



**Legislative
Council Staff**

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 18-1218 **Date:** April 20, 2018
Prime Sponsors: Rep. Gray; Van Winkle **Bill Status:** House Finance
Fiscal Analyst: Erin Reynolds | 303-866-4146
 Erin.Reynolds@state.co.us

Bill Topic: CENTRALIZED MARIJUANA DISTRIBUTION PERMIT

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue (<i>potential, minimal</i>)	<input checked="" type="checkbox"/> TABOR Refund (<i>potential, minimal</i>)
<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 a centralized marijuana distribution permit that allows a marijuana cultivation facility to temporarily store marijuana concentrate or marijuana products designated for transfer to the permit holder's medical marijuana center or retail marijuana store. It creates a one-time state expenditure increase and a potential, minimal ongoing state revenue increase.

Appropriation Summary: The bill requires an appropriation of \$12,000 to the Department of Revenue in FY 2018-19.

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

**Table 1
State Fiscal Impacts Under HB 18-1389**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$12,000	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill creates a centralized marijuana distribution permit that is available to optional premises cultivation facility licensees regulated by the medical marijuana code and retail marijuana cultivation facility licensees regulated by the retail marijuana code. The Marijuana Enforcement Division (MED) in the Department of Revenue (DOR) may issue a permit to these licensees which allows their facility to store (up to 90 days) marijuana concentrate or products designated for transfer to their commonly owned medical marijuana center or retail marijuana store. The products must be packaged and labeled for sale. Existing security, surveillance, and tracking requirements apply to activities conducted under this permit.

Background and Assumptions

As of April 2018, there are currently 739 medical marijuana cultivators and 735 retail marijuana cultivators licensed by MED. These licensed cultivators are not currently permitted to store marijuana concentrate or products on-site.

Because the permit is designated for existing licensees, the fiscal note assumes that the MED will be able to accomplish related workload increases within existing appropriations using existing systems in place for these licensees.

State Revenue and TABOR Refund

If the MED charges a fee for the permit created by the bill, state revenue to the Marijuana Cash Fund will increase. The fee will be set administratively by the MED based on cash fund balance, estimated program costs (which are assumed to be minimal), and the number of licensees subject to the fee. Because the fiscal note assumes that the MED can accomplish the workload within existing appropriations, no fee amount has been estimated. This revenue is subject to TABOR.

State Expenditures

The bill creates a one-time General Fund expenditure increase in FY 2018-19 of \$12,000 for computer programming. The bill requires changes to DOR's GenTax software system, which are programmed by a contractor at a rate of \$250 per hour. The changes in this bill are expected to increase General Fund expenditures by \$12,000, representing 48 hours of programming. All GenTax programming changes are tested by department staff. The MED will also promulgate rules to implement the bill. This workload can be accomplished within existing appropriations.

Effective Date

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

State Appropriations

The bill requires an appropriation of \$12,000 from the General Fund to the Department of Revenue in FY 2018-19.

State and Local Government Contacts

Counties	Information Technology	Law
Municipalities	Revenue	