

SENATE BILL REPORT

SB 5482

As of February 13, 2019

Title: An act relating to funding the medical marijuana authorization database.

Brief Description: Modifying funding of the medical marijuana authorization database.

Sponsors: Senators Randall, Keiser, Van De Wege and Saldaña; by request of Department of Health.

Brief History:

Committee Activity: Ways & Means: 1/29/19.

Brief Summary of Bill

- Removes the requirement that the Health Professions Account funds implementing and administering the Medical Marijuana Authorization Database (database).
- Requires an appropriation of at least \$300,000 quarterly from the Dedicated Marijuana Account to the Department of Health to administer the database, as appropriated in the Omnibus Appropriations Act.
- Shifts the deposit of revenue from the \$1 medical marijuana recognition card fee from the Health Professions Account to the Dedicated Marijuana Account.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Michele Alishahi (786-7433)

Background: Health Professions Account. The Health Professions Account receives all fees from the Department of Health (DOH) health professions licenses, registrations, certifications, renewals, examinations, and any civil penalties assessed and collected by DOH. The Health Professions Account, as authorized by legislative appropriation, pays for all expenses incurred in carrying out DOH's health professions licensing activities.

The Dedicated Marijuana Account. In 2012, Initiative 502 created a Dedicated Marijuana Account consisting of monies derived from marijuana excise taxes, license fees, penalties,

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forfeitures, and all other monies, income, or revenue received by the Liquor and Cannabis Board (LCB) from marijuana-related commerce and activities. The LCB distributes proceeds from the Dedicated Marijuana Account to specified public entities and in amounts established in statute.

Medical Marijuana Authorization Database. In 2015, the Legislature enacted the Cannabis Patient Protection Act, which required DOH to:

- contract with an administrator to create, administer, and maintain a secure, confidential database, beginning July 1, 2016;
- charge a \$1 fee for each recognition card issued to a qualifying patient or designated provider by a marijuana retailer with a medical marijuana endorsement;
- deposit the revenue from the collected fees into the Health Professions Account; and
- report to the Governor and the legislative fiscal committees by November 1, 2016, on database implementation and administration costs and enrollment figures.

The Cannabis Patient Protection Act also required the Health Professions Account to finance the cost of implementing and administering the database; and stated the intent of the Legislature to restore funds to the Health Professions Account through future appropriations from the Dedicated Marijuana Account.

Medical Marijuana Authorization Database Costs and Enrollment. In November 2016, DOH reported the following database costs and enrollment information:

Cost Category	2015-17 Estimated Implementation Costs	Estimated Annual Ongoing Costs
Database	\$2,225,000	\$616,000
Program Administration & Product Regulation	\$614,000	\$135,000
Total	\$2,839,000	\$751,000

Database Enrollment (from July to November 2016)	Recognition Card Fee Revenue
13,979	\$13,979

Through the 2018 supplemental operating budget, the Legislature has appropriated a total of \$3 million in the 2017-19 biennium from the Dedicated Marijuana Account to reimburse the Health Professions Account for costs incurred by DOH for the development and administration of the database.

Summary of Bill: The Cannabis Patient Protection Act is amended to fund the database from the Dedicated Marijuana Account.

The requirement that the Health Professions Account is to finance the cost of implementing and administering the database is removed.

The Legislature is to appropriate quarterly at least \$300,000 from the Dedicated Marijuana Account to DOH to administer the database, as appropriated in the Omnibus Appropriations Act.

DOH is to shift the deposit of revenue from the \$1 fee collected from medical marijuana recognition cards from the Health Professions Account to the Dedicated Marijuana Account.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2019.

Staff Summary of Public Testimony: PRO: This is a clean up bill that cuts red tape. Right now, we are taking funds from one account and transferring it to another to pay for the database. It makes sense to remove the middleman account and just pay the costs through the Dedicated Marijuana Account. This bill is about government efficiency and its intent is to streamline the process for funding the database. Each year, during the budget process, DOH requests a transfer from the Dedicated Marijuana Account to reimburse the Health Professions Account for previous year's database expenses. This bill would reduce this step. It would also reduce pressure on the Health Professions Account. It would better align the database with a more appropriate funding source. We see this as removing the middleman. This is an efficiency bill that helps the process.

Persons Testifying: PRO: Senator Emily Randall, Prime Sponsor; Ryan Black, Deputy Policy and Legislative Director, DOH.

Persons Signed In To Testify But Not Testifying: No one.