

Questions from citizen Jim Sheehan:

- 1. How much revenue did the Medical Cannabis Program collect from patient, caregiver, nonresident, and establishment fees during FY2025 and FY2026?**

FY26:

Cardholder Fees Revenue	\$1,508,791
Caregiver Card Fees Revenue	\$800
Home Cultivation Fees	\$18,243
Establishment Fees Revenue	\$1,035,000
Total	\$2,562,833

FY25:

Cardholder Fees Revenue	\$1,323,273
Caregiver Card Fees Revenue	\$1935
Home Cultivation Fees	\$26,191
Establishment Fees Revenue	\$935,235
Total	\$2,286,634

- 2. What were the program's actual expenditures during each of those years, broken into the major categories of administration, personnel, software and contracts, inspections, testing or laboratory support, and other significant expenses?**

	FY25	FY26
Personal Services		
Salaries	\$ 569,283	\$ 644,150
Benefits	166,911	\$ 188,905
	\$ 736,194	\$ 833,055
Travel	\$ 22,328	\$ 26,504
Contractual Services		
State Operating Expenses	\$ 170,480	\$ 211,021
 Cannabis Public Consulting	 3,324	 \$ 19,128
Accela	146,232	\$ 152,082
Metrc	81,800	\$ 75,000
Byrne Software	3,023	\$ 1,240
CloudPwr	190,400	\$ 185,220

DPS Inspections	6,203		
HealthLink	13,250		
	\$ 614,712	\$	643,691
Supplies and Materials	\$ 42,102	\$	48,632
Grants and Subsidies	\$ -	\$	-
Capital Outlay	\$ 11,263	\$	2,450
Total Expenditures	\$ 1,426,599	\$	1,554,332

- 3. What balance of medical cannabis fee revenue or program reserves remained at the end of each fiscal year, and what obligations or future costs are those balances intended to cover?**

FY25: \$867,316

FY26: \$1,093,001

All remaining balances go back into the program to cover operations along with supporting a major software purchase in FY27.

- 4. What current cost analysis supports the existing patient and establishment fee levels, particularly given the statutory requirement that establishment fees be sufficient to offset the costs of program implementation and administration?**

Cost analysis is based on actual program revenues and expenditures alongside anticipated revenues, projected expenses, and upcoming program needs. Because the needs of patients, the industry, and the Department of Health evolve from year to year, program costs naturally shift over time. For example, the Office of Medical Cannabis is making strategic investments in a new software system designed to strengthen the patient experience, improve establishment registrations, and streamline inspection processes. We anticipate that the costs associated with implementing and maintaining this new system will increase overall program expenses in FY27 and FY28.

- 5. Since the former statutory annual report included program expenses and revenues and that reporting requirement has been repealed, what recurring**

public accounting will allow legislators, patients, establishments, and citizens to compare fees collected with actual program costs and balances?

Although the statutory requirement for a Medical Cannabis Program annual report has been sunset, the Department of Health (DOH) continues to provide medical cannabis expenditure and revenue information along with other program data and updates in the DOH annual report.

Follow-up Questions from Committee Discussion:

1. Representative Garcia asked about the provider education on the Office of Medical Cannabis website and whether there was data regarding it's use.

The Department of Health Communications team analyzed usage data for the Medical Cannabis Provider Education page and the Introduction to Cannabinoid Medicine CME course. Their review showed that the Provider Education page continues to receive steady traffic and meaningful engagement, with 141 unique users interacting with its content. Event activity remains strong, indicating that visitors are actively exploring available resources. Outbound interest in the CME course is present but limited, with seven users generating nine clicks over a two-month period.

From May 29 through August 20, 2026, the Medical Cannabis Provider Education page received:

- 199 page views
- 141 users
- 1 minute average session duration
- 11.6% bounce rate
- 531 total events

From June 20 to August 20, 2026, the Introduction to Cannabinoid Medicine CME course link received 9 clicks from 7 users.

Please note that the outbound click data covers a shorter date range than the overall page analytics, so the two periods are not directly comparable.

2. Representative Garcia inquired whether patients have enough access to safe medical cannabis.

Attached to the email is a heat map illustrating the concentration of patients and dispensaries by county.

For a more detailed breakdown, please refer to the attached spreadsheet. It outlines the number of patients and dispensaries in each county, along with the cities that have dispensaries and the number of dispensaries located in each city.

The Office of Medical Cannabis has not received any complaints regarding inability to access safe medical cannabis.

Questions from Senator Nelson:

- 1. You mentioned a huge uptick in registered users at the beginning of the year but then tapered off. Any inclinations as to why? You mentioned the Sioux City/Dakota Dunes area. Was the quick increase mostly in that area or other areas of the state. I was curious about that part of your presentation.**

Through our review, we did not identify the increase as being concentrated in any specific area.

- 2. I've asked Rep. Garcia to have you back in October to explain more about the home cultivators, increase in those numbers, and possible legislation. That really intrigued me as well. Again, inclination as to why? What's going on?**

We've noticed an increase in home cultivation as well. Unfortunately, the documents requiring submission during the application process do not offer the level of detail needed to determine a specific cause.

- 3. Could you send me the statutes/rules governing the home cultivation? I could look, but your look would probably be a fraction of mine.**

Below are the statutes that reference home cultivation:

34-20G-1. Definitions.

34-20G-2. Cardholders not subject to arrest, prosecution, penalty, or discipline for certain conduct.

34-20G-12. Sale or donation of cannabis seeds to cultivation facility.

34-20G-27. Cost reimbursement, permission to smoke or vape cannabis on property, permission to cultivate on rental property, permission to allow conduct related to medical cannabis in public buildings not required.

34-20G-29. Information required for issuance of registry identification cards--Fee--Fee waiver for follow-up assessment.

34-20G-42. Contents of registry identification cards.

34-20G-45. Secure phone or web-based verification system.

34-20G-46 Required notifications to department.

34-20G-51 Medical purpose defense.

34-20G-52 Proof of unavailability of defense to prosecution.

Additionally, below are the administrative rules that reference home cultivation:

44:90:02:07. Application to cultivate cannabis -- Patient designation of designated caregivers to cultivate cannabis.

44:90:02:08. Requirements for designated caregivers designated to cultivate cannabis.

44:90:02:11. Change of designation to cultivate.

44:90:02:17. Fees for registry identification cards.