



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 566** HLS 22RS 66
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 9, 2022	9:28 AM	Author: BAGLEY
Dept./Agy.: LDH		
Subject: marijuana production facilities		Analyst: Shawn Hotstream

MEDICAL MARIJUANA EG +\$5,820,467 GF EX See Note Page 1 of 1
 Increases the number of entities eligible for licensure as medical marijuana production facilities

Proposed law provides that LDH to be the regulatory authority for the production and processing of therapeutic marijuana.

Proposed law provides requires LDH to take into consideration market supply and demand for the therapeutic use of marijuana, product cost to patients, and geographic balance of production facilities, if possible, within the state when making the decision to issue any new licenses.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$5,820,467	\$4,199,340	\$4,265,089	\$4,323,890	\$4,414,271	\$23,023,057
Agy. Self-Gen.	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$6,020,467	\$4,399,340	\$4,465,089	\$4,523,890	\$4,614,271	\$24,023,057

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Requiring LDH to regulate the processing and production of therapeutic marijuana, and licensing of such production facilities is anticipated to result in significant expenditures in the department in FY 23 and future fiscal years. LDH has provided FY 23 estimates based on the following assumptions:

- \$2,119,422 - 27 additional staff (7 sanitarians for inspections, plans review, and label review; 1 program manager, 1 program monitor, 4 administrative coordinators, 3 public health lab scientist managers, 5 public health lab scientist positions, 1 lab supervisor, 3 lab tech positions, and 2 LDH program managers.)
- \$951,714 - Operating expenses associated with operating the new lab (rental of vehicles, travel to inspect, transport and collect samples, test kits, and building rental)
- \$524,400 - Professional services - equipment certification and lab accreditation and service of equipment
- \$860,000 - \$800,000 for building renovation for to establish a accredited lab, \$60,000 for medical marijuana surveillance
- \$1,564,931 - Equipment (computers, lab equipment, refrigerator, storage cabinets)

The reduction in out years is based on one time expenses for lab equipment and building renovations.

Note: This measure further requires LDH to take into consideration market supply and demand related to marijuana production. To the extent the number of production facilities increase under LDH authority, associated lab costs will increase.

REVENUE EXPLANATION

The revenue table reflects \$100,000 annual licensing fees that will now be collected by LDH based on the current number of production facilities. To the extent the number of production facilities increase under LDH authority, licensing fees will increase by \$100,000 per facility.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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