

Report on Non-General Fund Information
for Submittal to the 2021 Legislature

Department: Health
 Prog ID(s): HTH 595
 Name of Fund: Medical Cannabis Dispensary Special Funds
 Legal Authority: Section 321-30.1, HRS

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 Fund type (MOF): B
 Appropriation Acct. No. S**-397-H (FY16-FY19)
S**-332-H (FY20-FY23)

Intended Purpose:

Act 241, SLH 215; Medical cannabis dispensary license fees and fines are collected and expensed for the establishment, hiring, and filling positions to carry out the activities of Medical Cannabis Dispensary program. Medical Cannabis Dispensary program was transferred from Office of Health Care Assurance (HTH720/MP, S**-397-H) to Office of Medical Cannabis Control and Regulation (HTH595/KM, S**-332-H) effectively on July 1, 2019 pursuant to Act 159, SLH 2018.

Source of Revenues:

Pursuant to HRS §321-30.1, OMCCR has two sub-accounts including the Medical Cannabis Dispensary special fund and Medical Cannabis Registry special fund. The fees collected pursuant to §329-4 shall be deposited to this Medical Cannabis Dispensary special fund and the fees collected pursuant to §321-30.1.(c) shall be deposited to the Medical Cannabis Registry special fund. Medical cannabis dispensary license fees and fines are assessed and collected by Office of Medical Cannabis Control and Regulation (OMCCR).

Current Program Activities/Allowable Expenses:

Authorized by Act 159, SLH 2018, OMCCR is responsible for licensing the medical cannabis dispensaries in the state and ensuring compliance in accordance with Act 241, SLH 2015. Medical Cannabis Dispensary Special Fund is established for the implementation and on-going operations of a regulated statewide dispensary system for medical cannabis. Allowable expenditures include the establishment, hiring, and filling positions and any other expenditures necessary, as authorized by the legislature.

Purpose of Proposed Ceiling Adjustment (if applicable):

The ceiling was adjusted in FY2020 to reflect actual expenditure and budget.

Variations:

\$729,575 was recorded as revenue in FY2017. However, the actual revenue was only \$17,075 including dispensary laboratory license renewal fees and interests. \$712,500 was transferred from State general funds (G-16-350-H) to establish Medical Registry & Regulation Special Funds per Act 241, SLH 2015.

\$825,098 was recorded as revenue in FY2018. However, \$403,350 was revenue earned in FY2017 but was deposited in FY2018. The actual FY 2018 revenue was \$421,748. Therefore, the variance was caused by the transfer that was incorrectly recorded as revenue in FY2017 and the revenue earned in FY2017 but it was deposited in FY2018.

The expenditures were increased in FY2019 because of filling vacant positions including a Program Specialist VI and an Investigator V.

The Office of Medical Cannabis Control and Regulation (OMCCR) plans to transfer-in \$329,315 from its Medical Cannabis Registry special funds (S**-345-H) to Medical Cannabis Dispensary special fund (S**-332-H) to ensure the sustainability of the Medical Cannabis Dispensary program. □

Financial Data							
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Appropriation Ceiling	750,000	890,000	890,000	735,315	735,315	735,315	735,315
Beginning Cash Balance	0	0	1,767,668	1,487,084	1,250,716	1,250,716	1,250,716
Revenues	729,575	825,098	426,047	469,655	406,000	406,000	406,000
Expenditures	635,489	509,548	706,630	706,024	735,315	735,315	735,315
Transfers							
Transfer-in	1,296,588	1,000,000	0	0	329,315	329,315	329,315
Transfer-out	1,000,000	1,000,000	0	0			
	15,580	315,551					
	375,094						
Net Total Transfers	(94,086)	(315,551)	0	0	329,315	329,315	329,315
Ending Cash Balance	0	0	1,487,084	1,250,716	1,250,716	1,250,716	1,250,716
Encumbrances			31,477	36,687			
Unencumbered Cash Balance	0	0	1,455,607	1,214,028	1,250,716	1,250,716	1,250,716

Additional Information:

Amount Req. by Bond Covenants							
Amount from Bond Proceeds							
Amount Held in CODs, Escrow Accounts, or Other Investments							