

STATEMENT OF PURPOSE

RS28413 / H0108

This legislation would provide for a regulated system of medically recommended cannabis and would move cannabis a schedule 1 to a schedule 2 controlled substance under Idaho code. Patients who are 21 or older with certain defined diagnoses, including cancer, ALS, AIDS, wasting syndrome, Crohn's disease, epilepsy, multiple sclerosis, debilitating seizures, and terminal illness, would be eligible to be approved by a qualifying medical practitioner to apply for a medical cannabis card. Medical cannabis cards would be valid for the period recommended by the medical practitioner, up to a maximum of one year, upon which a renewal must be sought. Qualifying medical practitioners would be those practitioners that are currently authorized to prescribe Schedule 2 controlled substances in Idaho. Upon receipt of a medical cannabis card and a recommendation from a qualifying medical practitioner, the cardholder could then obtain cannabis from authorized medical cannabis pharmacies. This legislation further provides that up to 28 medical cannabis pharmacies throughout Idaho may be authorized by the Board of Pharmacy to dispense medical cannabis in amounts not to exceed a 30-day supply, or a 60-day supply if there is no such pharmacy within 100 miles of the cardholder's residence. An electronic verification system would be operated by the Board of Pharmacy to ensure that a cardholder is not purchasing an amount exceeding the maximum allowed amount of cannabis. This legislation would allow a maximum total amount of 2 grams of THC, to be dispensed by a pharmacist or registered nurse approved by the Board of Pharmacy, per month per patient, if such form is dispensed in liquid or solid form. However, up to 10 grams of THC would be permitted for those with cancer or terminal illness diagnoses. All cannabis must be in measured dosage form, wherein the package (which must be blister-seal or tamper-evident) indicates the amount of THC and CBD contained therein. If authorized by a medical practitioner, up to 30 grams of unprocessed cannabis flower may be dispensed containing up to 22% THC, but no smoking of cannabis in public or in view of the public is permitted. Should a medical cannabis cardholder sell or provide their cannabis to a non-cardholder, they would be guilty of a criminal offense under existing law, and upon court conviction, the Department of Health and Welfare would permanently revoke the medical cannabis card. No growing or production of cannabis in Idaho would be permitted under this legislation.

FISCAL NOTE

Using projections based upon states that have legalized only medical cannabis, implementation of the proposed legislation would yield up to \$33 million in annual sales tax revenue. In addition, an excise fee of 2% on sales will be allocated to cover administrative costs of the program, which would yield up to an additional \$11 million that would be allocated to cover any ongoing administration costs incurred by the impacted government entities and thus assure at least cost neutrality. On an ongoing basis, this legislation is expected to yield substantial positive revenue to the General Fund in the range of \$20 - \$33 million per year. Before such revenue is received, however, there are up-front costs to structure the program. Such anticipated costs include: • Acquisition and maintenance of an electronic verification system to be operated by the Board of Pharmacy, with an initial estimated purchase price of \$225,000. There would be an estimated annual maintenance cost of \$75,000, but excise revenues would likely have begun to flow to cover such ongoing maintenance costs prior to the time they would be incurred. • Addition of one FTE to the Board of Pharmacy to serve as the program manager, at an estimated annual cost of \$95,000.

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Revenue from the program would cover this cost over time, however there would be a start-up period where such revenue has not yet been received and would have to be covered by general funds, to be reimbursed from program revenues once sales commence in Idaho. It is anticipated that the processing of registrations for the new medical cannabis pharmacies can be achieved with current Board of Pharmacy staff, and that fees for registration of the medical cannabis pharmacies will be set at a level to cover registration costs. • Applicants for a medical cannabis card will pay an application fee to be determined by the Department of Health and Welfare that is anticipated to cover the ongoing administrative costs of overseeing the issuance, renewal and termination of cards. Once this legislation is fully implemented, there is no expected negative impact to the general fund or any other government fund. However, there will be a start-up period during which The Department of Health and Welfare could incur up to \$1 million in administrative costs to establish the cannabis card issuance program. There is no permanent negative impact to the general fund from this legislation, and an annual positive impact of \$20-\$33 million per year is expected. There are, however, one-time start-up costs to structure the program up to approximately \$1.3 million that would be recouped from application fees and excise tax revenues once there are actual sales in Idaho starting in 2022.

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