

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB347

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Davis

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Tetrahydrocannabinol products; permits to process and dispense cannabidiol oil and THC-A oil.

**5. Summary:** Increases from one to two the number of pharmaceutical processor permits the Board of Pharmacy may issue or renew for each health service area in any year and allows each pharmaceutical processor to whom a permit has been issued by the Board of Pharmacy to operate up to two off-site dispensing facilities for the dispensing of cannabidiol oil and THC-A oil. The bill directs the Board of Pharmacy to issue additional permits to operate a pharmaceutical processor by September 1, 2020.

**6. Budget Amendment Necessary:** Yes, item 309.

**7. Fiscal Impact Estimates:** Preliminary, see item #8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	\$204,828	2	Nongeneral
2022	\$204,828	2	Nongeneral
2023	\$204,828	2	Nongeneral
2024	\$204,828	2	Nongeneral
2025	\$204,828	2	Nongeneral
2026	\$204,828	2	Nongeneral

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020		
2021	\$204,828	Nongeneral
2022	\$204,828	Nongeneral
2023	\$204,828	Nongeneral
2024	\$204,828	Nongeneral
2025	\$204,828	Nongeneral
2026	\$204,828	Nongeneral

**8. Fiscal Implications:** This bill would have a nongeneral fund impact on the Commonwealth. The agency would require two positions in order to meet the provisions of the bill. The bill

provides that the Board of Pharmacy shall issue one additional permit to operate a pharmaceutical processor for each health service area established by the Board of Health, which would double the number of processors by adding five additional permits for pharmaceutical processors for a total of 10. In addition, each pharmaceutical processor would be allowed to open two dispensary locations, which would also have to be inspected by the Board, adding an additional 10 dispensing facilities. The Code currently requires quarterly inspections and with a 100 percent increase in pharmaceutical processors and also additional dispensary locations, this would increase the workload for the Board. Fees revenues will be sufficient to cover the costs of the additional positions. Currently, the Board does not have sufficient staff to manage the increase in workload as the board is working at capacity. While DHP currently sends out facility inspectors, the increased workload would require an additional pharmacy inspector at an annual rate of \$140,153 (salary and fringe) for regular inspections of the pharmaceutical processor set out in the bill.

Based on the expected increase in licensing activities after the new pharmaceutical processors and dispensary locations are permitted, an administrative licensing assistant at an annual rate of \$64,675 (salary and fringe) is needed to review the increase in new applications since patients, parents, legal guardians, dispensaries and the pharmaceutical processors must all apply for licensure pursuant to § 54.1-3408.3 and § 54.1-3442.6. The requirements of the enactment may necessitate hiring part-time employees to evaluate permit applications to determine whether the facts on applications previously submitted in the original evaluation process have substantially and materially changed.

**9. Specific Agency or Political Subdivisions Affected:** Department of Health Professions.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.