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Good morning, Madam Chair and members of the Human Services committee.

First, I just want to state that this is simply a business bill. I get that it's hard to ignore the product in which we're discussing, but I'm hopeful we can find a way to keep this valuable industry viable.

How did we get here? In 2016 voters approved the North Dakota Compassionate Care Act which created the medical marijuana program. The 2017 legislative assembly passed SB 2344 to provide the legalization of medical marijuana and required the State Department of Health to establish and implement a medical marijuana program to allow for production, processing, and sale of marijuana for medical use.

The reason I decided to introduce this bill madam chair came after reviewing the Medical Marijuana Program annual report. Something that stood out to me on page 7 of the report was there are now only three companies that own the eight registered dispensaries.

I decided to reach out to stakeholders across the state and see what obstacles they encounter within the program. Some of the items we have no control over, for instance, Insurance costs. Due to the nature of the business and risk involved annual premiums are heightened. Banking, traditional banking is difficult for this industry, again because of the product and the fact it is often cash intensive. This has increased costs, not only in monthly fees but also paying a percentage fee based off each deposit. Finally, tax codes. IRS Revenue Code 280E. For the record I am not an accountant, so I pulled this information from IRS.gov and this tax code deals with marijuana businesses. While many businesses can deduct normal overhead expenses, like advertising expenses, wages and salaries, and travel expenses. These small businesses, which provide a valuable service to our state's citizens with debilitating medical conditions, unfortunately cannot.

What can we do? We can take a serious look at the fees we charge these businesses in this industry. From what I remember in 2017, the registration fee for compassion centers was to make sure reputable business leaders were investing into this market space. Also, it was to help provide funding to get this industry off the ground and remain self-sustaining.

I decided to look up fees from other states, but I couldn't find a chart that spells out every state's fee charged to register and operate a dispensary, so I went to the department of health for the following states:

- Oregon - \$4,000/annual
- Missouri - \$10,000/annual
- Virginia - \$10,000/annual
- Illinois - \$60,000/biennium

I can't speak with certainty that North Dakota has the highest rates, but I am fairly certain they are one of the highest. This bill, as written, would reduce us to be in line with Illinois, but Illinois based off 2021 stats had 156,000 medical marijuana card carriers compared to our state's 7,958 qualifying patients.

The next item I would like to highlight is found on the top of page 8 of the annual report. This breaks down the expenses and revenues of the program since its inception in 2019. As you can see the state is netting approximately \$600,000 per biennium.

Madam chair, this bill's intent is to reduce the registration fees and renewal fees for Compassion Centers. Currently manufacturing facilities are charged \$110,000 per biennium and dispensaries are charged \$90,000 per biennium. This bill would reduce each by \$30,000 a biennium.

Manufacturing facilities would now pay \$80,000 a biennium, which is a 27% decrease, and dispensaries would pay \$60,000 a biennium or a 33% decrease.

If you remember from the fees charged by other states, we are still one of this highest fee states in the country, and I while I feel like it should be more of a decrease, I feel like this is a good start. Just like any other business, when the fee and tax environments are higher, those costs are typically passed along to the end consumer.

Madam chair, this bill also looks to reduce the fee for agents at compassion centers. This bill looks to reduce the costs for registry identification cards by 50% from \$200 down to \$100. Registered agents aren't just the employees that deal with the handling of product. It's also the accountants, attorneys, anyone that is associated with the company.

10 compassion centers (8 dispensaries and 2 manufacturing centers) X \$30,000, would reduce revenues by \$300,000/biennium.

416 agent cards X \$100 = \$41,600/

In closing, I'm hopeful this legislative assembly can find a way to reduce costs to the businesses that are providing a valuable option to our citizens with debilitating medical conditions. As we watch states around us continue to pass recreational marijuana, edibles last year in Minnesota and likely recreational this session, we need to be aware of these issues to help our North Dakota businesses.

The people of North Dakota put the medical marijuana program in place. Let's help make sure it's still there for them by reducing the burden on these businesses

I ask for a do pass and will stand for any questions.