



**Colorado
Legislative
Council
Staff**

SB17-184

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0928
Prime Sponsor(s): Sen. Gardner
Rep. Pabon

Date: February 28, 2017
Bill Status: Senate Business
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BILL TOPIC: PRIVATE MARIJUANA CLUBS OPEN & PUBLIC USE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	(<\$5,000)	(<\$5,000)
Cash Funds	(<5,000)	(<5,000)
State Expenditures	Workload reduction. See State Expenditures section.	
TABOR Impact	(<\$5,000)	(<\$5,000)
Appropriation Required: None.		
Future Year Impacts: Ongoing revenue and expenditure increase.		

Summary of Legislation

This bill authorizes the operation of private marijuana clubs that allow for the on-site consumption of medical or retail marijuana in local jurisdictions that adopt ordinances or resolutions authorizing private marijuana clubs. Private marijuana clubs are membership-based and not open to the general public. All members must be 21 years of age or older, and club owners must be Colorado residents for at least 2 years prior to owning the club. In addition:

- all club employees must be Colorado residents;
- the sale and service of food and alcohol are prohibited except for light snacks;
- a club owner can not sell marijuana on the premises; and
- a club owner can not permit the sale or exchange of marijuana for remuneration on the premises.

The bill defines the terms "open and public" and "openly and publicly" to prohibit marijuana consumption in areas generally open or accessible to the general public such as highways, transportation facilities, places of amusement, parks, playgrounds, and the common areas of public buildings and facilities. Open and public consumption of marijuana is a violation of the Colorado Constitution and Colorado statutes. It is charged as a Class 2 drug misdemeanor under current law. The bill allows local jurisdictions to more strictly define "open and public" through ordinances or resolutions which may also include locations and circumstances that are exceptions to the prohibition on open and public consumption.

Background

Marijuana consumption clubs. There are a number of private clubs operating in Colorado that allow for on-site consumption of marijuana. Because these clubs are not licensed, there is no way to account for all of these businesses, but there appear to be less than 30 statewide. While some clubs allow patrons to bring in marijuana for consumption, others provide marijuana to their patrons using a reimbursement model where they either trade marijuana for memberships or sign affidavits saying the club grows the patron's legally allowed six marijuana plants for them.

State Revenue

Beginning in FY 2017-18, this bill is anticipated to decrease state cash fund revenue by less than \$5,000 per year, credited to the Fines Collection Cash Fund in the Judicial Department. The fine penalty for a class 2 drug misdemeanor offense is \$50 to \$750. Because the courts have the discretion of incarceration, imposing a fine, or both, the precise impact to state revenue cannot be determined. However, based on the low number of fines imposed in the past three years, the fiscal note assumes that any revenue reduction is likely to be less than \$5,000.

TABOR Impact

This bill may reduce state revenue from fines, which may reduce the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill may decrease the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget may increase by an identical amount.

State Expenditures

Due to the availability of a place for people to consume marijuana, the bill will minimally decrease workload of the Judicial Department corresponding to a decrease in drug misdemeanor offenses. This decrease does not require a reduction in appropriations.

Local Government Impact

This bill will affect local governments in several ways, as discussed below.

Local enforcement. Local jurisdictions that choose to authorize private marijuana clubs will have an increase in expenditures and workload to adopt ordinances and resolutions for marijuana clubs. The availability of a place to consumer marijuana may reduce the number of citations issued for open and public consumption.

County court expenditures. The bill decreases workload for district attorneys to prosecute misdemeanors under the bill. To the extent that this bill decreases misdemeanor convictions and offenders are not sentenced to jail, costs will decrease. Under current law, a court may sentence an offender to jail for a class 2 misdemeanor for a period of between 3 and 12 months. Because the courts have the discretion of incarceration or imposing a fine, the precise impact at the local level cannot be determined. The cost to house an offender in county jails varies from about \$53 to \$114 per day. It is assumed that the impact of this bill will be minimal.

Denver County expenditures. The bill results in a decrease in workload for the Denver County Court, managed and funded by the City and County of Denver. The court will try fewer misdemeanor cases under the bill. Probation services in the Denver County Courts may also experience a minimal decrease in workload.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties
Law
Revenue

Information Technology
Municipalities

Judicial
Public Safety