

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6366H.02P  
 Bill No.: Perfected HCS for HB 2641  
 Subject: Drugs and Controlled Substances; Department of Health and Senior Services;  
 Licenses - Miscellaneous; Business and Commerce  
 Type: Original  
 Date: February 18, 2026

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Bill Summary: This proposal creates provisions relating to cannabis.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*/**	(Could exceed \$294,749)	(Could exceed \$314,373)	(Could exceed \$346,235)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$294,749)</b>	<b>(Could exceed \$314,373)</b>	<b>(Could exceed \$346,235)</b>

\*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.

\*\* The fiscal impact to DPS/ATC will be \$0 or unknown based on whether or not DPS/ATC is called upon by the AGO to enforce the provisions of §195.900. Oversight assumes the cost could be substantial, exceeding \$250,000.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Missouri Veterans' Health and Care Fund (1606)*	(Unknown, Could be substantial)	(Unknown, Could be substantial)	(Unknown, Could be substantial)
Veterans, Health, and Community Reinvestment Fund (1608)*	Less than \$1,420,821	Less than \$3,409,970	Less than \$3,409,970
School District Trust Fund (1688)	\$21,313	\$51,150	\$51,150
Conservation Commission Fund (1609)	\$2,664	\$6,394	\$6,394
Parks and Soils State Sales Tax Fund(s) (1613 & 1614)	\$2,131	\$5,115	\$5,115
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Less than \$1,446,929</b>	<b>Less than \$3,472,629</b>	<b>Less than \$3,472,629</b>

\*DHSS estimates that unknown enforcement costs could exceed \$250,000 annually.

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>Could exceed \$810,578</b>	<b>Could exceed \$1,945,388</b>	<b>Could exceed \$1,945,388</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency 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.

#### §195.010 – Definition of Industrial Hemp

Officials from the **Department of Revenue (DOR)** state this provision modifies the definition of industrial hemp. Modifying the definition will not fiscally impact DOR.

#### §195.800 - Disclosure of Certain Information

Officials from the **Department of Corrections (DOC)** state as follows:

The legislation would make it illegal for state employees to disclose to unauthorized third parties (including the federal government) the personal information of those who have applied for or received authorization to use medical marijuana. It would also make it illegal to engage in the cultivation, production, manufacturing, testing, transportation, and retail sale of cannabis and marijuana products without licenses from the state.

Section 195.800 creates a class E felony offense when a state agency discloses to the federal government, any federal employee or unauthorized third party the statewide list or individual information of persons who applied for or obtained a qualifying patient identification card, a qualifying patient cultivation identification card, or a primary caregiver identification card.

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, with 1.4 years until 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.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the cumulative estimates as provided by the DOC under section 195.900.

Officials from the **DOR** state this provision prohibits the release of the list of names of people who have received an identification card under the marijuana laws. DOR does not maintain the list of people with identification cards, so this provision will not fiscally impact DOR.

#### §195.819 – Marijuana Dispensary Records

**Oversight** notes §195.819 provides that marijuana dispensary facilities shall not create or retain any record containing the consumer's identifying information upon a customer's written request. Any dispensary facility that violates the provisions of this section shall be assessed a fine of \$2,500 per occurrence.

Officials from the **DOR** state this provision allows a customer to request to have their customer identifying information removed from marijuana dispensary records. This will not fiscally impact DOR.

#### §195.900 - "Intoxicating Cannabinoid Control Act"

Officials from the **DOR** state this provision has an enacting clause stating it is effective the date of federal legislation that amends the definition of hemp to exclude intoxicating cannabinoids.

This proposal declares its intent that hemp-derived cannabinoids products be regulated pursuant to the legal framework contained in Article XIV of the Missouri Constitution. Article XIV is the regulation and taxation provisions governing the growing and selling of marijuana. DOR does not collect information on the type or number of these products on the market.

The General Assembly has indicated that these products are being sold in numerous retail locations. Currently, when sold at a retail location the products are subject to the state 4.225% sales tax as well as a local sales tax. This proposal moves these products from a retail location to a marijuana dispensary. DOR notes that regardless of where the product is sold, the sales tax is owed.

However, DOR notes that Article XIV Section 2 assesses an additional state tax of 6% on all marijuana sales and allows locals to assess a 3% tax, which are considered excise taxes. This would now subject these products to the excise tax. DOR notes that Missouri makes up 2.05% of the total U.S. market share of all hemp-derived cannabinoids based on research found. In 2023, that was \$56,832,841 of the \$2,774,925,672 in U.S. sales.

DOR notes this proposal would become effective based on language in the effective clause; however, DOR is unsure exactly how long it will take to get these products relocated to a dispensary for sale or when the federal effective date would take effect. For fiscal note purposes only, DOR assumes this tax will begin January 1, 2027. DOR notes that sales tax and the marijuana tax are both collected at the time of the sale but remitted the following month. Therefore, there will only be 5 months of impact during FY 2027.

Article XIV states that the marijuana tax is to be deposited into the Veterans, health, and community reinvestment fund. DOR expects \$1,420,821 in FY 2027 and \$3,409,970 each year thereafter from the excise tax should all these products be moved to dispensaries.

DOR notes that sales tax is applied after excise tax as it is applied to the entire price of the product. Therefore, the amount of sales tax collected would increase due to the amount of excise tax collected. DOR notes that this could generate an additional \$216,108 in total state revenue from the sales tax and \$240,403 in local sales tax.

Estimated Revenue Impact - Hemp-derived Cannabinoids

<b>State Funds</b>	FY 2027 Low	FY 2028+ Low
Veterans, Health, and Community Reinvestment Fund (excise tax)	\$1,420,821	\$3,409,970
General Revenue	\$63,937	\$153,449
School District Trust Fund	\$21,313	\$51,150
Conservation Commission Fund	\$2,664	\$6,394
Park, Soil & Water Funds	\$2,131	\$5,115
<b>Total State Revenues</b>	<b>\$1,510,866</b>	<b>\$3,626,078</b>

<b>Local Funds</b>	FY 2027 Low	FY 2028+ Low
Local Excise Funds	\$710,410	\$1,704,985
Local Sales Tax Funds	\$100,168	\$240,403
<b>Total Local Funds</b>	<b>\$810,578</b>	<b>\$1,945,388</b>

Additionally, DOR will need to modify tax forms (\$2,200) and computer programs (\$7,547) to accommodate the provisions of this proposal.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DOR. Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to modifying tax forms and computer programs for this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Oversight notes §195.900 provides that any person or entity that violates the provisions of this section shall be subject to a fine of \$5,000 per transaction and shall be guilty of a class D felony.

Violations of §§195.819 and 195.900 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

or 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.

Oversight reached out to DHSS for an estimate of potential fines under §§195.819 and 195.900.

In response to a previous version, HCS for HB 2641 (2026), officials from the **Department of Health and Senior Services (DHSS)** stated that the Division of Cannabis Regulation (DCR) does not have a way to estimate how much will be collected.

Due to a lack of information, **Oversight** assumes revenue from fines to be more than \$250,000 annually for both sections combined.

Officials from the **DOC** state section 195.900 creates a class D felony offense when a person or entity that violates the provisions of this section shall be subject to a fine of five thousand dollars per transaction and shall be guilty of a class D felony.

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 D felony.

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, with 1.7 years until first release. The remaining 2.2 years could be on parole. Probation sentences could be 3 years.

In response to a previous version, HCS for HB 2641 (2026), officials from the **DHSS** stated as follows:

Section 195.900.3 of the proposed legislation subjects all hemp-derived cannabinoids to regulations at least as strict as those in Article XIV Sections 1 and 2 of the Missouri Constitution.

Section 195.900.4 of the proposed legislation considers hemp-derived cannabinoids products to be considered marijuana under Article XIV and puts hemp-derived cannabinoids under the same regulatory framework of Article XIV. The Department of Health and Senior Services – Division of Cannabis Regulation (DHSS-DCR) notes the language in the proposed legislation does not provide explicit rulemaking authority to DHSS, however, DHSS-DCR assumes authority based on the language in 195.900.4.

DHSS-DCR currently has a license limit, with all available licenses currently awarded. DHSS-DCR also assumes that most hemp-derived cannabinoids sold in the unregulated market are produced through chemical conversion and would not be allowed for manufacturing or sale within the regulatory framework of Article XIV. Therefore, DHSS-DCR expects to be able to absorb costs related to this proposed legislation.

Current demand of hemp-derived cannabinoids relative to marijuana regulated by Article XIV is unknown, therefore, the change in sales in the regulated market and the resulting revenue is

unknown.

Section 195.900.9 of the proposed legislation gives enforcement authority to DHSS to enforce the provisions of this section and to prohibit unregulated activities outside of licensed facilities. DHSS-DCR notes that the proposed legislation does not provide enforcement mechanisms and therefore, DHSS-DCR determines an unknown impact. In response to a previous version, DHSS estimated the amount of expenditures would likely be over \$250,000 annually.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DHSS for “unknown” expenditures related to enforcement from the Missouri Veterans Health and Care Fund and the Veterans Health and Community Reinvestment Fund. However, Oversight will reflect the DOR estimates for tax revenue.

In response to a previous version, HCS for HB 2641 (2026), officials from the **Department of Public Safety (DPS), Division of Alcohol and Tobacco Control (ATC)** assumed the proposal would have no fiscal impact on their organization.

**Oversight** notes section 195.900.9 gives concurrent enforcement authority to the Attorney General’s Office (AGO), DHSS and DPS (ATC and Missouri Highway Patrol), with the AGO having primary jurisdiction over enforcement. Therefore, Oversight assumes the fiscal impact to DPS/ATC will be \$0 or unknown based on whether or not DPS/ATC is called upon by the AGO to enforce the provisions of this section. Because DPS/ATC does not have a corresponding dedicated fund for this purpose, costs related to enforcement are assumed to be from general revenue.

Oversight notes, in response to somewhat similar proposals from previous years, both DPS-ATC and DHSS indicated substantial costs for enforcement. Oversight has requested additional information from both agencies. Upon the receipt of additional information, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

#### Responses regarding the proposed legislation as a whole

Officials from the **Office of the State Public Defender (SPD)** state per the National Public Defense Workload Study, the new charge contemplated by this addition of Section 312.1020, would take approximately fourteen hours of SPD work for reasonably effective representation. If one hundred cases were filed under this section in a fiscal year, representation would result in a need for an additional attorney. Because the number of cases that will be filed under this statute 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. However, if the charge was classified as a class D misdemeanor no jail time would be authorized and the cases would not qualify for SPD representation.

**Oversight** assumes this proposal will create a minimal number of new cases 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.

In response to a previous version, HCS for HB 2641 (2026), officials from the **Attorney General's Office (AGO)** determined that the proposed legislation, with changes, results in the same fiscal impact as stated in response to the previous version. The AGO assumes this proposal will increase personnel costs. Two Assistant Attorneys General and one investigator will be necessary to handle the increased caseload.

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

Officials from the **DOC** assume the cumulative impact on the department is estimated to be 8 additional offenders in prison and 16 additional offenders on field supervision by FY 2029.

The cumulative impact of these new Class E and Class D felonies under §195.800 and §195.900 would be 10 more offenders in prison and 23 more in field supervisions by FY 2029.

	# to prison	Cost per year	Total Costs for prison	Change in & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	4	(\$11,123)	(\$31,515)	0	\$0	7	(\$31,515)
Year 2	8	(\$11,123)	(\$90,764)	0	\$0	14	(\$90,764)
Year 3	10	(\$11,123)	(\$115,724)	0	\$0	23	(\$115,724)
Year 4	10	(\$11,123)	(\$118,038)	0	\$0	26	(\$118,038)
Year 5	10	(\$11,123)	(\$120,399)	0	\$0	29	(\$120,399)
Year 6	10	(\$11,123)	(\$122,807)	0	\$0	29	(\$122,807)
Year 7	10	(\$11,123)	(\$125,263)	0	\$0	29	(\$125,263)
Year 8	10	(\$11,123)	(\$127,768)	0	\$0	29	(\$127,768)
Year 9	10	(\$11,123)	(\$130,324)	0	\$0	29	(\$130,324)
Year 10	10	(\$11,123)	(\$132,930)	0	\$0	29	(\$132,930)

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 their current capacity (27,368), which is habitable, but they do 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 cumulative estimate as provided by the DOC. The provisions of the Intoxicating Cannabinoid Control Act in this version of the proposal shall become effective on the same date as the effective date of federal legislation that amends the definition of hemp to exclude intoxicating cannabinoids or that otherwise prohibits the sale of intoxicating hemp-derived cannabinoid products. Oversight notes that, for fiscal note purposes, the original delayed implementation of section 195.900 to November 12, 2026 is included in the DOC estimate.

Oversight does not anticipate increased costs to local law enforcement.

Officials from the **Department of Elementary and Secondary Education, Department of Mental Health, Department of Public Safety (Office of the Director and Missouri Highway Patrol), Department of Social Services, Missouri Department of Agriculture, Missouri Department of Transportation, MODOT & Patrol Employees' Retirement System, City of Kansas City, Newton County Health Department, Branson Police Department, Kansas City Police Department, St. Louis County Police Department, Northwest Missouri State University and 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 previous version, HCS for HB 2641 (2026), officials from the **Department of Labor and Industrial Relations, Department of Natural Resources, Department of Public Safety - Missouri Veterans Commission, Office of Administration (Commissioner's Office, Administrative Hearing Commission) Office of the State Courts Administrator and Phelps County Sheriff's Department** each assumed the proposal would 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 previous version, HB 2641 (2026), officials from the **Concordia R-II and High Point R-III** each assumed the proposal would 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 similar legislation, SB 904 (2026) officials from the **Missouri Office of Prosecution Services** assumed the proposal would have no fiscal 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.

#### 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.

House Amendment 1 - §195.900 – Description of Hemp-derived Cannabinoid Products

Officials from the **DOR** and **DOC** state this amendment does not change their fiscal impact.

This amendment adds clarifying language to describe the types of products covered by this proposal. As general descriptions of such products are already in §195.900, Oversight assumes this amendment will have no fiscal impact on the underlying bill.

House Amendment 1 to House Amendment 1 - §195.900

Officials from the **DOR** and **DOC** state this amendment does not change their fiscal impact.

This amendment deletes the word "prohibiting" and inserts in lieu thereof the word "prohibit" in House Amendment 1. Oversight assumes this is a technical change and will not fiscally impact the underlying amendment or underlying bill.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (8 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Cost – AGO</u> (§§195.010, 195.800, 195.819 and 195.900) p.8			
Personal service	(\$173,333)	(\$212,160)	(\$216,403)
Fringe benefits	(\$108,952)	(\$132,410)	(\$134,110)
Equipment and expense	(\$44,886)	(\$32,488)	(\$33,447)
<b>Total Costs - AGO</b>	<b>(\$327,171)</b>	<b>(\$377,058)</b>	<b>(\$383,960)</b>
FTE Change - AGO	3 FTE	3 FTE	3 FTE
<u>Cost – DOC</u> (§§195.819 and 195.900) Increased incarceration costs p.9-10	(\$31,515 to Unknown)	(\$90,764 to Unknown)	(\$115,724 to Unknown)
<u>Revenue Gain</u> – (§195.900) Sales tax p.5-6	\$63,937	\$153,449	\$153,449
<u>Cost – DPS/ATC</u> (§195.900) Expenditures related to enforcement p.9	\$0 or (Unknown, Could be substantial)	\$0 or (Unknown, Could be substantial)	\$0 or (Unknown, Could be substantial)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Could exceed <u>\$294,749</u>)</b>	<b>(Could exceed <u>\$314,373</u>)</b>	<b>(Could exceed <u>\$346,235</u>)</b>
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE
<b>MISSOURI VETERANS’ HEALTH AND CARE FUND (1606)</b>			
<u>Cost – DHSS</u> (§195.900) Expenditures related to enforcement p.7	(Unknown, Could be substantial)	(Unknown, Could be substantial)	(Unknown, Could be substantial)
<b>ESTIMATED NET EFFECT ON MISSOURI VETERANS’ HEALTH AND CARE FUND</b>	<b>(Unknown, Could be <u>substantial</u>)</b>	<b>(Unknown, Could be <u>substantial</u>)</b>	<b>(Unknown, Could be <u>substantial</u>)</b>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (8 Mo.)	FY 2028	FY 2029
<b>VETERANS, HEALTH, AND COMMUNITY REINVESTMENT FUND (1608)</b>			
<u>Revenue Gain</u> – (\$195.900) Hemp excise tax p.5-6	\$1,420,821	\$3,409,970	\$3,409,970
<u>Cost</u> – DHSS (\$195.900) Expenditures related to enforcement p.7	(Unknown, Could be substantial)	(Unknown, Could be substantial)	(Unknown, Could be substantial)
<b>ESTIMATED NET EFFECT ON VETERANS, HEALTH, AND COMMUNITY REINVESTMENT FUND</b>	<b><u>Less than \$1,420,821</u></b>	<b><u>Less than \$3,409,970</u></b>	<b><u>Less than \$3,409,970</u></b>
<b>SCHOOL DISTRICT TRUST FUND (1688)</b>			
<u>Revenue Gain</u> – (\$195.900) Hemp sales tax p.6	\$21,313	\$51,150	\$51,150
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>\$21,313</u></b>	<b><u>\$51,150</u></b>	<b><u>\$51,150</u></b>
<b>CONSERVATION COMMISSION FUND (1609)</b>			
<u>Revenue Increase</u> – (\$195.900) Hemp sales tax p.6	\$2,664	\$6,394	\$6,394
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>\$2,664</u></b>	<b><u>\$6,394</u></b>	<b><u>\$6,394</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (8 Mo.)	FY 2028	FY 2029
<b>PARKS AND SOILS STATE SALES TAX FUNDS (1613 &amp; 1614)</b>			
<u>Revenue Increase</u> – (§195.900) Hemp sales tax p.6	<u>\$2,131</u>	<u>\$5,115</u>	<u>\$5,115</u>
<b>ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS</b>	<b><u>\$2,131</u></b>	<b><u>\$5,115</u></b>	<b><u>\$5,115</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Gain</u> – School districts (§§195.819 and 195.900) Potential fine revenue p.6-7	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – (§195.900) Hemp excise tax p.6	\$710,410	\$1,704,985	\$1,704,985
<u>Revenue Gain</u> – (§195.900) Hemp sales tax p.6	<u>\$100,168</u>	<u>\$240,403</u>	<u>\$240,403</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>Could exceed <u>\$810,578</u></b>	<b>Could exceed <u>\$1,945,388</u></b>	<b>Could exceed <u>\$1,945,388</u></b>

FISCAL IMPACT – Small Business

Some small business hemp retailers may find the regulations and fines burdensome. Those businesses may also find an increase in customers who did not previously purchase their products due to lack of product regulation.

FISCAL DESCRIPTION

This bill modifies the definition of "industrial hemp" and adds a definition of "hemp", as provided in the bill.

The bill states that no state agency or state employee will 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, unless required to do so pursuant to a subpoena or court order issued by a court. Any person who knowingly violates these provisions will be guilty of a class E felony (Section 195.800).

Upon the written request of a consumer, a marijuana dispensary shall not create or retain any record containing a consumer's identifying information. This provision will not apply to any constitutionally-mandated record-keeping requirements relating to qualifying patients and primary caregivers. Dispensary facilities that violate the provisions of this bill will be assessed a \$2,500 fine per occurrence (Section 195.819).

This bill establishes the "Intoxicating Cannabinoid Control Act". All hemp-derived cannabinoid products must be construed to conform to, and be included in, the definition of "marijuana" under the Missouri Constitution. The cultivation, production, manufacturing, testing, transportation, and retail sale of all hemp-derived cannabinoid products in Missouri must be conducted solely by entities that are licensed by the Department of Health and Senior Services, and are subject to the legal framework contained in the Missouri Constitution. The Attorney General, the Department of Health and Senior Services, the Department of Public Safety, prosecuting and circuit attorneys, and other state agencies will collaborate to enforce these provisions, as specified in the bill.

"Hemp" and "industrial hemp", as those terms are defined in the bill, are not considered marijuana and therefore are not subject to the legal framework contained in the Missouri Constitution.

No person or entity engaged in the sale of cannabidiol (CBD), hemp, marijuana, cannabinoids, hemp-derived cannabinoid products, or related paraphernalia, other than a comprehensive or medical marijuana dispensary facility or a micro-business dispensary facility, shall carry on, conduct, or transact business under a name that contains, as part of the name, the word "dispensary".

The Attorney General will have primary jurisdiction to enforce these provisions, but must coordinate such efforts with other state departments and agencies, as specified in the bill.

Any person or entity in violation of these provisions will be guilty of a class D felony and subject to a fine of \$5,000 per transaction.

The bill states that if the sale of hemp-derived cannabinoid products becomes legal under federal law, hemp-derived cannabinoid products may be sold in the state in a manner consistent with federal law.

This bill is contingent upon the effective date of Federal legislation that amends the definition of hemp to exclude intoxicating cannabinoids or that otherwise prohibits the sale of intoxicating hemp-derived cannabinoid products (Section B).

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

#### SOURCES OF INFORMATION

Attorney General's Office  
Department of Corrections  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Mental Health  
Department of Labor and Industrial Relations  
Department of Natural Resources  
Department of Public Safety –  
    Office of the Director  
    Division of Alcohol and Tobacco Control  
    Missouri Highway Patrol  
    Missouri Veterans Commission  
Department of Revenue  
Department of Social Services  
Joint Committee on Administrative Rules  
Missouri Department of Agriculture  
Missouri Department of Transportation  
MODOT & Patrol Employees' Retirement System  
Missouri Office of Prosecution Services  
Office of Administration – Administrative Hearing Commission  
Office of the Secretary of State  
Office of the State Courts Administrator  
Office of the State Public Defender  
City of Kansas City

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Newton County Health Department  
Phelps County Sheriff's Department  
Branson Police Department  
Kansas City Police Department  
St. Louis County Police Department  
Concordia R-II  
High Point R-III  
Northwest Missouri State University  
University of Central Missouri



Julie Morff  
Director  
February 18, 2026

Jessica Harris  
Assistant Director