

# Ohio Medical Marijuana Control Program

<http://medicalmarijuana.ohio.gov>



# Budget Overview

- Budget Basics
- Emergency Purposes Fund
- Funding Sources
- Anticipated Expenses
- Anticipated Revenue





# Budget Basics

- The State of Ohio budgets on a biennial basis. Currently, the General Assembly is working on passing an operating budget for the Fiscal Year (FY) 18-19 biennium (House Bill 49).
- A state fiscal year runs from July 1 through June 30. So FY 2018 will begin on July 1, 2017.
- It is important to note that the Medical Marijuana Control Program (MMCP) got started in the middle of a biennium – past the time that the budget was passed for the current FY 16-17 biennium. Special accommodation had to be made.



# Current Funding

- Shortly after passage of House Bill 523 (131<sup>st</sup> General Assembly) in May 2016, the Administration moved quickly to begin setting up the program.
- Working with the Ohio Office of Budget and Management, the Department of Commerce and the State of Ohio Board of Pharmacy set up a shared Medical Marijuana Control Program Fund that allows them to collect revenue and cover expenses on behalf of the program across both agencies.



# Current Funding

- In order to fund start-up costs, including personnel, office space, equipment, and the establishment of the advisory committee, OBM authorized a loan to the program of \$1,805,477.
- This loan must be repaid over time as the program begins to collect fee revenue and become solvent.
- Casino Control Commission was in a similar situation – took several years to repay.



# Funding Sources

- The Medical Marijuana Control Program is funded through fee revenue which is deposited into a Dedicated Purpose Fund.
- A Dedicated Purpose Fund is established for a specific purpose and does not contain tax revenues that are assessed for general state government purposes, such as those in the General Revenue Fund.
- The proposed FY 18-19 budget appropriates:
  - \$2,576,979 – FY 2018
  - \$2,470,892 – FY 2019
- This appropriation may be adjusted in the future with approval from the Controlling Board, a primarily legislative committee that handles necessary adjustments to the state budget.



# Anticipated Expenses

- Examples of program costs for FY 2018 include largely payroll:
  - Pharmacy – approximately 10 FTEs plus MMAC \$844,200
  - Commerce – seven positions \$693,275
- Other costs include training, rent, supplies, equipment, travel, etc.
  - Pharmacy - \$611,500
  - Commerce - \$428,004
- Patient Registry (Pharmacy) – \$175,000; Initial FY 17 startup cost was \$515,000.



# Anticipated Expenses

- Current unbudgeted or unknown expenses are largely Information Technology related:
  - E-licensing system (Commerce and Pharmacy)
  - Seed to Sale system (Commerce) - In process of evaluating
  - Closed Loop system (Commerce) – *tentative*
  - Costs for IT will be both start-up and on-going maintenance
- Toll-free Hotline
- Costs related to application evaluation



# Anticipated Fee Revenue

- Revenue for the program is difficult to estimate, as some elements are very difficult to predict, such as the number of applicants for cultivator, processor, and dispensary licenses.
- Based on preliminary estimates, revenue is anticipated to cover expenses and begin repaying the emergency purposes loan.
- Will need continuous monitoring as the program develops. It is easier to reduce fees in the future than it is to increase them.



# Anticipated Tax Revenue

- No special excise tax created by House Bill 523.
- Working with the Ohio Department of Taxation to issue guidance to the industry with regard to taxation. Medical marijuana licensees will fall under current tax structures for commercial activities, sales, etc.
- Industry would fit under current tax regulations.
- General tax revenues will not fund Medical Marijuana Control Program operating expenses. Generally speaking, industry and businesses cover their own regulatory costs in Ohio.