety -
Missouri Veterans' Commission
Office of Administration



Kyle Rieman
Director
March 6, 2019

Ross Strobe
Assistant Director
March 6, 2019