

February 10, 2017

The Honorable Daniel Hawkins, Chairperson
House Committee on Health and Human Services
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Hawkins:

SUBJECT: Fiscal Note for HB 2152 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2152 is respectfully submitted to your committee.

HB 2152 would authorize the creation of medical hemp establishments including registered hemp preparation centers and registered hemp testing laboratories. The purpose of the establishments would be to acquire, cultivate, transport, manufacture, and dispense hemp preparations to registered cardholders who have qualifying medical conditions diagnosed by a medical doctor or an osteopathic physician licensed by the Kansas State Board of Healing Arts (KSBHA). The act would be administered by the Kansas Department of Health and Environment (KDHE). The bill would allow for staff members of KDHE to notify the KSBHA if they have reasonable suspicion that a physician violated the standard of care in HB 2152.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	\$594,300	\$594,300	\$202,000	\$202,000
FTE Pos.	--	2.00	--	2.00

The Office of Judicial Administration indicates that passage of the bill could increase expenditures for judicial and non-judicial personnel who would need to spend additional time processing, researching and hearing cases, although a fiscal effect cannot be determined. KSBHA indicates that enactment of HB 2152 could result in additional complaints regarding practitioners alleged to have violated provisions of the bill. An increase in the number of complaints or corresponding investigations that would need to be performed by Board staff could result if medical diagnoses do not meet the standard of care, are delayed, or are missed. Agency staff is currently at full workload capacity; therefore, any increase in complaints and

investigations could require an increase in FTE positions as well as additional expenses for office supplies and equipment. Because the bill establishes a new program, it is difficult to estimate how many practitioners would participate in the provision of services related to medical hemp, so a fiscal effect is unknown.

The Department of Revenue indicates that passage of the bill would have no fiscal or administrative effect on operations because the possession of marijuana and substances manufactured from marijuana under the provisions of HB 2152 would be exempt from the Kansas tax on marijuana and controlled substances.

The Kansas Department of Health and Environment is unable to estimate any new revenue related to the bill. State General Fund expenditures would increase by \$594,300 and 2.00 new FTE positions would be required in FY 2018. The expenditure increase would include salaries and wages for an Inspector FTE Position; a Public Service Administrator FTE Position; operating expenditures for the two FTE positions; a HIPPA compliant reporting and registration system that would include identification management software; and travel. The table below details the expenditure estimate:

Program Manager	\$ 65,000
Program Inspector	65,000
Operating expenditures for new positions	22,000
Reporting and registration system	432,300
Travel	<u>10,000</u>
Total	\$594,300

The estimate for FY 2019 would be \$202,000 from the State General Fund because one-time expenditures in FY 2018 would not be included in the estimate. The estimate would include \$130,000 in salaries and wages, \$12,500 for contractual services, \$50,000 for information system maintenance, and \$9,500 for office supplies and travel. Any fiscal effect associated with HB 2152 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Dan Thimmesch, Health & Environment
Cathy Brown, Board of Healing Arts
Ashley Michaelis, Judiciary