

2023 SENATE HUMAN SERVICES

SB 2201

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
1/18/2023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.

10:30 AM **Madam Chair Lee** called the hearing to order.
Senators Lee, Cleary, Clemens, K. Roers, Weston, Hogan were present.

Discussion Topics:

- Medical marijuana
- Administration program
- Dispensaries obstacles
- Insurance costs
- Banking costs
- Tax codes
- Medical costs
- Compassion centers
- Reduction fees
- Quality life
- Edibles
- Cultivator

10:31 AM **Senator Scott Meyer, District 18** introduced SB 2201 and testified in favor.
#14168, 14169, 14170

10:40 AM **Jonathon O’Keeffe, Founder and Co-owner Strive Life**, testified online in favor
#13864

10:43 AM **Jason Wahl, Director of the Medical Marijuana Division, Department of Health and Human Services**, testified neutral #13936, #14646

11:01 AM **Madam Chair Lee** closed the hearing.

Patricia Lahr, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
1/18/2023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.
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2:24 PM **Madam Chair Lee** called the meeting to order.

Senators Lee, Cleary, Clemens, K. Roers, Weston, Hogan were present.

Committee Discussion Topics:

- Study fees
- Background check

2:27 PM **Madam Chair Lee** closed the meeting.

Patricia Lahr, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
1/24/2023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.
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2:28 PM **Madam Chair Lee** called the committee meeting to order. **Senators Lee, Cleary, Clemens, K. Roers, Weston, Hogan** are present.

Discussion Topics

- Discussed amendment
- Requires fee chart.

Senator K. Roers distributed Jason Wahl's proposed amendment #16476

2:37 PM **Madam Chair Lee** closed the meeting.

Patricia Lahr, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
1/30/2023

Relating to medical marijuana certification and application fees.

3:25 PM **Madam Chair Lee** called the work meeting to order. **Senators Lee, Cleary, Clemens, K. Roers, Weston, Hogan** are present.

Discussion Topics

- Agent fee
- Patient fee
- Card loss fee
- Administrative fee

3:31 PM **Senator K. Roers** provided a fee reduction schedule #17938

3:30 PM **Jason Wahl** provided information on amendment verbal #17939

3:49 PM **Madam Chair Lee** closed the meeting.

Patricia Lahr, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
1/312023

Relating to medical marijuana certification and application fees; to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.

10:02 AM **Madam Chair Lee** called the meeting to order. **Senators Lee, Cleary, Clemens, K. Roers, Weston, Hogan** were present.

Discussion Topics

- Criminal application
- Fee reduction
- Lawsuits funds

Senator K. Roers provided information amendment #18237.

10:02 AM **Madam Chair Lee** closed the meeting.

Patricia Lahr, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
1/312023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.

2:43 PM **Madam Chair Lee** called the meeting to order. **Senators Lee, Cleary, Clemens, K. Roers, Weston, Hogan** are present.

Discussion Topics

- Registry identification card
- Maximum fee in code
- Criminal background check
- Nonrefundable fee

Senator K. Roers provided the committee with an Amendment.

Senator K. Roers moved to **adopt Amendment LC 23.0711.01001**.

Senator Cleary seconded.

Roll call vote.

Senators	Vote
Senator Judy Lee	Y
Senator Sean Cleary	Y
Senator David A. Clemens	Y
Senator Kathy Hogan	Y
Senator Kristin Roers	Y
Senator Kent Weston	Y

The motion passed 6-0-0.

Senator K. Roers moved **DO PASS** as **AMENDED** and **REREFER** to **APPROPRIATIONS**.

Senator Cleary seconded the motion.

Roll call vote.

Senators	Vote
Senator Judy Lee	Y
Senator Sean Cleary	Y
Senator David A. Clemens	Y
Senator Kathy Hogan	Y
Senator Kristin Roers	Y
Senator Kent Weston	Y

The motion passed 6-0-0.

Senator K. Roers will carry SB 2201

2:59 PM **Madam Chair Lee** closed the meeting.

Patricia Lahr, Committee Clerk

January 31, 2023

DR
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1-31-2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2201

Page 1, line 1, after "reenact" insert "subdivision a of subsection 2 of section 19-24.1-03, subsection 3 of section 19-24.1-04, subdivision a of subsection 1 of section 19-24.1-14,"

Page 1, line 1, replace the third "and" with a comma

Page 1, line 2, after "19-24.1-18" insert ", subdivision a of subsection 3 of section 19-24.1-18, and subsection 1 of section 19-24.1-24"

Page 1, line 3, after "fees" insert "; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients"

Page 1, after line 5, insert:

"SECTION 1. AMENDMENT. Subdivision a of subsection 2 of section 19-24.1-03 of the North Dakota Century Code is amended and reenacted as follows:

- a. A nonrefundable application fee in an amount not to exceed fiftytwenty-five dollars.

SECTION 2. AMENDMENT. Subsection 3 of section 19-24.1-04 of the North Dakota Century Code is amended and reenacted as follows:

3. Except as provided in section 19-24.1-04.1, a criminal history record check conducted under section 12-60-24 must be performed upon initial application and biennially thereafter and at any other time upon the request of the department. All fees associated with the criminal history record check must be paid by the applicant~~department~~.

SECTION 3. AMENDMENT. Subdivision a of subsection 1 of section 19-24.1-14 of the North Dakota Century Code is amended and reenacted as follows:

- a. A nonrefundable application fee, not to exceed five thousandthree thousand five hundred dollars, made payable to the "North Dakota Department of Health and Human Services, Medical Marijuana Program".

Page 1, line 13, replace "sixty" with "sixty-five"

Page 2, line 18, replace "sixty" with "sixty-five"

Page 3, line 19, overstrike "in" and insert immediately thereafter "not to exceed"

Page 3, line 19, remove the overstrike over "two"

Page 3, line 19, remove "one"

Page 3, after line 20, insert:

"SECTION 7. AMENDMENT. Subdivision a of subsection 3 of section 19-24.1-18 of the North Dakota Century Code is amended and reenacted as follows:

- a. All applicable fees associated with the required criminal history record checks must be paid by the ~~compassion center or the agent~~ department.

DR

SECTION 8. AMENDMENT. Subsection 1 of section 19-24.1-24 of the North Dakota Century Code is amended and reenacted as follows:

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1-31-2023

1. A manufacturing facility shall grow an amount of marijuana sufficient to meet the qualifying patient population demands. For every five hundred plants in excess of one thousand plants a manufacturing facility possesses, the manufacturing facility shall pay the department an additional certification fee of ~~ten thousand~~ seven thousand five hundred dollars. This fee is due at the time of increase and again at renewal of the compassion center registration certificate under section 19-24.1-16.

SECTION 9. LEGISLATIVE MANAGEMENT STUDY - COMPASSION CENTER CERTIFICATION. During the 2023-24 interim, the legislative management, in collaboration with the department of health and human services, shall study the administrative costs involved in certifying a compassion center. The study must include information on the amount and frequency of certification fees, a description of additional costs associated with certification, an explanation of how the department uses the certification fees once they are collected, a recommendation of the best way to lower administrative costs while maintaining the integrity of the department's medical marijuana program, and a prediction on whether the lowering of administrative costs will help to lower consumer costs on medical marijuana purchased from a compassion center. The legislative management shall report its findings and recommendations to the sixty-ninth legislative assembly."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2201: Human Services Committee (Sen. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2201 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 1, after "reenact" insert "subdivision a of subsection 2 of section 19-24.1-03, subsection 3 of section 19-24.1-04, subdivision a of subsection 1 of section 19-24.1-14,"

Page 1, line 1, replace the third "and" with a comma

Page 1, line 2, after "19-24.1-18" insert ", subdivision a of subsection 3 of section 19-24.1-18, and subsection 1 of section 19-24.1-24"

Page 1, line 3, after "fees" insert "; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients"

Page 1, after line 5, insert:

"SECTION 1. AMENDMENT. Subdivision a of subsection 2 of section 19-24.1-03 of the North Dakota Century Code is amended and reenacted as follows:

- a. A nonrefundable application fee in an amount not to exceed ~~fifty~~sixty-five dollars.

SECTION 2. AMENDMENT. Subsection 3 of section 19-24.1-04 of the North Dakota Century Code is amended and reenacted as follows:

3. Except as provided in section 19-24.1-04.1, a criminal history record check conducted under section 12-60-24 must be performed upon initial application and biennially thereafter and at any other time upon the request of the department. All fees associated with the criminal history record check must be paid by the ~~applicant~~department.

SECTION 3. AMENDMENT. Subdivision a of subsection 1 of section 19-24.1-14 of the North Dakota Century Code is amended and reenacted as follows:

- a. A nonrefundable application fee, not to exceed ~~five thousand three thousand five hundred~~ dollars, made payable to the "North Dakota Department of Health and Human Services, Medical Marijuana Program".

Page 1, line 13, replace "~~sixty~~" with "sixty-five"

Page 2, line 18, replace "~~sixty~~" with "sixty-five"

Page 3, line 19, overstrike "in" and insert immediately thereafter "not to exceed"

Page 3, line 19, remove the overstrike over "~~two~~"

Page 3, line 19, remove "one"

Page 3, after line 20, insert:

"SECTION 7. AMENDMENT. Subdivision a of subsection 3 of section 19-24.1-18 of the North Dakota Century Code is amended and reenacted as follows:

- a. All applicable fees associated with the required criminal history record checks must be paid by the ~~compassion center of the agent~~department.

SECTION 8. AMENDMENT. Subsection 1 of section 19-24.1-24 of the North Dakota Century Code is amended and reenacted as follows:

1. A manufacturing facility shall grow an amount of marijuana sufficient to meet the qualifying patient population demands. For every five hundred plants in excess of one thousand plants a manufacturing facility possesses, the manufacturing facility shall pay the department an additional certification fee of ~~ten thousand~~seven thousand five hundred dollars. This fee is due at the time of increase and again at renewal of the compassion center registration certificate under section 19-24.1-16.

SECTION 9. LEGISLATIVE MANAGEMENT STUDY - COMPASSION CENTER CERTIFICATION. During the 2023-24 interim, the legislative management, in collaboration with the department of health and human services, shall study the administrative costs involved in certifying a compassion center. The study must include information on the amount and frequency of certification fees, a description of additional costs associated with certification, an explanation of how the department uses the certification fees once they are collected, a recommendation of the best way to lower administrative costs while maintaining the integrity of the department's medical marijuana program, and a prediction on whether the lowering of administrative costs will help to lower consumer costs on medical marijuana purchased from a compassion center. The legislative management shall report its findings and recommendations to the sixty-ninth legislative assembly."

Renumber accordingly

2023 SENATE APPROPRIATIONS

SB 2201

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2201
2/13/2023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.

10:08 AM Chairman Bekkedahl opened the meeting.

Members present: **Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.**

Discussion Topics:

- Committee Action

10:10 AM Senator Meyer introduced the bill, verbally.

10:13 AM Senator Davison moved DO PASS.

10:13 AM Senator Dever seconded.

10:15 AM Roll call vote.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y
Senator Rust	Y

Passed 16-0-0

Senator Roers will carry the bill.

10:16 AM Senator Bekkedahl closed the meeting.

Kathleen Hall, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2201, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2201 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

2023 HOUSE HUMAN SERVICES

SB 2201

2023 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee Pioneer Room, State Capitol

SB 2201
3/1/2023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.
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Vice Chairman Ruby called the meeting to order at 1:58 PM.

Chairman Robin Weisz, Vice Chairman Matthew Ruby, Reps. Karen A. Anderson, Mike Beltz, Clayton Fegley, Kathy Frelich, Dawson Holle, Dwight Kiefert, Carrie McLeod, Todd Porter, Brandon Prichard, Karen M. Rohr, Jayme Davis, and Gretchen Dobervich. Reps. Clayton Fegley and Jayme Davis not present.

Discussion Topics:

- Medical marijuana business
- Background checks

Sen. Myer introduced SB 2201, speaking in support of bill.

Vice Chairman Ruby adjourned the meeting at 2:07 PM.

Phillip Jacobs, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee Pioneer Room, State Capitol

SB 2201
3/1/2023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.
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Vice Chairman Ruby called the meeting to order at 2:22 PM.

Chairman Robin Weisz, Vice Chairman Matthew Ruby, Reps. Karen A. Anderson, Mike Beltz, Kathy Frelich, Dawson Holle, Dwight Kiefert, Carrie McLeod, Todd Porter, Brandon Prichard, Karen M. Rohr, Jayme Davis, and Gretchen Dobervich present. Rep. Clayton Fegley not present.

Discussion Topics:

- Committee work

Chairman Weisz called for a discussion on SB 2201.

Rep. Porter discussed the implications of changing the current funding structure relating to the costs of medical marijuana.

Chairman Weisz adjourned the meeting at 2:25 PM.

Phillip Jacobs, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee Pioneer Room, State Capitol

SB 2201
3/6/2023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.
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Vice Chairman Ruby called the meeting to order at 4:41 PM.

Chairman Robin Weisz, Vice Chairman Matthew Ruby, Reps. Karen A. Anderson, Mike Beltz, Kathy Frelich, Dawson Holle, Dwight Kiefert, Carrie McLeod, Todd Porter, Brandon Prichard, Karen M. Rohr, Jayme Davis, and Gretchen Dobervich present. Rep. Clayton Fegley not present.

Discussion Topics:

- Committee work
- Amendments

Chairman Weisz called for a discussion on SB 2201.

Rep. Porter discussed the current progress on the amendments to SB 2201

Chairman Weisz adjourned the meeting at 4:42 PM.

Phillip Jacobs, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee Pioneer Room, State Capitol

SB 2201
3/20/2023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.

Vice Chairman Ruby called the meeting to order at 3:12 PM.

Chairman Robin Weisz, Vice Chairman Matthew Ruby, Reps. Karen A. Anderson, Mike Beltz, Clayton Fegley, Kathy Frelich, Dawson Holle, Dwight Kiefert, Carrie McLeod, Todd Porter, Karen M. Rohr, and Gretchen Dobervich present. Reps. Brandon Prichard and Jayme Davis not present.

Discussion Topics:

- Committee work
- Amendments

Chairman Weisz called for a discussion on SB 2201.

Jason Wahl, with the North Dakota Medical Marijuana Program, answered questions from the committee.

Rep. Porter moved to adopt an amendment that removes sections one, two, three, four, five, and six from SB 2201.

Seconded by Rep. Fegley.

Motion withdrawn.

Rep. Porter moved to adopt amendment (#23.0711.02001).

Seconded by Rep. Fegley.

Roll Call Vote:

Representatives	Vote
Representative Robin Weisz	Y
Representative Matthew Ruby	N
Representative Karen A. Anderson	N
Representative Mike Beltz	Y
Representative Jayme Davis	AB
Representative Gretchen Dobervich	Y
Representative Clayton Fegley	Y
Representative Kathy Frelich	Y

Representative Dawson Holle	N
Representative Dwight Kiefert	Y
Representative Carrie McLeod	Y
Representative Todd Porter	Y
Representative Brandon Prichard	AB
Representative Karen M. Rohr	N

Motion carries 8-4-2.

Rep. Porter moved a do pass as amended.

Seconded by Rep. Kiefert.

Roll Call Vote:

Representatives	Vote
Representative Robin Weisz	Y
Representative Matthew Ruby	Y
Representative Karen A. Anderson	N
Representative Mike Beltz	Y
Representative Jayme Davis	AB
Representative Gretchen Dobervich	Y
Representative Clayton Fegley	Y
Representative Kathy Frelich	Y
Representative Dawson Holle	N
Representative Dwight Kiefert	Y
Representative Carrie McLeod	N
Representative Todd Porter	Y
Representative Brandon Prichard	AB
Representative Karen M. Rohr	N

Motion carries 8-4-2

Carried by Rep. Porter.

Chairman Weisz adjourned the meeting at 3:30 PM.

Phillip Jacobs, Committee Clerk

March 20, 2023

24
3-20-23

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2201

Page 1, line 1, remove "subdivision a of subsection 2 of section 19-24.1-03,"

Page 1, line 2, remove "subdivision a of subsection 1 of section 19-24.1-14,"

Page 1, line 3, remove "sections 19-24.1-15 and 19-24.1-16, subsection 2 of section 19-24.1-18,"

Page 1, line 5, replace "application" with "criminal history record check"

Page 1, remove lines 9 through 12

Page 1, remove lines 20 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 9

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2201, as engrossed: Human Services Committee (Rep. Weisz, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (8 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2201 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "subdivision a of subsection 2 of section 19-24.1-03,"

Page 1, line 2, remove "subdivision a of subsection 1 of section 19-24.1-14,"

Page 1, line 3, remove "sections 19-24.1-15 and 19-24.1-16, subsection 2 of section 19-24.1-18,"

Page 1, line 5, replace "application" with "criminal history record check"

Page 1, remove lines 9 through 12

Page 1, remove lines 20 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 9

Renumber accordingly

2023 SENATE HUMAN SERVICES

SB 2201

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
3/29/2023

Relating to medical marijuana certification and application fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.
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11:39 AM **Madam Chair Lee** called the meeting to order. **Senators Lee, Cleary, Clemens, K. Roers, Weston, Hogan** are present.

Discussion Topics

- House amendment concurrence
- Conference committee

The committee did not concur.

11:40 AM **Madam Chair Lee** closed the meeting.

Patricia Lahr, Committee Clerk

2023 CONFERENCE COMMITTEE

SB 2201

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
4/12/2023
Conference Committee

Relating to medical marijuana certification and criminal history record check fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.
--

2:31 PM **Chair K. Roers** opened the conference committee meeting. **Senators K. Roers, Lee, Clemens and Representatives Beltz, M Ruby, Dobervich** were present.

Discussion Topics:

- House discussions
- Medical marijuana program
- Fees

Senator K. Roers calls for discussion.

Representative Beltz provided background on the House discussions.

Committee discussion SB 2201.

2:41 PM **Chair K. Roers** closed the conference committee meeting.

Patricia Lahr, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
4/14/2023
Conference Committee

Relating to medical marijuana certification and criminal history record check fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.

10:01 AM **Chair K. Roers** opened the conference committee meeting. **Senators K. Roers, Lee, Clemens and Representatives Beltz, Ruby, Dobervich** were present.

Discussion Topics:

- Medical marijuana fund
- Amendment
- Conference committee decision

Senator K. Roers calls for discussion.

10:01 AM **Jason Walz, Director Medical Marijuana Program, ND Department of Health and Human Services**, provided information. #27562, 27567

Committee discussion SB 2201.

Representative Ruby moved **House recede and further amend as follows**. Remove section 3, 4, 5, and add not to exceed in section 8 and change section 9 to a shall consider study.

Representative Dobervish seconded the motion.

Senator Lee ask for more time to review the amendment and will meet on Monday, April 17, 2023.

10:31 AM **K. Roers** closed the conference committee meeting.

Patricia Lahr, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Lincoln Room, State Capitol

SB 2201
4/17/2023
Conference Committee

Relating to medical marijuana certification and criminal history record check fees; and to provide for a legislative management study regarding the administrative costs of medical marijuana compassion center certification and the impact of those costs on patients.
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3:03 PM **Chair K. Roers** opened the conference committee meeting. **Senators K. Roers, Lee, Clemens and Representatives Beltz, Ruby, Dobervich** were present.

Discussion Topics:

- Proposed amendment
- Conference committee decision

Senator K. Roers called for discussion.

Representative M. Ruby handed out redlined amendment. #27627

Note: A motion was moved and seconded on April 14, 2023.

3:05 PM **Jason Wahl, Medical Marijuana Program Director, ND Department of Health and Human Services**, provided information verbally.

Roll call vote-motion carried 6-0-0.

Representative M. Ruby is the House bill carrier.

Senator K. Roers is the Senate bill carrier.

3:07 PM **K. Roers** closed the conference committee meeting.

Patricia Lahr, Committee Clerk

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4/17/23
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PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2201

That the House recede from its amendments as printed on page 1151 of the Senate Journal and page 1307 of the House Journal and that Engrossed Senate Bill No. 2201 be amended as follows:

Page 1, line 2, remove ", subdivision a of subsection 1 of section 19-24.1-14,"

Page 1, line 3, remove "sections 19-24.1-15 and 19-24.1-16"

Page 1, line 6, remove "regarding the administrative costs of medical marijuana"

Page 1, line 7, remove "compassion center certification and the impact of those costs on patients"

Page 1, remove lines 20 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 22

Page 4, line 19, overstrike "of"

Page 4, line 19, after "~~thousand~~" and insert "not to exceed"

Page 4, line 24, replace "study" with "consider studying"

Renumber accordingly

**2023 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2201 as engrossed

Senate Human Services Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Ruby Seconded by: Representative Dobervich

Senators	4/17		Yes	No	Representatives	4/17		Yes	No
K. Roers, Chair	X		Y		Beltz, Chair	X		Y	
Lee	X		Y		Ruby	X		Y	
Clemens	X		Y		Dobervich	X		Y	
Total Senate Vote			3		Total Rep. Vote			3	

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier K. Roers House Carrier Ruby

LC Number 23.0711 . 02002 of amendment

LC Number 23.0711 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2201, as engrossed: Your conference committee (Sens. K. Roers, Lee, Clemens and Reps. Beltz, M. Ruby, Dobervich) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1151, adopt amendments as follows, and place SB 2201 on the Seventh order:

That the House recede from its amendments as printed on page 1151 of the Senate Journal and page 1307 of the House Journal and that Engrossed Senate Bill No. 2201 be amended as follows:

Page 1, line 2, remove ", subdivision a of subsection 1 of section 19-24.1-14,"

Page 1, line 3, remove "sections 19-24.1-15 and 19-24.1-16"

Page 1, line 6, remove "regarding the administrative costs of medical marijuana"

Page 1, line 7, remove "compassion center certification and the impact of those costs on patients"

Page 1, remove lines 20 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 22

Page 4, line 19, overstrike "of"

Page 4, line 19, after "~~thousand~~" and insert "not to exceed"

Page 4, line 24, replace "study" with "consider studying"

Renumber accordingly

Engrossed SB 2201 was placed on the Seventh order of business on the calendar.

TESTIMONY

SB 2201



January 17, 2023

Re: Testimony in favor of SB2201

Madam Chair & Distinguished Members of the North Dakota Legislature:

My name is Jonathan O'Keefe, co-founder and owner of Strive Life Grand Forks. Strive Life Grand Forks was the only locally owned medical cannabis dispensary originally selected that is governed by the North Dakota Department of Health, Division of Medical Marijuana. Strive Life Grand Forks opened in May 2019 and was the second medical marijuana dispensary in the State of North Dakota.

I want to begin my testimony with gratitude. I am grateful for the leadership shown by the North Dakota legislature for molding the policy in century code for medical marijuana that was passed by North Dakota's citizens in 2016. Your support has helped thousands of North Dakotans seek a medical alternative that was not available to them prior to 2019. These North Dakotans, many of whom are Veterans of our military, seek relief from cancer, epilepsy, anxiety, and many more life-threatening diseases. We have been able to deliver this care under the safe and sanctioned supervision of the State. Help is delivered, and the community is safe and protected.

I am here as a business owner, state and federal tax payer, and North Dakotan whose family has been in North Dakota since it became a state. I graduated from the University of North Dakota, and am raising my family in Grand Forks. Prior to Strive Life Grand Forks, I operated three McDonald's franchises in North Dakota and Minnesota.

I am here today to testify in favor of Senate Bill 2201. A medical cannabis dispensary owner faces significantly more challenges than a traditional business owner. Unlike a traditional business, a dispensary or cultivation center, while legal to operate in North Dakota, is categorized as federally illegal. Despite being federally illegal, a dispensary or cultivator will pay up to 11% in federal taxes yearly. Guidelines drawn by the federal government mandate these businesses follow 280E tax law. Under 280E these businesses are not allowed to write off some of the most common business-related transactions such as lodging, gas or employee uniforms. Outside services all come at a premium price. Dispensaries and cultivators must hire specialized tax, legal and payroll consultants to remain compliant with State and federal law. Another obstacle is banking. FDIC insured banks will not bank these businesses, and that includes our state-owned bank.

Dispensary and cultivation owners pay tens of thousands of dollars to comply with the law, pay hundreds of thousands of dollars in State and federal taxes, and take extraordinary personal risk to do so.

Strive Life Grand Forks 1809 13th Avenue North Grand Forks, ND 58203



I state these facts to give a broader view of the challenges these State-sanctioned businesses face. North Dakota compassion center certification for cultivators is \$110,000 and dispensaries are \$90,000. These are some of the largest fees in the country — more than Illinois, Oregon, Missouri, or Arizona, for instance. The State of North Dakota cannot change federal tax law or provide for safe federal banking. But the State of North Dakota does control this fee.

A reduction in fees will ease the burden State-sanctioned cannabis dispensary and cultivators face. The relief will help us pay our fair share of State and federal taxes, and will be put to good use paying for the specialized support we require unless or until safe banking is legal. We are North Dakota based businesses asking for your help. This change will have a positive impact on the residents employed by us and the patients we serve. Your leadership made this business possible and now I ask for your help in making them fiscally viable. Please support Senate Bill 2201 and help support the nearly 9,000 patients we serve across North Dakota.

Respectfully,

A handwritten signature in black ink that reads "Jonathan O'Keefe". The signature is written in a fluid, cursive style.

Jonathan O'Keefe
Co-Owner Strive Life Grand Forks

Good morning, Chairwoman Lee and members of the Senate Human Services Committee. My name is Jason Wahl, Director of the Medical Marijuana Program within the Department of Health and Human Services (Department). I am here to provide information regarding the fiscal note to Senate Bill 2201. The Department is neutral on the reduction of registration certification fees and agent fees.

The fiscal note submitted identifies a total reduction in revenue of \$358,000. This is due to the following two changes in state law:

1. A fee reduction of \$30,000 paid once every two years by manufacturing facilities and dispensaries. One dispensary is not impacted by the reduction as an administrative rule (NDAC Section 33-44-01-07.3) has the fee of the dispensary established at \$30,000 (located in a city with a population of 10,000 or less).
2. A fee reduction of \$100 paid once a year for agents of manufacturing facilities and dispensaries.

This concludes my testimony. I am happy to answer questions you may have.

Scott Meyer
State Senator District 18
Grand Forks, ND
218.791.7655
scottmeyer@ndlegis.gov

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.

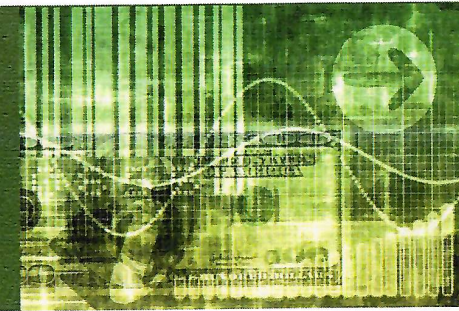
416 agent cards X \$100 = \$41,600/

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.

STATE DEPARTMENT OF HEALTH - MEDICAL MARIJUANA DIVISION



#14169

Medical Marijuana Division - In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created North Dakota Century Code Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. The bill required the State Department of Health to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The department must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore, the Legislative Assembly does not include an appropriation for the Medical Marijuana Division in the department's budget. The department presented a budget, funded through the continuing appropriation, totaling \$1,564,793, including 5 FTE positions, for the 2021-23 biennium. The Legislative Assembly approved salary adjustments of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022, totaling \$12,120 and approved House Bill No. 1359 (2021) which included a fiscal impact on expenditures of \$4,000, resulting in estimated expenditures from the medical marijuana fund of \$1,580,913 for the 2021-23 biennium.

During the 2019-21 biennium, deposits in the medical marijuana fund of \$1,874,374, exceeded 2019-21 expenditures of \$1,254,332 by \$620,042, which, along with the 2019-21 biennium beginning balance in the fund of \$614,188, is available to the State Department of Health on a continuing basis to administer the medical marijuana program during the 2021-23 biennium. The department anticipates funding continued from the 2019-21 biennium of \$1,234,230, along with \$1,727,400 of estimated revenue collections during the 2021-23 biennium, will be sufficient to pay the estimated \$1,568,793 of program expenses during the 2021-23 biennium. The department anticipates approximately \$1,400,000 will be available in the medical marijuana fund at the end of the 2021-23 biennium and continued into the 2023-25 biennium.



Division of Medical Marijuana



Medical Marijuana Program Annual Report

Fiscal Year 2022

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Glossary

Cardholder: A qualifying patient, designated caregiver, or compassion center agent who has been issued and possesses a valid registry identification card.

Compassion Center: A manufacturing facility or dispensary.

Designated Caregiver: An individual who agrees to manage the well-being of a registered qualifying patient with respect to the qualifying patient's medical use of marijuana.

Dispensary: An entity registered by the department as a compassion center authorized to dispense usable marijuana to a registered qualifying patient and a registered designated caregiver.

Health Care Provider: A physician, a physician assistant, or an advanced practice registered nurse.

Manufacturing Facility: An entity registered by the department as a compassion center authorized to produce and process and to sell usable marijuana to a dispensary.

Qualifying Patient: An individual who has been diagnosed by a health care provider as having a debilitating medical condition.

Registry Identification Card: A document issued by the department which identifies an individual as a registered qualifying patient, registered designated caregiver, or registered compassion center agent.

Usable Marijuana: A medical marijuana product or the dried leaves or flowers of the plant of the genus cannabis in a combustible delivery form. However, the term does not include a cannabinoid edible product. In the case of a registered qualifying patient who is a minor, "usable marijuana" is limited to pediatric medical marijuana.

Written Certification: A form established by the department which is executed, dated, and signed by a health care provider within ninety calendar days of the day of application, stating that the patient has a debilitating medical condition. A health care provider may authorize an enhanced amount of dried leaves or flowers of the plant of the genus cannabis in a combustible delivery form to treat or alleviate the patient's debilitating medical condition of cancer. A written certification may not be made except in the course of a bona fide provider-patient relationship.

Background Information and Status of the Program

In November 2016, an initiated measure, known as the “North Dakota Compassionate Care Act,” was approved by voters. In January 2017, the provisions of the North Dakota Compassionate Care Act were suspended through legislation passed by the Legislative Assembly. On April 18, 2017, a new state law became effective requiring the North Dakota Department of Health (NDDoH) to establish and implement a Medical Marijuana Program allowing for the production and processing, the sale and dispensing of usable marijuana, and medical use of marijuana. Since the effective date of the new state law, the NDDoH has been committed to implementing a well-regulated program that protects the health and safety of qualifying patients and the public.

State law requires the NDDoH to register no more than two manufacturing facilities unless the NDDoH determines additional entities are necessary to increase access to usable marijuana by registered qualifying patients and registered designated caregivers. Two manufacturing facilities received their registration certificates in fiscal year 2019.

State law identifies the NDDoH is to register no more than eight dispensaries unless the NDDoH determines additional entities are necessary to increase access to usable marijuana by registered qualifying patients and registered designated caregivers. The NDDoH established eight regions within the state where dispensaries would be located. Regions are comprised of a 50-mile radius from selected cities. The first dispensary opened in Fargo in March 2019. Additional dispensaries opened during the 2019 calendar year with the eighth, and final, dispensary opening in December 2019 in Dickinson.

An online application process is used for registering qualifying patients and designated caregivers. During fiscal year 2022, the number of registered qualifying patients continued to grow. As of June 30, 2021, there were approximately 5,750 registered qualifying patients. As of June 30, 2022, there were over 7,950 registered qualifying patients.

State Law Reporting Requirements

House Bill 1213 passed by the 67th Legislative Assembly modified NDCC Section 19-24.1-39. NDCC Section 19-24.1-39 requires the NDDoH to submit an annual report that contains the following information:

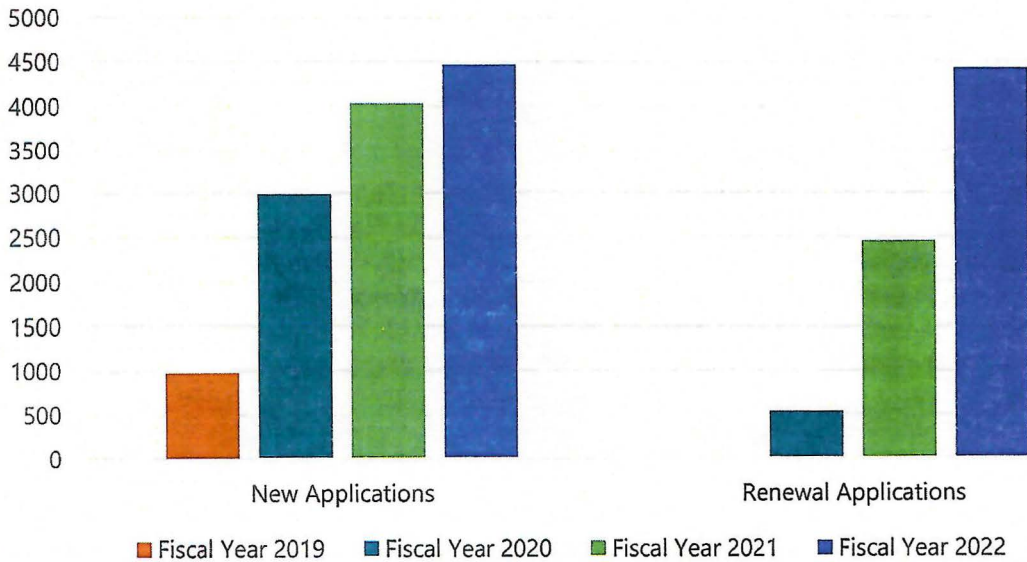
1. The number of registry identification card applications and renewals;
2. The number of registered qualifying patients, registered designated caregivers, and registered compassion center agents;
3. The nature of the debilitating medical conditions of the registered qualifying patients;
4. The number of registry identification cards revoked;
5. The number of health care providers providing written certifications for qualifying patients;
6. The number of compassion centers;
7. Any expenses incurred and revenues generated by the department from the medical marijuana program; and
8. Data for statistical purposes in a manner so that an individual person is not identifiable.

Data is reported as of June 30, 2022.

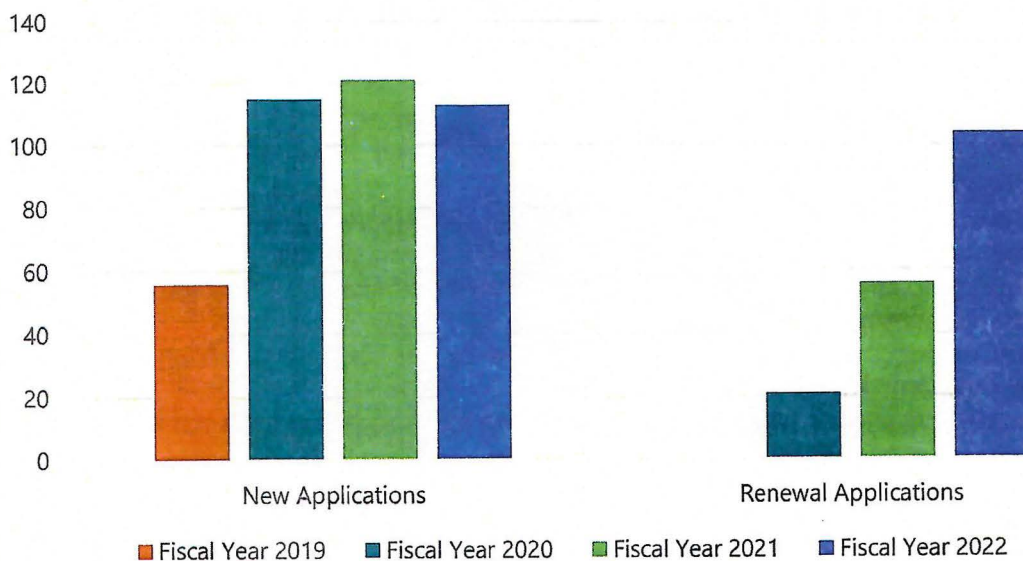
APPLICATIONS AND RENEWALS

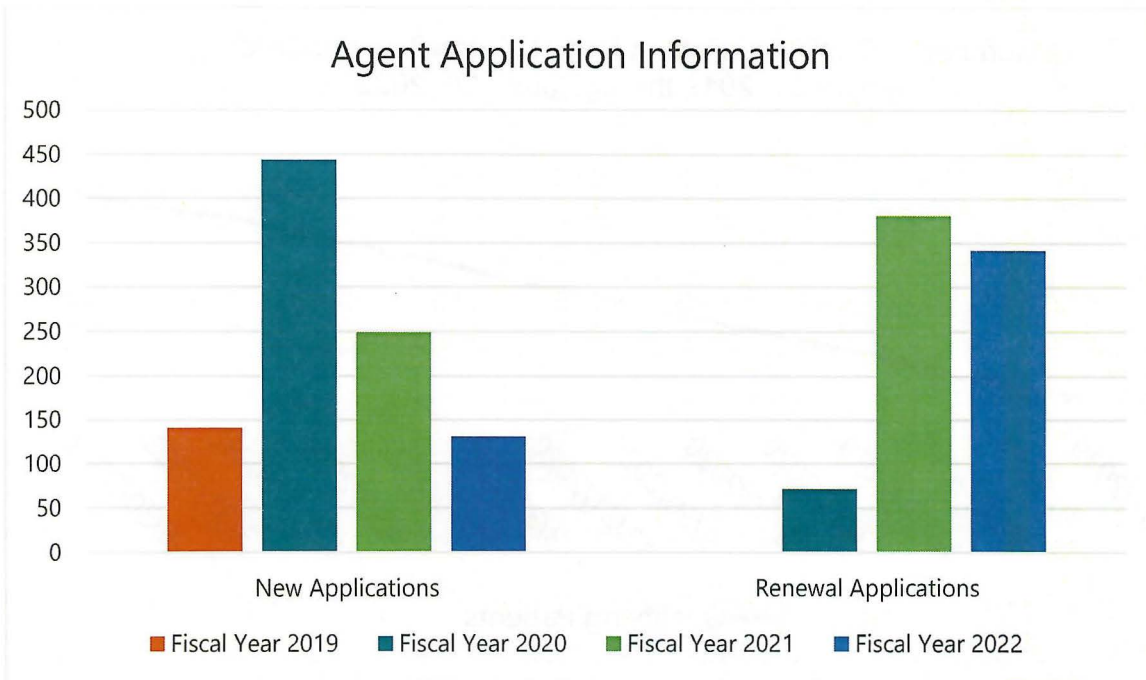
Individuals applying to become a registered qualifying patient, designated caregiver, or agent submit their application through the North Dakota Medical Marijuana Program online registration system. The graphs below identify new applications and renewal applications submitted during fiscal years 2019 through 2022. As identified in the graphs below, there was an increase in applications received by the NDDoH (data from the Medical Marijuana Program online registration system).

Qualifying Patient Application Information



Designated Caregiver Application Information





REGISTERED QUALIFYING PATIENTS AND DESIGNATED CAREGIVERS

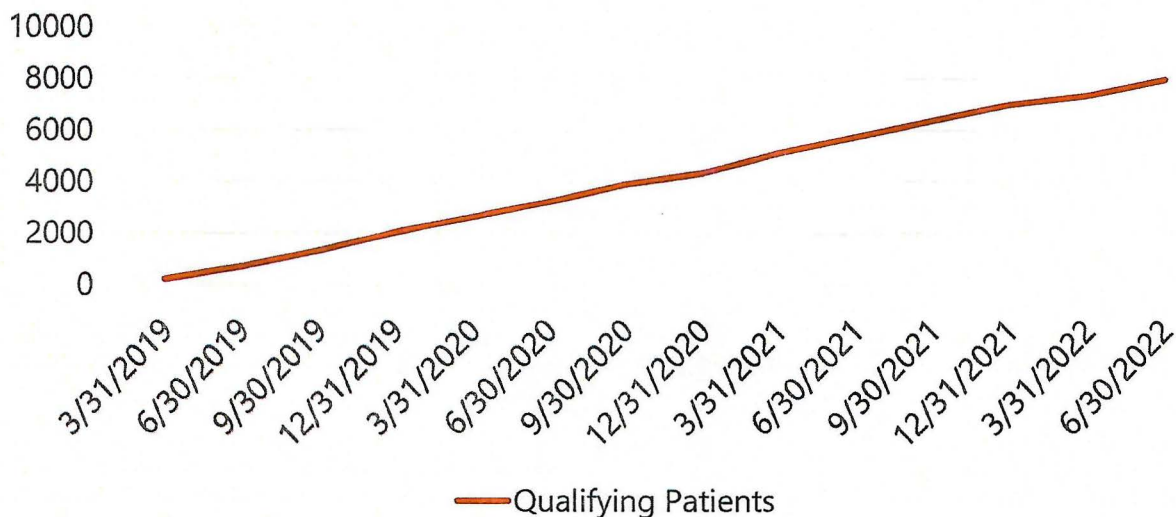
An individual may possess more than one designated caregiver registry identification card (state law allows an individual to have up to five designated caregiver cards). Also, individuals may be considered an agent of multiple registered manufacturing facilities/dispensaries. Thus, card numbers are not reflective of the actual number of individuals with a registry identification card. The total number of registry identification cards as of June 30, 2019, 2020, 2021, and 2022 was (data from the Medical Marijuana Program online registration system):

Fiscal Year End Registry Identification Card Data				
	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Qualifying patient cards *	707	3,233	5,754	7,958
Designated caregiver cards	34	109	139	167
Compassion center agent cards	91	410	408	416

* Number of minor patients (those under the age of 19) was less than 40 in all four years.

The graph on the following page identifies information related to the number of qualifying patient registry identification cards active in the Medical Marijuana Program since the first month a dispensary was open in the state (March 1, 2019). As seen by the graph, the number of registered qualifying patients has increased significantly (data from the Medical Marijuana Program online registration system).

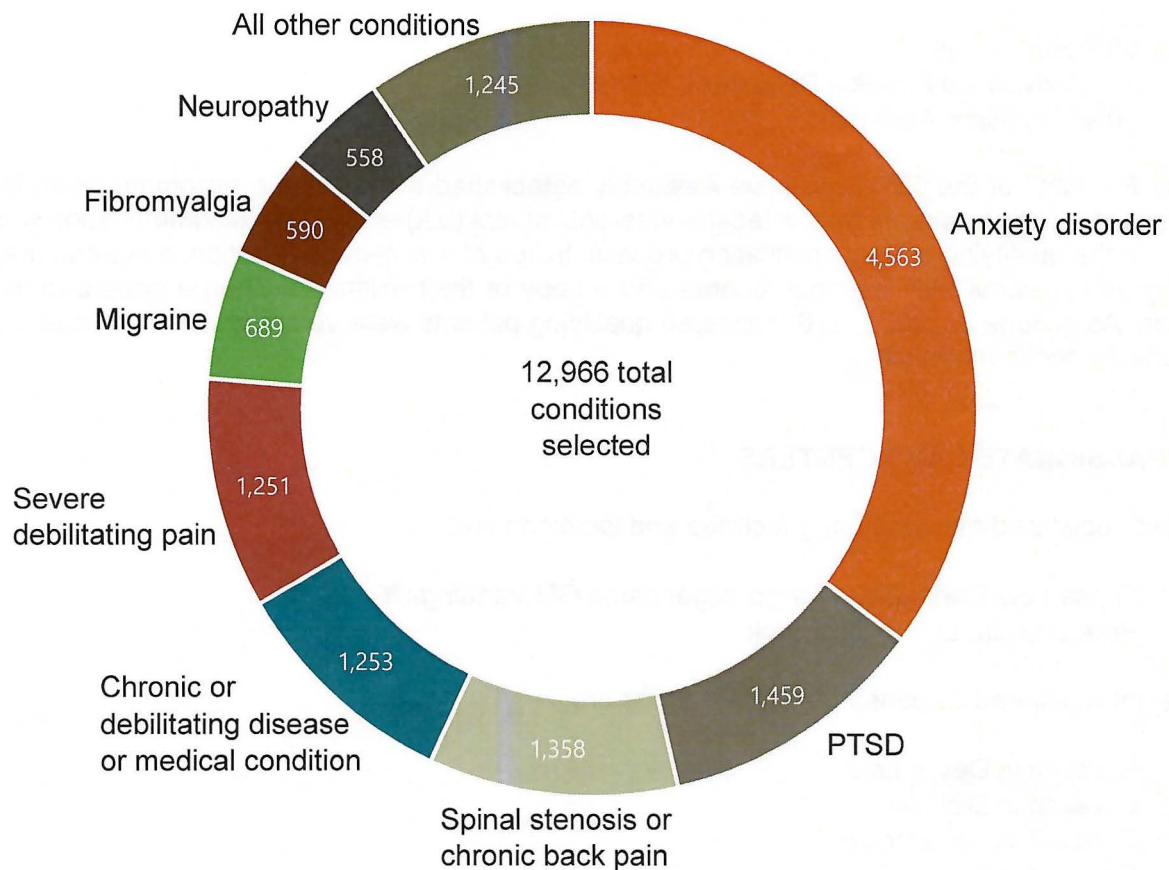
Number of Qualifying Patient Registry Identification Cards
March 31, 2019 through June 30, 2022



DEBILITATING MEDICAL CONDITIONS

A qualifying patient application requires a health care provider to complete a written certification. A health care provider must select at least one of the debilitating medical conditions authorized in state law. A health care provider may select more than one debilitating medical condition on a written certification (thus, the total number of conditions exceeds the registered qualifying patient data). The graph on the following page identifies the medical conditions selected by health care providers for the 7,958 registered qualifying patients as of June 30, 2022 (data from the Medical Marijuana Program online registration system). As the graph identifies, the top two conditions selected were anxiety disorder and post-traumatic stress disorder.

Debilitating Medical Conditions Selected by Health Care Providers for Registered Qualifying Patients as of June 30, 2022



REGISTRY IDENTIFICATION CARDS REVOKED

In fiscal year 2021, there were 10 registry identification cards revoked (seven of which were qualifying patients). In fiscal year 2022, there were 16 registry identification cards revoked, broken out as follows (data from the Medical Marijuana Program online registration system):

- 12 qualifying patients
- 3 designated caregivers
- 1 agent

HEALTH CARE PROVIDERS PROVIDING WRITTEN CERTIFICATIONS

There were 340 health care providers who completed written certifications for registered qualifying patients as of June 30, 2022. This was an increase of 43 health care providers compared to June 30, 2021. A breakdown of the 340 health care providers is below (data is from the Medical Marijuana Program online registration system). Compared to the previous fiscal year, a slight increase in Advanced Practice Registered Nurses and Physician Assistants occurred.

- 55% Physicians
- 35% Advanced Practice Registered Nurses
- 10% Physician Assistants

House Bill 1283 of the 66th Legislative Assembly established a reasonable accommodation for veterans receiving treatment from a federal veterans' affairs (VA) entity. The accommodation was added to the qualifying patient application process. In lieu of a written certification, a veteran may be eligible to submit their medical records and a copy of their military discharge papers to the division. As of June 30, 2022, 276 registered qualifying patients were veterans who had used the reasonable accommodation.

COMPASSIONATE CARE CENTERS

The two registered manufacturing facilities and locations are:

- Grassroots Cannabis in Fargo (legal name GR Vending ND, LLC)
- Pure Dakota, LLC in Bismarck

The eight registered dispensaries and locations are:

- Curaleaf in Devils Lake
- Curaleaf in Dickinson
- Curaleaf in Jamestown
- Curaleaf in Minot
- Pure Dakota Health in Bismarck
- Pure Dakota Health in Fargo
- Pure Dakota Health in Williston
- We-Mend (Strive Life) in Grand Forks

DIVISION OF MEDICAL MARIJUANA EXPENSES AND REVENUE

Expenditures*			
	2017-2019 Biennium	2019-2021 Biennium	Fiscal Year 2022
Salaries and Wages	\$633,819	\$907,214	\$482,878
Operating	\$452,357	\$347,118	\$266,992
Total Expenses	\$1,086,176	\$1,254,332	\$749,870
General Funds			
	\$677,064	\$0	\$0
Special Funds			
	\$409,112	\$1,254,332	\$749,870

Revenue*			
	2017-2019 Biennium	2019-2021 Biennium	Fiscal Year 2022
Medical Marijuana Fees	\$1,023,300	\$1,874,374	\$920,050

* Expenditure and revenue data obtained from the state's accounting information system.

Additional Program Data

House Bill 1213 of the 67th Legislative Assembly modified NDCC Section 19-24.1-37 regarding information the NDDoH may disclose. State law allows the NDDoH to disclose data for statistical purposes in a manner such that an individual or compassion center is not identified.

TOTAL DISPENSARY SALES

Data related to total sales at dispensaries is below. Only total sales information is provided to ensure an individual dispensary is not identified. In addition, sales information for fiscal year 2019 is not provided as only two dispensaries were open during the fiscal year (data from the Medical Marijuana Program state traceability and enforcement monitoring system; rounded to the nearest thousand).

Total Dispensary Sales (by Fiscal Year)			
	2020	2021	2022
Total Dispensary Sales	\$6,361,000	\$15,336,000	\$19,970,000
Percent of Total Sales that were Dried Leaves and Flowers	67%	72%	69%

REGISTERED QUALIFYING PATIENTS BY COUNTY

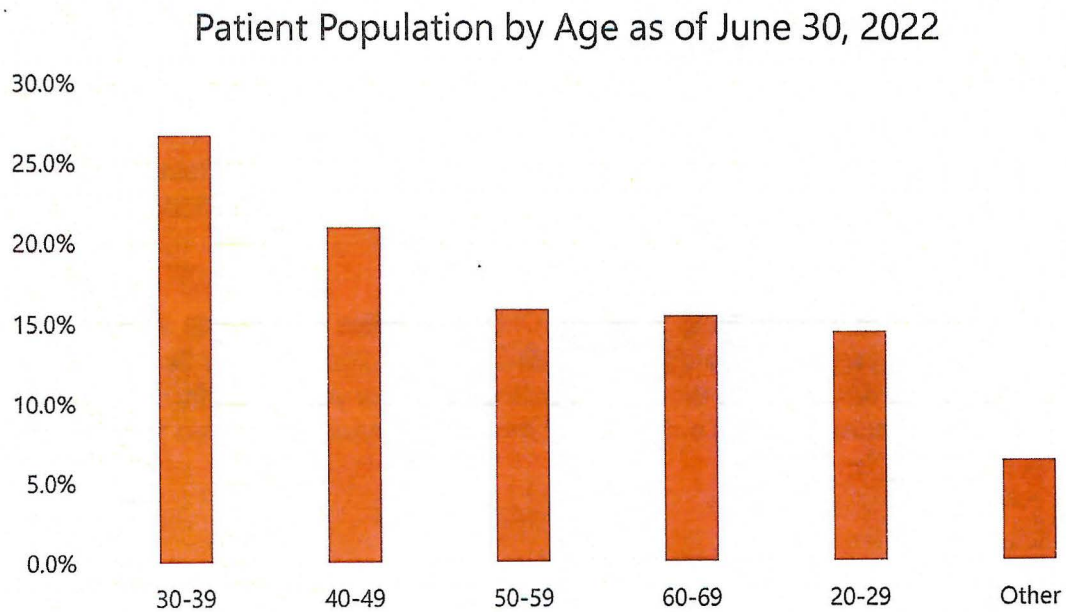
The table on the following page identifies the county of residence for the 7,958 registered qualifying patients as of June 30, 2022 (data from the Medical Marijuana Program online registration system). The top three counties comprise approximately 48% of the registered

qualifying patients. A county in the 'All other counties' category has less than 5% of the total registered qualifying patients.

Registered Qualifying Patients by County (as of June 30, 2022)	
	Percentage
Cass	23%
Ward	14%
Burleigh	11%
Grand Forks	9%
Williams	6%
All other counties	37%

REGISTERED QUALIFYING PATIENTS BY AGE

The graph below identifies age information for the 7,958 registered qualifying patients as of June 30, 2022 (from the Medical Marijuana Program online registration system). Nearly 50% of registered qualifying patients are between the ages of 30 and 49.



During testimony on Senate bill 2201 provided by the Director of Medical Marijuana, Department of Health and Human Services (DHHS), to the Senate Human Services Committee on January 18, 2023, the committee requested additional information. This document summarizes information discussed during testimony. A fiscal note was submitted for the bill and identified a total reduction in revenue of \$358,000 for the 2023-2025 biennium.

The Medical Marijuana Program operates under a continuing appropriation as established in state law. The first year of expenses and revenue associated with the program was fiscal year 2018. Information on expenses and revenue presented to the House of Representatives Appropriations – Human Resources Division identified expenses, revenues, and an ending fund balance for each fiscal year since 2018. The information provided is on Page 4.

The Department was being conservative on the use of funds and has attempted to operate the program in the most efficient manner possible. The Department's decision on finances was greatly impacted by four areas:

1. Litigation: starting in the summer of 2020, the department became aware of a possible lawsuit. This process started in February 2021 and included a request for over \$5 million in damages. The Department was aware of potential large attorney fees to defend the Department and anticipated a long litigation process. If the Department had been unsuccessful, the entire fund balance would have been eliminated and the Department would have had to approach the legislature. Thus, the Department chose a conservative approach making any changes impacting the fund balance while litigation was ongoing. Litigation was over in June 2022. Administrative rules impacting fees, including a reduction of the qualifying patient application fee from \$50 to \$25, were effective in October 2022. The marijuana industry is an industry with a high risk of litigation.

2. Information technology (IT): the Department procured a major IT system for tracking all marijuana and for a registration system used to register all qualifying patients, designated caregivers, and agents of manufacturing facilities and dispensaries. The Department will need to consider a revised or updated system along with a new contract. Thus, an adequate amount for replacement or a renewal contract for IT is necessary to be maintained in the medical marijuana fund.
3. Growth of the program: the program has shown a significant increase in the qualifying patient population that has exceeded the Department's estimated amounts. This led to an increase in revenue. The patient growth has led to the industry expanding operations which leads to additional revenue. Information related to program growth was also provided to the House Appropriations committee and is included on Page 5.
4. Vote on adult-use measure: an adult-use cannabis measure was on the ballot in November 2022. The Department was aware that if this measure had passed, the Department would need to immediately expend the Medical Marijuana Program and would be incurring additional costs. Again, using a conservative fiscal approach, the department was cautious about decisions being made with the vote on the measure.

The Department has started taking steps now that litigation has ended related to fees. Prior to changes being made to state law during the 2021 Legislative Session, the amount of fees was a set amount and had to be collected. State laws were modified to establish a maximum amount for fees, thus allowing the Department to collect a lesser amount. Administrative rules were modified in the fall of 2022 to reduce fees in two areas:

- The qualifying patient application fee was reduced from \$50 to \$25 (fee paid annually). The fiscal note for this change identified a revenue reduction \$194,000 for the current biennium.
- The registration certificate fee was reduced from \$90,000 to \$30,000 for a dispensary in a city with a population of 10,000 or less (fee paid once every two years).

With the growth of the program, the Department did hire a part-time, temporary individual to assist with calls and processing applications. There was

a request for an additional full-time equivalent (FTE) position, however it was not prioritized. If an FTE were authorized, there would be no impact to the general fund. The original budget when the program was implemented, included 6 FTE. Due to efficiencies gained during implementation and the status of the program, only 5 FTE have been utilized. Also, the Department has seen an increase in requests for data regarding marijuana, marijuana use, and impacts of marijuana in the state. The Department is looking at options to be able to fund a position to be able to assist in data collection.

One item that was identified to the committee related to agent fees. If the committee were to pass the bill, the maximum annual application/renewal fee for an agent registry identification card would go from \$200 to \$100. If the committee believes the maximum amount should be \$200 in a biennium, the Department suggests having the maximum amount be \$125 for each year and remove the requirement that the fees associated with the required criminal history record checks must be paid by the compassion center or the agent (NDCC Section 19-24.1-18, Subsection 3(a)). If the committee determines to leave the maximum agent fee at \$200, it could still remove the language requiring the criminal history record check be paid by the compassion center or the agent.

An agent of a dispensary or manufacturing facility is required to have a criminal history record check upon initial application and then every other year after. Currently, the Department must obtain a \$41.25 check from an applicant to submit to the Bureau of Criminal Investigation (BCI) with their fingerprints. This creates an inefficient process. If state law were changed, the Department would not be required to obtain a check and could be billed monthly by BCI. The agent fees collected would assist in paying for the criminal history record checks performed.

For a designated caregiver, an applicant also is required to pay the fees associated with the required criminal history record checks (NDCC Section 19-24.1-04, Subsection 3). The committee may want to consider removing this language as well.

Medical Marijuana – Continuing Appropriation Status of the Medical Marijuana Fund

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023^
Revenue	\$95,000	\$928,300	\$743,415	\$1,130,959	\$920,050	\$697,024
Expenditures*	(\$363,426)	(\$722,750)	(\$596,510)	(\$657,822)	(\$820,854)	(\$328,370)
Ending Fund Balance	\$77,225	\$614,188	\$761,093	\$1,234,230	\$1,333,426	\$1,702,080

* General Fund expenditures in fiscal years 2018 and 2019 totaled \$677,064.

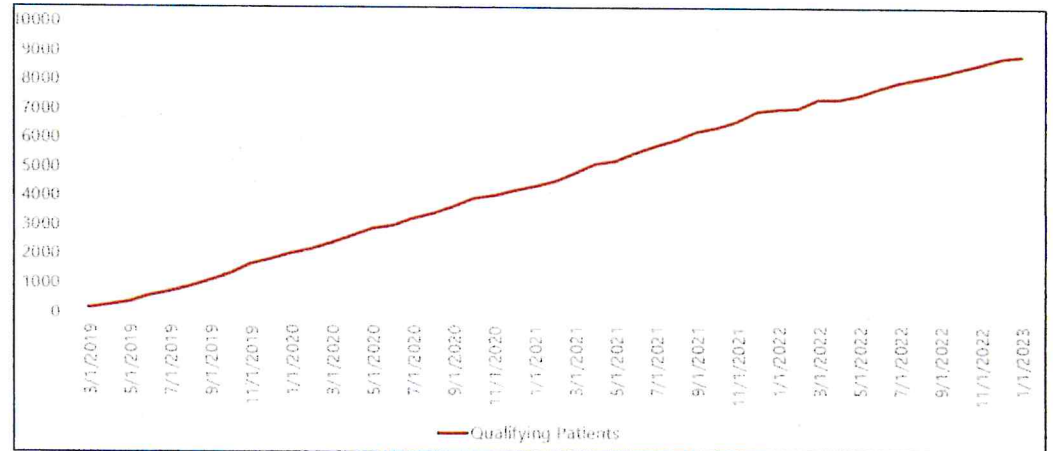
^ Information through December 31, 2022.

Medical Marijuana Program, cont.

Authorized Plant Count at Manufacturing Facilities

	July 1, 2021	December 31, 2022
Grassroots	5,000	8,000
Pure Dakota	1,500	3,000
Total	6,500	11,000

Total Number of Registered Qualifying Patients



Total Dispensary Sales (by Fiscal Year)

	2020	2021	2022	2023 (6 months)
Total Sales	\$6,361,000	\$15,336,000	\$19,970,000	\$10,700,000
Percent of Total Sales that were Dried Leaves and Flowers	67%	72%	69%	66%

PROPOSED AMENDMENTS TO SENATE BILL NO. 2201

Page 3, add line 21 and insert:

SECTION 4. AMENDMENT. Subsection 3 of section 19-24.1-04 of the North Dakota Century Code is amended and reenacted as follows:

3. Except as provided in section 19-24.1-04.1, a criminal history record check conducted under section 12-60-24 must be performed upon initial application and biennially thereafter and at any other time upon the request of the department. All fees associated with the criminal history record check must be paid by the applicantdepartment.

SECTION 5. AMENDMENT. Subsection 3 of section 19-24.1-18 of the North Dakota Century Code is amended and reenacted as follows:

3. Each compassion center agent shall consent to a criminal history record check conducted under section 12-60-24 to demonstrate compliance with the eligibility requirements.
 - a. All applicable fees associated with the required criminal history record checks must be paid by the ~~compassion center or the~~ agentdepartment.
 - b. A criminal history record check must be performed upon initial application and biennially upon renewal. A compassion center agent shall consent to a criminal history record check at any time the department determines necessary.
 - c. An individual convicted of a drug-related misdemeanor offense within the five-year period before the date of application or a felony offense is prohibited from being a compassion center agent.

Renumber accordingly

	Current Fee	10%	20%	30%	40%	50%
Agent Application Fees	\$ 200	\$ 180	\$ 160	\$ 140	\$ 120	\$ 100
Patient Application Fee	\$ 25	\$ 23	\$ 20	\$ 18	\$ 15	\$ 13
Manufacturing Certification	\$ 110,000	\$ 99,000	\$ 88,000	\$ 77,000	\$ 66,000	\$ 55,000
Dispensary Certification Large	\$ 90,000	\$ 81,000	\$ 72,000	\$ 63,000	\$ 54,000	\$ 45,000
Production Only Manufacturing Certification	\$ 70,000	\$ 63,000	\$ 56,000	\$ 49,000	\$ 42,000	\$ 35,000
Dispensary Certification Small	\$ 30,000	\$ 27,000	\$ 24,000	\$ 21,000	\$ 18,000	\$ 15,000
Processor Only Manufacturer Certification	\$ 30,000	\$ 27,000	\$ 24,000	\$ 21,000	\$ 18,000	\$ 15,000
Extra Plant Certification	\$ 10,000	\$ 9,000	\$ 8,000	\$ 7,000	\$ 6,000	\$ 5,000
Manufacturer or Dispensary Application	\$ 5,000	\$ 4,500	\$ 4,000	\$ 3,500	\$ 3,000	\$ 2,500
Failure to Provide Notice	\$ 150	\$ 135	\$ 120	\$ 105	\$ 90	\$ 75
Criminal History Check	\$ 41	\$ 37	\$ 33	\$ 29	\$ 25	\$ 21
Lost Card	\$ 25	\$ 23	\$ 20	\$ 18	\$ 15	\$ 13
Name Change	\$ 5	\$ 5	\$ 4	\$ 4	\$ 3	\$ 3

Medical Marijuana Fees

Application Fees (annual)

- \$200: original and renewal application fee for agents of manufacturing facilities and dispensaries
- \$25: original and renewal application fee for qualifying patients

Certification Fees (every two years)

- \$110,000: certification fee for a manufacturing facility
- \$90,000: certification fee for a dispensary in a city with a population of more than 10,000
- \$70,000: certification fee for a production only authorized manufacturing facility*
- \$30,000: certification fee for a dispensary in a city with a population of 10,000 or less
- \$30,000: certification fee for a medical marijuana product processor only authorized manufacturing facility*
- \$10,000: additional certification fee of \$10,000 for every 500 plants in excess of 1,000 plants a manufacturing facility possess

Other Fees

- \$5,000: application fee for a manufacturing facility or dispensary
- \$150: fee for manufacturing facility or a dispensary for failure to provide notice as required by state law or administrative rules
- \$41.25: fee paid to BCI by caregivers and agents of manufacturing facilities and dispensaries for a criminal history record check (the check is made out to BCI)
- \$25: replacement fee for a lost qualifying patient or agent card
- \$5: replacement fee for a change in name of qualifying patient or agent

* Fee not been collected as neither category of manufacturing facility is registered.

Page 1, line 3, after “fees” insert “; and to provide for a study regarding the administrative costs of medical marijuana compassion center licensure and the impact of those costs on patients”

Page 1, line 13, replace “sixty” with “sixty-five”

Page 2, line 18, replace “sixty” with “sixty-five”

SECTION § - AMENDMENT. Subsection 2 of 19-24.1-03 of the North Dakota Century Code is amended and reenacted as follows:

2. A qualifying patient application for a registry identification card is complete and eligible for review if an applicant submits to the department:

a. A nonrefundable application fee in an amount not to exceed ~~fifty~~ twenty-five dollars.

b. An original written certification, which must include:

- (1) The name, address, and telephone number of the practice location of the applicant’s health care provider;
- (2) The health care provider’s North Dakota license number;
- (3) The health care provider’s medical or nursing specialty;
- (4) The applicant’s name and date of birth;
- (5) The applicant’s debilitating medical condition and the medical justification for the health care provider’s certification of the patient’s debilitating medical condition;
- (6) Attestation the written certification is made in the course of a bona fide provider-patient relationship;
- (7) Whether the health care provider authorizes the patient to use an enhanced amount of the dried leaves or flowers of the plant of the genus cannabis in a combustible delivery form to treat or alleviate the patient’s debilitating medical condition of cancer; and
- (8) The health care provider’s signature and the date.

c. An original qualifying patient application for a registry identification card established by the department which must include all of the following:

- (1) The applicant’s name, address, and date of birth.

(2) The name, address, and date of birth of the applicant's proposed designated caregiver, if any.

(3) A photographic copy of the applicant's North Dakota identification. The North Dakota identification must be available for inspection and verification upon request of the department. If the applicant is a minor, a certified copy of a birth record or a photographic copy of the minor's North Dakota identification is required.

(4) The applicant's or guardian's signature and the date, or in the case of a minor, the signature of the minor's parent or legal guardian with responsibility for health care decisions and the date.

(5) A disclosure that possession of a firearm by a person who possesses marijuana may be a violation of federal law

d. A signed consent for release of medical information related to the applicant's debilitating medical condition, on a form provided by the department.

e. A recent two-by-two inch [5.08-by-5.08 centimeter] photograph of the applicant.

f. Any other information or material required by rule adopted under this chapter.

SECTION § - AMENDMENT. Subsection 3 of section 19-24.1-04 of the North Dakota Century Code is amended and reenacted as follows:

3. Except as provided in section 19-24.1-04.1, a criminal history record check conducted under section 12-60-24 must be performed upon initial application and biennially thereafter and at any other time upon the request of the department. All fees associated with the criminal history record check must be paid by the ~~applicant~~ department.

SECTION § - AMENDMENT. Subsection 1 of 19-24.1-14 of the North Dakota Century Code is amended and reenacted as follows:

1. The department shall establish forms for an application to be registered as a compassion center. For a compassion center registration application to be complete and eligible for review, the applicant shall submit to the department all of the following:

a. A nonrefundable application fee, not to exceed ~~five thousand~~ three thousand five hundred dollars, made payable to the “North Dakota Department of Health and Human Services, Medical Marijuana Program”.

SECTION § - AMENDMENT. Subsection 2 of section 19-24.1-18 of the North Dakota Century Code is amended and reenacted as follows:

2. To qualify to be issued a registry identification card, each compassion center agent must be at least twenty-one years of age and shall submit all of the following registry identification card application material to the department:

- a. A photographic copy of the agent’s department-approved identification. The agent shall make the identification available for inspection and verification by the department.
- b. A recent two-by-two inch [5.08-by5.08 centimeter] photograph of the agent.
- c. A written and signed statement from an officer or executive staff member of the compassion center stating the applicant is associated with the compassion center and the capacity of the association.
- d. The name, address, and telephone number of the agent.
- e. The name, address, and telephone number of the compassion center with which the agent is associated.
- f. The agent’s signature and the date.
- g. A nonrefundable application or renewal fee ~~in~~ not to exceed the amount of two hundred dollars.

SECTION § - AMENDMENT. Subsection 3 of 19-24.1-18 of the North Dakota Century Code is amended and reenacted as follows:

3. Each compassion center agent shall consent tot a criminal history record check conducted under section 12-60-24 to demonstrate compliance with the eligibility requirements.

- a. All applicable fees associated with the required criminal history record checks must be paid by the ~~compassion center or the agent~~ department.
- b. A criminal history record check must be performed upon initial application and biennially upon renewal. A compassion center agent

shall consent to a criminal history record check at any time the department determines necessary.

c. An individual convicted of a drug-related misdemeanor offense within the five year period before the date of application or a felony offense is prohibited from being a compassion center agent.

SECTION § - AMENDMENT. Subsection 1 of section 19-24.1-24 of the North Dakota Century Code is amended and reenacted as follows:

1. A manufacturing facility shall grow an amount of marijuana sufficient to meet the qualifying patient population demands. For every five hundred plants in excess of one thousand plants a manufacturing facility possesses, the manufacturing facility shall pay the department an additional certification fee of ~~ten thousand~~ seven thousand five hundred dollars. This fee is due at the time of increase and again at renewal of the compassion center registration certificate under section 19-24.1-16.

SECTION § - MEDICAL MARIJUANA ADMINISTRATIVE COST STUDY – IMPACT ON MARKET – REPORT. During the 2023-2024 interim, the legislative management, in collaboration with the department of health and human services, shall study the administrative costs involved in licensing a compassion center. The study must include information which includes the amount and frequency of license fees, a description of additional costs associated with certification, an explanation of how the department uses the certification fees once they are collected, a recommendation of the best way to lower administrative costs while maintaining the integrity of the department's medical marijuana program, and a prediction on whether the lowering of administrative costs will help to lower consumer costs on medical marijuana purchased from a compassion center. The legislative management shall report its findings and recommendations to the sixty-ninth legislative assembly.

**ANALYSIS OF THE MEDICAL MARIJUANA FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

#27562

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		\$1,234,230		\$1,748,330
Add estimated revenues				
Program fees:				
Dispensary and manufacturer registration fees	\$1,120,000		\$1,120,000	
Application fees, including patient and compassion center agent fees	968,074		821,000	
Total estimated revenues		2,088,074		1,941,000 ²
Total available		\$3,322,304		\$3,689,330
Less estimated Department of Health and Human Services expenditures (Pursuant to a continuing appropriation in North Dakota Century Code Section 19-24.1-40)				
Salaries and wages	\$989,435		\$1,157,555	
Indirect costs	145,447		170,161	
Operating expenditures	439,092		497,415	
Total estimated expenditures and adjustments		1,573,974 ^{1,2}		1,825,131 ²
Estimated ending balance		\$1,748,330		\$1,864,199

¹The State Department of Health presented estimated expenditures to be made through the continuing appropriation, totaling \$1,564,793, including 5 FTE positions. Estimates were increased \$12,120 for salary adjustments of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022, and \$4,000 for the expenditure impact of House Bill No. 1359 (2021).

²The Department of Health and Human Services presented estimated expenditures to be made through the continuing appropriation, totaling \$1,746,384, including 5 FTE positions. Estimates have been increased \$52,435 for salary adjustments of 4 percent each year of the biennium and \$26,312 for increases in the health insurance rate. The estimated expenditures do not include the fiscal impact of Senate Bill No. 2201 (2023) which, if approved, would decrease revenue by \$280,000 and increase expenditures by \$26,400 during the 2023-25 biennium. The estimated expenditures for the 2021-23 biennium do not include the fiscal impact of House Bill No. 1478 (2023) which, if approved, would increase expenditures by \$4,000 during the 2021-23 biennium.

FUND HISTORY

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 required the State Department of Health to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore, the Legislative Assembly removed funding for the Medical Marijuana Division from the State Department of Health's base budget in 2019.

Medical Marijuana – Continuing Appropriation Status of the Medical Marijuana Fund

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023^
Revenue	\$95,000	\$928,300	\$743,415	\$1,130,959	\$920,050	\$697,024
Expenditures*	(\$363,426)	(\$722,750)	(\$596,510)	(\$657,822)	(\$820,854)	(\$328,370)
Ending Fund Balance	\$77,225	\$614,188	\$761,093	\$1,234,230	\$1,333,426	\$1,702,080

* General Fund expenditures in fiscal years 2018 and 2019 totaled \$677,064.

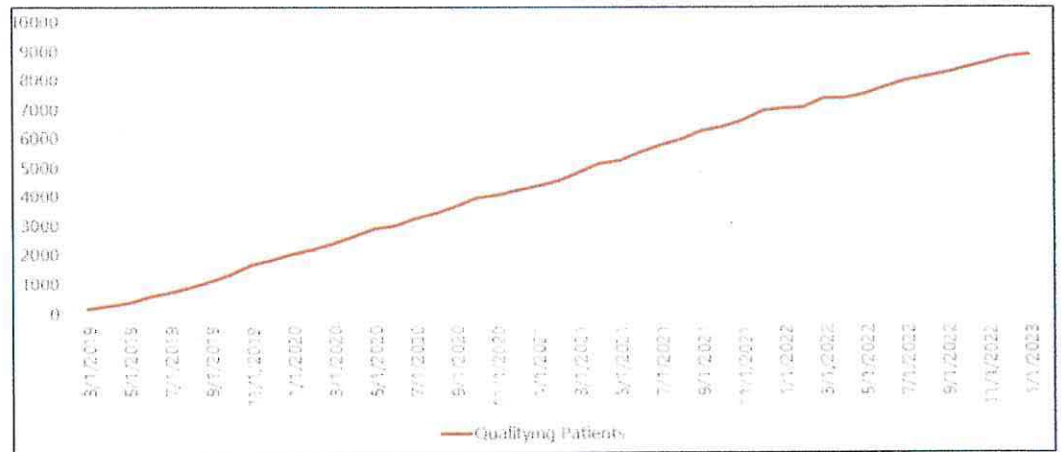
^ Information through December 31, 2022.

Medical Marijuana Program, cont.

Authorized Plant Count at Manufacturing Facilities

	July 1, 2021	December 31, 2022
Grassroots	5,000	8,000
Pure Dakota	1,500	3,000
Total	6,500	11,000

Total Number of Registered Qualifying Patients



Total Dispensary Sales (by Fiscal Year)

	2020	2021	2022	2023 (6 months)
Total Sales	\$6,361,000	\$15,336,000	\$19,970,000	\$10,700,000
Percent of Total Sales that were Dried Leaves and Flowers	67%	72%	69%	66%

23.0711.02002

FIRST ENGROSSMENT

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2201

Introduced by

Senators Meyer, Cleary, K. Roers

Representatives Dockter, Mock, O'Brien

1 A BILL for an Act to amend and reenact subdivision a of subsection 2 of section 19-24.1-03,
2 subsection 3 of section 19-24.1-04, ~~subdivision a of subsection 1 of section 19-24.1-14,~~
3 ~~sections 19-24.1-15 and 19-24.1-16~~, subsection 2 of section 19-24.1-18, subdivision a of
4 subsection 3 of section 19-24.1-18, and subsection 1 of section 19-24.1-24 of the North Dakota
5 Century Code, relating to medical marijuana certification and application fees; and to provide for
6 a legislative management study ~~regarding the administrative costs of medical marijuana~~
7 ~~compassion center certification and the impact of those costs on patients.~~

8 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

9 SECTION 1. AMENDMENT. Subdivision a of subsection 2 of section 19-24.1-03 of the
10 North Dakota Century Code is amended and reenacted as follows:

11 a. A nonrefundable application fee in an amount not to exceed ~~forty~~twenty-five
12 dollars.

13 SECTION 2. AMENDMENT. Subsection 3 of section 19-24.1-04 of the North Dakota
14 Century Code is amended and reenacted as follows:

15 3. Except as provided in section 19-24.1-04.1, a criminal history record check conducted
16 under section 12-60-24 must be performed upon initial application and biennially
17 thereafter and at any other time upon the request of the department. All fees
18 associated with the criminal history record check must be paid by the
19 applicant~~department~~.

20 ~~SECTION 3. AMENDMENT. Subdivision a of subsection 1 of section 19-24.1-14 of the~~
21 ~~North Dakota Century Code is amended and reenacted as follows:~~

22 ~~a. A nonrefundable application fee, not to exceed five thousand~~three thousand five
23 hundred dollars, made payable to the "North Dakota Department of Health and
24 Human Services, Medical Marijuana Program".

1 ~~SECTION 4. AMENDMENT. Section 19-24.1-15 of the North Dakota Century Code is~~
2 ~~amended and reenacted as follows:~~

3 ~~19-24.1-15. Compassion centers - Registration.~~

4 ~~1. Upon receipt of notification by the department a compassion center application is~~
5 ~~eligible for registration, the applicant shall submit all of the following additional items to~~
6 ~~the department to qualify for registration:~~

7 ~~a. A certification fee, made payable to the "North Dakota Department of Health and~~
8 ~~Human Services, Medical Marijuana Program", in an amount not to exceed~~
9 ~~ninetysixty-five thousand dollars for a dispensary and one hundred teneighty~~
10 ~~thousand dollars for a manufacturing facility.~~

11 ~~b. A financial assurance or security bond to ensure the protection of the public~~
12 ~~health and safety and the environment in the event of abandonment, default, or~~
13 ~~other inability or unwillingness to meet the requirements of this chapter.~~

14 ~~c. The physical address of the proposed compassion center; confirmation the~~
15 ~~information in the application regarding the physical location of the proposed~~
16 ~~compassion center has not changed, and if the information has changed the~~
17 ~~department shall determine whether the new information meets the requirements~~
18 ~~of this chapter; and a current certificate of occupancy, or equivalent document, to~~
19 ~~demonstrate compliance with the provisions of state and local fire code for the~~
20 ~~physical address of the proposed compassion center. It is not necessary for an~~
21 ~~applicant to resubmit any information provided in the initial application unless~~
22 ~~there has been a change in that information.~~

23 ~~d. An update to previously submitted information, including information about~~
24 ~~compassion center agents and compliance with section 19-24.1-18.~~

25 ~~2. If an applicant complies with subsection 1, the department shall issue the applicant a~~
26 ~~registration certificate.~~

27 ~~SECTION 5. AMENDMENT. Section 19-24.1-16 of the North Dakota Century Code is~~
28 ~~amended and reenacted as follows:~~

29 ~~19-24.1-16. Compassion centers - Renewal.~~

30 ~~1. A compassion center registration certificate expires two years after issuance. A~~
31 ~~compassion center may submit a renewal application at any time beginning ninety-~~

- 1 ~~calendar days before the expiration of the registration certificate. A compassion center~~
2 ~~shall submit a renewal application a minimum of sixty calendar days before the~~
3 ~~expiration of the registration certificate to avoid suspension of the certificate.~~
- 4 ~~2. The department shall approve a compassion center's renewal application within sixty~~
5 ~~calendar days of submission, if the following conditions are satisfied:~~
- 6 ~~a. The compassion center submits a renewal fee, in an amount not to exceed~~
7 ~~ninetysixty five thousand dollars for a dispensary and one hundred teneighty~~
8 ~~thousand dollars for a manufacturing facility, which the department shall refund if~~
9 ~~the department rejects the renewal application;~~
- 10 ~~b. The compassion center submits a complete renewal application;~~
- 11 ~~c. The department has at no time suspended the compassion center's registration~~
12 ~~for violation of this chapter;~~
- 13 ~~d. Inspections conducted under this chapter do not raise any serious concerns~~
14 ~~about the continued operation of the compassion center; and~~
- 15 ~~e. The compassion center continues to meet all the requirements for the operation~~
16 ~~of a compassion center as set forth in this chapter and rules adopted under this~~
17 ~~chapter.~~
- 18 ~~3. If a compassion center does not meet the requirements for renewal, the department~~
19 ~~may not issue a registration certificate and the department shall provide the~~
20 ~~compassion center with written notice of the determination. If a compassion center's~~
21 ~~certificate is not renewed, the compassion center shall dispose all marijuana and~~
22 ~~usable marijuana in accordance with rules adopted under this chapter.~~

23 **SECTION 3. AMENDMENT.** Subsection 2 of section 19-24.1-18 of the North Dakota
24 Century Code is amended and reenacted as follows:

- 25 2. To qualify to be issued a registry identification card, each compassion center agent
26 must be at least twenty-one years of age and shall submit all of the following registry
27 identification card application material to the department:
- 28 a. A photographic copy of the agent's department-approved identification. The agent
29 shall make the identification available for inspection and verification by the
30 department.
- 31 b. A recent two-by-two inch [5.08-by-5.08 centimeter] photograph of the agent.

- 1 c. A written and signed statement from an officer or executive staff member of the
- 2 compassion center stating the applicant is associated with the compassion center
- 3 and the capacity of the association.
- 4 d. The name, address, and telephone number of the agent.
- 5 e. The name, address, and telephone number of the compassion center with which
- 6 the agent is associated.
- 7 f. The agent's signature and the date.
- 8 g. A nonrefundable application or renewal fee ~~in not to exceed~~ the amount of two
- 9 hundred dollars.

10 **SECTION 4. AMENDMENT.** Subdivision a of subsection 3 of section 19-24.1-18 of the
11 North Dakota Century Code is amended and reenacted as follows:

- 12 a. All applicable fees associated with the required criminal history record checks
- 13 must be paid by the ~~compassion center or the agent~~department.

14 **SECTION 5. AMENDMENT.** Subsection 1 of section 19-24.1-24 of the North Dakota
15 Century Code is amended and reenacted as follows:

- 16 1. A manufacturing facility shall grow an amount of marijuana sufficient to meet the
- 17 qualifying patient population demands. For every five hundred plants in excess of one
- 18 thousand plants a manufacturing facility possesses, the manufacturing facility shall
- 19 pay the department an additional certification fee ~~of ten thousand~~not to exceed seven
- 20 thousand five hundred dollars. This fee is due at the time of increase and again at
- 21 renewal of the compassion center registration certificate under section 19-24.1-16.

22 **SECTION 6. LEGISLATIVE MANAGEMENT STUDY - COMPASSION CENTER**

23 **CERTIFICATION.** During the 2023-24 interim, the legislative management, in collaboration with
24 the department of health and human services, shall ~~study~~consider studying the administrative
25 costs involved in certifying a compassion center. The study must include information on the
26 amount and frequency of certification fees, a description of additional costs associated with
27 certification, an explanation of how the department uses the certification fees once they are
28 collected, a recommendation of the best way to lower administrative costs while maintaining the
29 integrity of the department's medical marijuana program, and a prediction on whether the
30 lowering of administrative costs will help to lower consumer costs on medical marijuana

Sixty-eighth
Legislative Assembly

- 1 purchased from a compassion center. The legislative management shall report its findings and
- 2 recommendations to the sixty-ninth legislative assembly.