

**FISCAL NOTE
PRIVATE COST**

- I. Department Title: Department of Health and Senior Services
Division Title: Division of Regulation and Licensure
Chapter Title: Medical Marijuana**

Rule Number and Title:	19 CSR 30-95.040 Medical Marijuana Facilities Generally
Type of Rulemaking:	Proposed

II. SUMMARY OF FISCAL IMPACT

Estimate of the number of entities by class which would likely be affected by the adoption of the rule:	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:
192	Dispensaries	\$1,152,000 in first year and \$1,920,000 for two additional years in total
60	Cultivators	\$600,000 in first year and \$3,000,000 for two additional years in total
86	Manufacturing	\$516,000 in first year and \$1,720,000 for two additional years in total
10	Testing	\$50,000 in first year and \$100,000 for two additional years in total
unknown	Transportation	unknown
348	Dispensaries, Cultivators, Manufacturing, Testing	\$174,000,000 – \$1,740,000,000 for first year
unknown	Transportation	unknown
Total =		At least \$176,318,000 for the first year and unknown for additional years

III. WORKSHEET

Dispensary Facility

One hundred ninety-two (192) dispensary facilities x six thousand (6,000) dollars for application fee in year one = 1,152,000.

One hundred nine-two (192) dispensary facilities x ten thousand (10,000) dollars for annual fee in years two and three = $1,920,000 \times 2 \text{ years} = 3,840,000$.

Cultivation Facility

Sixty (60) cultivation facilities x ten thousand (10,000) dollars for application fee in year one = 600,000.

Sixty (60) cultivation facilities x twenty-five thousand (25,000) dollars for annual fee in years two and three = $1,500,000 \times 2 = 3,000,000$.

Manufacturing Facility

Eighty-six (86) manufacturing facilities x six thousand (6,000) dollars for application fee in year one = 516,000.

Eighty-six (86) manufacturing facilities x ten thousand (10,000) dollars for annual fee in years two and three = $860,000 \times 2 = 1,720,000$.

Testing Facility

Ten (10) testing facilities x five thousand (5,000) dollars for application fee and for annual fee in years one, two, and three = 150,000.

Transportation Facility

Unknown number of transportation facilities x five thousand (5,000) dollars for application fee and for annual fee in years one, two, and three = 150,000.

All Facilities

Three hundred forty-eight known facilities x \$500,000 - \$5,000,000 for compliance with all regulations applicable to all facilities in the first year = \$174,000,000 – \$1,740,000,000.

Unknown number of transportation facilities x \$500,000 - \$1,000,000 for compliance with all regulations applicable to transportation facilities in the first year = unknown.

IV. ASSUMPTIONS

Each facility that applies for and receives a business license or certification from the department will incur application fees and annual fees. The department will issue 192 dispensary licenses, 60 cultivation facility licenses, 86 manufacturing facility licenses, and 10 testing facility certifications. It is unknown how many transportation certifications will be issued.

Additionally, every entity that applies for a business license or certification that does not receive one will incur a non-refundable application fee. It is unknown at this time how many of these entities will submit applications.

Finally, each licensed or certificated entity will incur costs to comply with all of the regulations in this rule and all other rules in Chapter 95 related to this one. However, these costs are currently unknown and cannot be reasonably estimated. More specifically, because these rules establish an entirely new regulated industry unrelated to any existing industry in Missouri, the department does not know and cannot estimate what any facility or any type of facility within this industry will need to expend to comply with these regulations. No two facilities will be the same in size or operations, and with no facilities existing yet, the department is unable even to calculate an average of estimated costs. For example, an indoor cultivation facility may be built to cultivate a very small amount of marijuana or up to thirty thousand square feet of flowering marijuana canopy space, which are two vastly different operations. Taking the security camera requirement alone, the facility may require several cameras or several hundred cameras, and at this time, the department is unable even to estimate an average size of facility for Missouri as there is no reliable date on which to base such an estimate.

For purposes of this rule, which includes the bulk of the cost-causing regulations for each of the facilities at issue, the department has used anecdotal reports from states with somewhat similar regulations to estimate total costs of building and operating each type of facility. However, these cost estimates are not tied specifically to Missouri's regulations and are known to include costs that are unrelated to Missouri's regulations.