



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

THOMAS P. DiNAPOLI
STATE COMPTROLLER

GABRIEL F. DEYO
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

February 2016

To: County Chief Fiscal Officers

From: Division of Local Government and School Accountability

Subject: Account Code for Compassionate Care Act Revenues – Sale of Medical Marihuana

Please provide copies of this bulletin to others who may need this information.

Purpose of Bulletin

The purpose of this bulletin is to provide guidance related to the accounting for moneys received by County governments from the Compassionate Care Act. These revenues are derived from an excise tax on the gross receipts from the sale of medical marihuana.

Background

On July 5, 2014, Governor Andrew M. Cuomo signed into law Chapter 90 of the Laws of 2014.¹ This law, more commonly known as the Compassionate Care Act, establishes a medical marihuana program that allows certified patients with serious conditions to receive medical marihuana.

Public Health Law (PHL) § 3365(9) authorizes the Commissioner of the New York State Department of Health to register a maximum of five organizations that manufacture medical marihuana with no more than four dispensing sites wholly owned and operated by the registered organization.² In July 2015, the New York State Department of Health selected five applicants out of 43 total applicants to become registered organizations. These five registered organizations have proposed manufacturing facilities in four counties (Fulton, Monroe, Orange, and Warren) and have dispensing facilities in 10 counties (Albany, Broome, Clinton, Erie, Monroe, Nassau, Onondaga, Suffolk, Ulster, and Westchester) outside of New York City.

¹ This law is scheduled to sunset July 5, 2021.

² PHL§ 3365(9) authorizes the Commissioner to register additional organizations.

Each registered organization is required to pay a 7% excise tax on the “gross receipts” from the sale of medical marihuana by registered organizations to certified patients or designated caregivers. The proceeds from this tax will be held in the new Medical Marihuana Trust Fund, established pursuant to Section 89-h of the State Finance Law, and will be allocated and transferred as follows: (1) 22.5% to the counties where the medical marihuana was manufactured, allocated in proportion to the gross sales originating from medical marihuana manufactured in each such county; (2) 22.5% to the counties where the medical marihuana was dispensed, allocated in proportion to the gross sales occurring in each such county; (3) 5% to the Office of Alcoholism and Substance Abuse Services, to be used for additional drug prevention, counseling and treatment services; and (4) 5% to the Division of Criminal Justice Services, for a program of discretionary grants for state and local law enforcement agencies that demonstrate a need relating to Article 33 of the PHL (Medical Use of Marihuana).

New Revenue Accounting Code Established

The new revenue accounting code **A3405 - St Aid, Compassionate Care Act** should be used when a county receives revenue as a result of the Compassionate Care Act.

Additional Information

If you have questions pertaining to the new revenue code described in this bulletin, please contact the State Comptroller’s [regional office that serves your local government](#).