



SF 501 – Medical Cannabidiol Program (LSB1898SV.1)
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Fiscal Note Version – REVISED (Assumptions/Fiscal Impact)

Description

Senate File 501 amends the Iowa Medical Cannabidiol (mCBD) Program. Changes relevant to the fiscal impact include:

- Revises and expands the list of debilitating medical conditions for which mCBD may be used.
- Expands the definition of “health care practitioner” to include physician assistants and advanced registered nurse practitioners and makes conforming program changes.
- Removes the Department of Transportation (DOT) from the mCBD registration card issuing process, provides that the Department of Public Health (DPH) shall issue the registration cards to patients, and makes conforming changes.
- Allows issuance of an mCBD card to hospice patients.
- Removes restrictions on felons.
- Allows a manufacturer to deliver mCBD to a patient at the patient’s residence and makes conforming program changes.
- Exempts mCBD products from the sales tax.

Background

Sales of mCBD through the Iowa mCBD Program began in December 2018.

Assumptions

- There will be information technology (IT) development costs to the DPH for printing registration cards.
- There will be IT costs incurred by DPH for developing the seed-to-sale system to allow manufacturers and dispensaries to deliver products to patients.
- Expanding debilitating medical conditions for which mCBD may be used and allowing for more certifying health care practitioners will increase patient access to mCBD.
- Sales of mCBD from December 2018 through February 2019 totaled approximately \$363,000, sold to 1,188 unique card holders. These average monthly sales of \$121,000 will continue.
- As of July 1, 2019, the five mCBD dispensaries will be in municipalities with a local option sales tax.
- The DOT is currently issuing mCBD cards at a loss of approximately \$10 per card. There are also ongoing IT maintenance expenditures.
- The mCBD Program is a fee-sustaining program.

Fiscal Impact

To the extent that more patients qualify for the Program and more certifying health care practitioners are available to certify conditions, there will be increased applications to the DPH for mCBD registration. If the application volume increases enough, the DPH will need to hire

additional registration clerks at approximately \$47,000 for every 3,000 applications received in a given year.

Costs associated with updating the patient tracking system for the DPH to issue cards are estimated at \$5,000. The DOT operating budget is projected to save an estimated \$27,000 annually, due to no longer having to issue registration cards.

The cost associated with the DPH's IT development for allowing manufacturers and dispensaries to deliver products to patients is estimated at \$100,000.

The Bill will decrease sales and use tax receipts in the General Fund by an estimated \$72,600 annually beginning in FY 2020. Secure an Advanced Vision for Education (SAVE) revenues will decrease by an estimated \$14,500 annually, and local option sales tax will decrease by \$14,500 annually.

Sources

Department of Public Health
Department of Transportation
Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

March 25, 2019

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
