


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: July 2, 2024

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

REFERENCE: Bill 25-581, Draft Committee Print as provided to the Office of Revenue Analysis on July 1, 2024

Conclusion

Funds are sufficient in the fiscal year 2025 budget and fiscal year 2025 through fiscal year 2028 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, and enforcement of 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 have already been in effect on an emergency and temporary basis.¹

¹ See, e.g., Medical Cannabis Clarification and Non-Resident Patient Access Emergency Amendment Act of 2023, DC Act 25-194; Medical Cannabis Clarification and Non-Resident Patient Access Temporary Amendment Act of 2023, D.C. Law 25-73; Medical Cannabis Patient Access Clarification Emergency Amendment Act of 2023, DC

The Honorable Phil Mendelson

FIS: "Medical Cannabis Clarification and Program Enforcement Amendment Act of 2024", Bill 25-581, Draft Committee Print as provided to the Office of Revenue Analysis on July 1, 2024

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 provides location restrictions for previously unlicensed retail businesses that have applied for a retailer license but are amending their location on their application.²

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. This language permits ABCA to carry out enforcement activities that mirror its authorities to close, seize, and inspect 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 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.

Financial Plan Impact

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

Act 25-276; Medical Cannabis Patient Access Clarification Temporary Amendment Act of 2023, DC Law 25-103; Medical Cannabis Program Enforcement Emergency Amendment Act of 2024, DC Act 25-371; Medical Cannabis Program Enforcement Temporary Amendment Act of 2024, DC Law 25-153.

² Medical Cannabis License Clarification Emergency Amendment Act of 2024, DC Act 25-403.