



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 21-0163
Prime Sponsors: Rep. Snyder

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Bill Status: House Business
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Bill Topic: LIMITATIONS ON REGULATED MARIJUANA DELIVERY

- Summary of Fiscal Impact:
[X] State Revenue
[X] State Expenditure
[X] State Transfer
[] TABOR Refund
[X] Local Government
[] Statutory Public Entity

The bill waives marijuana transporter application and licensing fees for social equity applicants and makes changes to marijuana delivery. It decreases state and local revenue and increases state workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under HB21-1159

Table with 4 columns: Category, Budget Year FY 2021-22, Out Year FY 2022-23. Rows include Revenue (Cash Funds), Expenditures, Transfers, and TABOR Refund.

Summary of Legislation

The bill waives marijuana transporter application and licensing fees for social equity applicants, and makes the following changes to marijuana delivery:

- requires that retail marijuana stores be open at least five days per week and at least five hours per day in order to obtain a delivery permit;
- allows retail marijuana stores to only deliver marijuana, marijuana products, or branded merchandise that are available at the physical store for the same price;
- prohibits an online platform from holding pre-paid accounts for a retail marijuana store; and
- prohibits a medical or retail marijuana business operator from delivering marijuana.

Background

House Bill 20-1424 defined marijuana social equity licensees as individuals who may hold any regulated marijuana business license or permit, may be eligible for incentives, and must:

- be a Colorado resident;
- not have been the owner of a revoked marijuana license;
- hold at least 51 percent of the beneficial ownership of a regulated marijuana business, either individually or collectively with other social equity licensees; and
- have demonstrated at least one of the following:
 - resided for at least 15 years between 1980 and 2010 in an area designated as an opportunity zone, or as a disproportionate impacted area;
 - the applicant or the applicant's immediate family was arrested for or convicted of a marijuana offense or was subject to civil asset forfeiture related to a marijuana investigation; or
 - the applicant's household income in the previous year did not exceed an amount determined by the Marijuana Enforcement Division in the Department of Revenue.

Assumptions

Home delivery of marijuana was permitted under state law beginning in January 2021 and local governments are in the process of authorizing delivery in their jurisdictions. In particular, Aurora, and likely Denver, will initially only allow social equity applicants to apply for transporter license and associated delivery permits. Through the first three months of 2021, about 20 applicants for social equity licenses are in the application process and have indicated their intention to seek a transporter license. Over the first two years, about 50 to 70 applications for transporter licenses are expected per year. Transporter applications may vary in future years.

State Revenue

The bill reduces state fee revenue to the Marijuana Cash Fund by at least \$270,000 in FY 2021-22 and \$559,000 in FY 2022-23. Based on the assumptions above, Table 2 shows the impact of waiving marijuana transporter application and license fees for social equity licensees. Fee revenue is subject

to TABOR. The revenue reduction from new applications may vary in future years. In Denver and Aurora, fewer new applications may be expected after the initial wave of applicants; whereas additional jurisdictions allowing retail marijuana delivery will increase future applicants, resulting in additional lost revenue.

Table 2
Waived Fees - Social Equity Applicants

| Fiscal Year | Type of Fee | Current Fee¹ | Number Waived | Total Fee Impact |
|--------------------|--|--------------------------------|----------------------|-------------------------|
| FY 2021-22 | Retail Marijuana Transporter License - New | \$5,400 | 50 | (\$270,000) |
| | FY 2021-22 Total | | | (\$270,000) |
| FY 2022-23 | Retail Marijuana Transporter License - New | \$5,400 | 60 | (\$324,000) |
| | Retail Marijuana Transporter License - Renewal | \$4,700 | 50 | (\$235,000) |
| | FY 2022-23 Total | | | (\$559,000) |

¹ Includes both the application fee (\$1,000 new, \$300 renewal), and the licensing fee (\$4,400)

State Expenditures

Beginning in FY 2021-22, the bill increases workload by a minimal amount for the Marijuana Enforcement Division in the Department of Revenue to update forms and conduct rulemaking. Enforcement of the new restrictions on marijuana delivery can be accomplished as part of the current process for regulating and monitoring delivery operations. No change in appropriations is required.

TABOR refunds. Under the December 2020 Legislative Council Staff Economic and Revenue Forecast, the state is not expected to collect revenue above the TABOR limit in either FY 2021-22 or FY 2022-23, and refund obligations are not anticipated for these years. This bill does not change these expectations concerning refunds to taxpayers.

Local Government

Local governments that have authorized marijuana delivery retain a \$1.00 surcharge on each transaction that is used to assist with law enforcement costs. Should the bill reduce delivery transactions, some local governments will see a small reduction in revenue.

Effective Date

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

State and Local Government Contacts

Counties

Municipalities

Public Safety

Information Technology

Personnel

Revenue

Law

Public Health and Environment