

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB976S1

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

2. Patron: Marsden**3. Committee:** Education and Health**4. Title:** Board of Pharmacy; pharmaceutical processors; processing and dispensing cannabis oil.

5. Summary: The bill permits pharmaceutical processors to establish up to five dispensing locations within the health service area of the pharmaceutical processor. The bill directs the Board of Pharmacy to require that, after processing and before dispensing cannabidiol oil and THC-A oil, a pharmaceutical processor make a homogenized sample available from each batch of product for testing at an independent laboratory meeting board requirements. Every pharmaceutical processor or cannabis dispensing facility shall be under the personal supervision of a licensed pharmacist on the premises of the pharmaceutical processor or cannabis dispensing facility. A pharmacist in charge of a pharmaceutical processor may authorize certain employee access to secured areas designated for cultivation and other areas approved by the Board. No pharmacist shall be required to be on the premises during such authorized access. The pharmacist-in-charge shall ensure security measures are adequate to protect the cannabis from diversion at all times.

The summary of the FIS has been revised to remove outdated language.

6. Budget Amendment Necessary: Yes, item 309.**7. Fiscal Impact Estimates:****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>
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 permits for cannabis dispensing facilities, which would add an additional 25 facilities to be inspected. The Code currently requires quarterly inspections and with the additional dispensary locations, this would increase the workload for the Board. Fees revenues will need to be set at a level 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 cannabis dispensing facilities set out in the bill.

Based on the expected increase in licensing activities after the new 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.