



**Legislative  
Council Staff**

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**FISCAL NOTE**

**Drafting Number:** LLS 18-1033  
**Prime Sponsors:** Rep. Melton

**Date:** March 23, 2018  
**Bill Status:** House Finance  
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**Bill Topic:** COURT APPOINTEES FOR MARIJUANA BUSINESSES

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill creates requirements for court-appointed receivers of licensed marijuana businesses. It will increase state revenue and expenditures on an ongoing basis.

**Appropriation Summary:** For the current FY 2017-18, the bill requires an appropriation of \$35,829 to the Department of Revenue. For FY 2018-19, the bill requires an appropriation of \$14,918.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

**Table 1  
State Fiscal Impacts Under HB 18-1280**

		<b>FY 2017-18</b> <i>(current year)</i>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Revenue</b>	Cash Funds	-	\$26,185	\$26,185
<b>Expenditures</b>	Cash Funds	\$35,829	\$14,918	\$14,918
<b>Transfers</b>		-	-	-
<b>TABOR Refund</b>		-	\$26,185	\$26,185

**Summary of Legislation**

Current law does not directly address requirements for court-appointed receiverships or similar situations related to a person taking possession of, operating, managing, or controlling a licensed marijuana business. This bill requires an individual to first certify to the appointing court that he or she is not prohibited from holding a marijuana license before being appointed a receiver of a marijuana business. Once appointed, the receiver must notify the Marijuana Enforcement Division (MED) of the appointment. The MED is required to issue a temporary registration to the appointee, which may be subject to administrative action if the appointee fails to comply with state marijuana laws or regulations. The MED may promulgate rules to address registration requirements.

**State Revenue**

Beginning in FY 2018-19, the bill will increase state cash fund revenue from fees by an estimated \$26,185 per year to the Marijuana Cash Fund in the Department of Revenue (DOR).

**Fee impact on court-appointed receivers of marijuana businesses.** Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 2 below identifies the fee impact of this bill. Most of these fee amounts reflect current fees charged by the MED. These fee amounts may change during annual fee setting based on actual workload and projected applicants; this estimate is for illustration purposes only.

**Table 2  
 Fee Impact on Court-appointed Receivers of Marijuana Businesses**

<b>Fiscal Year</b>	<b>Type of Fee</b>	<b>Fee</b>	<b>Number Affected</b>	<b>Total Fee Impact</b>
<b>FY 18-19</b>	Beneficial Owner Pre-suitability	\$5,000	4	\$20,000
	Criminal Background Checks	\$46.35	4	\$185
	Temporary Appointee Registration	\$1,500	4	\$6,000
<b>FY 2018-19 Total</b>				<b>\$26,185</b>
<b>FY 19-20</b>	Beneficial Owner Pre-suitability	\$5,000	4	\$20,000
	Criminal Background Checks	\$46.35	4	\$185
	Temporary Appointee Registration	\$1,500	4	\$6,000
<b>FY 2019-20 Total</b>				<b>\$26,185</b>

**Judicial fees.** State cash fund revenue credited to the Judicial Department may also increase for any civil cases filed due to violations. This amount has not been estimated.

**TABOR Refund**

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the

amount of money available in the General Fund for the budget will decrease by an identical amount. State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

**State Expenditures**

State expenditures from the Marijuana Cash Fund will increase by about \$36,000 in the current FY 2017-18, and about \$15,000 each year thereafter, for the MED in the Department of Revenue. These costs are displayed in Table 3 and described below. The bill will also create a minimal workload increase for the Judicial Department.

**Table 3**  
**Expenditures Under HB 18-1280**

	<b>FY 2017-18</b> <i>(current year)</i>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
Department of Revenue			
Legal Services	\$4,262	\$14,918	\$14,918
Computer Programming	\$31,567	-	-
<b>Total</b>	<b>\$35,829</b>	<b>\$14,918</b>	<b>\$14,918</b>

**Marijuana Enforcement Division.** In the current FY 2017-18, the bill requires legal services for rulemaking, estimated at 40 hours at the rate of \$106.56 for a total of \$4,262. In addition, computer programming is required for the GenTax system, the My License Office system, and METRC, for a total of \$31,567.

Beginning in FY 2018-19, the fiscal note assumes there will be about four court-appointed receivers of marijuana businesses per year, based on recent trends, and that at least one per year will require the MED to take administrative action related to a failure to comply with a state law or regulation. This will require legal services estimated at 140 hours per year, at an annual cost of \$14,918. MED workload will increase in to create and process the new registration type; however, because the number of licensees is expected to be minimal, this does not require an increase in appropriations.

**Judicial Department.** The Judicial Department will be required to ensure a potential appointee of a marijuana business certifies to the court that he or she is not prohibited from being issued a marijuana business license. The state district courts may also see a minimal increase in violations as a result of a new registration type. These workload increases are expected to be minimal and no change in appropriations is required.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State Appropriations**

In the current FY 2017-18, the bill requires an appropriation of \$35,329 to the Department of Revenue from the Marijuana Cash Fund. Of this amount, \$4,262 should be reappropriated to the Department of Law.

In FY 2018-19, the bill requires an appropriation of \$14,918 to the Department of Revenue from the Marijuana Cash Fund. This entire amount should be reappropriated to the Department of Law with an allocation of 0.1 FTE.

**State and Local Government Contacts**

Counties	Judicial	Law
Municipalities	Revenue	