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Final Fiscal Note

Drafting Number: LLS 21-0799 Date: June 25, 2021
Prime Sponsors: Sen. Moreno; Gonzales Bill Status: Signed into Law
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Bill Topic: PROGRAM TO SUPPORT MARIJUANA ENTREPRENEURS

- Summary of Fiscal Impact:
State Revenue (checkbox)
State Expenditure (checked)
State Transfer (checked)
TABOR Refund (checkbox)
Local Government (checkbox)
Statutory Public Entity (checkbox)

This bill creates a program in the Office of Economic Development International Trade to support marijuana entrepreneurs. The bill transfers money for the program, which may be spent on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under SB 21-111

Table with 4 columns: Category, Current Year FY 2020-21, Budget Year FY 2021-22, Out Year FY 2022-23. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers (MTCF, Cash Funds, Net Transfer), and TABOR Refund.

1Expenditures are shown in FY 2021-22; however, the funding transferred for the program is continuously appropriated to OEDIT and may be spent across multiple years beginning in the current FY 2020-21.

Summary of Legislation

This bill creates the Marijuana Entrepreneur Assistance Program in the Office of Economic Development and International Trade (OEDIT) to support entrepreneurs in the marijuana industry by providing:

- loans to social equity licensees for seed capital and ongoing business expenses;
- grants to social equity licensees or other organizations to support innovation and job creation for social equity licensees;
- technical assistance for marijuana business owners, prioritizing social equity licensees that have received a grant or loan.

OEDIT must establish an application process and program parameters, consult with relevant stakeholders and the Economic Development Commission, and may administer the program directly or contract with one or more entities to make grants and loans. OEDIT must report how the money is being spent to the Governor and the business committees of the General Assembly by July 1, 2022, and July 1, 2023.

The bill transfers \$4.0 million from the Marijuana Tax Cash Fund (MTCF) to the newly created Marijuana Entrepreneur Fund for the program. Money for the program is continuously appropriated. Beginning in FY 2022-23, the General Assembly may appropriate money from the MTCF to the fund.

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.

State Transfers

On the bill's effective date, the bill transfers \$4.0 million from the MTCF to the Marijuana Entrepreneur Fund. The fiscal note assumes the transfer will occur in the current FY 2020-21.

State Expenditures

The bill increases state expenditures for OEDIT by \$4.0 million. While the transfer to the Marijuana Entrepreneur Fund is assumed to occur in the current FY 2020-21 and the funding is continuously appropriated, expenditures are shown in FY 2021-22, the first full year of the program.

Table 2
Expenditures Under SB 21-111

	FY 2021-22	FY 2022-23
Office of Economic Development & International Trade		
Personal Services	\$143,931	-
Operating Expenses	\$2,700	-
Capital Outlay Costs	\$12,400	-
Grants, Loans, and Technical Assistance	\$3,807,946	-
Centrally Appropriated Costs	\$33,023	-
Total Cost¹	\$4,000,000	-
Total FTE	2.0 FTE	-

¹ This amount may be spent over multiple years, and the General Assembly may appropriate additional money for the program in FY 2022-23.

OEDIT. OEDIT will use a portion of the \$4.0 million available for the program to hire 2.0 FTE, a program manager to manage the new program and a program coordinator to provide technical assistance to entrepreneurs. The remaining funding for grants, loans, and technical assistance shown in FY 2021-22 may be spent over multiple years. The General Assembly may appropriate any amount of additional funds for the program beginning in FY 2022-23.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$33,023 in FY 2021-22 and future years that the program is funded by the General Assembly.

Effective Date

The bill was signed into law by the Governor and took effect on March 21, 2021.

State and Local Government Contacts

OEDIT