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FISCAL NOTE

Drafting Number: LLS 18-0998
Prime Sponsors: Sen. Lambert

Date: May 1, 2018
Bill Status: Senate Finance
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Bill Topic: MARIJUANA CERTIFICATION TECHNOLOGY

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure (<i>minimal, potential</i>)	<input checked="" type="checkbox"/> Local Government (<i>potential</i>)
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill allows the Institute of Cannabis Research at Colorado State University-Pueblo to develop and demonstrate marijuana certification technology. It will increase state agency workload beginning in FY 2018-19. It may increase future state and local expenditures.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

This bill allows the Institute of Cannabis Research at Colorado State University-Pueblo (CSU-Pueblo) to develop and demonstrate marijuana certification technology. The technology must include an agent applied to marijuana plants or products and a device that can scan the agent to indicate whether the plant or product was legally cultivated, manufactured, or sold. Any agents used must:

- be safe for human consumption according to Colorado Department of Public Health and Environment (CDPHE) standards;
- contain identifiers that are traceable using distributed ledger (blockchain) technology; and
- be accessible to law enforcement agencies and the Department of Revenue (DOR).

After the technology is developed and the Marijuana Enforcement Division (MED) in the DOR is satisfied that the technology is effective, the MED may authorize production of the marijuana certification technology beyond the initial demonstration. If production is authorized, the MED may promulgate rules to require licensees to use the technology. The marijuana certification technology may be made available to law enforcement agencies and the MED for purchase and the MED may make the data it collects available to law enforcement agencies at no cost. Law enforcement agencies may apply to the Department of Local Affairs (DOLA) for financial assistance to purchase the marijuana certification technology from the Gray and Black Market Marijuana Enforcement Grant Program.

Background

CSU-Pueblo currently receives a \$1.8 million annual appropriation for cannabis research and an annual cannabis research conference. This includes a chemistry/biochemistry tracking project with a \$69,000 budget and a blockchain project with a \$25,000 budget.

The Gray and Black Market Marijuana Enforcement Grant Program in DOLA provides financial assistance to local law enforcement and district attorneys for actual expenses related to investigation and prosecution of unlicensed marijuana cultivation or distribution operations.

State Expenditures

The bill allows but does not require the Institute of Cannabis Research to develop and demonstrate marijuana certification technology. If the institute pursues development of such technology, this work can be addressed within current appropriations.

If the technology is developed and approved by the MED, it will increase workload and expenditures for the CDPHE to conduct safety testing; the DOR for rulemaking; DOLA to consider grant applications from law enforcement agencies; and the Department of Public Safety to purchase marijuana certification technology. The fiscal note assumes that if and when the technology is developed that these agencies will seek funding through the annual budget process.

Local Government

This bill may increase costs for local law enforcement to purchase the marijuana certification technology. The cost of the technology and the availability of grant funding cannot be determined at this time.

Effective Date

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

State and Local Government Contacts

Higher Education	Law
Local Affairs	Public Health and Environment
Public Safety	Regulatory Agencies
Revenue	