



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2021 Biennium

**Bill #** HB0598

**Title:** Revising licensing and oversight entity for medical marijuana testing labs

**Primary Sponsor:** Hopkins, Mike

**Status:** As Amended

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$126,117	\$120,517	\$122,513	\$123,162
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 598 transfers the responsibility for reviewing applications and renewals, establishing and adopting rules, and inspections of testing laboratories from the Medical Marijuana program (MMP) to the state public health laboratory (PHL).

### FISCAL ANALYSIS

#### Assumptions:



- Sections 2 through 3 of HB 598 transfers responsibility for reviewing applications and renewals, establishing and adopting rules, and inspections of testing laboratories from the Medical Marijuana program (MMP) to the state public health laboratory (PHL) within the Department of Public Health and Human Services (DPHHS).
- The PHL will inspect testing laboratories before issuing or renewing a license.
- Testing laboratories will submit fingerprints to the PHL. The PHL will facilitate fingerprint and background checks by the department of justice and federal bureau of investigation.
- The department assumes the PHL will be given access to and use the existing systems: Metrc for data analytics and Complia for licensing.
- Establishing and enforcing operating procedures and testing standards, analyzing data, performing inspections, and responding to complaints is estimated to require an additional 1.5 FTE environmental chemists in the PHL.

6. The salary and benefits for these positions is estimated at \$103,917 in FY 2020; \$103,917 in FY 2021; \$105,855 in FY 2022; and \$106,485 in FY 2023.
7. Operating costs associated with the new FTE are estimated at 3% of personal services costs.
8. New computer and office supply costs for two additional staff are \$5,600 in FY 2020.
9. The PHL estimates a required inspection would be performed every six months on five testing laboratories and four satellite locations for a total of 18 inspections per year. Each inspection is estimated to cost \$321 for hotel, motor pool, and per diem for a total cost of \$5,778 per year.
10. The PHL estimates two valid complaints are received each month and an inspection must be performed for each complaint received. Valid complaint inspections would each cost \$321 for hotel, motor pool, and per diem for a total cost of \$7,704 per year (2 x 12 x \$321 = \$7,704).

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	1.50	1.50	1.50	1.50
<b><u>Expenditures:</u></b>				
Personal Services	\$112,635	\$107,035	\$109,031	\$109,680
Operating Expenses	\$13,482	\$13,482	\$13,482	\$13,482
<b>TOTAL Expenditures</b>	<u>\$126,117</u>	<u>\$120,517</u>	<u>\$122,513</u>	<u>\$123,162</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$126,117	\$120,517	\$122,513	\$123,162
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$126,117</u>	<u>\$120,517</u>	<u>\$122,513</u>	<u>\$123,162</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$126,117)	(\$120,517)	(\$122,513)	(\$123,162)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Technical Notes:**

1. HB 598 directs the Public Health Lab (PHL) of DPHHS to license, inspect, and develop rules for testing laboratories. DPHHS interprets that HB 598 does not require the PHL to store, test, or analyze samples of medical marijuana. If the PHL is required to store, test, or analyze samples of medical marijuana, DPHHS could be in violation of the federal Drug-Free Workplace Act and risk loss of federal funding.
2. As amended, HB 598 requires DPHHS to implement the legislation within existing resources. The estimated costs in this fiscal note reflect anticipated costs associated with the implementing HB 598. If no appropriation is provided, DPHHS will reduce other services to accommodate for the increased costs associated with HB 598.

 _____ Sponsor's Initials	<u>3/14/19</u> _____ Date	 _____ Budget Director's Initials	<u>3/13/19</u> _____ Date
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