

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-1564/1	Introduction Number SB-038
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Description
 medical use of marijuana, the regulation of marijuana distribution entities, requiring the exercise of rule-making authority, making appropriations, and providing a criminal penalty

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
 - Increase Existing Revenues
 - Decrease Existing Revenues
 - Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
 - Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
 - 1. Increase Costs
 - 2. Decrease Costs
 - 3. Increase Revenue
 - 4. Decrease Revenue
 - 5. Types of Local Government Units Affected
 - Towns
 - Counties
 - School Districts
 - Village
 - Others
 - WTCS Districts
 - Cities
 - Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory

Fund Sources Affected **Affected Ch. 20 Appropriations**

- GPR
 FED
 PRO
 PRS
 SEG
 SEGS 410

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Fiscal Estimate Narratives

DOC 3/13/2017

LRB Number	17-1564/1	Introduction Number	SB-038	Estimate Type	Original
Description medical use of marijuana, the regulation of marijuana distribution entities, requiring the exercise of rule-making authority, making appropriations, and providing a criminal penalty					

Assumptions Used in Arriving at Fiscal Estimate

Current law prohibits a person from manufacturing, distributing, or delivering marijuana; possessing marijuana with the intent to manufacture, distribute, or deliver it; possessing or attempting to possess marijuana; using drug paraphernalia; or possessing drug paraphernalia with the intent to produce, distribute, or use a controlled substance. This bill creates a medical use defense to such marijuana-related prosecutions and forfeiture actions for persons who are registered with the Department of Health Services as having specified debilitating medical conditions or treatments and, if applicable, their primary caregivers. This bill also prohibits the arrest or prosecution of such persons for those offenses. The defense and prohibition do not apply under certain circumstances, such as 1) if the person does not have a valid registry identification card; 2) if the amount of marijuana involved is more than 12 marijuana plants and three ounces of marijuana leaves or flowers; 3) if, while under the influence of marijuana, the person drives a motor vehicle or engages in any other conduct that endangers the health or well-being of another person; or 4) if the person smokes marijuana on a school bus or public transit or on school premises.

Under the bill, DHS must establish a registry for persons who use marijuana for medical use. Under the bill, a person may apply to DHS for a registry identification card. DHS must issue a qualified applicant a registry identification card unless, in the previous ten years, the applicant was serving a sentence or on probation for certain felony convictions. Except for law enforcement purposes, DHS must keep registry information and applications confidential.

Under the bill, DHS also must license and regulate dispensaries to facilitate the medical use of marijuana. This bill prohibits dispensaries from being located within 500 feet of a school, prohibits a dispensary from distributing to one person more than an allowable amount of marijuana, and prohibits a dispensary from possessing an excessive quantity of marijuana as determined by the number of persons it serves or by DHS. An applicant for a license must pay an initial application fee of \$250, and a dispensary must pay an annual fee of \$5,000.

This bill requires DHS to promulgate rules to allow entities to grow marijuana and distribute marijuana to dispensaries. This bill also requires DHS to register entities as tetrahydrocannabinols-testing laboratories.

This bill changes state law regarding marijuana. It does not affect federal law, which generally prohibits persons from manufacturing, delivering, or possessing marijuana and applies to both intrastate and interstate violations.

This bill would have an indeterminate effect on the DOC inmate and offender population as the DOC cannot predict how many fewer inmates would be sentenced to prison or probation if this legislation were enacted. As of December 31st, 2016, the DOC incarcerated 806 inmates who were convicted for any THC offense as part of their overall sentence. The DOC had 5,550 offenders on community supervision who were convicted for any THC offense as part of their overall sentence.

The average FY16 annual cost for an inmate in a DOC institution is approximately \$32,300. However, when there is excess capacity in DOC facilities, the incremental costs (i.e. food, health care and clothing) of housing a small number of inmates is approximately \$5,600 based on FY15 costs. Should the Department use contract beds, the rate would be approximately \$18,800 annually per person.

State costs could also change if a decreased number of offenders are convicted of any THC crime and placed on probation. The average FY16 annual cost to supervise one offender is approximately \$3,000.

County jails could experience decreased costs if fewer people are sentenced to jail. The average FY16 annual cost to jail inmates is \$18,800.

Long-Range Fiscal Implications