



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0672
Author:	Davis
Requestor:	Senate Medical Affairs
Date:	September 22, 2015
Subject:	Medical Marijuana Program Act
RFA Analyst(s):	Stein and Shuford

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17
State Expenditure		
General Fund	\$1,664,584	\$0
Other and Federal	\$2,068,850	\$2,238,596
Full-Time Equivalent Position(s)	25.00	25.00
State Revenue		
General Fund	N/A	N/A
Other and Federal	\$2,068,850	\$4,916,950
Local Expenditure	N/A	N/A
Local Revenue	N/A	N/A

Fiscal Impact Summary

This bill would increase General Fund and Other Fund expenditures by \$3,733,434 in FY 2015-16. This bill would have no expenditure impact on Federal Funds.

Based on data from a state with similar programs, the Revenue and Fiscal Affairs Office estimates first year revenue in FY 2015-16 will total \$2,068,850, or \$1,664,585 less than the expected first year expenditures. In year two, or FY 2016-17, we estimate that fee revenue will total \$4,916,950, exceeding expected recurring expenditures by \$2,678,354. For FY 2016-17 and beyond, fees authorized by this bill should be sufficient to operate the program.

Explanation of Fiscal Impact

State Expenditure

Senate Bill 672 creates the South Carolina Medical Marijuana Program Act, which authorizes the palliative use of marijuana by individuals with certain qualifying medical conditions. The bill requires the Department of Health and Environmental Control to establish a confidential registry on qualifying patients and designated caregivers; issue registration cards to patients, physicians, caregivers, growers, and lab scientists; certify testing laboratories; provide for the operation of dispensaries and disposal facilities; and develop a seed-to-sale electronic monitoring system to track marijuana components. The bill authorizes the department to charge fees, provides for penalties, and repeals Article 4, Chapter 53, Title 44 entitled the South Carolina Controlled Substances Therapeutic Research Act of 1980.

Department of Health and Environmental Control. The department reports that this new program would require 25.00 FTEs and a first year General Fund operating budget of \$3,733,434 including recurring expenses of \$1,914,596 for salaries, fringes, and operating expenses, and non-recurring expenses of \$1,818,838 for additional start-up related costs. In the second year of operation and each year thereafter, recurring expenditures are expected to total \$2,238,596. The department indicates that, as this is a new program, not all of the cost components can be identified at this time.

State Revenue

Based on data from the first two years of a similar program in Arizona, the Revenue and Fiscal Affairs Office estimates first year revenue from the identification card fees for patients and caregivers, dispensaries and agents, processors, growers, and reverse distributors will total \$2,068,850. This is \$1,664,584 less than the expected first year expenditures. Since expected fee revenue is less than expenditures, General Fund appropriations may be required to finance the South Carolina Medical Marijuana Program Act in FY 2015-16. Beginning in year two, or FY 2016-17, we estimate that fee revenue will total \$4,916,950, exceeding expected recurring expenditures of \$2,238,596 by \$2,678,354. The expected revenue increase in FY 2016-17 is due mostly to the anticipated increase in dispensary agents based on the pattern experienced in other states. In addition, the number of patients and caregivers is expected to increase in the second year, contributing additional application and annual fees. For FY 2016-17 and beyond, fees authorized by this bill are expected to be sufficient to operate the program.

Local Expenditure

N/A

Local Revenue

N/A



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