

**FISCAL NOTE
PUBLIC COST**

**I. Department Title: Department of Health and Senior Services
Division Title: Division of Cannabis Regulation
Chapter Title: Marijuana**

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|-------------------------------|---------------------------------------|
| Rule Number and Title: | 19 CSR 100-1.100 Facilities Generally |
| Type of Rulemaking: | Proposed |

II. SUMMARY OF FISCAL IMPACT

| Affected Agency or Political Subdivision | Classification by types of the business entities which would likely be affected: | Estimate in the aggregate as to the cost of compliance with the rule by the affected entities |
|---|---|--|
| Facilities : new entity same owner | | \$20,000 in the first year and \$40,000 for years two and three total |
| Facilities : new owner | | \$570,000 in the first year and \$1,140,000 for years two and three total |
| Facilities : ownership change greater than 50% | | \$304,000 in the first year and \$608,000 for years two and three total |
| Facilities : location change | | \$120,000 in the first year and \$240,000 for years two and three total |
| 213 | Dispensaries Annual Fee | \$1,491,000 in first year and \$1,491,000 annually there after |
| 67 | Cultivators Annual Fee | \$804,000 in first year and \$804,000 annually thereafter |
| 87 | Manufacturing Annual Fee | \$609,000 in first year and \$609,000 annually thereafter |
| 10 | Testing Annual Fee | \$50,000 in first year and \$50,000 annually thereafter |
| 26 | Transportation Annual Fee | \$130,000 in first year and \$130,000 annually thereafter |
| | Microbusiness Annual Fee | \$72,000 in year two, \$144,000 in year three |
| 454 | Dispensaries, Cultivators, Manufacturing, Testing, Transportation Compliance | \$207,000,000 – \$828,000,000 for first year |
| 48-144 | Microbusiness Compliance – will happen over the span of three years due to | \$2,181,840 - \$8,727,264 for year one \$4,363,680 - \$17,454,528 for two additional years in total |

| | licensing structure | |
|----------------|---------------------|---|
| Total = | | \$215,114,840 to \$842,660,264 in the first year and \$9,498,680 to \$22,589,528 for years two and three total, and \$5,135,000 starting year four |

III. WORKSHEET

Facilities New Entity Same Owner

10 requests x two thousand dollars (\$2,000) = \$20,000

Facilities New Owner

114 requests x five thousand dollars (\$5,000) = \$570,000

Facilities ownership change greater than 50%

38 requests x eight thousand dollars (\$8,000) = \$304,000

Facilities location change

24 requests x five thousand dollars (\$5,000) = \$120,000

Annual Fees

Two hundred thirteen (213) dispensaries x seven thousand (\$7,000) dollars for annual fee = \$1,491,000 x 2 = 2,982,000

Sixty seven (67) cultivation x twelve thousand (\$12,000) dollars for annual fee = \$609,000 x 2 = \$1,608,000

Eighty-seven (87) manufacturing facilities x seven thousand (7,000) dollars for annual fee = \$609,000 x 2 = \$1,218,000

Ten (10) testing facilities x five thousand (5,000) dollars for annual fee = \$50,000 x 2 = 100,000.

Twenty-Six (26) transportation facilities x five thousand (5,000) dollars for annual = \$130,000 x 2 = \$260,000.

Forty-eight (48) microbusiness facility x one thousand five hundred (1,500) dollars for annual fee in year two = \$72,000

Ninety-six (96) microbusiness facility x one thousand five hundred (1,500) dollars for annual fee in year three = \$144,000

All Facility Compliance minus Microbusinesses

Four hundred fourteen (414) facilities x \$500,000 for compliance with all regulations applicable to all facilities in the first year = \$207,000,000.

Up to

Four hundred fourteen (414) facilities x \$2,000,000 for compliance with all regulations applicable to all facilities in the first year - \$828,000,000

Microbusiness Compliance

48 microbusiness year one x \$45,455 - \$181,818 for compliance with all regulations applicable to all facilities in the first year = \$2,181,840 - \$8,727,264

For the following two years \$2,181,840 x 2 years = 4,363,680 up to 8,727,264 x 2 years = \$17,454,528

IV. ASSUMPTIONS

Each time a facility applies for a change in ownership or facility location they incur a processing fee. The Department received 186 ownership or location change requests in FY22. It is anticipated that the Department will continue to receive at least this many requests in the future as medical facilities are able to convert to comprehensive facilities and are able to change locations if it is voted on that comprehensive facilities cannot operate in certain areas.

Microbusinesses can also make these requests and their fees are half of a medical or comprehensive facility, however it is not anticipated that a microbusiness would make these requests in the first three years.

Each license holder is required to pay annual fees as set forth in the worksheet.

Finally, each licensed or certificated entity will incur costs to comply with all of the regulations in this rule and all other rules with which this rule requires compliance, including warehouses. The department has no basis on which to estimate what those costs will be except anecdotal reports from states with somewhat similar regulations to the proposed rules. The department estimates that 10 warehouses will be applied for based on the number current application data.

It is unknown when the businesses will spend their money for the compliance. As such it is shown both in the emergency rule and the proposed rule.

Much of the compliance for these businesses has already been met. However, due to rescinding 19 CSR 35-90 and the implementation of 19 CSR 100 these requirements are considered all new requirements. As such, the actual cost implementation of these rules will not be as high as is reflected.