

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 2283
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: AUGUST 9, 2024

SUMMARY

Synopsis: “Psilocybin Behavioral Health Access and Services Act”; authorizes production and use of psilocybin to promote health and wellness.

Type of Impact: Annual State expenditure and revenue increases. Potential local expenditure increases.

Agencies Affected: Department of Health; counties; municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Potential Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) anticipates that the bill will increase annual State expenditures and revenues by indeterminate amounts. The OLS lacks sufficient information to quantify the fiscal impacts or future trends in psilocybin use and production as there is currently no regulated market in the State for psilocybin use and services. Moreover, the fees and penalties authorized under the bill to regulate psilocybin use and production are to be established by future regulations promulgated by the Department of Health.
- The OLS notes that county and municipal expenditures may increase relating to optional regulation and oversight, as permitted under the bill, of the operation of psilocybin product manufacturers and psilocybin service centers located within that county or municipality.

BILL DESCRIPTION

This bill, designated the Psilocybin Behavioral Health Access and Services Act, establishes a framework within the Department of Health for the regulated production and use of psilocybin in connection with behavioral health care and preventative behavioral health

treatment. Under the bill, the governing body of a county or municipality may adopt reasonable regulations on the operation of psilocybin product manufacturers and psilocybin service centers located within that county or municipality. The bill also establishes in the department, the Psilocybin Behavioral Health Access and Services Advisory Board to provide advice and recommendations to the department, upon request or upon the board's own initiative, concerning the implementation of the bill. Psilocybin is a chemical obtained from certain types of fresh or dried mushrooms.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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Annual State revenues will grow because of: 1) application, license, and criminal background check fees to be paid by persons and entities seeking to participate in the regulated production and use of psilocybin; and 2) penalties and fines to be paid for violations of the regulatory provisions established under the bill.

Annual State expenditures will rise as a result of the regulation and oversight of the production and use of psilocybin, the enforcement of the regulations, and the establishment and administration of both a social opportunity program and an equitable access program.

County and municipal expenditures may increase relating to optional regulation and oversight, as permitted under the bill, of the operation of psilocybin product manufacturers and psilocybin service centers located within that county or municipality.

For reference, two states, Oregon and Colorado, have adopted laws that legalize and regulate the use of psilocybin. Prior to implementation, the Oregon Secretary of State estimated the state would incur \$7 million over the mandatory two-year development period of the law. Once a program is established, ongoing costs were estimated at \$3.1 million annually, with fees and taxes assessed under the law expected to cover these costs. Fiscal estimates for the Colorado policy indicates that annual State spending would increase by up to \$4.0 million to develop and implement a regulatory framework for the law, while annual revenue collected once the program is implemented would be approximately \$3.0 million. As implementation in Oregon began in January 2023 and the Colorado law is still in development, actual costs are unknown.

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Section: Human Services

*Analyst: Sarah Schmidt
Lead Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).