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State Medical Marijuana Programs' Financial Information

State medical marijuana programs have generally had no trouble covering their expenses and 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 between \$5,000 and \$30,000, while patients typically pay between \$25 and \$100 for registry identification cards that 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 Maine, have been able to run comprehensive medical marijuana programs for under \$700,000, including dispensary regulation, while covering the program costs through fees. In addition to fee-related revenue, most of the states that allow dispensaries impose their generally applicable sales tax on medical marijuana. In Colorado alone, the annual state and local tax revenue from medical marijuana businesses exceeds \$11 million. In California, the state sales tax revenue from dispensaries is estimated at up to \$105 million per year.

In **New Mexico**, which was the first state to license entities to produce and provide medical marijuana, the entire program will cost \$598,000 in FY 2013.¹ 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.

The total FY 2013 staff costs for the state's program (salary and benefits) are \$453,200. The program has seven full-time staff members. Its non-personnel expenses total \$134,800 for the fiscal year. Those expenses include office supplies, telephone, mileage, lab testing, attorney fees, mail costs, and other office expenses. The program uses a combination of Microsoft Excel and Access and did not require development of any new software. When the program was new, it purchased a machine to make holographic cards, which cost about \$6,000-\$8,000.

As of August 30, 2013, 9,760 patients and 23 non-profit producers were licensed in New Mexico. There is a non-refundable \$1,000 fee for licensed producer applications. Producers' annual renewal fees depend on how long the non-profit producer has operated. The fee is \$5,000 for those who have been licensed less than a year. The fee is \$10,000 for those licensed for more than one year, \$20,000 for more than two years, and \$30,000 for more than three years. 3,119 patients have personal cultivation licenses. Of the revenue in FY 2013, \$508,000 comes from licensed producer fees, while \$90,000 is generated from patients' personal production license fees.

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 2012, the state collected approximately \$650,402 in gross receipts taxes from dispensaries.² This is in addition

¹ The source of the FY 2013 financial information is a March 5, 2013 email from Andrea Sundberg of the New Mexico Department of Health. The information from prior years was obtained via phone calls and emails in 2010 and 2011 to Dominick Zurlo of the New Mexico Department of Health.

² Email communications with Andrea Sundberg, June 13, 2013. Ms. Sundberg noted, "This is an approximation as we obtained this information from our Producers and there were some reports that were not submitted."

to annual revenue collected from fees, which will equal the regulatory costs of the medical marijuana program.

Colorado has the largest state-regulated dispensary program in the nation. As of FY 2012, more than 1,700 medical marijuana businesses were operating in the state — 532 medical marijuana centers (dispensaries) and 1,459 cultivation facilities and infused products manufacturers.³ Although there have been a few bumps in the regulatory road after the state regulatory department overestimated revenue and made some questionable large expenditures while not focusing on the more essential aspects of regulation,⁴ the program is still fairly new, and it is the most ambitious medical marijuana regulatory program in the nation. Medical marijuana taxes and fees have been quite lucrative, both at the city and state levels. State and city tax, registry, and licensing medical marijuana revenues exceeded \$20 million in FY 2012. On November 6, 2012, Colorado voters approved allowing all adults 21 and older to use, grow, and purchase marijuana, but adult retail marijuana sales will not begin until around December 30, 2013, so all of these figures are limited to medical marijuana.

The Department of Public Health and Environment runs the state's patient and caregiver registry, and both the Department of Revenue's Medical Marijuana Enforcement Division (MMED) and individual cities license dispensaries. The state's patient and caregiver registry collects a \$35 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 on June 1, 2007.⁵ It was reduced again on January 1, 2012, after the \$90 fee generated a substantial surplus.⁶ The department has issued about 109,622 current registrations,⁷ meaning it generated at least \$3.8 million in the past year. The surpluses from patient registrations have been so great in past years that they have been redirected to other purposes. In 2010, the legislature shifted a \$3 million surplus from the patient ID program, and then-Governor Bill Ritter discussed using \$9 million more from the medical marijuana registry program to help reduce the state's \$60 million budget shortfall.⁸

In addition to the patient registry program revenue, the MMED collected \$3.779 million in fees in FY 2011-2012. The total MMED expenses for the year were \$5.262 million.⁹ Although the program was in the red for the year, it started the year with a balance of more than \$3.8 million, so it actually ended the fiscal year with a balance of \$2.37 million. The decline in revenue was due to the fact that new applications were not accepted for additional medical marijuana businesses, and — as is the case with all businesses — some businesses that had been approved the prior year failed. Another factor was that annual medical marijuana business fees are relatively modest in the state and, in the case of medical marijuana centers, are lower than application fees.

The state application fees for medical marijuana centers are \$7,500 for 300 or fewer patients, \$12,500 for 301 to 500 patients, and \$18,000 for those serving 501 or more patients. A cultivation application is \$1,250, as is an infused products manufacturer application.¹⁰ Annual renewal fees are lower, with centers' fees ranging from \$3,750 to \$14,000, depending on the center's size. Cultivation

³ Colorado Department of Revenue, 2012 Annual Report. See p. 38, M-1 and M-2.

⁴ http://www.denverpost.com/ci_22872574/colorado-audit-adequate-medical-marijuana-oversight-doesnt-exist

⁵ <http://www.cdph.state.co.us/hs/medicalmarijuana/statistics.html>. Viewed March 2, 2011.

⁶ <http://www.cdph.state.co.us/hs/medicalmarijuana/index.html>. Visited September 28, 2011.

⁷ <http://www.colorado.gov/cs/Satellite/CDPHE-CHEIS/CBON/1251593017044>. Accessed on October 18, 2013.

⁸ "Governor Ritter wants to use fees from medical marijuana to close budget gap," [NBC11news.com](http://www.nbc11news.com), August 27, 2010.

"Medical marijuana: Does using \$9 million in fees for budget shortfall screw MMJ patients?" *Westword*, August 25, 2010.

http://blogs.westword.com/latestword/2010/08/medical_marijuana_does_using_9_million_in_fees_for_budget_shortfall_screw_mmj_patients.php

⁹ Colorado Department of Revenue, 2012 Annual Report. See p. 38, M-1 and M-2.

¹⁰ <http://www.colorado.gov/cs/Satellite?c=Page&childpagename=Rev-MMJ%2FCBONLayout&cid=1251643932266&pagenam=CBNWrapper>

and infused products manufacturers' annual fees are \$2,750.

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 taxes in Colorado. In the 2012 fiscal year, medical marijuana sales taxes brought in more than \$5.4 million to state coffers.¹¹ In Denver alone, the city collected \$2.4 million in sales tax for FY 2012,¹² with a rate of 2.9%. Statewide, it appears that at least \$6.3 million was collected in county and local sales taxes on medical marijuana in FY 2012.¹³

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.¹⁴ As of October 2012, there were 266 licensed dispensaries with 272 applications pending,¹⁵ generating \$1.35 million in application and licensing fees. Denver reports there were no start-up costs involved when it began licensing dispensaries, and any costs incurred are part of the department's regular operating budget. Medical marijuana is but one of the 91 types of licenses the Community Planning and Development Department provides, and the medical marijuana business licenses do not have a separate dedicated staff.¹⁶

In **Arizona**, the state's medical marijuana program generated \$5.5 million more than it spent from mid-2011 through mid-2012. That was before any sales taxes were collected, since dispensaries did not begin to open until late 2012. The program is generating so much revenue that it has been able to make several substantial non-essential expenditures.

Arizona's medical marijuana fees totaled more than \$7.9 million from April 14, 2011 through June 30, 2012.¹⁷ About \$2.4 million of the revenue was from dispensary fees and about \$5.5 million was from patient ID card fees. Meanwhile, the program — including both patient ID cards and dispensaries — cost under \$600,000 in salaries and wages to run. (This does not include litigation, such as Arizona's unsuccessful lawsuit questioning whether federal law preempted the law.) It incurred an additional \$1.5 million in operating expenditures and \$300,000 on capital equipment.

Arizona's medical marijuana program had approved 98 dispensaries and 28,977 patient applications as of the time the annual report was published. Other than salaries and wages, the expenditures were generally not ones that are essential to a medical marijuana program. For example, the expenses include \$284,325 to improve physicians' ability to check the prescription drug monitoring database and \$200,000 to the University of Arizona to review the evidence and make recommendations on adding debilitating conditions.

¹¹ "Colorado Medical Marijuana Dispensary Retail Sales and State Sales Tax by County FY2012," Colorado Department of Revenue.

¹² http://blogs.westword.com/latestword/2012/10/medical_marijuana_dispensaries_266_licensed_colorado.php?page=2

¹³ This estimate is based on applying local or county sales tax rates to the revenue listed by city in the Colorado Department of Revenue's "Colorado Medical Marijuana Dispensary Retail Sales and State Sales Tax by County FY2012."

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<http://www.denvergov.org/businesslicensing/DenverBusinessLicensingCenter/BusinessLicenses/MedicalMarijuanaCenter/tabid/441765/Default.aspx>. Viewed October 18, 2013.

¹⁵ http://blogs.westword.com/latestword/2012/10/medical_marijuana_dispensaries_266_licensed_colorado.php?page=2

¹⁶ Email communication with Sue Cobb, Communications Director, Denver Community Planning & Development. August 27, 2010.

¹⁷ Arizona Medical Marijuana Program Annual Report – 2012

<http://www.azdhs.gov/medicalmarijuana/documents/reports/az-medical-marijuana-program-annual-report-2012.pdf>

In addition to the \$5.5 million surplus generated by Arizona's medical marijuana program last year, marijuana is subject a 6.6% sales tax. It is unknown what the total sales tax revenue will be. The first dispensary opened in late 2012 and about 70 are operational as of October 2013.

In **California**, dispensaries have operated for more than a decade, but no state agency is charged with regulating them. Instead, several cities and counties have set up regulations and collect licensing fees. San Francisco, for example, charges a non-refundable permit application fee of \$8,459.¹⁸ While the state does not regulate medical marijuana sales, it does tax them. The state Board of Equalization collects sales taxes from dispensaries and estimates that they generate \$58-\$105 million in annual sales tax revenue.¹⁹ In addition to the statewide sales tax of 7.5%, cities levy up to 1.5% more in local sales taxes. In 2012, Los Angeles collected \$2.5 million on a 0.6% gross receipts tax on medical marijuana, which was in addition to state and local sales taxes on medical marijuana.²⁰

The California Department of Public Health also runs a voluntary registry program for patients, which fewer than 2% of patients utilize. Although there are estimated to be well over 500,000 patients in California, only 5,798 patients obtained registry cards in FY 2012/2013 because the cards are optional.²¹ California's registry program is the most complex because each of 58 counties had to implement it. The program funds itself with registry fees, but borrowed \$1.5 million in FY 2004/2005 for start-up costs, which were incurred expecting a much higher rate of participation. In FY 2011/2012, the program generated \$457,000, and its expenses totaled \$276,000.²² The program has two full-time analysts and one supervisor.

Maine's original medical marijuana law passed in 1999 and voters added dispensaries and a registry system in November 2009. The Department of Human Services' Licensing and Regulatory Services approved eight dispensaries by August 2010, and as is the case with most other states, Maine's program has easily covered its expenses. In 2012, the medical marijuana program generated \$10,261 in medical marijuana license application fees and \$602,109 in registration fees. It spent \$466,028.45 that year.²³ When one adds in sales tax revenue — which totaled \$265,655 in 2012²⁴ — the 2012 surplus was more than \$400,000.

The Department of Human Services' Licensing and Regulatory Services requires all dispensary applicants to pay a \$15,000 fee, \$14,000 of which is refunded if they are not awarded a registration.²⁵ The annual renewal fee is also \$15,000, and a \$5,000 fee is charged to change locations. Meanwhile, each employee ID card costs \$56 per year, which includes \$31 for a background check. Ninety-five dispensary employees were licensed in 2012.

In 2010, the department issued a total of eight non-profit dispensary registrations, which brought in a total of \$120,000 in revenue. Thirty-one unsuccessful applications brought in an additional \$31,000. The eight dispensaries continue to be registered.

¹⁸ San Francisco Health Code, Article 33, Sec. 3304.

¹⁹ "Berkeley cannabis collectives slapped with huge tax bills," *Berkeleyside*, February 3, 2011.

<http://www.berkeleyside.com/2011/02/03/berkeley-cannabis-collectives-slapped-with-huge-tax-bills>

²⁰ See: <http://www.smartvoter.org/2013/05/21/ca/la/meas/D/>

²¹ <http://www.cdph.ca.gov/programs/MMP/Pages/MMPCardDATA.aspx>. Viewed October 18, 2013.

²² The California Budget Act 2012, HHS, Department of Public Health, pages 48-49. <http://www.ebudget.ca.gov>

²³ "Maine Medical Use of Marijuana Program: January 1, 2012 - December 31, 2012. Annual Report to the Maine State Legislature."

²⁴ Douglas Rooks, "Tipping point on legal marijuana," *Seacoast Online*. April 14, 2013.

<http://www.seacoastonline.com/articles/20130414-OPINION-304140317>

²⁵ <http://www.maine.gov/dhhs/dlrs/rulemaking/adopted.shtml>

In Maine, patient ID cards are free and voluntary. In 2012, the state issued 1,455 patients identification cards. Meanwhile, the state issued 1,311 cards to 575 caregivers at a cost of \$331 each for those who cultivate marijuana (a \$300 cultivation fee, plus a \$31 background check fee) and \$31 for a background check for those that do not cultivate.

As of 2011, the program planned to have two staff run the program — a program specialist and an administrative support person. The department did not provide updated staffing numbers in its 2012 annual report, but it did include the total cost of personnel: \$119,460.65. The non-personnel expenses in 2012 totaled \$346,567.80. The state did not provide an itemization of those expenses in 2012, either. The previous year, it provided more detailed numbers. That year, the department spent \$125,000 in IT expenses, which included both monthly expenses and start-up costs for a data management system. There was also a one-time \$47,000 expense for law enforcement to confirm the validity of cards roadside.

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. There are now two operational compassion centers.

In 2011-2012, inclusive, the state's program took in \$566,655 in fees, and it spent slightly more — \$589,086.16 in personnel and equipment costs.²⁶ The medical marijuana program shared 2.1 full-time staff (FTE) with other programs, and added 1.25 FTE in 2012, though they were also assigned to other programs. The delays in implementing the compassion center program likely reduced revenue, since there was no need to renew compassion center registrations or register compassion center staff during that time. Another factor in Rhode Island's modest shortfall is that the compassion center fees are lower than in most states.

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 was 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 September 9, 2013, there were 5,941 registered patients and 3,458 registered caregivers in Rhode Island.²⁷

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.

As of May 31, 2013, LARA has issued 128,441 current patient ID cards.²⁸ The last time the program responded to the inquiry, it reported that about 60% of applicants are charged \$100, and 40%, who demonstrate low-income, are charged \$25.²⁹ Caregivers are also required to pay an application fee of \$100 per patient (with a maximum of five). As of May 31, 2013, 26,875 caregiver

²⁶ Rhode Island Department of Health, "Rhode Island Medical Marijuana Program Report," January 1, 2013.

²⁷ September 9, 2013 telephone communication with Mike Simoli, [Acting Health Program Administrator, Licensing Team/Prescription Monitoring Program, Office of Health Professionals Regulation, Rhode Island Department of Health](#).

²⁸ http://www.michigan.gov/lara/0,4601,7-154-35299_63294_63303_51869_60731---,00.html. Viewed October 18, 2013.

²⁹ Email communication with program administrator Rae Ramsdell, June 8, 2009.

registrations had been issued, with a “large backlog” awaiting processing.³⁰ In mid-2012, the program had one manager, 16 full-time staff, seven temporary staff, and one student. During fiscal year 2012, the program generated \$9.9 million in revenue, with just \$3.6 million in expenditures, leaving a \$6.3 million surplus for the year.³¹

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. Beginning in 2014, the state will also license dispensaries in Oregon. 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.³² The legislature siphoned off an additional \$168,286 to the general fund during the July 2007 to June 2009 fiscal period.³³ 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, with a discount of \$100 for food stamp recipients, or \$20 for those patients who receive SSI benefits. On October 1, 2013, it revised the fees to charge \$60 to patients receiving food stamps and \$50 for patients enrolled in the Oregon Health Plan. It maintained the \$20 fee for patients who receive SSI benefits. As of October 1, 2013, there are 58,484 registered patients and 29,323 caregivers.³⁴ The OMMP website does not provide a breakdown for how many patients pay the discounted rates. 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 OMMP initially used Microsoft Access, but the program became more complex after a 2007 law passed, so it developed a custom database. The program also pays expenses for travel and related expenses for a medical marijuana advisory committee.

Although we have not received recent expense 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 state 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 September 2013, there were 7,150 registered patients.³⁵ The program, which is housed in the Department of Public Health & Human Services, generated a minimum of \$550,900 during the past year. As of mid-2011, when it had far more patients enrolled, the program involved a portion of two supervisors’ time and the equivalent of eight full-time employees.

³⁰ Michigan Medical Marijuana Program Data: http://www.michigan.gov/lara/0,4601,7-154-35299_63294_63303_51869_60731---,00.html.

³¹ Melissa Anders, "Michigan rakes in \$9.9 million in medical marijuana card fees; see patient/caregiver numbers by county," February 7, 2013. (http://www.mlive.com/news/index.ssf/2013/02/michigan_medical_marijuana_1.html)

³² “Oregon Lawmakers Discover Unexpected Revenue from Medical Marijuana,” *Associated Press*, June 1, 2005, available at <http://www.firstcoastnews.com/news/strange/news-article.aspx?storyid=38168>. See also Oregon Medical Marijuana Program Advisory Committee on Medical Marijuana minutes, December 14, 2005, available at http://mercycenters.org/ommp/libry/wrkgrp_minutes_121405.doc.

³³ “Oregon Medical Marijuana Program Financial Statement,” June 1, 2010.

³⁴ <http://public.health.oregon.gov/diseasesconditions/chronicdisease/medicalmarijuanaprogram/pages/data.aspx>.

Accessed October 17, 2013.

³⁵ <http://www.dphhs.mt.gov/marijuanaprogram/>. Viewed October 18, 2013.

Vermont has operated a patient and caregiver medical marijuana registry since 2004. In 2011, the legislature approved the licensing of four non-profit dispensaries, two of which opened in 2013. The Department of Public Safety, which operates the medical marijuana program, produced a report on actual and projected revenues for the program on January 9, 2012.³⁶ The report shows that the program expected to operate on a very modest budget of about \$140,000, and that it expected to have fee revenue cover all of its costs.

In March 2011, the program reported an estimated annual revenue of \$22,000 and an annual cost of \$8,000, including \$3,700 in staff time (about 16 hours per month) for the year.³⁷ In its early 2012 report, the department found that the actual revenue in FY 2011 was slightly higher than was projected — \$22,750. That figure did not include a final tally for expenses for the year.

For FY 2013, the department estimated annual revenue of \$140,800 and estimated the program's cost at \$138,500, including \$90,000 for a full-time administrator and \$30,000 for a half-time data entry staffer. The remaining expenses were for software and office supplies.

Each applicant for a dispensary registration must pay a \$2,500 application fee, and those granted registration must pay an annual registration fee of \$20,000 their first year and \$30,000 in subsequent years. The department also charges patients, caregivers, and dispensary personnel each \$50 for registry identification cards. As of September 9, 2013 the program had 846 patients,³⁸ making it one of the smallest programs in the nation. Those numbers have significantly increased, however, over the years and especially since medical marijuana access improved with the opening of dispensaries.

In **New Jersey**, the state has been very slow to implement its medical marijuana program, which was approved by the legislature and then-Governor Jon Corzine in early 2010. Despite the law providing for six alternative treatment centers (ATCs) initially, only one has opened as of October 2013, with a second expected to open soon. The sole ATC has been unable to meet patient demand,³⁹ which likely reduces the number of patients registering. The slow implementation has likely reduced both patient registry revenue and revenue from ATCs.

New Jersey Department of Health and Senior Services charges ATC applicants a \$20,000 annual fee, \$2,000 of which is non-refundable. Every two years, patients must apply for an ID card, which costs \$200, unless the patient receives certain benefits, in which case it costs \$20. As of September 9, 2013, there were 1,200 patients and 114 caregivers active in New Jersey.⁴⁰

As of March 2013, the program had an annual budget of \$784,000. At the time, the program had 12 full-time employees and one part-time employee. It also has assistance from several sister agencies that provide services within their areas of expertise, such as investigations, testing, and legal

³⁶ "Report from the Department of Public Safety: In compliance with S.17 of the 2011 Vermont General Assembly, Section 2a and Section 3 of the Act for the Marijuana for Medical Symptom Use by Persons with Severe Illness," Vermont Department of Public Safety, January 9, 2012.

³⁷ Email communication with Sheri Englert, March 2, 2011.

³⁸ September 9, 2013 telephone communication with Jeffrey Wallin, Director, Vermont Criminal Information Center.

³⁹ Jan Hefler, "NJ Marijuana Patients Now At 1000 But Most Just Wait," June 26, 2013. <http://www.philly.com/philly/blogs/burlington/NJ-Marijuana-Patients-Now-At-1000-But-Most-Just-Wait.html#wMH280orSBtWcJ5W.99>

⁴⁰ September 9, 2013 telephone communication with New Jersey Department of Health Medicinal Marijuana Program staffer.

issues.⁴¹ Gov. Chris Christie requested \$1.6 million for the program in FY 2014, and the medical marijuana program requested authorization during FY 2014 to expand its FTEs to a total of 18. Medical marijuana sales are subject to a 7% sales tax.

Alaska has one of the smallest medical marijuana programs in the country. In FY 2012, there were 917 patients and caregivers in the program, which does not allow dispensaries. The state charges a very low fee — \$25 for initial applications and \$20 for renewals — so it does not cover its modest costs. The state reported the program generated an estimated \$20,632.50 in FY 2012. As of FY 2012, the program took a portion of one staffer's time, totaling \$13,410 in personnel costs. The program was also spending \$5,272.75 to send out cards and incurring \$3,594.64 printing ID cards.⁴²

Hawaii officials did not respond to requests for information. The state has a registry program for patients and caregivers, but it does not have a dispensary program. The Hawaii program is run by the state Department of Public Safety's Narcotics Division, but is moving to the health department pursuant to a law passed in 2013. Patients' annual fee is \$35.

Nevada's program currently only includes a patient and caregiver registry, but in 2014, it will expand to include a regulated medical marijuana industry. The program is run by the state Health Division, which charges patients \$50 for an application and \$150 to process the application each year. In addition, patients must pay \$11-\$22 to the DMV for the ID card and \$4-\$20 for fingerprinting. Nevada's program has generated such a substantial surplus that one state legislator proposed transferring \$700,000 from the fund to substance abuse education each year for the next two years.⁴³

Nevada's dispensary law will reduce the maximum patient fee to \$100.⁴⁴ It sets a schedule of fees for medical marijuana dispensaries (of which there may be up to 66), medical marijuana cultivation facilities, infused product manufacturers, testing laboratories, and staff. The initial fees range from \$3,000 for a cultivator to \$30,000 for a dispensary. Renewal fees range from \$1,000 to \$5,000. Annual staff ID cards will be \$75. Finally, in addition to standard sales taxes, there is also a 2% excise tax at the wholesale level and a 2% excise tax at the retail level.

Delaware, Massachusetts, Washington D.C., New Hampshire, and Illinois' laws were all enacted recently, between 2011 and 2013. All five jurisdictions are in the process of implementing their programs, so it is too soon to determine their total costs or revenue. They will all regulate dispensaries and issue patients and caregivers ID cards.

In **D.C.**, the District began licensing patients, cultivation locations, and dispensaries in 2012-2013, though the law passed in 2011. The health department is charging \$100 per year for patient and caregiver ID cards, but low-income patients and caregivers instead pay \$25 per year. Dispensaries are charged \$10,000 annually for a registration, and cultivation centers are charged \$5,000 annually.⁴⁵ In addition, both dispensary and cultivation center applications are \$5,000, \$2,500 of which is non-refundable. Dispensary and cultivation center directors, officers, members, agents, and incorporators' fees are \$200, while managers' are \$150, and employees' are \$75.⁴⁶

There are currently three medical marijuana dispensaries and three cultivation facilities operating within the city limits. There is a 6% tax on the gross receipts for medical marijuana sales. The health department has not responded to requests for a breakdown of total revenue and expenses, nor did it provide a number of identification card holders.

⁴¹ Email from program director John O'Brien, March 19, 2013.

⁴² Email communication with Andrew Jessen, March 18, 2013.

⁴³ "Bill: Divert Nevada medical marijuana money for treatment," *Reno Gazette-Journal*, May 1, 2011.

⁴⁴ SB 374 (http://www.leg.state.nv.us/Session/77th2013/Bills/SB/SB374_R3.pdf)

⁴⁵ http://doh.dc.gov/sites/default/files/dc/sites/doh/publication/attachments/Rulemaking_for_MMP_2013.pdf

⁴⁶ http://doh.dc.gov/sites/default/files/dc/sites/doh/publication/attachments/1210MMPDirector_etalFinal.pdf

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 center rules, and then — in draft rules released on October 1, 2013 — reduced the number of compassion centers to only one. Those 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.

As a result of the lack of access to medical marijuana, very few patients have registered, resulting in very limited revenue. Delaware’s proposed rules would charge a non-refundable \$5,000 application fee to compassion centers. Any compassion centers that are approved would pay a \$40,000 annual fee. Patients and caregivers are charged \$125 annually for medical marijuana identification cards.

On June 1 2012, **Connecticut** Gov. Dannel Malloy signed a bill to legalize medical marijuana for severely ill patients. Under the state’s law, patients may not grow their own medical marijuana. Instead, patients will obtain marijuana from a registered dispensing facility, which in turn will obtain marijuana from a licensed producer. The Department of Consumer Protection proposed draft rules in 2013, which were approved and are now final. The state charges producers far more than other states do for application fees, which may reduce access significantly.

The department requires a non-refundable \$25,000 application fee from producers, plus an additional \$75,000 annual fee if they are accepted.⁴⁷ For dispensaries, the department requires an initial non-refundable application fee of \$1,000. If accepted, there is a \$5,000 fee for registration and a yearly renewal fee of \$5,000.⁴⁸

As of October 15, 2013 1,115 patients have been registered into Connecticut’s medical marijuana program.⁴⁹ They are charged \$100 each for the registration. Caregivers are charged \$25. The state has not responded to requests for any additional information on expenses and revenue for the new program. As of October 17, 2013, the state has issued a request for producer applications, but it has not yet licensed producers and dispensary facilities.

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

Prospective medical marijuana dispensaries are now applying through a two-phase application process. Applicants were required to pay a \$1,500 fee for submission and consideration of the Phase 1 application. The Department of Public Health reported receiving 181 dispensary applications by its August 22, 2013 deadline.⁵⁰ That generated \$271,500 in application fees. Of those applicants, 158 were approved to submit a Phase 2 application. Those that qualify for a Phase 2 application must pay \$30,000 to be considered. All of the fees are non-refundable. Dispensaries that

⁴⁷ <http://www.ct.gov/dcp/cwp/view.asp?a=4287&q=527988>

⁴⁸ <http://www.ct.gov/dcp/cwp/view.asp?a=4287&q=527978>

⁴⁹ http://www.ct.gov/dcp/cwp/view.asp?a=4287&q=533228&dcpNav=|&dcpNav_GID=2109

⁵⁰ Dan Ring, “Massachusetts releases list of 181 applications for medical marijuana stores,” *Mass Live*, August 23, 2013.

are selected will be required to pay a \$50,000 annual fee for a certificate of registration. There will also be a \$500 annual registration fee for each dispensary agent.⁵¹

Patients are charged \$50 per year for applications. Patients who demonstrate a 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.

On July 23, 2013, Gov. Maggie Hassan signed a bill to allow seriously ill **New Hampshire** residents access to medical marijuana. Currently, New Hampshire is in the process of rulemaking and implementation. Under this law, the state is expected to allow four non-profit alternative treatment centers (dispensaries). ATCs are unlikely to open before late 2014, and the patient registry will probably not be available before 2014. The law did not specify the fee structure for ATCs or patient and caregiver applications.

On August 1, 2013, **Illinois** became the most recent state to authorize a medical marijuana program, when Gov. Pat Quinn signed HB 1. Illinois' medical marijuana law will become effective on January 1, 2014. At that point, three state departments will have four months to implement rules, including setting a fee structure for patients, dispensaries, and cultivation centers. The state plans on having 60 dispensaries around the state, with 22 cultivation centers statewide. Illinois also plans on a 7% excise tax and a 1% sales tax for medical marijuana.⁵²

Finally, **Washington's** law is the only one of the 21 that does not provide for a registry card, and there are also no state-regulated dispensaries. Voters, however, approved regulating and taxing marijuana for sales to all adults. Any adult 21 or older will be able to buy marijuana beginning in mid-2014.⁵³

⁵¹ <http://www.mass.gov/cohhs/gov/newsroom/press-releases/dph/applications-for-registered-marijuana-dispensaries-.html>

⁵² <http://www.ilga.gov/legislation/98/HB/PDF/09800HB0001v.pdf>

⁵³ The fiscal analysis for I-502 is available at <http://vote.wa.gov/guides/2012/I-502-Fiscal-Impact.html>

State	Registered Patients	State Regulated Dispensaries	Breakdown of Expenses	Fees	Total Annual Revenues	Total Annual Expenses
Alaska (population 731,449)	917 patients and caregivers (2012)	No.	Personnel: \$13,410 Printing cards: \$3,594.64 Mail: \$5,272.75	\$25 per patient or caregiver; \$20 for renewal	Estimated \$20,632.50 (FY 2012)	\$22,277.39 (FY 2012)
Arizona (population 6.55 million)	40,328 (as of 10/02/13)	98 have been approved, 70 are open as of October 2013.	Salaries, wages and benefits: \$570,972 Operating expenses: \$1,505,023 Capital equipment: \$304,464	\$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; 6.6% sales tax	\$7,945,277 (FY 2012) plus tax revenue	\$2,380,459 (FY 2012) At least some of the surplus is used for interagency expenses, including a lawsuit where Arizona sought unsuccessfully to overturn the law.
California (population 38.04 million)	5,798 patients and 396 caregivers in FY 2012/2013	No, all dispensary regulation is local. (Under state law, they are called collectives and cooperatives.)	Registry program: two full-time, 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 varies	\$457,000 to the state registry program (FY 2011-2012); state sales tax: est. up to \$100 million	\$276,000 for state registry (FY 2011-2012)
Colorado (population 5.19 million)	109,622 (as of 08/31/13)	Yes, in 2012, there were 532 medical marijuana centers (dispensaries) as well as 1,459 infused products manufacturers and cultivation facilities.	The health department (patient registry) did not respond; the Medical Marijuana Enforcement Division (MMED) has 15 staff	\$35 patient fee; Annual state dispensary fee: \$3,750-\$14,000; Annual infused products maker or cultivation fee: \$2,750 (applications are more); 2.9% state sales tax; local sales tax varies	MMED revenue: \$2.8 million (\$3.8 million the prior year); Registry: \$3.8 million; State sales taxes: \$5.4 million; Local sales taxes: >\$6 million	MMED: \$2.1 million (\$5.2 million the previous year) Health department (patient registry) did not respond, but the fees are set to cover costs, so it was no more than \$3.8 million.

State	Registered Patients	State Regulated Dispensaries	Breakdown of Expenses	Fees	Total Annual Revenues	Total Annual Expenses
Connecticut (population 3.59 million)	1,115 (as of 10/15/13)	Yes, there will be a number of dispensaries that is TBD and three to 10 growers.	N/A — The law passed in 2012 and has not been fully implemented yet.	Producers: non-refundable \$25,000 application fee and \$75,000/year; Dispensaries: non-refundable application fee of \$1,000 and \$5,000/year; Patients: \$100; Caregivers: \$25	N/A	N/A
Delaware (population 917,092)	21	On hold, there would have been three initially, now only one.	Not available	Patient fee: \$125; Compassion center rules have not been promulgated yet	Not available, and program is mostly stalled	Not available, and program is mostly stalled
D.C. (population 632,323)	Not available	Six cultivation centers and four dispensaries have been approved. Three dispensaries and three cultivation facilities are open as of October 2013.	Did not respond to inquiry	\$5,000 dispensary and grower 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
Hawaii (population 1.39 million)	11,695	No	Did not respond to inquiry	\$35 annual patient fee	At least \$409,325	Did not respond to inquiry
Illinois (population 12.88 million)	N/A — program is not yet operational	Yes, the state plans to allow 60 dispensaries statewide and 22 growers.	N/A — program is not yet operational	N/A — program is not yet operational	N/A — program is not yet operational	N/A — program is not yet operational

State	Registered Patients	State Regulated Dispensaries	Breakdown of Expenses	Fees	Total Annual Revenues	Total Annual Expenses
Maine (population 1.33 million)	Registry is voluntary to patients, 1,455 are registered	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	\$612,370 in fees in 2012, plus \$265,655 in sales tax	\$466,028.45 was expended through December 31, 2012
Massachusetts (population 6.45 million)	N/A — program is not yet operational	Yes, 35 should open in 2014.	N/A — program is not yet operational	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, dispensary application process is not done	N/A — program is too new
Michigan (population 9.89 million)	128,441 (as of 05/31/13)	No.	One manager, 16 full-time, 7 temp staff, one student	\$100 per patient; reduced fee \$25; \$100/patient for caregivers	\$9.9 million (FY 2012)	\$3.6 million (FY 2012)
Montana (population 1.01 million)	7,150 (as of 10/01/13)	No.	Has not provided updated information yet	\$75 per year per patient application; \$50 per provider per year	At least \$550,900 in the past year	Unknown, but significantly less than the revenue
New Hampshire (1.32 million)	N/A — program is not yet operational	Yes, but officials have until January 2015 to establish rules for dispensaries.	N/A — program is not yet operational	N/A — program is not yet operational	N/A — program is not yet operational	N/A — program is not yet operational
New Jersey (population 8.87 million)	1,200 (as of 09/09/13)	One opened in 2012, five more were approved but are not yet open.	12 full-time (FTE), one part-time; MOA with other agencies for various services	\$20,000 dispensary fee each year; \$2,000 for unsuccessful applicants; \$200 or \$20 patient ID card fee; 7% sales tax	Should exceed \$300,000, not counting sales tax	Current budget: \$784,000; Total expected budget for FY 2014: \$1.4 million

State	Registered Patients	State Regulated Dispensaries	Breakdown of Expenses	Fees	Total Annual Revenues	Total Annual Expenses
New Mexico (population 2.09 million)	9,760, 3,119 of which have received licenses for personal cultivation (as of 08/30/13)	Yes, 23 “licensed producers.”	Seven full time staff; office supplies, telephone, mileage, lab testing, attorney fees, mail costs, office expenses	\$30 cultivation license for some patients; \$1,000 producer application; annual producer fee: \$5,000-\$30,000; gross receipts tax of 5.125% to 8.8675%	\$598,000 in program fees (FY 2013), \$650,402 in gross receipts tax (2012 estimate)	\$598,000 (FY 2013)
Nevada (population 2.76 million)	4,322 (as of 09/04/13)	Not yet; there will be up to 60 dispensaries, plus infused products makers, growers, and labs.	Unknown, did not respond to inquiries	Annual patient fees total at least \$165-\$192; will be reduced to \$100 Initial fees range from \$3,000 for a cultivator to \$30,000 for a dispensary. Renewal fees range from \$1,000 to \$5,000. Staff IDs: \$75 2% excise tax at wholesale and retail level	Exceeds \$713,000 in the past year	Did not respond to inquiry, but generated enough of a surplus that a legislator proposed siphoning off \$700,000/year
Oregon (population 3.9 million)	55,937 (as of 07/01/13)	Not yet; dispensary law passed in 2013 and they will be registered in 2014.	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	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)

State	Registered Patients	State Regulated Dispensaries	Breakdown of Expenses	Fees	Total Annual Revenues	Total Annual Expenses
Rhode Island (population 1.05 million)	5,941 (as of 09/09/13)	Yes, three “compassion centers” were approved. Two centers are open; it is unclear when the third will open.	Staff: the equivalent of 3.35 full-time as of Jan. 2013; shared card machine with other licensing program	Compassion centers: \$250 application fee; \$5,000 registration fee; \$100 staff fee; \$20 or \$100 patient fee; \$200 caregiver fee	\$566,655 2011-2012 combined, without taxes (Note: ID card fees all increased at the end of 2012)	\$589,086.16 for 2011-2012, combined
Vermont (population 626,011)	846 (as of 09/09/13)	Two dispensaries are open as of June 2013. Two more dispensaries are set to open in the near future.	One full time staffer, one part-time staffer, software, office supplies	\$50 annual fee for patients and caregivers; \$2,500 application fee for dispensaries; annual registration fee of \$30,000 (\$20,000 in first year) for dispensaries	Estimated \$140,800 for FY 2013. Revenue expected to increase with more dispensaries and fees.	Estimated \$138,500 for FY 2013
Washington (population 6.9 million)	N/A – no registry	No, but the state will allow regulated, taxed sales of marijuana to all adults 21 and older in late 2013.	N/A	N/A	N/A	N/A