

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (16-009)**

Subject

Initiative petition from Dan Viets regarding a proposed constitutional amendment to Article I of the Constitution of Missouri. (Received December 4, 2014)

Date

December 23, 2014

Description

This proposal would amend Article I of the Constitution of Missouri.

The amendment is to be voted on in November 2016.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **State Technical College of Missouri**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **Kansas City Board of Police Commissioners**, and **St. Louis Board of Police Commissioners**.

ACT Missouri provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact for their department.

Officials from the **Department of Elementary and Secondary Education** indicated this proposal has the potential to significantly impact the revenue stream of state and local governments; however, their department has no means to calculate such impact.

Officials from the **Department of Higher Education** indicated they have determined it would have no fiscal impact on their department. While the related tax could potentially increase the funds available for public higher education institutions and state scholarships, the total impact, if any, would be determined through the appropriation process.

Officials from the **Department of Health and Senior Services** indicated total costs for salaries, fringe benefits, equipment and expenses will be \$0 for fiscal year 2016, \$12,953 for fiscal year 2017, and \$80,049 for fiscal year 2018.

Rental space would be needed for one new FTE located in Jefferson City: 1 FTE x 200 sq ft/FTE x \$16.75/sq. ft. = \$3,350.

The proposed language could create new classes of small businesses (marijuana manufacturers and retailers).

Section 36(a)6(7) if enacted would create a new tax of 25 percent on the first market sale of marijuana.

Sections 196.010 through 196.298, RSMo gives the Department of Health and Senior Services (DHSS) responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. DHSS could have additional responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

DHSS assumes that manufacturers will have “one stop shops” that will include the retail portion on the same grounds as the manufacturing plant where marijuana products will be manufactured. DHSS estimates that there may be as many as 150 manufacturing/retail facilities throughout the state. Since the local public health agencies assume responsibility for inspecting retail food establishments, DHSS would not have to incur additional costs for these inspections. DHSS would have to inspect the manufacturing

portion of the facility. DHSS would require one field inspector to inspect the manufacturing plants (Environmental Public Health Specialist IV A27, Step G, \$43,056).

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact. However, the impact on the demand for substance use disorder treatment is unknown. Their department sees the legalization of marijuana as a broader public health issue, especially for children.

Officials from the **Department of Corrections** indicated:

The petition proposes to legalize the production, sale, distribution and consumption of marijuana by persons over the age of 21. Selling marijuana to persons 21 or younger will remain an offense as will possession of marijuana by persons 21 or younger.

The legalization of marijuana for adults over 21 will impact their department in three ways:

1. It will discharge offenders with convictions for marijuana from incarceration or field supervision if the marijuana convictions are the only convictions the offenders are serving.
2. It will reduce the number of offenders being sentenced and received by the department of corrections (DOC).
3. It will require administrative actions by DOC staff to re-calculate sentences, risk assessments, parole release dates and custody levels for those offenders who have had marijuana convictions expunged.

The estimate of the number of offenders who will be impacted by the legalization of marijuana can be calculated from the sentencing records maintained by the DOC but with a significant proviso. Most offenders sentenced for drug offenses in Missouri are sentenced for the production, sale, distribution or possession of a controlled substance and the drug type is not part of the offense. In some cases the drug type is known because the drug type is included in the NCIC code or is included in the offense description. Although the impact of the bill is based upon those cases where the drug type is known the impact has to include an estimate of the drug offenders where the drug type is not known. As only 32% of drug offenses include the drug type the expansion factor is significant (3.17).

1. The discharge of offenders with only a conviction for marijuana for offenders over 21 on the offense date

On December 5, 2014 there were:

- a) 114 incarcerated offenders and after applying the expansion factor of 3.17 it is estimated that 361 offenders will be eligible to be released.
- b) 1,055 offenders on probation or parole and after applying the expansion factor of 3.17 it is estimated that 3,344 offenders will be released from field supervision.

There may be other offenders who, after the expungement of the marijuana offenses, may be eligible for immediate discharge or have their release date advanced but no estimate has been for these offenders.

2. The reduction of new admissions or new probation cases for offenders over 21 on the offense date

In FY14 there were:

- a) 88 offenders admitted to prison to serve a marijuana offense and had no other offense. After the expansion factor of 3.17 it is estimated that 279 offenders were admitted in FY14. Using time served statistics from offenders released in FY14 for marijuana only offenses it is estimated that the average time served was 0.81 years. The annual reduction in the institutional population is estimated at 226 (279* 0.81 years) and the reduction will begin in the first year following enactment of the bill.
- b) 401 offenders were placed on probation for only a marijuana offense. After applying the expansion factor it is estimated that there were 1,271 offenders placed on probation for a marijuana offense.

3. Administrative Actions

Administrative actions are required to account for the expungement of marijuana convictions. No estimate is made but it could be substantial because marijuana convictions are not readily available in the DOC offender database. The DOC would have to work with the Department of Public Safety and the Office of the State Courts Administrator to obtain the necessary records. Also note that this petition does not call for automatic expungement. The offender has to petition the court which will complicate the process and calculation of expungement cost.

Impact Summary

In the year following the enactment of the bill there will be offenders discharged and fewer offenders received by the DOC. Because of the average stay is less than one year both impacts will occur in the first year. After the first year the prison and probation populations will stabilize at a new lower level.

Impact based upon the assumption of equal distribution for drug offenses where the drug type is not known

	Prison			Field		
	Discharge	Fewer Admissions	Total	Discharge	Fewer Cases	Total
FY16	361	226	587	3,344	1,271	4,615

The estimates are based upon the assumption that the distribution of drugs offenses when drug is known is similar to the distribution of drugs when the drug type is not known. A minimum impact of the legalization of marijuana is based upon only the convictions that are known to be for marijuana and no account is taken of the drug offenses for which the drug type is not known. The reduction in the population from fewer admissions is admissions (88) multiplied by the average stay (0.81 years) = 71.

Minimum Impact-excluding drug offenses with the drug type is not known

	Prison			Field		
	Discharge	Fewer Admissions	Total	Discharge	Fewer Cases	Total
FY16	114	71	185	1,055	401	1,456

These are the DOC direct offender costs for either incarceration (FY14 average of \$16.725 per offender, per day, or an annual cost of \$6,105 per inmate) or for supervision provided by the Board of Probation and Parole (FY14 average of \$6.72 per offender, per day or an annual cost of \$2,453 per offender). It is assumed that the least amount of individuals affected would be 185 incarcerated offenders and 1,456 field supervised offenders and at most it would affect 587 incarcerated offenders and 4,615 filed supervised offenders for an estimated cost avoidance of \$4,700,993 to \$14,904,230 in FY16. However, this does not necessarily mean there will be a net reduction in the DOC budget. The prison population has been steadily increasing over the past few years due to many other factors not related to marijuana offenses.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated:

Division of Alcohol and Tobacco Control (ATC)

Costs would increase by \$5,543,943 in fiscal year 2016, \$4,718,729 in fiscal year 2017, and \$4,778,049 in fiscal year 2018. Excise tax and licensing fees could be \$199,500,000 in fiscal years 2017 and 2018.

The following state agencies and/or political subdivisions will be affected by this proposal: Department of Mental Health and Substance Abuse, Department of Health and Senior Services, and State and Local Law Enforcement and Firefighter Pensions and Retirement Plans, Public Institutions of Elementary and Secondary Education, Substance Abuse Programs and Prevention of Underage Drug Use, for Services to Military Veterans, Public Institutions of Higher Education or Scholarships to such Institutions and Cities and Counties.

ATC will need to provide office spaces across the state for four District Offices in St. Louis, Kansas City, Springfield and Cape Girardeau. The existing ATC office in Jefferson City can absorb the additional staff within the existing location.

It is very likely that many small businesses will become licensed as a result of marijuana legalization and the potential to increase small business profits is huge based on information received from the State of Colorado, which just legalized recreational marijuana.

Information technology (IT) will need to provide IT support to the additional staff employed. It is estimated that each new FTE will require laptops (or desktop PC's) and printing equipment. In addition, based on Colorado's estimation, ATC will need large marijuana tracking computer system to facilitate the tracking and excise tax collections which is estimated to cost \$1,000,000 in the first two years.

ATC will begin licensing marijuana growers, producers, distributors, and retailers. It is estimated it will have a large positive impact on Total State Revenue. Although the language indicates that the excise taxes will not be considered a part of total state revenue or expense of state government. ATC estimates that excise taxes collected will be based on Missouri marijuana sales of between \$750 million and \$1 billion annually, resulting in possibly \$187,500,000 in excise tax collections if tax rates are 25% of first purchase price. ATC also estimates that if the minimum number of retail licenses allowed (1 license per 10,000 people, 6.022 million Missouri population) 600 will obtain licenses, plus possibly 600 producers or distributors, there will be approximately 1,200 licensees. ATC proposes a fee of \$10,000 per license which would result in approximately \$12 million in license fees. This license fee is in line with the range of fees paid by Colorado licensees.

Section 36(a) 1, allows for citizens who are 21 years of age or older to engage in the production, sale, distribution and consumption of marijuana. It also legalizes the manufacturers of products from Industrial Hemp.

Section 36(a) 2, sets out the purpose of this section to regulate the marijuana industry, raise revenue from licensing and excise taxes on marijuana, prevent criminal activity as a result of black market marijuana sales, prevent underage consumption of marijuana, eliminate illegal marijuana growth on public lands, and to allow for medical marijuana consumption. It also legalizes Industrial Hemp.

Section 36(a) 3, determines the goals of legalizing marijuana as preventing the distribution to those under age 21, preventing the revenue from going to criminal enterprises, preventing violence and the use of firearms in the cultivation and distribution of marijuana. It also prevents marijuana advertising to those under age 21.

Section 36(a) 4, provides definitions of terms used in this section. It also sets out household exemption limits of 6 marijuana plants and 12 ounces of usable marijuana, 16 ounces of marijuana products in solid form, 20 ounces of marijuana products in liquid form.

Section 36(a) 5, prohibits the state from making it illegal to possess or use marijuana by 21 year olds or older, to deliver or travel with marijuana, to purchase, sale or manufacture marijuana products and paraphernalia. It prevents seizures or forfeitures as a result of marijuana purchase, sale, manufacturing, production, processing, transportation, delivery, possession, or use of marijuana products.

Section 36(a) 6, allows state laws that address prohibiting import and export into and from within this state; the purchase, sale, manufacture, distribution, or delivery of marijuana within 1,000 feet of a school attended primarily by individuals under 21 years of age; prohibit the operation of a vehicle while using or under the influence; prohibit usage of marijuana in a public place; prohibit purchase, sale, manufacturing, production, processing transportation, delivery or possession by a person not in compliance with the law; classify the penalties, and impose an excise tax on the first fair market sale of 25% of the purchase price.

Section 36(a) 7, requires the Division of Alcohol and Tobacco Control (ATC) to promulgate rules and regulations that control and regulate the purchase, sale, manufacturing, production, processing, transportation, delivery, possession, and use of marijuana, including requiring a marijuana license to purchase, sell, manufacture, produce, process, transport or deliver marijuana; provide for excise tax collections; and provide for the enforcement of marijuana laws and review of their records and premises. Also ATC will regulate the advertising. ATC must also receive and transfer all funds from excise taxes and license fees to a dedicated fund first to ATC. The collections in this dedicated fund shall: be appropriated from the General Assembly to carry out the obligations under this law, including a reserve to maintain a working cash balance; next to state and local law enforcement and firefighter pensions and retirement plans – 20%; public elementary and secondary education – 20%; mental health and substance abuse programs – 20%; for services to Missouri military veterans – 15%; for public higher education for scholarships to attend such institutions – 15%; and cities and counties – 10%.

Section 36(a) 8, provides that no state law shall: impose an extra tax on marijuana that is not generally imposed on other products; or make laws that make household limits for a person to have at any given time of less than 6 marijuana plants and 12 oz. of usable marijuana, 16 oz of marijuana in solid form, 20 oz. in liquid form, and one ounce of marijuana extracts at any given time. The state may limit the number of retail licenses

issued to no less than one marijuana retailer per 10,000 inhabitants in a county. The state cannot limit the number of licenses a person may be granted, or disallow a person from holding different types of licenses, or require them to be a Missouri resident. The state may not disallow a person from a license due to expugnable past marijuana offenses. The state may not require a consumer to purchase a license to buy marijuana, or to deliver marijuana without charge to another over 21 years of age provided that the marijuana was purchased from a licensed retailer or if the marijuana was home grown by the person delivering it. The state may not require a retailer to record information about the buyer. The state may not require a license for marijuana amounts that are less than the household exemption amounts. This subsection provides the guidelines for penalties for a manufacturer that grows more marijuana plants than the household exemption amounts. This subsection also restricts ATC from making regulations so burdensome that it makes it impractical to conduct business.

Section 36(a) 9, allows the Department of Health and Senior Services to promulgate rules and regulations to implement the medical marijuana provisions allowing Doctors to discuss marijuana usage in conjunction with a medical condition that would benefit from usage on or before June 1, 2017.

Section 36(a) 10, prevents a licensed doctor from being subjected to any criminal and civil penalties by any state licensing boards or commissions as a result of advising a person on medical marijuana usage.

Section 36(a) 11, directs and authorizes Alcohol and Tobacco Control to enforce, administer and make rules and regulations that are not inconsistent with this section.

Section 36(a) 12, directs and authorizes the Department of Health and Senior Services to enforce, administer and make rules and regulations that are not inconsistent with this section.

Section 36(a) 13, The General Assembly may make laws that control, regulate and tax the manufacture, production and delivery of industrial hemp.

Section 36(a) 14, sets out the provisions for expunging marijuana offenses.

Section 36(a) 15, clarifies that contracts relating to the manufacturing, producing, delivering, possessing or using marijuana are not unenforceable just because they are prohibited by federal law.

Section 36(a) 16, provides that the marijuana laws will have no effect on current state or federal laws pertaining to employment matters, landlord-tenant matters, real property contracts that prohibit marijuana manufacturing, production, distribution, possession or use on such real property.

Section 36(a) 17 provides that if any part of this section is invalidated, the remaining part shall not be affected.

Section 36(a) 18, provides for most of the provisions to become effective on January 1, 2017, except for the actual section that allows citizens over the age of 21 to engage in the production, sale, distribution, and consumption of marijuana and manufacturer of goods from hemp which will become effective on June 1, 2017.

If alcohol excise tax revenue is an indicator of the rate that revenues will increase each year, we would expect revenue to increase between 1% and 4% each year.

Their Division is requesting approximately \$5.5 million in PS and E&E during the first year to respond to the tasks involved in marijuana legalization. Each year thereafter the cost would be from \$4.7 to \$4.8 million. ATC would be responsible for licensing, collecting excise taxes and regulatory compliance in a new marijuana industry in Missouri. ATC believes that the only way to track marijuana is through a computerized system using tax stamps. Colorado currently uses a system that cost \$1 million over a 2 year period. This system would track the product from the production to the retail system. Because there are no prohibitions against one person having all different types of marijuana licenses, the only way to assure excise taxes are being paid is through the use of tax stamps and frequent inspections. ATC would utilize five district offices throughout the state with 1 District Supervisor, 1 Clerical person and various Special Agent/Auditors in each District. ATC would need 5 District Supervisors, 45 Special Agent/Auditors, 7 Senior Office Support Assistants, 1 Chief of Marijuana Enforcement and 1 Agricultural Expert to facilitate such a large undertaking. It should be noted that Colorado, with a population of almost a million less, has 56 FTE dedicated solely to the marijuana control program.

Additional Information: The state of Washington's marijuana initiative allows up to \$5 million annually for the Washington State Liquor Control Board to implement and administer the recreational marijuana program. The Economic Revenue Forecast Council has not yet projected revenues but we suspect it will be in the 0-\$300 million range in the first full year of operation. No Washington marijuana licenses have been issued yet but the applications are approaching 3,000 as of December 19, 2013.

ATC is waiting on newer information from Colorado and Washington, but at this time it is unavailable.

Missouri State Highway Patrol (MSHP)

Costs would increase by \$349,311 in fiscal year 2016, \$410,478 in fiscal year 2017, and \$414,662 in fiscal year 2018.

The Criminal Justice Information Services Division (CJIS) states that there are currently 315,063 arrest charges in the Central Repository that qualify for expungement under this amendment. With no specific statutory reference into how these expungements would be handled or the process by which they would be expunged, it is difficult, at best, to estimate the amount of FTE's required by the CJIS Division to carry out the expungements. The current expungement process, pursuant to Chapter 610, takes

approximately 90 minutes to process. One FTE can handle 1,237 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this amendment based on no clear expungement process. Clearly, if a large number of these expungements were to be granted with even 5 FTE's, the backlog would compound greatly to the point it may take several years to catch up.

1 FTE = 1,856 hours (average work hours per year) x 60 minutes per hour = 111,360 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,237 expungements per year = 111,360 / 90.

These FTE's (CJIS Technicians) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at \$53,702 and the ability of that employee to process 1,237 expungements per year, the cost alone per expungement is $\$53,702 \div 1,237 = \43.41 . It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from \$50 to \$450 per petition per arrest date.

These FTE's will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of \$650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of \$3,566 per FTE.

5 CJIS Technicians (\$1,196.50 x 24)	\$143,580
Office Equipment/HW/SW	\$3,566

RECURRING COSTS

Phone Charges per FTE	\$350
Office Supplies per FTE	\$300

The Patrol Records Division estimates an additional 71,733 arrests in the Patrol's Traffic Arrest System (TAS) would be eligible for expungement. The Patrol Records Division would need to employ 29 additional FTE's in order to expunge all eligible arrests within the first year. However, the Patrol could reasonably add three FTE's, which would allow the expungement of approximately 2,475 each year. This would create a backlog of expungements that would be processed when possible over a period of years.

1 FTE = 1,856 hours (average work hours per year) x 60 minutes per hour = 111,360 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,475 expungements per year = 111,360 / 45.

With the current estimated potential of 71,733 petitions for expungement upon enactment of this legislation, the following percentages of persons actually requesting an expungement will directly relate to the number of FTE's required:

10% = 71,733 x .10 = 7,173 / 2,475 = 2.9 FTE's
20% = 71,733 x .20 = 14,346 / 2,475 = 5.8 FTE's
50% = 71,733 x .50 = 35,867 / 2,475 = 14.5 FTE's
100% = 71,733 / 2,475 = 29 FTE's

It is realistic to assume a significant number of these individuals will file a petition to expunge these records. It would be reasonable to add three FTE's and address any backlog that may occur. This FTE's (Quality Control Clerks) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of \$44,209 and the ability of that employee to process 2,475 expungements per year, the cost per expungement is $\$44,209 \div 2,475 = \17.86 . It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

There would be recurring costs of \$650 per year per FTE for office supplies and phone charges. Standard equipment would be required at a one-time cost of \$3,566 per FTE.

3 Quality Control Clerk (\$985 x 24)	\$70,920
Office Equipment/HW/SW	\$3,566

RECURRING COSTS

Phone Charges	\$350
Office Supplies	\$300

In 1924, the United States Justice Department FBI began building a national system of criminal records for the protection of citizens through the detection and apprehension of criminals. The Omnibus Crime Control and Safe Streets Act of 1968 established minimum requirements for the management of criminal record systems. The Kennedy Amendment in the Crime Control Act of 1973 requires all criminal history information collected, maintained and/or disseminated by state and local agencies to be complete, secure and available for review and challenged by record subjects. It further stipulates that information must be used only for law enforcement and other specifically authorized

purposes. The Anti-Drug Abuse Act of 1988 requires a system for the immediate and accurate identification of felons who attempt to purchase firearms. The Brady Handgun Violence Prevention Act of 1993, the National Child Prevention Act of 1993, the National Stalker and Domestic Violence Reduction Program of the Violence Against Women Act, the National Instant Criminal Background Check System/Crime Identification Technology Act of 1998, the NICS Improvement Amendment Act, the Jacob Wetterling Crimes Against Children Act, and the Sexually Violent Offender Registration Act (Megan's Law). These supporting bills are all programs that are dependent upon a complete, accurate and timely criminal history database in the state.

This proposed legislation would also impact the determination of qualified individuals relating to positions of public trust (i.e., persons caring for children, the elderly or the disabled). It would adversely impact the criminal justice system and the ability for the criminal justice system to adequately protect the citizens of Missouri from convicted criminals.

Additionally, RSMo 610.122 and 610.123 address the requirements and processes for expungements. This bill does not address these state statutes and would conflict with these laws. Currently, no record can be expunged if the individual of the arrest has prior or subsequent misdemeanor or felony convictions, the subject received a suspended imposition of sentence for the arrest, or the subject received a conviction.

Certain misdemeanor and municipal offenses (i.e., drug offenses under Chapter 195) can be enhanced if it is a second or third offense. It would be difficult to enhance the offense per 558.016 if previous convictions were expunged.

The following language is proposed to provide for the collection of a fee to offset the costs of the expungement:

- 43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.
2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.
3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other

entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-fifty dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

Article I, Section 36(a) 14 allows an individual who has pled guilty to or has been convicted of violating any expungeable marijuana offense, and who was twenty-one years of age or older at the time of the offense, may apply to the court in which he or she was sentenced for an order to expunge all official record of his or her arrest, plea, trial, and conviction. However, there is no statutory reference to Chapter 610 to provide a method by which the expungement process will occur.

In Article I, Section 36(a) 4. (6), it is suggested to add “an offense involving” at the end of the sentence so that the sentence reads, “Expungeable marijuana offense” means an offense involving:

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Office of Administration** indicated:

This initiative petition creates Article I, Section 36(a) in the Missouri Constitution. This petition:

- Legalizes the production, sale, distribution, and consumption of marijuana and hemp.
- Legalizes the possession of marijuana, marijuana products, marijuana concentrates, marijuana paraphernalia, marijuana extracts, and industrial hemp for persons twenty-one years of age or older.

- Legalizes the cultivation of marijuana.
- Legalizes the retail sales of marijuana, marijuana products, marijuana paraphernalia, marijuana extracts, and industrial hemp.
- Allows the General Assembly to enact an excise tax at a rate of twenty-five percent on the fair market sale of marijuana produced in the state.
- Requires the Division of Alcohol and Tobacco Control to adopt regulations necessary for implementation by June 1, 2017 including:
 - Licensing procedures
 - Excise tax collection
 - Enforcement and compliance of licensees
 - Advertisement regulation
- Requires the Department of Health and Senior Services to adopt regulations necessary for implementation by June 1, 2017 that will permit individuals with medical conditions to use marijuana, marijuana products, marijuana paraphernalia, and marijuana extracts for medical use.
- Permit records expungement of marijuana offenses no longer illegal under this act, and calls for the release of any offenders who offenses are no longer illegal under this act to be released from custody.
- Does not:
 - Allow the state to impose any additional taxes to transactions regarding marijuana, marijuana products, marijuana paraphernalia, marijuana extracts, and industrial hemp, other than what is imposed on other products generally.
 - Permit the state to add additional regulations related to licensees beyond the scope of the petition.
 - Forbid any individual or property owner from prohibiting marijuana on their property.
 - Require a person to violate or exempt them from enforcement of federal laws.
 - Permit operation of any means of transportation by anyone impaired by marijuana.
 - Permit the transfer or sale of marijuana, marijuana products, marijuana paraphernalia, marijuana extracts, and industrial hemp to anyone under the age of twenty-one.

Summary of Fiscal Impact

The Department of Corrections and the Office of the Court Administrator would incur costs (amount unknown) due to the expungement of records and release of offenders' provisions in the act. The Department of Public Safety, Division of Alcohol and Tobacco Control and the Department of Health and Senior Services are given the authority to promulgate rules to implement this section. Those rules could result in a fiscal impact for those agencies. The Department of Revenue could also see increased costs resulting from the collection of excise and sales taxes and compliance with those taxes.

Budget and Planning (B&P) assumes the revenue generated from the excise tax and license fees would be deposited into the state’s General Revenue Fund. The petition requires the General Assembly to appropriate the revenue as follows:

1. All funds the General Assembly deems necessary for the Division of Alcohol and Tobacco Control to carry out any duties created by the petition or laws operating under this section.
2. The remainder of all funds shall be appropriated within the following guidelines:
 - a. 20% for state and local law enforcement and firefighter pensions
 - b. 20% for public institutions of elementary and secondary education
 - c. 20% for mental health and substance abuse programs
 - d. 15% for services to military veterans
 - e. 15% for public institutions of higher education or for scholarships to attend such institutions
 - f. 10% for cities and counties

Further B&P assumes that the retail sale of marijuana, marijuana products, marijuana paraphernalia, marijuana extracts, and industrial hemp would be subject to state sales tax, therefore increasing the collections to the state’s general revenue fund, the School District Trust Fund, the Conservation Commission Fund, the State Park Sales Tax Fund, and the Soil and Water Sales Tax Fund. B&P does not have the data available to provide an estimate.

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition would create a new section of the Missouri Constitution to be known as Article I, Section 35(a). This section would allow citizens over the age of twenty-one years to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

During the past five years (2009 – 2013) there has been an average of 3,100 Associate Circuit Division charges disposed statewide by guilty outcome and 8,256 Circuit Division charges disposed by guilty outcome. Their office is unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	Amount of Cost	Disburse to State/County
Basic Civil Legal Services Fund surcharge	\$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	\$45.00	State of Missouri - General Revenue

		\$36, County \$9
County Fee	\$75.00	County
Court Automation Fund Fee	\$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	\$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	\$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	\$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	\$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	\$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	\$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	\$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	\$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	\$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	\$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	\$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	<u>\$2.00</u>	State of Missouri - Spinal Cord Injury Fund
Total	\$279.50	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	\$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	\$15.00	\$12 State of Missouri / \$3 County
County Fee	\$25.00	County
Court Automation Fund Fee	\$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	\$7.50	State of Missouri - Crime Victims' Compensation Fund

DNA Profiling Analysis Fund surcharge	\$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	\$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	\$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	\$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	\$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	\$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	\$1.00	\$0.50 State of Missouri / \$0.50 County
Sheriffs' fee	\$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	\$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	\$2.00	State of Missouri - Spinal Cord Injury Fund
Total	\$102.50	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	\$15.00	\$12 State of Missouri / \$3 County
Court Automation Fund Fee	\$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	\$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	\$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	\$3.00	Sheriffs' Retirement Fund
Total	\$33.50	
Criminal Costs Not Included Above		

Drug Testing by a State Lab	\$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

We also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time we are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation and the Secretary of State's Office was appropriated \$1.19 million to publish the full text of the measures. Due to this reduced funding, the Secretary of State's office reduced the scope of the publication of these measures. In FY 2015, at the August and November elections, there were 9 statewide Constitutional Amendments or ballot propositions that cost \$1.1 million to publish (an average of \$122,000 per issue). Despite the FY 2015 reduction, the Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated:

If passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since for persons 21 years of age or older it generally would make legal the production, sale, distribution, and consumption of marijuana, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana; additionally they do not have readily available a count of offenses by age of the client.

However, this they know in terms of relevant adult cases we opened for FY2014:

-- Misdemeanor Possession of Marijuana, Section 195.202 RSMo: 1,153 misdemeanor cases. As mentioned, they do not have readily available how many of these involved clients 21 years of age or older. However if one were to assume that 75% of those involve such clients, then that would be **865 misdemeanor cases**.

-- Other drug offenses that might involve marijuana: 195.202 (felonies), 195.211, 195.214, 195.218, 195.222, 195.223, 195.226, 195.233, 195.235, 195.241, and 195.242: 10,630 cases (2,741 A/B felonies, 7,186 C/D felonies, 703 misdemeanors). As mentioned, they do not track these cases by type of drug. However, if one were to assume that 25% of them are marijuana, then that would be 2,658 cases (685 A/B felonies, 1,797 C/D felonies, 176 misdemeanors). And as mentioned, they do not have readily available how many of these involved clients 21 years of age or older. However, if one were to assume that 75% of those 2,658 cases involved such clients, then that would be **1,993 cases (514 A/B felonies, 1,347 C/D felonies, 132 misdemeanors)**.

865 misdemeanor cases plus 1,993 cases (514 A/B felonies, 1,347 C/D felonies, 132 misdemeanors) totals **2,858 cases (514 A/B felonies, 1,347 C/D felonies, 997 misdemeanor cases)**.

In The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; and misdemeanors, 11.7 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 69,806 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 33.56 attorneys.

In addition, their probation violation caseload would be reduced. In FY2014, MSPD opened 53,187 new adult offenses plus 17,226 probation violations, i.e., 1 probation violation for approximately every 0.3238 new offenses. Applying that same percentage to their marijuana cases, then in reducing their marijuana caseload by 2,858 new cases, they also would reduce their probation violation caseload by 926 cases.

In *The Missouri Project*, the workload standard for probation violations is 9.8 hours per case. Thus the reduction in probation violations by 926 cases would represent a savings of 9,075 attorney hours. With 2,080 hours per attorney available each year, that represents the work of another 4.36 attorneys.

33.56 attorneys plus 4.36 attorneys totals **37.92 attorneys**.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

The savings of the workload of 38 attorneys would be offset some in that the constitutional amendment would allow regulatory laws, including licensing, and presumably violation of those regulatory laws would be made to be criminal offenses eligible for Public Defender representation. However, for this fiscal estimate, because it is impossible at this juncture to predict how many cases this would add to their Public Defender caseload, that offset will be ignored.

In summary, though the exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana and because they do not have readily available a count of offenses by age of the client, if the above assumptions are made then this constitutional amendment would save them the work of approximately 38 attorneys.

However, the Missouri State Public Defender already is significantly understaffed by 291 attorneys under the workload standards developed in *The Missouri Project*. (The 291 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 38 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project's* workload standards.

Officials from the **State Treasurer's office** indicated no impact to their office.

Officials from **St. Louis County** indicated:

They have reviewed this initiative petition regarding the legalization and regulation of marijuana use in Missouri. The effective date is June 1, 2017, so there would be no fiscal impact during the next two calendar years.

The petition proposes to impose an excise tax on the fair market sales of all marijuana products at 25% of the purchase price. Those revenues would then be transferred to the State of Missouri and be divided first to the Division of Alcohol and Tobacco Control in an amount that the General Assembly deems necessary for the Division to carry out its obligations under the law and then second to a variety of government activities.

Among the activities listed which would be eligible for funding from the remaining monies are law enforcement retirement plans (20%) and cities and counties (10%).

However, there is indication of what formula would be used by the general assembly to determine which counties are eligible for receiving law enforcement monies or direct revenues to county governments. It is also impossible to predict how many marijuana retailers would materialize, what the cost of various marijuana products would be, or what the sales volume would be in future years.

For these reasons they make the following fiscal note findings:

2015 – NO FISCAL IMPACT

2016 – NO FISCAL IMPACT

2017 – FISCAL IMPACT CANNOT BE DETERMINED

Officials from the **City of Columbia** indicated it is hard to specify the net effect on city government. Positive fiscal impact could be outweighed by mandated police requirements with new provisions.

Officials from the **City of Kansas City** indicated they are unable to estimate the excise sales tax revenues their city would receive or the increase in costs that this initiative petition would generate. Their city would incur substantial administrative costs in expunging and destroying thousands of conviction records for marijuana-related offenses. Additionally, it is anticipated that their municipal court would be clogged significantly with applications for expungement. There would be no savings.

Officials from the **City of St. Joseph** indicated this petition could result in additional revenues for their city's police and fire pensions and for enforcement of laws pertaining to marijuana in general. It could also be a financial support to local mental health facilities, suffering from the cuts in federal and state assistance. It's not clear if the cost of enforcing the new proposed laws would offset any savings from no longer enforcing current laws on the matter.

Neither the amount of potential revenue from the proposed excise taxes and business licenses nor the level of increased (or decreased) expenses can be calculated.

Officials from **University of Missouri** indicated they could potentially see some positive benefits through scholarships to students that could be funded as a result of this initiative; however, the impact is not determinable.

ACT Missouri provided the following information as an opponent of this initiative petition.



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The fiscal impact of marijuana legalization is far reaching. Other states that have legalized either medically or recreationally have provided a great deal of data for Missouri to utilize to determine the impact legalization will have here.

The Rocky Mountain High Intensity Drug Trafficking Area (HIDTA) Report¹ provides a basis of study for the effects of the legalization of marijuana, including fiscal ramifications. The American Society of Addiction Medicine (ASAM) “asserts that the anticipated public health costs of marijuana legalization are significant...”² **It is important to note the various costs incurred with legalization, including regulation, enforcement, prevention, education, treatment, medical expenses, etc.** By utilizing the HIDTA Report, Missouri can predict the cost to the State. A summary of their findings follows:

Colorado tracked data from two waves of marijuana legalization.

- 2006-2008 is the “early medical marijuana era”
- 2013-Present is the “recreational marijuana era”

Impaired Driving

Statistics indicate that from 2007-2012, **traffic fatalities involving operators testing positive for marijuana increased 100%**. In 2007, traffic fatalities with marijuana impaired drivers represented 7.04% of total traffic fatalities. **By 2012, that number more than doubled to 16.53%.**

CO State Patrol DUID Program, initiated in 2014, showed that in the first 6 months of 2014:

- **77% of the DUIDs involved marijuana (349 out of 454)**
- 42% involved marijuana only (191 out of 454)

Average Marijuana Related Fatalities increased from 39.6% between 06-08 to 63.3% between 10-12, a total increase of 24%.

¹ *Rocky Mountain High Intensity Drug Trafficking Area*. “The Legalization of Marijuana in Colorado: The Impact”. Volume 2, August 2014.
<http://www.rmhidta.org/html/August%202014%20Legalization%20of%20MJ%20in%20Colorado%20the%20Impact.pdf>

² American Society of Addiction Medicine, *State-Level Proposals to Legalize Marijuana*, <http://www.asam.org/advocacy/find-a-policy-statement/view-policy-statement/public-policy-statements/2012/07/30/state-level-proposals-to-legalize-marijuana>, July 25, 2012



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Operators involved in fatalities testing positive for marijuana more than doubled as well:

- 2006 was 4.03%
- 2012 was 9.56%

Effects on Youth

From school years 2008-09 to 2012-13, **drug related suspensions/expulsions increased 32%.**

In 2008, 8.29% of students reported past month marijuana use. In 2012 that had increased 25% to 10.37%. use of marijuana was 8.29. National past month marijuana use in 2012 was 7.55%, Colorado's was 10.47%.

In 2006, total referrals to law enforcement were 23.4%. **By 2013, it had risen to 34.1%.**

Emergency Room Visits Related to Marijuana

2011-8,198

2012-9,982

2013-12,888

From 2011-2013, there was a 57% increase.

The percent of all hospitalizations that were marijuana related increased 91% from 2008 -2013.

Marijuana related hospitalizations in 2000 were 2,541. In 2013, there were 8,078.

The national **average percent of children ages 0-5 reported for marijuana exposure** from 2010-2013 was 4.97%. **In Colorado it was 17.81%**

From 2006-09, 19 exposures for children age 0-5 were reported, and it increased to 70 from 2010-2013.

Treatment Admissions for Marijuana

Data from Colorado from 2005-2013 doesn't demonstrate a definitive trend and averages about 6,500 admissions a year....There may be a drop in treatment admissions for marijuana abuse among adults because of a reduction in criminal justice referrals through diversion and drug courts due to fewer people entering the system.



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The estimated tax and fee revenue in Colorado in February 2014 for Fiscal Year 2014-2015 was **\$134 million**.³ As of October 2014, actual revenue for Fiscal year 2014-2015 is **\$36,546,372**.⁴

There are several different amounts reported on the amount Colorado is spending on prevention. It ranges from **\$17 million to \$99 million** per fiscal year.^{5 6 7} These funds are being used to discourage minors from using marijuana, substance abuse prevention, and other priorities. The money is supposed to come from the sales tax on recreational marijuana, however it is unclear where it will come from if the amount budgeted is not collected because sales are below the projected amount.

Other factors that are unknown, but that should be considered:

- The cost associated with researching and determining the level of impairment.
 - At this time, there is no scientific level of impairment with marijuana. In Colorado, the intoxication number is 5 ng of THC/deciliter of blood. Studies are now showing that that about should be about 2 ng of THC/deciliter of blood. This would have to be researched and determined in order to determine what is considered “drugged driving.”
- Work place standards for THC metabolites will have to be determined.
 - Standards set in place for businesses with federal contracts requiring drug-free workplaces will have to be set.
- Testing equipment, methods, and training would have to be determined. Unlike with drunk driving, there is no breathalyzer test for marijuana intoxication.

³ http://www.denverpost.com/news/ci_25185649/hickenlooper-expects-marijuana-tax-money-exceed-prior-expectations

⁴ <https://www.colorado.gov/pacific/sites/default/files/1014%20Marijuana%20Tax%2C%20License%2C%20and%20Fees%20Report.pdf>

⁵ http://www.nytimes.com/2014/08/03/opinion/sunday/high-time-the-great-colorado-weed-experiment.html?_r=0

⁶ <http://bigstory.ap.org/article/colorado-governor-reveals-pot-tax-spending-plan>

⁷ http://www.denverpost.com/marijuana/ci_25725179/colorado-pot-taxes-boomed-march



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These numbers are startling, and should highlight the additional cost that will have to be incurred by law enforcement, hospitals and medical providers, preventionists, regulators, schools, and mental health providers.

**Missouri Statewide Training & Resource Center
Missouri's Youth/Adult Alliance**

The **Office of the State Auditor** submitted the following comments:

The revenue estimate submitted by the Division of Alcohol and Tobacco Control (ATC) is the same estimate the ATC submitted a year ago in December 2013 in response to Initiative Petition 14-102 (Proposed Constitutional Amendment - Article I, version 26 (Viets) - Marijuana Legalization). The State of Colorado has been collecting taxes on legalized marijuana sales since January 2014. Colorado's rate of taxation is similar to the rate proposed in this initiative petition and in Initiative Petition 14-102.

The website, Colorado Department of Revenue - Colorado Marijuana Tax Data, indicates Colorado's marijuana tax and fee collections for the first 10 months of 2014 total approximately \$60 million, and have recently averaged around \$7 million to \$8 million per month. This projects to approximately \$75 million in revenues for the first full year. Another website source estimates Colorado's annual marijuana sales should range from \$300 million to \$700 million.

The State Auditor's office did not receive a response from the **Department of Natural Resources, the Department of Transportation, the Missouri Senate, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, Taney County, the City of Cape Girardeau, the City of Jefferson, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Raymore, the City of St. Louis, the City of Springfield, the City of Union, the City of Wentzville, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, and St. Louis Board of Police Commissioners.**

Fiscal Note Summary

State government expects \$1 million in startup costs and annual operating costs starting at \$4.9 million, possibly offset by unknown savings in the criminal justice system. Legislative and agency actions will impact potential increased state revenue. The annual revenue increase is unknown but could exceed \$75 million. The fiscal impact to local governments is unknown.