

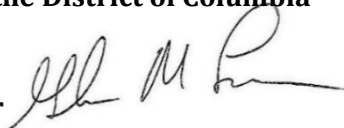
Government of the District of Columbia  
Office of the Chief Financial Officer



**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:** September 16, 2024

**SUBJECT:** Fiscal Impact Statement – Medical Cannabis Clarification and Program Enforcement Amendment Act of 2024

**REFERENCE:** Bill 25-518, Draft Committee Print as provided to the Office of Revenue Analysis on August 27, 2024

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**Conclusion**

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The requirements for oversight, regulation, and enforcement of medical cannabis laws in the District can be absorbed within the Alcoholic Beverage and Cannabis Administration’s (ABCA’s) current funding levels.

**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, suppliers, dispensaries, and laboratories. ABCA also enforces all laws related to medical cannabis.

The bill clarifies several requirements for licensed medical cannabis establishments and provides additional enforcement authority for ABCA to regulate and enforce District laws, including against unlicensed cannabis establishments. Many of the bill’s changes make permanent changes that are in effect on an emergency or temporary basis.<sup>1</sup>

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<sup>1</sup> Medical Cannabis Clarification and Non-Resident Patient Access Emergency Amendment Act of 2024, Enacted July 23, 2024 (D.C. Act 25-527; 71 DCR 9593); Medical Cannabis Patient Access Clarification Emergency Amendment Act of 2024, enacted July 23, 2024 (D.C. Act 25-528; 71 DCR 9597); Medical Cannabis Program

The bill deems debts owed to ABCA to be delinquent after 30 days (instead of 90 days) so that unpaid fines may be referred to the District's Central Collection Unit after 30 days. The bill expands the authorities granted to a courier to permit deliveries to appropriately licensed dispensaries. The bill provides incentives for testing laboratories to operate in the District, including allowing labs to obtain medical cannabis samples to assess quality assurance and research. The bill requires notice of the application to Advisory Neighborhood Commissions (ANCs) within 600 feet of a proposed medical cannabis establishment, gives those ANCs standing to protest the application, and provides a timeline and procedures for ANCs to file protests. The bill modifies the law establishing temporary licensing and registration to conform it to ABCA's current timelines and adds a temporary non-residence license holder category. The bill automatically converts any one-year conditional license in effect as of the bill's effective date to a two-year conditional license.

The bill provides location restrictions for previously unlicensed retail businesses that have applied for a retailer license but are amending their location on their application. It also expands the location restriction for a retailer from 300 feet to 400 feet of a preschool, primary or secondary school, or recreation center. The bill exempts a retailer from this restriction if the preschool, school, or recreation center moves within the perimeter subsequent to the initial licensing.

The bill makes permanent authorities granted to ABCA to regulate and take enforcement action against unlicensed medical cannabis businesses, including against commercial property owners that are hosting unlicensed cannabis businesses. Enforcement can include fines, fees, and the loss of licenses if the business does not remediate ABCA's enforcement findings. The bill establishes a fine structure of \$10,000 for a first violation, \$20,000 for a second, and \$30,000 for third or subsequent violations. This language permits ABCA to carry out enforcement activities that mirror its authorities to inspect, close, seize, and issue cease and desist orders to licensed medical cannabis suppliers and suppliers of alcoholic beverages.

The bill requires that the first \$100,000 of revenues resulting from these enforcement actions be allocated to the Litigation Support Fund<sup>2</sup> in the Office of the Attorney General. Revenues in excess of \$100,000 each year will be allocated to the Medical Cannabis Social Equity Fund.<sup>3</sup>

The bill establishes who has standing to protest a retailer's license issuance, renewal, or transfer and what are the valid grounds upon which they can protest. Those with standing include abutting property owners or tenants, property owners or tenants across the street, and any ANC within 600 feet of a retailer. The bill also outlines the affected ANC notice requirements and that the ABC Board should give great weight to ANC comments.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. ABCA can execute the required regulatory, oversight, and licensing changes

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Enforcement Temporary Amendment Act of 2024, effective April 10, 2024 (D.C. Law 25-153; 71 DCR 4425); and Medical Cannabis License Clarification Temporary Amendment Act of 2024, effective May 21, 2024 (D.C. Law 25-165; 71 DCR 6669).

<sup>2</sup> Attorney General for the District of Columbia Clarification and Elected Term Amendment Act of 2010, effective May 27, 2010 (D.C. Law 18-160; D.C. § Official Code 1-301.86b(b)(6)).

<sup>3</sup> Medical Cannabis Social Equity Fund Establishment Amendment Act of 2022, effective September 21, 2022 (D.C. Law 24-167; D.C. Official Code § 7-1671.08b).

The Honorable Phil Mendelson

FIS: Bill 25-518, "Medical Cannabis Clarification and Program Enforcement Amendment Act of 2024," Draft Committee Print as provided to the Office of Revenue Analysis on August 27, 2024

within its current administrative resources. Businesses are expected to comply with the legal requirements, and so there is no additional revenue projected from enforcement actions.