



SF 2405 – Medical Cannabis Regulation Changes (LSB6120SZ)
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Fiscal Note Version – New

Description

Senate File 2405 amends the Medical Cannabidiol Act in Iowa Code chapter **124E**:

- Revising the definition of the qualifying debilitating medical condition “multiple sclerosis” and changing “untreatable pain” to “severe or chronic pain.”
- Adding to qualifying “debilitating medical condition” any other medical condition for which a patient’s health care practitioner determines the use of medical cannabidiol could be medically beneficial.
- Removing the 3.0% cap on tetrahydrocannabinol (THC) in the definition of medical cannabidiol.
- Exempting the sales price of any medical cannabidiol products from the sales tax.

Background

Currently, the Medical Cannabidiol Board can only make recommendations to the General Assembly regarding the addition or removal of debilitating medical conditions and changes to form or quantity of medical cannabidiol and the THC limit.

Iowa Code section **423.3(60)** exempts the sales price from the sale of prescription drugs and the sale or rental of durable medical equipment, mobility enhancing equipment, prosthetic devices, and other medical devices intended for human use or consumption from sales tax. Under the provisions of the Medical Cannabidiol Act, a health care practitioner may certify that a patient suffers from a debilitating medical condition, but this is not a “prescription” for medical cannabidiol. Additionally, medical cannabidiol does not meet the definition of “drug” in the current exemption.

Assumptions

- It is unknown to what extent health care providers would certify conditions beyond those listed in Iowa Code.
- The sales of medical marijuana in Colorado averaged \$4,000 per patient per year from 2014 to 2017.
- Medical cannabidiol will not be available for purchase in Iowa until December 2018.
- As of February 15, 2018, the Department of Public Health has been issuing cards for medical cannabidiol patients at a rate of 0.8 per day, for a total of 224 cards. This rate will continue and then double after medical cannabidiol is available.

Fiscal Impact

The number of increased patients available for the program is unknown. To the extent that additional patients apply for medical cannabidiol cards, the Department of Public Health will have the flexibility to hire more staff to process applications.

Exempting medical cannabidiol from the sales tax will have the following impact on General Fund, Secure an Advanced Vision for Education (SAVE) Fund, and Local Option Sales Tax (LOST) revenues:

Estimated Impact of SF 2405

	General		
	<u>Fund</u>	<u>SAVE</u>	<u>LOST</u>
FY 2019	\$ -63,000	\$ -13,000	\$ -10,000
FY 2020	-240,000	-48,000	-38,000
FY 2021	-360,000	-72,000	-57,000
FY 2022	-480,000	-96,000	-76,000
FY 2023	-600,000	-120,000	-95,000

Sources

Department of Public Health
Department of Revenue

/s/ Holly M. Lyons

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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.
