



## State Medical Marijuana Programs' Financial Information

State medical marijuana programs have generally had no trouble covering their expenses and some have even generated substantial surpluses. Most states require the departments that administer their medical marijuana programs to set the fees high enough to cover all costs of administering the programs. Medical marijuana dispensaries typically have to pay an annual fee of \$5,000 and \$30,000, though some pay in excess of \$100,000. Patients typically pay between \$25 and \$100 for registry identification cards they renew once every year or two. In Michigan, Oregon, and Arizona, patient registry programs, dispensary regulation programs, or both have brought in millions of dollars in surpluses. Other states, such as New Mexico and Vermont, have been able to run comprehensive medical marijuana programs for less than \$800,000, including dispensary regulation, while covering the program costs through fees.

While MPP believes states should not seek to generate revenue from seriously ill patients whose medication is not covered by insurance, several states have done so. In addition to fee-related revenue, most of the states that allow dispensaries impose their generally applicable sales tax on medical marijuana sales. Some states and localities apply gross receipts taxes, excise taxes, and special sales taxes. In California, the state sales tax revenue from dispensaries is estimated at up to \$50 million a year. The available data on medical marijuana program finances shows that medical marijuana programs have not posed a financial burden to states that run them. They have overwhelmingly been cost neutral or revenue generators.

In **New Mexico**, which was the first state in the country to license entities to produce and provide medical marijuana, the entire program cost \$780,000 in FY 2014.<sup>1</sup> The program initially charged minimal fees and was an unfunded mandate. Now, however, it is self-sustaining and covers all of its expenses, despite the fact that the only patients who are charged a fee are those who both cultivate marijuana for themselves and whose income is more than 200% above the federal poverty line. In addition to the fees covering the costs of administration, the program generates gross receipts tax revenue, meaning it generates a surplus.

The total FY 2014 staff costs for the state's program (salary and benefits) are \$534,200. Its non-personnel expenses total \$245,800 for the fiscal year. Those expenses include service contracts, office supplies, postage, telecommunications, travel, employee training, and other office expenses. When the program was new, it purchased a machine to make holographic cards, which cost about \$6,000-\$8,000.

As of October 30, 2015, 18,628 patients and 23 non-profit producers were licensed in New Mexico.<sup>2</sup> Of the registered patients, 3,985 are licensed to grow for themselves. There is a nonrefundable \$1,000 fee for licensed producer applications. Producers' annual renewal fees depend on how many individual plants they grow. The fee is \$30,000 a year for the first 150

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<sup>1</sup> Source of all revenue information, including tax revenue, is an April 20, 2015 email with Andrea Sundberg of the New Mexico Department of Health. Budget and expense information is from a March 25, 2015 email.

<sup>2</sup> Medical Cannabis Program Statistics — October 28, 2015 <http://nmhealth.org/publication/view/report/1549/>

plants and \$10,000 for each additional quantity of 50 plants thereafter, up to 450 plants. Of the revenue in FY 2014, \$680,000 came from licensed producer fees, while \$90,120 is generated from fees on personal production licenses for which some patients apply.

In New Mexico, medical marijuana sales are subject to a gross receipts tax of 5.125% to 8.8675% depending on the locality. According to the state Department of Health, in FY 2014, licensed non-profit producers paid \$1,459,105 in gross receipts taxes. This is in addition to annual revenue collected from fees, which equal the regulatory costs of the medical marijuana program.

**Colorado** has the largest state-regulated dispensary program in the nation. As of June 30, 2015, Colorado had over 1,450 medical marijuana businesses licensed in the state — 512 centers (dispensaries), 763 cultivation facilities, and 183 infused product manufacturers.<sup>3</sup> Medical marijuana taxes and fees have been quite lucrative, both at the city and state levels. On November 6, 2012, Colorado voters approved allowing all adults 21 and older to use, grow and purchase marijuana. As of June 30, 2015, there were almost 1,000 retail marijuana business licensed in the state.

The legalization of marijuana for adults' use in 2012 has resulted in changes to Colorado's regulatory structure. Most notably, the Marijuana Enforcement Division (MED), which now oversees both medical and retail establishments, has replaced the Medical Marijuana Enforcement Division. In the wake of legalization, many medical businesses have opted to register as retail establishments. However, medical marijuana is still regulated separately to some degree. Enforcement of medical regulations accounted for approximately \$3.49 million of the MED's \$9.56 million expenses in FY 2014.<sup>4</sup> Medical business licensing and application fees brought in \$7.1 million in FY 2014, meaning the medical business regulatory program generated a surplus of more than \$3.6 million in FY 2014.

The application fees for medical marijuana centers are \$6,000 for those serving 300 or fewer patients, \$10,000 for 301 to 500 patients, and \$14,000 for 501 patients or more. A cultivation application is \$1,250 and an infused product manufacturer application is \$1,000. Annual renewal fees are lower, with centers' fees ranging from \$3,000 to \$13,800, depending on the center's size. Cultivation and infused product manufacturers' renewals can cost between \$2,200 and \$5,000, depending on the exact nature of their operation.

While the MED regulates medical marijuana businesses, the Department of Public Health and Environment runs the state's patient registry. The registry has generated a multimillion-dollar surplus. The Medical Marijuana Registry (MMR) currently collects a \$15 fee from each patient to cover its costs; no general funds have been appropriated to the program. The department re-evaluates the fee each year, and the fee was reduced from \$110 to \$90 in 2007, from \$90 to \$35 in 2012, and from \$35 to \$15 in February 2014. These fee reductions are due to

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<sup>3</sup> MED 2015 Mid Year Update [https://www.colorado.gov/pacific/sites/default/files/2015 Mid Year Update FINAL 08272015.pdf](https://www.colorado.gov/pacific/sites/default/files/2015%20Mid%20Year%20Update%20FINAL%2008272015.pdf)

<sup>4</sup> Source of Colorado MED finance info and state tax info is April, 20 2015 email communication with Julie Postlethwait of the Department of Revenue and accompanying document, "Report to the Joint Budget Committee and Joint Finance Committees."

a substantial revenue surplus. Ten million dollars of the programs' surplus is being used for a grants program that funds clinical research about the medical benefits of cannabis.<sup>5</sup> The department has 114,767 active patient registrations as of September 30, 2015.<sup>6</sup> In FY 2014, the registry brought in \$2,998,356 in fee revenue.<sup>7</sup> This revenue was more than enough to cover its \$2,555,394 in expenses, which pays for 22 full-time employees.

In addition to medical marijuana patient and business fees, medical marijuana in Colorado generates substantial tax revenue. Unless a patient who has been certified by the state as indigent purchases it, medical marijuana is subject to state and city sales tax. In the 2014 fiscal year, medical marijuana state sales taxes brought in more than \$10.5 million to state coffers. Cities have also collected substantial revenue from business licensing. For example, Denver charges \$2,000 for a dispensary application fee and \$3,000 for an annual or renewal license fee.

In **Arizona**, the state's medical marijuana program generated \$1.3 million more than it spent during FY 2014. The program is generating so much revenue that it has been able to make several substantial non-essential expenditures.

Arizona's medical marijuana fees brought in more than \$8.7 million during FY 2014.<sup>8</sup> About \$8.5 million of the revenue was from registry card application fees and \$213,000 was from dispensary fees. Meanwhile, the program — including both patient ID cards and dispensaries — cost only \$1.2 million in salaries and wages to run. The program incurred an additional \$4.5 million in operating expenditures and \$476,000 on capital equipment. Other than salaries and wages, the expenditures were not generally ones that are essential to a medical marijuana program. For example, the expenses include \$424,000 to upgrade the prescription drug monitoring database and \$610,000 to the University of Arizona to review the evidence from clinical trials and make recommendations on adding debilitating conditions.

Arizona's medical marijuana program has 85 open dispensaries. Fifteen more have been approved but are not yet open. There were 61,272 patients, 639 caregivers, and 1,506 dispensary agents registered with the program at the end of 2014.<sup>9</sup> To register for the program, patients pay either \$150 or a reduced fee of \$75 if they qualify for a low-income discount. Caregivers may care for up to five patients and pay a \$200 fee per patient. Meanwhile, dispensaries pay a \$5,000 application fee and a \$1,000 yearly renewal fee, as well as \$500 for each dispensary agent.

Arizona's program estimates that \$112 million worth of marijuana was sold in 2014. With Arizona's 5.6 percent sales tax, the tax revenue on medical cannabis sales likely exceeded \$7 million.

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<sup>5</sup> <https://www.colorado.gov/pacific/sites/default/files/CHEIS-Ken%20Gershman%20presentation.pdf>

<sup>6</sup> MMR Program Update [https://www.colorado.gov/pacific/sites/default/files/09\\_2015\\_MMRreport.pdf](https://www.colorado.gov/pacific/sites/default/files/09_2015_MMRreport.pdf)

<sup>7</sup> Source of MMR finance info is May 5, 2015 email communication with Natalie Riggins of CDPHE and accompanying budget.

<sup>8</sup> Third Annual Medical Marijuana Report — 2014

<http://azdhs.gov/documents/preparedness/medicalmarijuana/reports/2014/az-medical-marijuana-program-annual-report-2014.pdf>

<sup>9</sup> AMMA End of Year Report — 2014 <http://azdhs.gov/documents/licensing/medical-marijuana/reports/2014/arizona-medical-marijuana-end-of-year-report-2014.pdf>

**California** does not yet have a statewide licensing and regulatory structure for its dispensaries, although that will change by 2018 pursuant to a 2015 law. However, it does tax collectives and cooperatives, which are allowed under state law. The state Board of Equalization estimated that the state brought in \$50 million in annual sales tax revenue in FY 2014.<sup>10</sup> In addition to the statewide sales tax of 7.5%, cities levy up to 1.5% more in local sales taxes.

Several cities and counties have set up regulations and collect licensing fees. The California Department of Public Health also runs a voluntary registry program for patients, which generated \$617,000, with \$461,000 in expenses during fiscal years 2012/2013 and 2013/2014. Since at least 2012, the program fund has begun each year with positive reserves from the previous year.<sup>11</sup>

It is estimated that fewer than 2% of California's medical marijuana patients utilize the state's voluntary registry. Although there are estimated to be at least one million patients in California, only 5,768 patients and 402 caregivers obtained registry cards in FY 2014. There have been 79,775 cards issued to date. California's registry program is the most complex because each of the 58 counties had to implement it. The program funds itself with registry fees but borrowed \$1.5 million in FY 2005 for start-up costs, which were incurred expecting a much higher rate of participation.<sup>12</sup> However, the program expects to pay off its debt and beginning making money by FY 2016. The registry charges \$66 per patient or caregiver and \$33 for patients in the Medi-Cal program.

**Maine's** original medical marijuana law passed in 1999 and voters added dispensaries and a registry system in November 2009. In 2010, the Department of Human Services' Licensing and Regulatory Services issued a total of eight non-profit dispensary registrations, which brought in a total of \$120,000 in revenue. Thirty-one successful applications brought in an additional \$31,000. Maine's medical marijuana program has been operating at a surplus during the past few years.

The program generated \$1,246,064 in medical marijuana fees revenue during the 12 months ending with June 2014.<sup>13</sup> The expenses for this period were \$384,751, resulting in \$861,313 net income. Because the program is operating at a surplus, fees were reduced by 20 percent for 2015. The eight dispensaries continue to be registered.

In Maine, patient ID cards are free and voluntary. As of December 31, 2014, the program had 1,510 registered patients and 1,720 caregivers.<sup>14</sup> Caregivers who cultivate marijuana pay

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<sup>10</sup> "Source of California tax revenue information is November 16, 2015 email communication with Venus Stromberg of the Board of Equalization.

<sup>11</sup> Governor's Budget Summary 2015-16.

<sup>12</sup> Governor's Proposed Budget Summary, Appendix 51

<http://www.ebudget.ca.gov/2013-14/pdf/BudgetSummary/FullBudgetSummary.pdf>

<sup>13</sup> "Maine Medical Use of Marijuana Program: January 1, 2014 - December 31, 2014, Annual Report to the Maine State Legislature."

<sup>14</sup> Email communication with Ginger Jackson of the Division of Licensing and Regulatory Services. March 9, 2015.

\$240 per patient (up to five) plus a \$31 background check fee. As of 2015, the program employs a half-time program manager and two full-time clerical support staff.<sup>15</sup>

**Rhode Island**'s medical marijuana registry program opened in 2006, and compassion centers (dispensaries) were added to the law in June 2009. The department finalized rules in March 2010 and registered three compassion centers on March 15, 2011. Because of mixed signals from the federal government and other delays, however, compassion centers did not begin operating until 2013. As of December 2015, all three approved compassion centers are operating.

Rhode Island's program does not have its own dedicated budget or staff. The registry program shares a budget and staff with the Healthcare Licensing office. The Department of Health is required to submit a biannual medical marijuana report to the General Assembly that includes an evaluation of program costs. For the two-year period ending in December 2014, the medical marijuana program cost an estimated \$124,140. Meanwhile, the Medical Marijuana Registration Revenue for that period was an estimated \$1,681,506, reflecting a substantial surplus.<sup>16</sup>

There were two rounds of compassion center applications in which first 15, then 18, applicants paid a very modest, non-refundable \$250 fee. Each compassion center that registered paid a \$5,000 fee, which will be charged annually. In addition, compassion center agents pay \$100 and caregivers are charged \$200 in annual fees for registry identification cards. Patients' cards cost \$100, unless they receive benefits from Medicaid, SSI, or SSDI, in which case their fee is \$25. All of the registry identification card fees were increased in 2012 to ensure adequate funding. As of March 2015, there were 10,533 registered patients and 3,419 caregivers in Rhode Island.

**Michigan** voters approved that state's medical marijuana law in November 2008. The state issues patient and caregiver registry cards, but there are no state-registered dispensaries. The Michigan Department of Licensing and Regulatory Affairs (LARA) is responsible for processing applications and setting fees that are sufficient to cover all program costs. The FY 2015 statistical report has not been released as of this writing.

As of November 12, 2014, the registry included 96,408 patients and 22,966 caregivers.<sup>17</sup> In January 2015, the patient registration fee was lowered from \$100 to \$60 and the financial hardship fee was eliminated.<sup>18</sup> Caregivers still pay \$25 for a criminal background check. Michigan's fees have been more than sufficient to cover the program's expenses. In FY 2014, the registry brought in \$8.88 million and spent only \$5.86 million, leaving a surplus of

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<sup>15</sup> Email communication with program manager Marietta D'Agostino. March 8, 2015.

<sup>16</sup> Biannual Medical Marijuana Report to General Assembly, 12/01/2014, available at <http://www.health.ri.gov/publications/programreports/2015MedicalMarijuana.pdf>.

<sup>17</sup> MMMA Statistical Report — 2014

[http://www.michigan.gov/documents/lara/BHCS\\_MMMP\\_MCL\\_333.26426i12345\\_11-12-14\\_474028\\_7.pdf](http://www.michigan.gov/documents/lara/BHCS_MMMP_MCL_333.26426i12345_11-12-14_474028_7.pdf)

<sup>18</sup> New Medical Marihuana Rules

[https://www.michigan.gov/documents/lara/BHCS\\_MMP\\_New\\_Rules\\_-\\_Announcement121714\\_476922\\_7.pdf](https://www.michigan.gov/documents/lara/BHCS_MMP_New_Rules_-_Announcement121714_476922_7.pdf)

approximately \$3 million.<sup>19</sup> The current department analyst did not provide a breakdown of expenses, but as of mid-2012 the program employed 16 full-time staff, seven temporary staff, and one student.

Although we have not received recent expenses data from **Montana**'s medical marijuana program, in the past, the program generated a surplus even with much lower patient fees. The state does not have registration or regulations for dispensaries. Patients' registry fee was initially set at \$200, but that was steadily reduced since such a large fee was not needed to cover costs. The fee had been reduced to \$25 for new patient applications and \$10 for renewals as of September 2011, but the legislature increased the fees in 2011. The annual registration fee for patients is now \$75, and providers are charged \$50. As of April 2015, there were 11,473 registered patients.<sup>20</sup> There are 427 providers associated with current patients.

The **Oregon** Medical Marijuana Program (OMMP) began in 1998 and is run entirely on registry fees. It operates a registry for patients, caregivers, and grow-sites. The state began licensing dispensaries in 2014, and 345 had been approved as of August 26, 2015. According to data we last received in 2011, when revenues increased substantially, the OMMP has been in the black every biennium except the first one (ending in 1999), when it was in the red by \$14,000. The OMMP surplus was so substantial in 2005 that the Oregon Legislature siphoned off \$902,000 to pay for other non-medical marijuana-related budget needs for the Oregon Department of Human Services. The legislature siphoned off an additional \$168,286 to the general fund during the July 2007 to June 2009 fiscal period. At the end of the fiscal period ending in May 2010, the program had a \$269,354 balance. Since 2011, the program has not been responsive to MPP's inquiries about financial information.

Despite the fact that the program was already generating a surplus, in late 2011, the state doubled the standard patient registry fees to \$200. There is a discounted fee of \$60 for food stamp recipients, or \$20 for those receiving SSI benefits and certain service-disabled veterans. The fee is \$50 for those enrolled in the Oregon Health Plan. As of July 2015 there were 70,604 registered patients and 35,191 caregivers.<sup>21</sup> In 2014, 43.9 percent of medical marijuana patients paid a discounted rate. The program started out with only one manager and one employee, computers, and basic software. It has slowly grown, and as of early 2011, had 24 full-time employees (FTE), including temporary workers. The program has developed a custom patient database and also pays for travel expenses and expenses related to the medical marijuana advisory committee.

**Vermont** has operated a patient and caregiver medical marijuana registry since 2004. In 2011, the legislature approved the licensing of four non-profit dispensaries — all of which were

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<sup>19</sup> MMMA Program Information and Financial Data — 2014  
[http://www.michigan.gov/documents/lara/BHCS\\_MMMP\\_PA\\_252\\_Section\\_50712\\_2014\\_Report\\_12-2-14\\_475751\\_7.pdf](http://www.michigan.gov/documents/lara/BHCS_MMMP_PA_252_Section_50712_2014_Report_12-2-14_475751_7.pdf)

<sup>20</sup> MMP Current Registry Information <http://dphhs.mt.gov/qad/Licensure/MMP.aspx>

<sup>21</sup> OMMP Statistical Snapshot  
[https://public.health.oregon.gov/DiseasesConditions/ChronicDisease/MedicalMarijuanaProgram/Documents/ed-materials/ommp\\_stats\\_snapshot.pdf](https://public.health.oregon.gov/DiseasesConditions/ChronicDisease/MedicalMarijuanaProgram/Documents/ed-materials/ommp_stats_snapshot.pdf)

operating as of December 2015. Vermont's program operates on a modest budget of \$166,000 and pays for two full-time positions.<sup>22</sup> During FY 2015, Vermont's program brought in a total of \$224,000, meaning the program generated a surplus of nearly \$60,000. Revenue is derived entirely from fees. Patients and caregivers pay \$50 for registration cards while dispensaries pay \$2,500 to apply for a license. Registered dispensaries must pay an annual fee of \$20,000 for their first year and \$25,000 in subsequent years. As of March 2015, there were four registered dispensaries, 1,727 registered patients, and 202 registered caregivers.<sup>23</sup>

In **New Jersey**, the state has been slow to implement its medical marijuana program, which was approved by the legislature and then-Gov. Jon Corzine in early 2010. The law provides for six "alternative treatment centers" (ATCs), five of which are open as of October 2015. Slow implementation has likely reduced both patient registry revenue and revenue from alternative treatment centers.

The New Jersey Department of Health and Senior Services charges ATC applicants a \$20,000 application and annual registration fee — \$2,000 of which is nonrefundable in the case of a denied application. Every two years, patients must apply for an ID card, which costs \$200 unless the patient receives certain benefits, in which case the price is reduced to \$20. As of March 2015, there were 3,727 patients and 501 caregivers active in New Jersey.<sup>24</sup>

As of March 2015, the program had an annual budget of \$1,857,677, which included a \$1.6 million appropriation and \$250,677 that carried forward from 2014. At the time, the program had 16 full-time employees and two part-time employees.<sup>25</sup> It also has assistance from several sister agencies that provide services within their areas of expertise, such as investigations, testing, and legal issues. Due to the extremely limited number of qualifying conditions — and thus patients — and implementation costs that exceed those of other small programs, it appears fees may not cover expenses in New Jersey. However, medical marijuana is also subject to a 7 percent sales tax, resulting in substantial additional revenue. The state could not provide a breakdown of revenues and expenses.

**Alaska** has one of the smallest medical marijuana programs in the country. As of April 8, 2015, there were 1,724 patients in the program, which does not allow dispensaries.<sup>26</sup> The state charges a very low fee — \$25 for initial applications and \$20 for renewals. The state reported the program generated \$41,445 in FY 2014. The Medical Marijuana Registry is part of the Bureau of Vital Statistics and thus could not provide independent expense information. However, it was estimated that the program cost \$22,277 in FY 2012.<sup>27</sup> These expenses include registry card printing, postage, and one part-time staff member.

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<sup>22</sup> Source of Vermont's financial figures is phone communication with program administrator Lindsey Wells, November 17, 2015.

<sup>23</sup> Email communication with program administrator Lindsey Wells, March 11, 2015.

<sup>24</sup> Department of Health Annual Report — 2014

[http://www.state.nj.us/health/medicalmarijuana/documents/annual\\_report\\_2014.pdf](http://www.state.nj.us/health/medicalmarijuana/documents/annual_report_2014.pdf)

<sup>25</sup> April 8, 2015 telephone communication with New Jersey Medicinal Marijuana Program staffer.

<sup>26</sup> Email communication with Brice Murray of the Bureau of Vital Statistics, April 8, 2015.

<sup>27</sup> Email communication with Andrew Jessen, March 18, 2013.

Effective January 1, 2015, **Hawaii**'s medical marijuana program moved from the Department of Public Safety's Narcotics Division to the Department of Health. Because of this major change, the Medical Marijuana Program was unable to provide detailed financial information.<sup>28</sup> The state has a registry for patients and caregivers, but it does not yet have a dispensary program. The current fee for patients and caregivers is \$35 plus a \$3.50 administration fee. As of December 2015, the program has more than 12,000 registered patients. In 2015, the legislature and governor approved a dispensary program. Hawaii will initially allow eight dispensaries with two locations each.

Pursuant to a law enacted in 2013, **Nevada**'s medical marijuana program recently expanded to include a regulated industry and dispensary system. The program is run by the Division of Public and Behavioral Health. There is a \$5,000 fee to apply to operate a medical marijuana establishment. Initial certification fees are \$30,000 for a dispensary, \$5,000 for a laboratory, \$3,000 for cultivators, and \$3,000 for producers. Annual renewal fees are \$1,000 for cultivators and producers, \$3,000 for laboratories, and \$5,000 for dispensaries.<sup>29</sup> Total patient cardholder expenses amount to about \$110, and annual renewals cost about \$85 (these fees include division processing plus a card from the DMV). In addition to standard sales tax, there is also a 2 percent excise tax at the wholesale level and a 2 percent excise tax at the retail level.

As of February 28, 2015, there were 8,888 patients and 586 caregivers registered in Nevada's program. In addition, 55 dispensaries have been granted provisional certificates but only 11 were open as of December 16, 2015. During FY 2015, Nevada's program brought in \$4,275,154 in revenue, including fee revenue and interest distribution from both the patient and establishment registries. The program's expenses totaled \$2,710,262, leaving \$1,564,892 in surplus, which has been carried over to fund FY 2016. Those expenses include 16 full-time staff members across both the patient registry and establishment programs and 10.5 temporary staff. Other notable expenses were \$783,286.66 for dispensary-related costs, \$252,711.51 in operating costs, \$214,341.34 in division cost allocation, and \$277,954.19 in transfers to the state's Division of Mental Health & Developmental Services, among other costs.

In **Washington, D.C.**, the District began licensing patients, cultivation locations, and dispensaries in 2012-2013, pursuant to a law that was enacted in 2011.<sup>30</sup> The health department charges \$100 per year for patient and caregiver ID cards, but low-income patients and caregivers instead pay \$25 per year. As of November 23, 2015, there are 4,749 patients and 56 caregivers registered in the District.<sup>31</sup>

There are currently five medical marijuana dispensaries and seven cultivation facilities operating within the city limits. Dispensaries are charged \$10,000 annually for a registration and cultivation centers applications pay \$5,000, \$2,500 of which is nonrefundable. Dispensary and

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<sup>28</sup> Email communication with Scottina Malia Ruis of the Hawaii Department of Health.

<sup>29</sup> Email communication with Education and Information Officer, Pam Graber, March 18, 2015.

<sup>30</sup> Voters approved a medical marijuana initiative in 1998, but Congress put it on hold until late 2010, at which point the DC Council put it on hold and made substantial revisions.

<sup>31</sup> Medical Marijuana Program Update — 11/23/2015

<http://doh.dc.gov/sites/default/files/dc/sites/doh/publication/attachments/MMPPProgramUpdateMemo151123docx.pdf>

cultivation center directors, officers, members, agents, and incorporators' fees are \$200, while managers' are \$150 and employees' are \$75. There is a 6 percent tax on the gross receipts from medical marijuana sales. The district did not provide a breakdown of revenues and expenses.

The **Delaware** Medical Marijuana Act took effect on July 1, 2011. The law calls for three dispensaries ("compassion centers") to be open statewide. However, due to concerns from Gov. Jack Markell, the Delaware Department of Health and Social Services delayed implementation of compassion centers rules, and then — in draft rules released on October 1, 2013 — reduced the number of compassion centers to only one, which opened in June 2015. These concerns were based on mixed signals from the U.S. Department of Justice, which has clarified its position since Gov. Markell announced the requested changes to the program. In fall 2015, the state began the application process for two more compassion centers.

Delaware's medical marijuana program is one of the few that did not meet expenses in the most recent fiscal year with available data, but there is reason to think that will change soon. The program brought in \$44,320 in revenue during FY 2014.<sup>32</sup> The program charges a nonrefundable \$5,000 application fee to compassion centers, and it generated \$35,000 from these fees in FY 2014. Approved compassion centers pay a \$40,000 annual fee, but only one has opened, and it was not registered until FY 2015. Meanwhile, patients and caregivers are charged \$125 annually for medical marijuana identification cards. Expenses were \$133,013 in FY 2014, \$118,000 of which went to employee expenses. Once the law is fully implemented, the program should easily cover its costs. Three dispensaries paying an annual fee of \$40,000 would generate \$120,000 per year, and that does not include registry fees. In addition, patients had little incentive to register in 2014, before dispensaries had opened.

On June 1, 2012, **Connecticut** Gov. Dannel Malloy signed a bill to allow severely ill patients to use medical cannabis. Department of Consumer Protection proposed draft rules in 2013, and it granted licenses to dispensaries and production facilities in April 2014.

The department requires a nonrefundable \$25,000 application fee from producers, plus an additional \$75,000 annual fee if they are accepted. For dispensaries, the department requires an initial nonrefundable application fee of \$1,000. If accepted, there is a \$5,000 fee for registration and a yearly renewal fee of \$5,000.

As of December 15, 2015, 7,665 patients have registered into Connecticut's medical marijuana program.<sup>33</sup> They are charged \$100 each for the registration, generating \$766,500 in revenue. Caregivers are charged \$25. The program website statistics do not list caregiver numbers. As of March 4, 2015, there are six dispensaries and four production facilities operating in Connecticut. The program generated \$1,166,000 in revenue in 2015, more than enough to cover its total expenditures of \$450,000. Connecticut's program has four full-time employees and a manager.<sup>34</sup>

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<sup>32</sup> Delaware Medical Marijuana Act Annual Report, State Fiscal Year 2014, available at <http://dhss.delaware.gov/dph/hsp/files/mmpannrpt2014.pdf>

<sup>33</sup> Connecticut Medical Marijuana Statistics <http://www.ct.gov/dcp/cwp/view.asp?Q=533228&a=4287>

<sup>34</sup> Telephone communication with program representative, April 08, 2015.

On November 6, 2012, **Massachusetts** voters approved Question 3 with 63 percent voting in favor of establishing a medical marijuana program. Once the law is fully implemented, there should be 35 nonprofit dispensaries statewide.

Dispensary applicants were required to pay a \$1,500 fee for submission and consideration for the Phase 1 application. The Department of Public Health reported receiving 181 dispensary applications by its August 22, 2013 deadline.<sup>35</sup> That generated \$271,500 in application fees. Of those applicants, 158 were approved to submit a Phase 2 application, which costs \$30,000. All of these fees are nonrefundable. As of December 15, 2015, 13 applicants were provisionally certified and four dispensaries were open. Selected dispensaries are required to pay a \$50,000 annual fee for a certificate of registration. There is also a \$500 annual registration fee for each dispensary agent.

Patients are charged \$50 per year for applications. Patients who demonstrate hardship, including a financial hardship, may be eligible to cultivate a modest supply of their own marijuana. An application for a hardship cultivation license is \$100. The state did not provide a breakdown of revenues and expenses.

**New Hampshire's** Therapeutic Use of Cannabis program was signed into law by Gov. Maggie Hassan on July 23, 2013. Currently, New Hampshire is in the process of inspecting cultivation sites, and four non-profit alternative treatment centers (ATCs) are expected to open in the first quarter of 2016 in four predetermined geographic areas of the state.<sup>36</sup> ATC applicants paid \$3,000 to be considered for a license. Three of the ATCs paid \$80,000 to complete the registration process, while the fourth ATC — in the sparsely-populated north area — paid \$40,000 to register.

New Hampshire began accepting patient and caregiver applications on November 2, 2015, and began issuing ID cards in January 2015 after a patient successfully sued. Patients and caregivers pay \$50 for registry identification cards and annual registration renewals. Complete information on revenues and expenses is not yet available.

**Illinois's** four-year medical marijuana pilot program has gotten off to a slow start. While the program officially began in January 2014, no cultivator or dispensary applications were granted until early 2015. The program allows 60 dispensaries and 22 growers. Dispensaries began opening in November 2015.

As of December 2, 2015, more than 29,000 patients had started the registration process with 3,600 approved.<sup>37</sup> The numbers have begun to increase now that dispensaries have opened.

While Illinois is not yet able to provide numbers regarding annual expenses and revenue, program fees are now set for both patients and producers. Patients pay \$100 a year to register, with a \$50 reduced fee for those who are eligible. Caregivers pay \$25. Dispensaries pay \$5,000

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<sup>35</sup> Dan Ring, "Massachusetts releases list of 181 applications for medical marijuana stores," *Mass Live*, August 23, 2013.

<sup>36</sup> <http://www.dhhs.state.nh.us/oos/tcp/alternative-treatment.htm>

<sup>37</sup> Program Update, available at: <http://www.illinois.gov/gov/mcopp/Pages/update12022015.aspx>

to apply for a license and \$25,000 annually for the license itself. Growers pay \$25,000 to apply and \$200,000 to register once approved. This fee will be reduced to \$100,000 for every year thereafter. Between the 60 dispensaries and 22 growers, the state stands to make at least \$6.7 million dollars on application and initial registration fees alone. Illinois also levies a 7 percent excise tax and a 1 percent sales tax for medical marijuana.<sup>38</sup>

Following a series of unworkable laws in 2003, 2011, and 2013, **Maryland** finally passed an effective medical marijuana law in April 2014. The Natalie M. LaPrade Medical Marijuana Commission formed to develop a regulatory structure for Maryland's program. Regulations for patients, growers, processors, and state-regulated dispensaries took effect on September 14, 2015. The Commission received 882 applications for growers, processors, and dispensaries by the November 6, 2015 deadline, 705 of which were for dispensary licenses.

Growers pay \$6,000 to apply for a license and \$250,000 biennially to maintain their license. Dispensaries will pay a \$5,000 application fee and an \$80,000 biennial fee. Growers who also operate dispensaries will pay an \$11,000 application fee and a \$330,000 biennial fee. Maryland's 6 percent sales tax does not apply to medicine and is unlikely to be applied to medical marijuana. Patients and caregivers — who cannot yet register — will be charged a \$100 fee, with reductions for those in need of financial assistance.

The Commission anticipated spending \$2.5-3.5 million during its first year for ordinary start up and maintenance costs including salaries, office supplies, travel, software, consultants, and inspectors.<sup>39</sup> While revenue estimates are not yet available, business application fees alone brought in more than \$1 million. Maryland's program has a more robust list of qualifying conditions, along with significant fees and a plan to license dozens of businesses. It will almost certainly generate a surplus.

**Minnesota's** medical marijuana law was signed by the governor in June 2014 and it was among the most swiftly implemented programs. The Minnesota Department of Health's Office of Medical Cannabis developed the program, which began providing medical marijuana to registered patients in July 2015.<sup>40</sup>

In its first year of operation the Office of Medical Cannabis anticipated spending \$1.97 million dollars.<sup>41</sup> The start-up and operating costs for the first year were allocated by the state from general funds but will be fee-funded thereafter. Due to start-up costs, the FY 2015 estimates are extraordinary and Department of Health representatives do not expect maintenance costs in following years to be comparable. For example, \$786,000 was been budgeted for the patient registry in FY 2015 but only \$158,000 in total for the following two years. The budget for the first year is expected to cover five full-time employees (with more to be added later), tech services, employee travel and development, office supplies, and operation of the patient registry.

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<sup>38</sup> <http://www.ilga.gov/legislation/98/HB/PDF/09800HB0001lv.pdf>

<sup>39</sup> Maryland Register, January, 2015

<http://www.dsd.state.md.us/MDRegister/4202.pdf>

<sup>40</sup> Medical Cannabis Program Key Dates

<http://www.health.state.mn.us/topics/cannabis/about/timeline.html>

<sup>41</sup> Email communication with Office of Medical Cannabis, March 12, 2015.

Fees are set at \$200 for patients and caregivers, with a \$50 reduced fee for those receiving certain forms of medical assistance. The office has chosen two manufacturers for the state, and each will operate four dispensaries by July 2016 for a total of eight. Each manufacturer applicant was required to submit a nonrefundable \$20,000 application fee, and the chosen manufacturers will be required to pay a yearly “oversight” fee of \$75,000-\$100,000. Medical marijuana is not subject to sales tax.

**New York**’s medical marijuana law was signed by the governor in July 2014, making it the newest program in the country.<sup>42</sup> Medical marijuana is available in processed forms through “registered organizations,” which are responsible for the growth, production, and sale of medical marijuana. The state approved only five registered organizations, each of which may operate up to four dispensaries.

New York began accepting applications for registered organizations on April 27, 2015, and it issued registrations on July 31, 2015. The first dispensaries opened in January 2016. Application fees are set at \$10,000. Registration costs \$200,000 and must be renewed every two years. Patients and caregivers pay \$50 to register with the program, but this fee may be waived for patients who face financial hardship. The law established a medical marijuana fund into which 100% of fee revenues will be deposited.

In addition to fees, the state will levy a 7 percent excise tax at the production level, the revenue from which will split between the county in which the registered organization operates and the county in which the marijuana was dispensed, as well as state-level addiction and law enforcement programs. The health commissioner is charged with setting the price of all medical marijuana sales.<sup>43</sup> Thus far, the program has not provided us with revenue and expense information.

Until 2015, **Washington**’s law did not provide for a registry card, and there are also no state-regulated dispensaries. However, voters approved regulating and taxing marijuana for sale to all adults in 2012. In 2015, the legislature approved a law allowing adult-use stores to get a medical marijuana endorsement, and it created a patient registry. The Department of Health estimates that it would spend more operating this program than it would generate in revenues — projecting costs of \$1.3 million and revenue of \$550,000 for fiscal year 2017.<sup>44</sup>

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<sup>42</sup> Medical Marijuana Program Regulations

[https://www.health.ny.gov/regulations/medical\\_marijuana/docs/regulations.pdf](https://www.health.ny.gov/regulations/medical_marijuana/docs/regulations.pdf)

<sup>43</sup> More info may be found at New York’s Medical Marijuana Program’s website:

[https://www.health.ny.gov/regulations/medical\\_marijuana/](https://www.health.ny.gov/regulations/medical_marijuana/)

<sup>44</sup> Individual State Agency Fiscal Note, Department of Health, May 12, 2015, available at:

<https://fortress.wa.gov/ofm/fnspublic/legsearch.aspx?BillNumber=5052&SessionNumber=64>

| State   | Registered Patients                                  | State Regulated Dispensaries  | Breakdown of Expenses  | Fees  | Total Annual Revenues  | Total Annual Expenses  |
|---|--|---|--|---|--|--|
| <b>Alaska</b><br>(population 736,732 million)   | 1,088 patients as of 2/10/16                         | No  | Personnel: \$13,410<br>Printing cards: \$3,594.64<br>Mail: \$5,272.75  | \$25 per patient or caregiver; \$20 for renewal   | \$41,445 (FY 2014)   | Unknown. Shares budget with Bureau of Vital Statistics                               |
| <b>Arizona</b><br>(population 6.731 million)    | 87,733 patients and 786 caregivers as of 2/8/16      | 100 have been approved and 85 are open as of 12/14/15.  | Salaries, wages, and benefits: \$1,203,228<br>Operating expenses: \$4,539,328.<br>Other: \$1,673,038         | \$5,000 dispensary application fee, \$1,000 renewal; \$150 per patient, \$75 reduced fee for low-income applicants; \$200/patient for caregivers; \$500 for dispensary agents; 5.6% sales tax | \$8,745,250 (FY 2014) plus tax revenue   | \$7,415,594 (FY 2014)  |
| <b>California</b><br>(population 38.8 million)  | 5,768 new patients and 402 new caregivers in FY 2014 | No, all dispensary regulation is local. (Under state law, they are called collectives and cooperatives.)                          | Registry program: Two full-time staff, one supervisor; operating expenses and equipment; and indirect costs. | \$66 per card to the state, \$33 reduced fee for Medi-Cal patients; dispensary fees vary by locality; 7.5% sales tax; local taxes vary  | Tax revenues of roughly \$50 million, \$617,000 from patient and caregiver registry          | \$215,000 for state registry (FY 2014)   |
| <b>Colorado</b><br>(population 5.36 million)    | 107,789 as of 1/31/16                                | Yes. In mid-2015, there were 512 medical marijuana dispensaries and 946 infused product manufacturers and cultivation facilities. | MED did not provide updated information, but patient registry spent \$1.49 million on 22 FTE.                | \$15 patient fee; annual business fees range from \$2,500 to \$15,000; 2.9% state sales tax; local taxes vary   | MED: \$7.14 million in fees; \$10.5 million in state sales taxes<br><br>MMR: \$2.998 million | MED: \$3.49 million in medical marijuana-related expenses<br><br>MMR: \$2.56 million |
| <b>Connecticut</b><br>(population 3.59 million) | 8,590 as of 2/29/16                                  | Yes. There are six dispensaries and four growers operating as of 12/15/15.  | The program employs four full-time staff and one manager.  | Producers: Nonrefundable \$25,000 application fee and \$75,000/year; Dispensaries: Nonrefundable application fee of \$1,000 and   | \$1,166,000 (2015)   | \$450,000 (2015)   |

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|  |  |  |  | \$5,000/year;<br>Patients: \$100;<br>Caregivers: \$25 |  |  |
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| <b>Delaware</b><br>(population 935,092)       | 928 patients and 57 caregivers as of 2/26/16   | On hold; there will be three, now only one.   | Employees: \$118,000; software, equipment, and supplies: \$12,750; services: \$2,263 (FY 2014) | Patient fee: \$125; Compassion center fees: \$5,000 to apply, \$40,000 for certification and biennial renewal. Gross receipts tax if above \$1.2 million in revenue                                  | \$44,320 (FY 2014)  | \$133,013 (FY 2014)  |
| <b>D.C.</b><br>(population 658,893)           | 3,445 patients and 42 caregivers as of 2/18/16   | 10 cultivation centers and six dispensaries approved; seven cultivation centers and five dispensaries open as of 11/23/15 | Did not respond to inquiry.  | \$5,000 dispensary and cultivator applications; \$5,000 annual fee for cultivators; \$10,000 annual fee for dispensaries; \$75- 200 per staffer; patient and caregivers: \$25 or \$100; 6% sales tax | Unknown, \$60,000 just from the existing cultivator and dispensary annual fees, plus ID cards | Unknown, did not respond to inquiry  |
| <b>Hawaii</b><br>(population 1.42 million)    | 13,150 patients and 2,849 caregivers as of 2/10/16   | No, in development as of May 2015; state plans eight dispensaries, each with two locations                                | Program under new administration. Info coming in 2016.   | \$35 annual patient fee  | Info not yet available  | Info not yet available   |
| <b>Illinois</b><br>(population 12.88 million) | Program is new. 4,037 registered as of 2/9/16  | Yes, the state plans to allow 60 dispensaries statewide and 22 growers. Dispensaries began to open in November 2015.      | Not yet available  | Patients: \$100 with \$50 reduced; Caregivers: \$25; Dispensary: \$5,000 to apply and \$25,000 annual fee; Grower: \$25,000 to apply, \$200,000 to register, \$100,000 annual fee                    | Not yet available   | Not yet available  |
| <b>Maine</b><br>(population 1.33 million)     | Registration is voluntary for patients. 24,377 patients and 2,073 caregivers as of 8/31/15 | Yes, eight nonprofit dispensaries.  | Staff: \$119,460.65; Other: \$346,567.80   | \$15,000/year per dispensary; staff IDs: \$25; no patient fee; \$300/patient for most caregivers; 5% sales, plus 7% meals/rooms taxes for edibles  | Six months ending 12/31/14: \$735,950; 12 months ending 6/30/14: \$1.25 million               | Six months ending 12/31/14: \$276,393; 12 months ending 6/30/14: \$384,751 |
| <b>Maryland</b><br>(population 5.8 million)   | N/A – program is not yet operational   | Yes. More information is forthcoming.   | Salaries, software, office supplies, consultants,  | Grower: \$6,000 to apply and \$250,000 biennially.   | Info not yet available  | Estimated \$2.5-\$3.5 million for first year                               |

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|   |   |  | inspectors, travel, and communications  | Dispensary: \$5,000 to apply and \$80,000 biennially. Combined grower/dispensary: \$11,000 to apply and \$330,000 biennially. Patient and caregiver: \$50 biennially                                       |  |  |
| <b>Massachusetts</b><br>(population 6.75 million) | 19,279 patients and 1,064 caregivers as of 2/8/16                             | Yes. 13 applicants were provisionally certified and four dispensaries were open as of 12/15/15.      | N/A — program is too new  | Dispensary non-refundable application fees: \$1,500 (Phase 1), \$30,000 (Phase 2); annual fee: \$50,000; patients: \$50/year, \$100 for hardship cultivation certificates                                  | Not yet available                        | N/A — program is too new                                       |
| <b>Michigan</b><br>(population 9.91 million)      | 182,091 patients and 34,269 caregivers as of 2/5/16                           | No   | One manager, 16 full-time, 7 temp staff, one student  | Patients: \$60; caregivers: \$25   | \$8.9 million (FY 2014)                  | \$5.9 million (FY 2014)  |
| <b>Minnesota</b><br>(population 5.48 million)     | Registration began July 2015. 1,041 patients and 119 caregivers as of 2/25/16 | By July 2016, there will be two manufacturers operating four dispensaries each for a total of eight. | Staffing costs for five full-time employees (more to be added), tech services, supplies and travel.       | Patients: \$200 registration fee (\$50 reduced fee); manufacturers: \$75,000-\$100,000 annual “oversight” fee plus a \$20,000 application fee.   | Info not yet available                   | Estimated at \$1.97 million in 2015. Expected to drop in 2016. |
| <b>Montana</b><br>(population 1.02 million)       | 13,640 patients and 471 caregivers as of 2/8/16                               | No   | Has not yet provided updated information  | \$75 per year per patient application; \$50 per provider per year  | Has not yet provided updated information | Unknown, but significantly less than revenue in the past       |
| <b>Nevada</b><br>(population 2.84 million)        | 14,482 patients and 1,067 caregivers as of 2/09/16                            | 11 open as of 12/16/15   | Medical Marijuana Patient Registry: \$806,419<br><br>Medical Marijuana Establishment program: \$1,903,843 | Patients: \$100 to apply and \$75 to renew; initial fees range from \$3,000 for a cultivator to \$30,000 for a dispensary. Renewal fees will range from \$1,000 to \$5,000. 2% excise tax at wholesale and | \$4,275,154 (FY 2015)                    | \$2,710,262 (FY 2015)  |

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|   |  |   |   | retail level.  |  |  |
| <b>New Hampshire</b><br>(population 1.33 million) | Registration began in late December 2015. 62 patients as of 2/8/16 | Yes. Application process is not yet complete.   | N/A — program is not yet operational  | Dispensary: \$3,000 to apply, \$40,000 to register; \$50 patient fee   | N/A — program is not yet operational   | N/A — program is not yet operational   |
| <b>New Jersey</b><br>(population 8.94 million)    | 5,668 patients as of 2/4/16  | Yes. Five are open and one pending as of October 2015.  | 16 full-time (FTE), 2-3 part-time; MOA with other agencies  | \$20,000 dispensary fee each year; \$2,000 for unsuccessful applicants; \$200 or \$20 patient ID card fee; 7% sales tax  | \$206,000, not counting sales tax  | Expected budget for FY 2015: \$1.85 million  |
| <b>New Mexico</b><br>(population 2.09 million)    | 19,629 patients as of 2/8/16                                       | Yes. There are 23 “licensed non-profit producers.” 12 more have been granted preliminary approval as of October 2015. | Employees: \$534,000; Other: \$245,000  | \$30 cultivation license for some patients; \$1,000 producer application; annual producer fee: \$30,000 or more; receipts tax of 5% to 9%  | \$680,000 in producer fees and \$90,120 in patient fees; \$1.459 million in gross receipts taxes (FY 2014) | \$780,000 (FY 2014)  |
| <b>New York</b><br>(population 19.8 million)      | Registration began in January 2016. 921 patients as of 2/16/16     | Yes. Five “registered organizations” will have four dispensaries each. The first opened in January 2016.              | Unknown. Program is new.  | \$50 for patients; \$50 for caregivers; \$10,000 application fee for registered organizations and \$200,000 biennial registration fee  | Unknown. Program is new. There will be a 7% excise tax at the production level.                            | Unknown. Program is new.   |
| <b>Oregon</b><br>(population 3.97 million)        | 77,620 patients and 35,962 caregivers as of 2/8/16                 | Yes, 230 have been approved as of 4/20/15   | As of 2011, 24 full-time staff; travel for advisory committee meetings; IT support, including database; office expenses | \$200 per patient; reduced fees of \$60 (food stamps), \$50 (state health program), and \$20 (SSI benefits); \$50 grow site fee for applications in which patient is not cultivator; facilities: \$500 to apply, \$3,500 to register, \$4,000 annual fee | Est. at \$6 million (est. \$12 million for the 2011-13 biennium)   | Est. at \$2.65 million (est. \$5.3 million for the 2011-13 biennium; expenses in the biennium: \$29,478) |
| <b>Rhode Island</b><br>(population 1.06 million)  | 13,105 patients and 3,109 caregivers as of 2/8/16                  | Yes, all three “compassion centers” are open as of December   | The program has no independent staff or budget.   | Compassion centers: \$250 application fee; \$5,000 biennial registration fee;  | \$1,681,506, not including taxes   | \$124,140 for two-year period ending in December   |

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|---|---|--|---|--|--|--|
|   |   | 2015   |   | \$100 staff fee; \$25 or \$100 patient fee; \$200 caregiver fee  |  | 2014.  |
| <b>Vermont</b><br>(population 656,562)        | 2,542 patients and 293 caregivers as of 2/5/16    | Yes, all four are open as of 3/11/15.  | Two full-time staffers, software, office supplies | Patients and caregivers: \$50 annual fee; dispensaries: \$2,500 application fee, \$25,000 annual registration fee (\$20,000 in the first year) | \$190,041 (FY 2014); \$224,000 (FY 2015) | \$101,536 including \$86,145 in staffing (FY 2014) |
| <b>Washington</b><br>(population 7.1 million) | Not yet — registry created by legislature in 2015 | No, but the taxed and regulated sale of marijuana to all adults 21 and older began July 2014 | N/A   | N/A  | Estimated \$550,000                      | Estimated \$1.3 million                            |