

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4059H.011
 Bill No.: HB 1881
 Subject: Drugs and Controlled Substances; Public Health; Health Care
 Type: Original
 Date: February 18, 2026

Bill Summary: This proposal adds Xylazine to the list of Schedule III controlled substances.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 | Fully Implemented (FY 2030) |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| General Revenue* | (\$129,768 to Unknown) | (\$317,673 to Unknown) | (\$565,323 to Unknown) | (\$832,322 to Unknown) |
| Total Estimated Net Effect on General Revenue | (\$129,768 to Unknown) | (\$317,673 to Unknown) | (\$565,323 to Unknown) | (\$832,322 to Unknown) |

*DOC notes that current capacity will be met by July 2029 (FY 2030) or potentially much sooner. Therefore, Oversight has made the decision to reflect the marginal cost of incarceration up to an unknown cost if DOC needs to add staff and/or rehabilitate, expand or construct additional capacity. Oversight assumes the unknown cost has the potential to exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 | Fully Implemented (FY 2030) |
|--|------------|------------|------------|-----------------------------|
| Total Estimated Net Effect on Other State Funds | \$0 | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 | Fully Implemented (FY 2030) |
|---|------------|------------|------------|-----------------------------|
| | | | | |
| | | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 | \$0 |

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 | Fully Implemented (FY 2030) |
|--|--------------|--------------|--------------|-----------------------------|
| General Revenue | 0 FTE | 0 FTE | 1 FTE | 1 FTE |
| | | | | |
| Total Estimated Net Effect on FTE | 0 FTE | 0 FTE | 1 FTE | 1 FTE |

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 2027 | FY 2028 | FY 2029 | Fully Implemented (FY 2030) |
|-------------------------|------------|------------|------------|-----------------------------|
| | | | | |
| | | | | |
| Local Government | \$0 | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Office of Prosecution Services** and **Office of the State Courts Administrator** did not respond to **Oversight's** request for fiscal impact for this proposal.

§195.017 - Adds Xylazine to the List of Schedule III Controlled Substances

Officials from the **Department of Corrections (DOC)** state section 195.017 modifies controlled substances for schedule III, adding xylazine to the list. This change would result in new penalties under sections 579.015, 579.020, and 579.030. Under section 579.015, this change would introduce one new class D felony for the possession or control of a controlled substance. Under section 579.020, this change would introduce two new class C felonies, one new class E and one new class B felony, for the delivery of a controlled substance. Lastly, under 579.030, this change would introduce one new class A felony, for the distribution of a controlled substance in a protected location.

For each new nonviolent class D felony, the department estimates three people could be sentenced to prison and five to probation. The average sentence for a nonviolent class D felony offense is 5 years, of which 2.8 years could be served in prison with 1.7 years to first release. The remaining 2.2 years could be on parole. Probation sentences could be 3 years.

The cumulative impact on the department is estimated to be 8 additional offenders in prison and 22 additional offenders on field supervision by FY 2031.

For each new class C felony, the department estimates four people could be sentenced to prison and six to probation. The average sentence for a class C felony offense is 6.9 years, of which 3.7 years could be served in prison with 2.1 years to first release. The remaining 3.2 years could be on parole. Probation sentences could be 3 years.

The cumulative impact on the department is estimated to be 30 additional offenders in prison and 62 additional offenders on field supervision by FY 2033.

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 2029.

Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the department assumes the admission of one person per year to prison following the passage of the legislative proposal.

Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and served on average, 3.4 years in prison prior to first release. The department assumes one third of the remaining sentence length could be served in prison as a parole return, and the rest of the sentence could be served on supervision in the community.

The cumulative impact on the department is estimated to be 5 additional offenders in prison and 4 additional offenders on field supervision by FY 2035.

Given the seriousness of class A felony offenses and that the introduction of a completely new class A felony offense is a rare event, the department assumes the admission of one person per year to prison following the passage of the legislative proposal.

Offenders committed to prison with a class A felony have an average sentence length of 17.1 years and serve on average, 12.3 years in prison prior to first release. The department assumes one third of the remaining sentence length could be served in prison as a parole return, and the rest of the sentence could be served on supervision in the community.

The sentence lengths associated with these offenses pushes the estimate of total cumulative impact on the department beyond the 10-year time frame of this fiscal note. However, the estimated impact by FY 2036 is 10 additional offenders in prison.

Combined Cumulative Estimated Impact

The sentence lengths associated with these offenses pushes the estimate of total cumulative impact on the department beyond the 10-year time frame of this fiscal note. However, the combined cumulative estimated impact on the department is 55 additional offenders in prison and 95 additional offenders on field supervision by FY 2036.

| | # 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 | 14 | (\$11,123) | (\$129,768) | 0 | \$0 | 19 | (\$129,768) |
| Year 2 | 28 | (\$11,123) | (\$317,673) | 0 | \$0 | 38 | (\$317,673) |
| Year 3 | 40 | (\$11,123) | (\$462,895) | 1 | (\$102,428) | 59 | (\$565,323) |
| Year 4 | 48 | (\$11,123) | (\$566,583) | 1 | (\$94,995) | 64 | (\$661,578) |
| Year 5 | 50 | (\$11,123) | (\$601,995) | 1 | (\$96,001) | 75 | (\$697,996) |
| Year 6 | 51 | (\$11,123) | (\$626,315) | 1 | (\$97,019) | 84 | (\$723,334) |
| Year 7 | 52 | (\$11,123) | (\$651,368) | 1 | (\$98,047) | 93 | (\$749,415) |
| Year 8 | 53 | (\$11,123) | (\$677,172) | 1 | (\$99,089) | 94 | (\$776,261) |
| Year 9 | 54 | (\$11,123) | (\$703,748) | 1 | (\$100,142) | 95 | (\$803,890) |
| Year 10 | 55 | (\$11,123) | (\$731,116) | 1 | (\$101,206) | 95 | (\$832,322) |

The department will assume a marginal cost (multiplied by number of offenders) for any projected increase or decrease in the incarcerated population. Marginal cost is \$30.47 per day or an annual cost of \$11,123 per offender which includes costs such as medical, food, wages and operational E&E. The unknown amount is a result of the uncertainty in the growth of the underlying offender population. The impact of any new legislation combined with the growth of the underlying population could result in the tiered approach below in order to meet the population demands.

1. Fully staffing the current capacity (27,368) which is habitable, but DOC does not have the staffing resources for all bed space.
2. Rehabilitating current space that is not currently habitable and obtaining staffing resources for that space (requires capital improvements).
3. Expanding new capacity by adding housing units or wings to existing prisons and obtaining staffing resources for that space (requires capital improvements).
4. Constructing a new prison and obtaining staffing resources. Based on current construction projects in other Midwest states, the department estimates the cost of constructing a new 1,500-bed maximum security prison at approximately \$825 million to \$900 million plus annual operating costs of approximately \$50 million (requires capital improvements).

The department's population projections indicate current physical capacity will be met by July 2029; however recent trends indicate that capacity could be met much sooner. Should new construction be the result of the increasing offender population, the full cost per day per offender would be used which is \$106.96 or an annual cost of \$39,040. This includes all items in the marginal cost calculation plus fringe, personal service, utilities, etc.

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.

* 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.

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

Officials from the **Office of the State Public Defender (SPD)** state the number of new charges generated each year by the change to §195.017 is unknown. However, each additional charge would result in significant SPD work, at a minimum of 35 hours per case. Because the number of cases that will be filed where the charge is possession of Xylazine is unknown, the exact additional number of attorneys necessary is unknown. Each case would also result in unknown increased costs in the need for core staff, travel, and litigation expenses.

Oversight assumes this proposal will not create the number of new cases required to request additional FTE for the SPD and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes. However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

Officials from the **Kansas City Police Department** state there may be a possible increase in backlogs due to additional testing by crime lab.

Oversight assumes because the potential increase in backlogs is speculative that the Kansas City Police Department will not incur significant cost related to this proposal.

Officials from the **Department of Commerce and Insurance, Department of Health and Senior Services, Department of Mental Health, Department of Public Safety - Missouri Highway Patrol, Department of Social Services, Missouri Department of Agriculture, Phelps County Sheriff's Department, Blue Springs Police Department, Branson Police Department** and **St. Louis County Police Department** 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other law enforcement agencies were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

| <u>FISCAL IMPACT – State Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 | Fully Implemented (FY 2036) |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| GENERAL REVENUE | | | | |
| <u>Cost – DOC (\$195.017) p.3-6</u> | | | | |
| Personal Service | \$0 | \$0 | (\$52,554) | (\$56,344) |
| Fringe benefits | \$0 | \$0 | (\$37,802) | (\$40,528) |
| Equipment and expense | \$0 | \$0 | (\$12,072) | (\$4,334) |
| Total Costs – DOC | \$0 | \$0 | (\$102,428) | (\$101,206) |
| FTE Change - DOC | 0 FTE | 0 FTE | 1 FTE | 1 FTE |
| <u>Cost – DOC (\$195.017) Increased Incarceration Cost p.3-6</u> | (\$129,768 to <u>Unknown</u>) | (\$317,673 to <u>Unknown</u>) | (\$462,895 to <u>Unknown</u>) | (\$731,116 to <u>Unknown</u>) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | (\$129,768 to <u>Unknown</u>) | (\$317,673 to <u>Unknown</u>) | (\$565,323 to <u>Unknown</u>) | (\$832,322 to <u>Unknown</u>) |
| Estimated Net FTE Change on General Revenue | 0 FTE | 0 FTE | 1 FTE | 1 FTE |

| <u>FISCAL IMPACT – Local Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 | Fully Implemented (FY 2030) |
|---|---------------------|-------------------|-------------------|--------------------------------|
| | | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | | | |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill adds xylazine to the list of Schedule III controlled substances as well as any material, compound, mixture, or preparation thereof. The bill provides exceptions, including the prescription or administration of xylazine, or a drug containing xylazine, to an animal, or in the manufacture, use, or distribution of xylazine as an active pharmaceutical ingredient for the purposes of manufacturing an animal drug.

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

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Corrections
Department of Health and Senior Services
Department of Mental Health
Department of Public Safety - Missouri Highway Patrol
Department of Social Services
Missouri Department of Agriculture
Office of the State Public Defender
Phelps County Sheriff's Department
Blue Springs Police Department
Branson Police Department
Kansas City Police Department
St. Louis County Police Department



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