

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 24, 2019**

**TO:** Honorable Senfronia Thompson, Chair, House Committee on Public Health

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB1365** by Lucio III (Relating to authorizing the possession, use, cultivation, processing, distribution, transportation, research, testing, and delivery of low-THC cannabis for medical use by patients with certain debilitating medical conditions and the licensing of cannabis dispensing organizations, cannabis research organizations, and cannabis testing facilities; establishing the cannabis therapeutic research review board; authorizing fees.), **Committee Report 1st House, Substituted**

Because the fees imposed by the bill and the number of potential testing facility and research organization applicants is unknown, the revenue implications cannot be determined. However, Health and Safety Code, Section 487.052, requires the Department of Public Safety to set fees for the program at a level that is sufficient to cover the cost of its administration, so there would be no fiscal impact to the State.

The bill would amend the Compassionate Use Act to allow physicians to prescribe low-THC cannabis for patients with certain debilitating medical conditions. The bill would establish requirements for a physician's prescription and set limits on a person's allowable amounts of medical cannabis.

The Department of Public Safety (DPS) would license dispensing organizations, cannabis testing facilities and cannabis research organizations and assess fees for those licenses in amounts that cover the cost of administering the provisions of the bill. DPS could use the fees authorized by the bill to establish a cannabis testing and quality control fund for assisting law enforcement.

The bill would establish a cannabis therapeutic research board to administer the cannabis therapeutic research program. The board would review research proposals for approval and conduct reviews of the research and participants. Research programs approved by the board could be conducted with a medical school, hospital, or general academic teaching institution. The bill would establish research goals for the board to encourage, including some related to the safety and efficacy of low-THC cannabis, medical guidelines for its administration, and standards for quality control, purity, and labeling. The review board could accept donations and provide grants for research consistent with the bill's provisions.

The Medical Board, Health and Human Services Commission, Board of Pharmacy, and Department of State Health Services indicate that provisions of the bill could be absorbed with existing resources.

The Department of Public Safety would incur costs related to licensing cannabis testing facilities,

cannabis research organizations, and dispensing organizations under the Compassionate Use Program and making updates to its Compassionate Use Registry Application. However, Health and Safety Code, Section 487.052, requires the agency to set fees for the program at a level that is sufficient to cover the cost of its administration, so there would be no fiscal impact to the State.

The Comptroller of Public Accounts indicates that because the fees imposed by the bill and the number of potential testing facility, research organization, and dispensing organization applicants is unknown, the revenue implications cannot be determined.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 405 Department of Public Safety, 503 Texas Medical Board, 515 Board of Pharmacy, 529 Health and Human Services Commission, 537 State Health Services, Department of, 696 Department of Criminal Justice, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration, 530 Family and Protective Services, Department of

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