

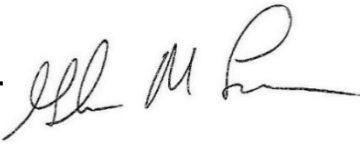
Government of the District of Columbia  
Office of the Chief Financial Officer



**Glen Lee**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Glen Lee  
Chief Financial Officer 

**DATE:** March 29, 2024

**SUBJECT:** Fiscal Impact Statement –Medical Cannabis Patient Card Extension and  
4/20 Medical Cannabis Sales Tax Holiday Week Emergency  
Amendment Act of 2024 (and accompanying temporary version)

**REFERENCE:** Draft Bill as provided to the Office of Revenue Analysis on March 26,  
2024

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**Conclusion**

Funds are sufficient in the fiscal year 2024 through fiscal year 2027 budget and financial plan to implement the bill.

**Background**

The Alcoholic Beverage and Cannabis Administration (ABCA) regulates and oversees the medical cannabis program in the District of Columbia, including issuing patient cards, regulating medical cannabis distributors, and enforcement of all laws related to medical cannabis. Presently, medical cannabis registration cards are valid for two years and then must be renewed. The bill gives ABCA authority to grant registration cards to D.C. residents for six years (instead of two years). Presently fees for new registrations for District residents are waived.<sup>1</sup>

Medical cannabis sales in the District are subject to a six percent sales tax. Tax revenue from these sales is deposited in fiscal year 2024 first in the Healthy DC Fund, and to the extent revenue exceeds \$2.234 million, then to the Medical Cannabis Social Equity Fund. In February 2022, emergency legislation created the District’s “4/20 Medical Cannabis Sales Tax Holiday Week”, during which time the sales tax on medical cannabis was suspended if purchased at a licensed dispensary. The bill establishes a Cannabis Sales Tax Holiday for 2024 only, in effect from April 15 through April 28, 2024.

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<sup>1</sup> Fees for non-DC residents are \$100 for a 365-day card.

The Honorable Phil Mendelson

FIS: "Medical Cannabis Patient Card Extension and 4/20 Medical Cannabis Sales Tax Holiday Week Emergency Amendment Act of 2024", (and accompanying temporary version), Draft bill as provided to the Office of Revenue Analysis on March 26, 2024

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2024 through fiscal year 2027 budget and financial plan. The Sales Tax Holiday is projected to reduce revenue in the Medical Cannabis Social Equity Fund by \$93,000 in fiscal year 2024 only. Since there is no fiscal year 2024 budget authority for the Medical Cannabis Social Equity Fund in either the approved Fiscal Year 2024 budget<sup>2</sup> or the Mayor's proposed supplemental Fiscal Year 2024 budget to be introduced April 3, 2024, the loss of revenue can be absorbed.

There is also no cost associated with extending the registration period for D.C. resident cards from two years to six years. Presently residents are not charged a fee to register.

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<sup>2</sup> Fiscal Year 2024 Local Budget Act of 2023, effective August 29, 2023 (D.C. Law 25-47; 70 DCR 012880) and Fiscal Year 2024 Budget Support Act of 2023, effective September 6, 2023 (D.C. Law 25-50; 70 DCR 012880).