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**DECRIMINALIZES PSILOCYBIN MUSHROOMS. AUTHORIZES  
DISMISSAL OF PRIOR PSILOCYBIN-RELATED CONVICTIONS.  
INITIATIVE STATUTE.**

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The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

**DECRIMINALIZES PSILOCYBIN MUSHROOMS. AUTHORIZES DISMISSAL OF PRIOR PSILOCYBIN-RELATED CONVICTIONS. INITIATIVE STATUTE.**

Decriminalizes under state law the cultivation, manufacture, processing, production of edible products and extracts, distribution, transportation, possession, storage, consumption, and retail sale of psilocybin mushrooms and the hallucinogenic chemical compounds contained in them.

Applies to individuals at least 18 years of age, and to individuals under 18 years of age as prescribed by a doctor. Authorizes dismissal, resentencing, and destruction of records for prior psilocybin-related arrests and convictions. Summary of estimate by Legislative Analyst and

Director of Finance of fiscal impact on state and local governments: **One-time state and local court and law enforcement costs in the tens of millions of dollars primarily related to the identification and destruction of arrest and conviction records for psilocybin-related crimes. Reduced costs, not likely to exceed a few million dollars annually, to state and local governments related to enforcing psilocybin-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising psilocybin offenders. Annual state costs to regulate psilocybin businesses, ranging from minimal to the tens of millions of dollars. Some or all of these costs could eventually be partially or fully offset by fee revenue. Potential increase in state and local tax revenues, not likely to exceed a couple million dollars annually. (19-0027A1.)**

19-0027

Amdt. #

December 6, 2019

RECEIVED

DEC 09 2019

Office of the Attorney General  
1300 "I" Street  
Sacramento, CA 95814

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Attention: Initiative Coordinator

RE: Initiative Post Comments Draft for California Psilocybin Decriminalization Initiative 2020 ("Decriminalize California")

Dear Initiative Coordinator,

My name is Ryan Munevar and I am the Campaign Director representing the California Psilocybin Decriminalization Initiative 2020 ("Decriminalize California").

After the 30 day public comment period was completed we cleaned up the findings and declarations, capitalized Act throughout the document, and removed a comma. Here is the California Psilocybin Decriminalization Initiative 2020 v 4.4.

Attached:

1. California Psilocybin Decriminalization Initiative 2020 v 4.4
2. Letter from Proponent Ryan Munevar

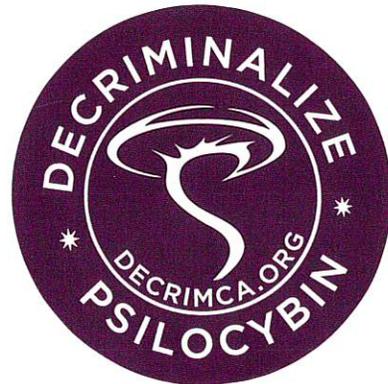
Sincerely,



Ryan Munevar - Campaign Director

[ryan@decrimca.org](mailto:ryan@decrimca.org)

949.702.1637 - 1850 Whitley Ave #612, Los Angeles, CA 90028



## California Psilocybin Decriminalization Initiative 2020

### SECTION 1. Title.

This measure shall be known and may be cited as the “California Psilocybin Decriminalization Initiative”.

### SEC. 2. Findings and Declarations.

- (a) No one should be in prison for using Magic Mushrooms.
- (b) No families should be separated for using Magic Mushrooms.
- (c) Magic Mushrooms have been safely used for thousands of years for spiritual and religious purposes.
- (d) Taxing Magic Mushrooms will generate money for the State.
- (e) Regulating the sale of Magic Mushrooms will take money away from gangs and drug cartels.
- (f) Denver and Oakland have decriminalized Magic Mushrooms.
- (g) Magic Mushrooms are much safer than caffeine, nicotine, and alcohol. A 2010 analysis of the harms associated with the war on drugs found Mushrooms to be the safest of all twenty drugs studied.
- (h) The FDA designated Psilocybin (the main component of Magic Mushrooms) as a Breakthrough Therapy for treatment-resistant depression and major depressive disorder.
- (i) Research conducted by the Beckley Foundation has found Magic Mushrooms to be a safe and effective treatment for severe and treatment-resistant depression, anxiety in terminally ill patients, and nicotine addiction.

### SEC. 3. Section 11395.100 to 11395.250 are added to the Health and Safety Code, to read: § 11395.100 Purposes.

This Act advances cognitive liberty and implements a comprehensive, statewide scheme authorizing and regulating the cultivation, processing and distribution of Psilocybin Mushrooms and the chemical compounds contained therein for personal, spiritual, religious, dietary, therapeutic, and medical use. The subjects addressed by this Act are a matter of statewide concern. It is the intent of the People in enacting this Act to accomplish all of the following:

- (a) Prevent the distribution of Psilocybin Mushrooms to minors, except in appropriate cases when they have been recommended by a physician or psychologist;
- (b) Prevent the profits from the sale of Psilocybin Mushrooms from going to criminal enterprises, gangs, and cartels;
- (c) Prevent driving while impaired by Psilocybin Mushrooms and other adverse public health consequences associated with Psilocybin Mushrooms;
- (d) Enact legislation allowing non-violent prisoners who were convicted of buying, selling, growing, manufacturing or possessing Psilocybin Mushrooms to have their sentences reviewed and criminal records expunged;
- (e) Ensure that local jurisdictions may not define as a nuisance, per se, any action or conduct authorized by this Act; rather, a showing of an actual nuisance shall be required;
- (f) Support the therapeutic and medical research of Psilocybin Mushrooms and their extracts.

**§ 11395.110 Definitions.**

“Adult” means an individual eighteen (18) years of age or older.

“Psilocybin Mushrooms” means Mushrooms, Spores, Truffles, Sclerotia, Mycelium, or any of the aforementioned in extracted form, containing Psilocybin, Psilocin, Ibotenic Acid, Muscimol, Baeocystin, Norbaeocystin, and other related substances.

“Psilocybin Mushroom Business” is a for profit or nonprofit entity that cultivates, wholesales, or retails Psilocybin Mushrooms, and includes, but is not limited to, Psilocybin Mushroom manufacturers, Psilocybin Mushroom distributors, Psilocybin Mushroom retailers, analytical Psilocybin Mushroom laboratories, and medical Psilocybin Mushroom organizations.

“Endanger others” does not mean and shall not include lawfully using, ingesting, possessing and/or cultivating Psilocybin Mushrooms within the same residence or adjoining outhouses and rooms or in a commercial building of any type, unless additional conduct is demonstrated by clear and convincing evidence that such acts have in fact become imminently dangerous to human safety, in addition to mere lawful use, ingestion, possession or cultivation.

“Excessive” means any requirement or fee that exceeds a normal, usual, or reasonable requirement based on expenses incurred or required fee.

“Impaired” in reference to Psilocybin Mushroom impairment, refers to significantly diminished physical or mental capabilities to the extent a person cannot safely operate a motor vehicle.

“Individual” means a natural person as defined in Revenue and Taxation Code Section 17005.

“Minor” means an individual under the age of 18.

“Indoors” means within a fully enclosed and secure structure which can only be entered through a locked door that requires a key or combination to open and which is secure against unauthorized entry.

“Outdoors” means any location that is not “indoors” as defined herein.

**§ 11395.120 Psilocybin Mushrooms.**

The personal, spiritual, religious, dietary, therapeutic, and medical use of Psilocybin Mushrooms by adults, including but not limited to the cultivation, manufacture, processing, production of edible products and extracts (with or without solvents) derived from Psilocybin Mushrooms, distribution, transportation, possession, storage, consumption, social consumption, on-site consumption, public events, farmers’ markets, and retail sale, whether or not for profit, shall be lawful in this state and is a matter of statewide concern.

**§ 11395.130 Personal Protections.**

It shall be lawful and not a violation of California law for an adult:

- (a) To use Psilocybin Mushrooms in one’s home or on any privately owned property in a manner that does not endanger others or violate this division;
- (b) To be under the influence of Psilocybin Mushrooms, except as provided in this Act and as provided in subdivision (f) of section 647 of the Penal Code; and
- (c) To cultivate Psilocybin Mushrooms indoors, or outdoors on private property to which access is restricted by fencing where such cultivation is not visible from outside such property, and with the consent of the owner of such property. Cultivation must comply with any local or State nuisance regulations, provided the nuisance regulation is not based solely on the presence and/or

cultivation of Psilocybin Mushrooms, nor crafted to primarily target Psilocybin Mushroom cultivation and/or possession. No local regulation may be so excessive or burdensome as to make it functionally impractical for adults to cultivate Psilocybin Mushrooms as otherwise authorized in this section.

**§ 11395.140 Reasonable Regulation.**

- (a) Implementation of this Act shall be the responsibility of the California Department of Food and Agriculture.
- (b) No license, fee, fine, or tax, on a Psilocybin Mushroom business shall exceed the amount charged or assessed for comparable non-Psilocybin Mushroom related businesses.
- (c) Psilocybin Mushroom Businesses shall be regulated as closely as practicable to the cultivation, production, distribution, and sales of non-psychoactive agriculturally produced mushrooms with the exceptions of sales to minors and testing for potency of active ingredients, provided that no regulation may be so excessive or burdensome as to make it impractical for Psilocybin Mushroom Businesses to operate and earn a profit unless otherwise authorized herein.
- (d) The State of California and its agencies and employees shall not disclose and shall protect the identities of all persons, individuals, and corporate entities engaged in Psilocybin Mushroom commerce or use, unless there is a court order or search warrant expressly authorizing the release of such information on a case by case basis.
- (e) Any Psilocybin Mushroom products or extracts packaged for retail sale must provide a list of active substances.

**§ 11395.150 Therapeutic and Medical Research and Treatment.**

- (a) The State of California and its agencies shall allow pre-clinical and clinical research into the therapeutic applications of Psilocybin and Psilocybin Mushrooms.
- (b) Licensed healthcare practitioners may use Psilocybin Mushrooms for research and treatment purposes.
- (c) Psilocybin Mushroom-assisted psychotherapy may be delivered by qualified and licensed practitioners. Therapy may be provided by mental health professionals who have obtained specialized training in psychedelic-assisted therapy and a licence to administer Psilocybin for specific indications.
- (d) The California Department of Public Health shall work with research and education organizations who have experience with psychedelic harm reduction to develop non-binding protocols for healthcare workers engaged in Psilocybin Mushroom therapy and management of Psilocybin Mushroom intoxication.

**§ 11395.160 Implementation.**

The California Department of Food and Agriculture shall begin issuing licenses under this Act not later than September 20, 2021.

**§ 11395.170 Penalties.**

Violations of any statute or regulation enacted or promulgated to implement this Act shall not constitute a felony and shall not be punished by incarceration or imprisonment.

**§ 11395.180 Local Control.**

A city and or county may ban or limit the number of Psilocybin Mushroom Businesses within its boundaries, if such restriction has been placed on the ballot by petition in accordance with the procedures for an initiative, or by the city council or board of supervisors, and approved by the voters within that jurisdiction at a statewide election held in November.

**§ 11395.190 Discrimination Prohibited.**

This section shall not apply to employers or employees in safety-sensitive occupations covered by U.S. Department of Transportation regulations (49 CFR Part 40). Except as provided in this division, no person shall refuse to provide services or benefits or increase the charge for services or benefits, based on the lawful use, cultivation, possession, storage, or sales of Psilocybin Mushrooms including but not limited to the following: (a) A license, permit, or other entitlement for use including all business, professional, trade, and land use licenses and permits, and all other entitlements for use, and all entitlements for land use, all contracts (other than competitively bid, labor, or personal employment contracts), and all franchises; (b) Utility services.

**§ 11395.200 Minors.**

- (a) Unless the health or wellbeing of a minor is in danger as a result of the cultivation of Psilocybin Mushrooms in compliance with this division, the mere presence of one or more minors in a household shall not render such cultivation unlawful, per se, nor shall such cultivation be used to make a jurisdictional determination of risk of harm to a child in the state of California, nor shall such cultivation diminish parental rights or justify the removal of a child from the home even temporarily.
- (b) If a minor is found to be cultivating, extracting, manufacturing, distributing, transporting, in possession of or consuming Psilocybin Mushrooms, the maximum penalty for such offense shall be no greater than a mandatory drug education program, and no conviction shall remain on the permanent record of such a minor.

**§ 11395.210 Taxes.**

The applicable sales and use taxes shall apply to sales of Psilocybin Mushrooms not used for religious, therapeutic or medical purposes. Psilocybin Mushrooms that are sold or grown for religious, therapeutic or medical purposes shall not be subject to any sales, use, or excise tax.

**§ 11395.220 Lawful Conduct.**

No conduct deemed lawful by this initiative shall constitute the basis for detention, search, or arrest. Psilocybin Mushrooms involved in any way with conduct deemed lawful by this initiative are not contraband nor subject to seizure.

**§ 11395.230 Federal Prosecution Assistance.**

Unless pursuant to a court order, no information required to be provided to any State or local governmental agency by this division or in connection with any activity regulated by this division may be

released to an agency or agent of the Federal government in connection with a Federal investigation or prosecution of a person for any activity that is permitted by this division.

**§ 11395.240 Destruction of arrest and conviction records; Procedure; Exceptions.**

- (a) Records of any court of this State, any public or private agency that provides services upon referral under Section 1000.2 of the Penal Code, or of any State agency pertaining to the arrest or conviction of any person for a violation related to Psilocybin Mushrooms, or pertaining to the arrest or conviction of any person under the age of 18 for a violation of any provision of this Act, shall not be kept beyond two years from the date of the conviction, or from the date of the arrest if there was no conviction, with exception in respect to any other violation by a person under the age of 18 occurring upon the grounds of, or within, any school providing instruction in kindergarten or any of Grades 1 through 12 during the hours the school is open for classes or school-related programs, the records shall be retained until the offender attains the age of 18 years at which time the records shall be destroyed as provided in this section. Any court or agency having custody of the records, including the statewide criminal databases, shall provide for the timely destruction of the records, and such records must also be purged from the statewide criminal databases. As used in this subdivision, "records pertaining to the arrest or conviction" shall include records of arrests resulting in the criminal proceeding and records relating to other offenses charged in the accusatory pleading, whether defendant was acquitted or charges were dismissed. The two-year period beyond which records shall not be kept pursuant to this subdivision shall not apply to any person who is, at the time at which this subdivision would otherwise require record destruction, incarcerated for an offense subject to this subdivision. For such persons, the two-year period shall begin to run from the date the person is released from custody. The requirements of this subdivision do not apply to records of any convictions occurring prior to October 27, 1970, or records of any arrest not followed by a conviction occurring prior to that date, or records of any arrest for an offense specified in subdivision (c) of Section 1192.7, or subdivision (c) of Section 667.5 of the Penal Code.
- (b) A person currently serving a sentence for a conviction, whether by trial or by open or negotiated plea, who would not have been guilty of an offense or who would have been guilty of a lesser offense under the California Psilocybin Decriminalization Initiative had that Act been in effect at the time of the offense, may petition for a recall or dismissal of sentence before the trial court that entered the judgment of conviction in their case to request resentencing or dismissal.
- (c) Upon receiving a petition under subdivision (b), the court shall presume the petitioner satisfies the criteria in subdivision (b) unless the party opposing the petition proves by clear and convincing evidence that the petitioner does not satisfy the criteria. If the petitioner satisfies the criteria in subdivision (b), the court shall grant the petition to recall the sentence or dismiss the sentence because it is legally invalid unless the court determines that granting the petition would pose an unreasonable risk of danger to public safety.
  - (1) In exercising its discretion, the court may consider, but shall not be limited to, evidence provided for in subdivision (b) of Section 1170.18 of the Penal Code.
  - (2) As used in this section, "unreasonable risk of danger to public safety" has the same meaning as provided in subdivision (c) of Section 1170.18 of the Penal Code.

- (d) A person who is serving a sentence and resentenced pursuant to subdivision (c) shall be given credit for any time already served and shall be subject to supervision for one year following completion of their time in custody or shall be subject to whatever supervision time they would have otherwise been subject to after release, whichever is shorter, unless the court, in its discretion, as part of its resentencing order, releases the person from supervision. Such person is subject to parole supervision under Penal Code Section 3000.08 or post-release community supervision under subdivision (b) of Section 3451 of the Penal Code by the designated agency and the jurisdiction of the court in the county in which the offender is released or resides, or in which an alleged violation of supervision has occurred, for the purpose of hearing petitions to revoke supervision and impose a term of custody.
- (e) A person who has completed their sentence for a conviction related to Psilocybin Mushrooms, whether by trial or open or negotiated plea, who would not have been guilty of an offense or who would have been guilty of a lesser offense under the California Psilocybin Decriminalization Initiative had that Act been in effect at the time of the offense, may file an application before the trial court that entered the judgment of conviction in their case to have the conviction dismissed and sealed because the prior conviction is now legally invalid or redesignated as a misdemeanor or infraction.
- (f) The court shall presume the petitioner satisfies the criteria in subdivision (e) unless the party opposing the application proves by clear and convincing evidence that the petitioner does not satisfy the criteria in subdivision (e). Once the applicant satisfies the criteria in subdivision (e), the court shall redesignate the conviction as a misdemeanor or infraction or dismiss and seal the conviction as legally invalid as now established under the California Psilocybin Decriminalization Initiative.
- (g) Unless requested by the applicant, no hearing is necessary to grant or deny an application filed under subdivision (e).
- (h) Any felony conviction that is recalled and resentenced under subdivision (c) or designated as a misdemeanor or infraction under subdivision (f) shall be considered a misdemeanor or infraction for all purposes. Any misdemeanor conviction that is recalled and resentenced under subdivision (c) or designated as an infraction under subdivision (f) shall be considered an infraction for all purposes.
- (i) If the court that originally sentenced the petitioner is not available, the presiding judge shall designate another judge to rule on the petition or application.
- (j) Nothing in this section is intended to diminish or abrogate any rights or remedies otherwise available to the petitioner or applicant.
- (k) Nothing in this and related sections is intended to diminish or abrogate the finality of judgments in any case not falling within the purview of the California Psilocybin Decriminalization Initiative.
- (l) A resentencing hearing ordered under this Act shall constitute a “post-conviction release proceeding” under paragraph (7) of subdivision (b) of Section 28 of Article I of the California Constitution (Marsy’s Law).
- (m) The provisions of this section shall apply equally to juvenile delinquency adjudications and dispositions under Section 602 of the Welfare and Institutions Code if the juvenile would not

have been guilty of an offense or would have been guilty of a lesser offense under the California Psilocybin Decriminalization Initiative.

- (n) The Judicial Council shall promulgate and make available all necessary forms to enable the filing of the petitions and applications provided in this section.
- (o) Under no circumstances may resentencing under this section result in the imposition of a term longer than the original sentence, or the reinstatement of charges dismissed pursuant to a negotiated plea agreement.

**§ 11395.250 Out of State Distribution and Transport.**

This Act shall not be construed to authorize or permit the transportation or distribution, or cause to be transported or distributed, Psilocybin Mushrooms or Psilocybin Mushroom products outside the state and country, unless authorized by Federal law.

**SEC. 4. Liberal Construction.**

This Act shall be liberally construed to effectuate its purposes.

**SEC. 5. Severability.**

The provisions of this Act are severable. If any provision of this Act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

**SEC. 6. Conflicting Measures.**

In the event that this measure and another measure or measures concerning Psilocybin Mushrooms appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure shall be null and void.

**SEC. 7. Sections 11390 and 11391 of the Health and Safety Code are hereby repealed.**

**SEC. 8. Amendment.**

The provisions of this Act may be amended by the Legislature to further the purposes of this Act by a statute passed in each house by roll call vote entered in the journal, two-thirds of the membership concurring. Any implementation legislation enacted pursuant to this Act shall require only a majority vote in each house.

**SEC. 9. Legal Defense by the Attorney General.**

The California Attorney General shall protect and defend this Act from any and all challenges in the courts of any jurisdiction to final judgment.



December 24, 2019

RECEIVED

DEC 24 2019

Hon. Xavier Becerra  
Attorney General  
1300 I Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Attention: Ms. Anabel Renteria  
Initiative Coordinator

19 - 0027

Amdt # 1

Dear Attorney General Becerra:

Pursuant to Elections Code 9005, we have reviewed the proposed statutory initiative related to psilocybin (A.G. File No. 19-0027, Amendment #1).

### Background

**Psilocybin.** Psilocybin is a naturally occurring hallucinogen found in certain species of mushrooms that are often referred to as psychedelic or “magic” mushrooms. When an individual uses psilocybin—typically by ingesting mushrooms containing it—the user temporarily experiences hallucinations as well as changes in thoughts and emotions. Psilocybin is currently being studied to assess its potential therapeutic benefits for treating various conditions including depression and addiction.

**State Law.** Under current state law, the cultivation, possession, distribution, transportation, and sale of psilocybin outside of an approved research setting is generally illegal in California. Penalties for adults for psilocybin-related activities vary depending on the offense. For example, possession of psilocybin is generally punishable as a misdemeanor and may result in up to a one year sentence in county jail and/or a fine, while selling psilocybin is a felony and may result in a jail or state prison sentence. Currently, there are very limited data specifically for psilocybin-related offenses. However, we estimate that the number of such offenders currently in state prison and county jail is very minor relative to the overall prison and jail population. There is also limited data on penalties received by juveniles for psilocybin-related offenses, but the available data indicate that custodial placements are very rare. This suggests that juveniles are instead generally placed in diversion programs or on informal probation for these offenses.

**Federal Law.** Federal laws classify psilocybin as an illegal substance and provide criminal penalties for various activities relating to its use outside of an approved research setting. These laws are enforced by federal agencies that may act independently or in cooperation with state and local law enforcement agencies.

## Proposal

This measure would make various changes to state law related to psilocybin, including removing certain criminal penalties and requiring regulation of its cultivation and sale. However, federal restrictions on psilocybin would still be in effect. We describe key provisions of the measure below.

***Legalizes Psilocybin-Related Activities Under State Law for Adults.*** The measure eliminates existing penalties under state law for adults for psilocybin-related activities including, possession, distribution, transportation, and sale of psilocybin. The measure also allows adults to cultivate psilocybin mushrooms subject to certain limitations, such as requiring the mushrooms to not be publicly visible. These activities would generally remain illegal for minors under the age of 18. However, the measure limits the maximum punishment for minors to a mandatory drug education program. Activities related to the use of psilocybin would continue to be prohibited under federal law.

***Requires Destruction of Criminal Records and Resentencing.*** The measure generally requires the destruction—within two years—of criminal records of individuals arrested for or convicted of psilocybin-related offenses. This would apply both to past records of psilocybin-related offenses since 1970 and future records related to activities that would remain illegal under the measure, such as juvenile psilocybin offenses.

Individuals serving sentences for activities that are made legal or are subject to lesser penalties under the measure would be eligible for resentencing. For example, individuals serving jail or prison terms for selling psilocybin could have their sentence reduced. A court, however, would not be required to resentence someone if it determined that doing so would pose an unreasonable risk to public safety. Qualifying individuals would be resentenced to whatever punishment they would have received under the measure. Individuals who have completed sentences for crimes that are affected by the measure could apply to the courts to have their criminal records changed if they are not already destroyed under the measure.

***Requires Development of Psilocybin Cultivation and Sales Regulations.*** The measure requires that psilocybin mushroom businesses be regulated “as closely as practicable to the cultivation, production, distribution, and sales of non-psychoactive agriculturally produced mushrooms with the exceptions of sales to minors and testing for potency of active ingredients.” The measure requires the California Department of Food and Agriculture to issue licenses under the measure beginning no later than September 20, 2021. Regulatory agencies would be prohibited from imposing fines or fees in excess of the amount charged for comparable non-psilocybin mushroom-related businesses.

Under the measure, a city or county could ban or limit the number of psilocybin mushroom businesses within its boundaries if approved by the voters within that jurisdiction at a statewide election held in November.

***Specifies Use of Psilocybin for Treatment Purposes.*** The measure specifies that health care practitioners may use psilocybin for treatment purposes subject to certain limits, such as requiring practitioners to have a license. In addition, the measure requires the California Department of Public Health (CDPH) to work with research and education organizations in

developing psychological harm reduction protocols for healthcare workers engaged in psilocybin therapy or management of psilocybin intoxication.

***Limits Taxation of Psilocybin.*** The measure exempts psilocybin sold for religious, therapeutic, or medical purposes from sales taxes. Psilocybin sold for other purposes would be subject to state and local sales taxes.

## **Fiscal Effects**

Below, we discuss various fiscal effects of the measure. We estimate that, on net, the measure would result in temporary increased costs to state and local governments. The net effect on state and local governments in the long run is unknown.

***Increased Costs for Criminal Record Destruction and Resentencing.*** The measure would result in one-time state and local court and law enforcement costs to destroy arrest and conviction records for psilocybin-related crimes and process applications from individuals seeking to be resentenced or have their criminal records changed. In total, we estimate that these costs could be in the tens of millions of dollars, spread over a few years. The bulk of this cost would be associated with criminal record destruction, which would likely require manual review of court documents for a significant number of drug cases that have occurred since 1970 to identify individual cases involving psilocybin. The actual cost of this workload would depend primarily on the number of drug cases that must be reviewed and amount of time required to process each case. We note that there could be minor costs to destroy records on an ongoing basis, such as for juveniles who commit psilocybin-related offenses.

***Reduced Psilocybin Enforcement Costs.*** The measure would reduce ongoing costs to the state and local governments by reducing the number of psilocybin offenders incarcerated in state prison and county jail, as well as the number placed under community supervision (such as county probation). In addition, the measure would result in a reduction in state and local costs for the enforcement of psilocybin-related offenses and the handling of related criminal cases in the state court system. In total, the reduction in costs would likely not exceed a few million dollars annually. In many cases, however, these resources would likely be redirected to other law enforcement and court activities.

***Increased Regulatory Costs.*** State costs to regulate psilocybin mushroom businesses would depend on (1) the specific regulatory structure that the state ultimately implements pursuant to the measure, (2) the extent to which the federal government exercises its discretion to enforce federal prohibitions on psilocybin-related activities, and (3) how individuals and businesses respond to these two factors. Accordingly, costs could range from minimal to tens of millions of dollars annually. These regulatory costs could eventually be partially or fully offset by fee revenue. To the extent that fee revenues are not sufficient to fully support such costs, some of the costs could require support from other fund sources (such as the state General Fund).

***Increased State and Local Tax Revenues.*** To the extent individuals who are currently purchasing psilocybin illegally begin purchasing it from entities that collect sales taxes, state and local governments would receive additional revenues related to the sale of psilocybin. The amount of sales tax revenue collected would depend on the portion of sales that are not for religious, therapeutic, or medical purposes, which would be exempt from sales tax under the

measure. In addition, the measure could result in an increase in other taxable economic activity in the state, as individuals currently producing and selling psilocybin illegally could begin doing so legally under state law and pay personal income taxes. We estimate that these potential increases in tax revenues likely would not exceed a couple million dollars annually. However, this revenue could be greatly reduced to the extent that the federal government exercises its discretion to enforce federal prohibitions on psilocybin-related activities.

**Summary of Fiscal Impacts.** We estimate that this measure would have the following fiscal effects:

- One-time state and local court and law enforcement costs in the tens of millions of dollars primarily related to the identification and destruction of arrest and conviction records for psilocybin-related crimes.
- Reduced costs, not likely to exceed a few million dollars annually, to state and local governments related to enforcing psilocybin-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising psilocybin offenders.
- Annual state costs to regulate psilocybin businesses, ranging from minimal to the tens of millions of dollars. Some or all of these costs could eventually be partially or fully offset by fee revenue.
- Potential increase in state and local tax revenues, not likely to exceed a couple million dollars annually.

Sincerely,

*for*   
\_\_\_\_\_  
Gabriel Petek  
Legislative Analyst

*for*   
\_\_\_\_\_  
Keely Martin Bosler  
Director of Finance