

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2019-20

MARIJUANA POLICY OVERVIEW

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MARIJUANA POLICY OVERVIEW

LEGAL AND REGULATORY OVERVIEW

Marijuana has been legalized in Colorado through the passage of two citizen ballot initiatives that amended the State Constitution. In 2000, voters passed an initiative¹ that added Section 14 to Article XVIII, authorizing the medical use of marijuana for persons suffering from debilitating medical conditions. In 2012, voters passed an initiative² that added Section 16 to Article XVIII, authorizing personal use of marijuana.

The General Assembly has passed legislation to implement the constitutional provisions adopted by voters. The most significant statutory provisions concerning marijuana include:

- Colorado Medical Marijuana Code [Section 44-11-101 et. seq., C.R.S.]
- Colorado Retail³ Marijuana Code [Section 44-12-101 et. seq., C.R.S.]
- Taxes on Marijuana and Marijuana Products [Section 39-28.8-101 et seq., C.R.S.]

Two state agencies are primarily responsible for implementing the above laws:

- The **Department of Revenue** has two general areas of responsibility:
 - The Department's Executive Director is the "State Licensing Authority", charged with regulating and controlling the licensing of the cultivation, manufacture, distribution, and sale of medical and retail marijuana. These duties are performed with the assistance of the Department's Marijuana Enforcement Division and are supported by medical and retail marijuana business fees that are credited to the *Marijuana Cash Fund*⁴. These regulatory functions include:
 - Establishing and enforcing rules and regulations for the marijuana industry;
 - Administering the marijuana inventory seed-to-sale tracking system (METRC);
 - Issuing licenses to medical and retail marijuana businesses (including stores, cultivations, and testing facilities), and issuing occupational licenses to those seeking employment in the marijuana industry;
 - Administering caregiver cultivation registration; and
 - Approving responsible vendor training programs.
 - The Department collects, administers, and enforces state taxes and fees related to marijuana and marijuana products. This includes the distribution of a portion of the special sales tax on retail marijuana to local governments. These activities are supported by medical and retail marijuana sales tax revenues that are credited to the *Marijuana Tax Cash Fund*.

¹ Amendment 20 was adopted with 915,943 (53.5 percent) voting for the measure.

² Amendment 64 was adopted with 1,383,140 (55.3 percent) voting for the measure.

³ While marijuana that is sold for personal use as authorized by Amendment 64 is generally called "recreational" marijuana, the statutory provisions that implement Amendment 64 use the term "retail" marijuana. Staff has generally used the term "retail" for purposes of this document.

⁴ Actual business fee and fine revenues collected and credited to this fund, along with associated interest and other adjustments, totaled \$13,269,162 in FY 2017-18.

- The **Department of Public Health and Environment** administers certain aspects of the medical marijuana program, including:
 - Administering the medical marijuana registry (which tracks patients, caregivers, and physician recommendations) and distributing medical marijuana cards;
 - Coordinating inspection of retail marijuana lab testing facilities;
 - Administering education and prevention campaigns to educate the public and visitors on the parameters of safe, legal, and responsible marijuana use; and
 - Monitoring all marijuana use patterns, health impacts, and research on marijuana's health effects.

This department's regulatory activities are supported by fees paid by patients seeking medical marijuana cards that are credited to the *Medical Marijuana Program Cash Fund*⁵, and the remaining activities are supported by medical and retail marijuana sales tax revenues that are credited to the *Marijuana Tax Cash Fund*.

Other state agencies that perform key functions related to marijuana legalization include the following:

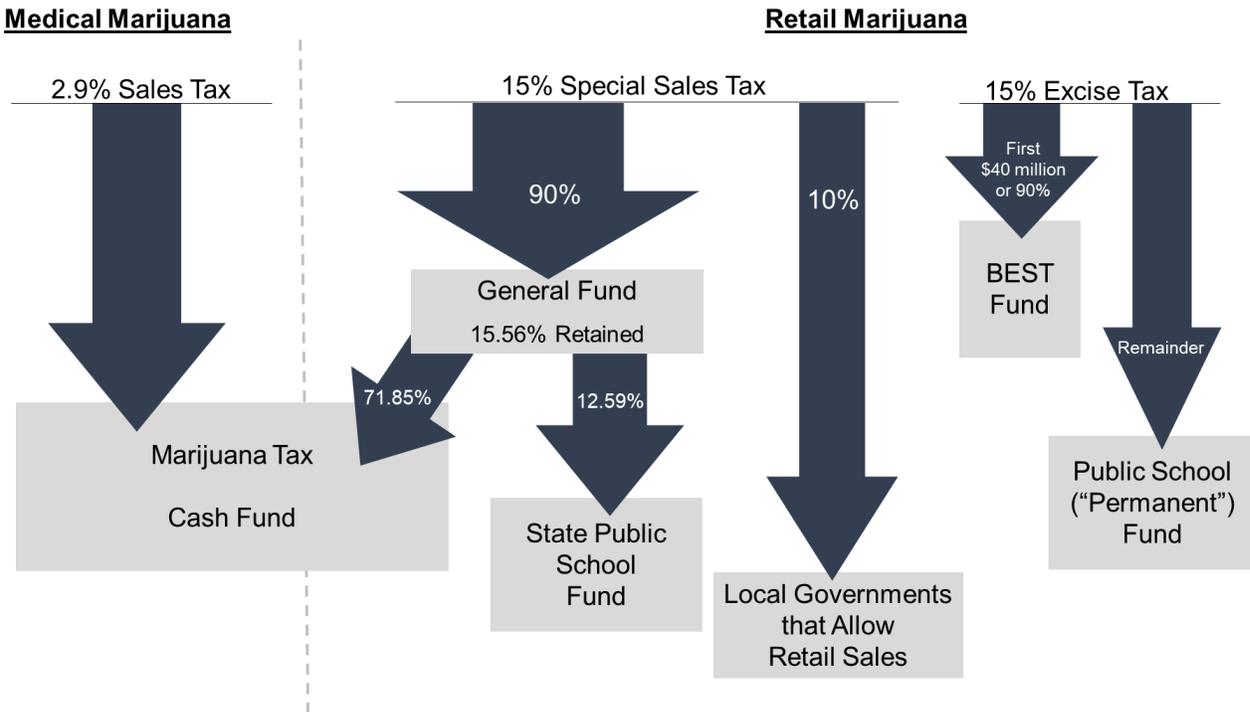
- The **Department of Agriculture** determines and monitors allowable pesticides for use on cannabis plants. This department also administers registration for commercial industrial hemp growers and administers industrial hemp inspection, sampling, and testing.
- The **Governor's Office** coordinates the Executive Branch response to the legalization of marijuana, including strategic planning and budget coordination.
- The **Department of Law** provides training for peace officers concerning various legal issues related to marijuana legalization. This department also provides legal clarification and guidance for state agencies and district attorneys concerning marijuana legalization.
- The **Department of Public Safety** enforces criminal marijuana laws, and collects and analyzes data concerning the impacts of marijuana legalization.
- The **Department of Regulatory Agencies** administers disciplinary proceedings concerning physicians who inappropriately recommend medical marijuana in excess, for a profit, or without medical necessity. This department is also responsible for approving applications for charter marijuana financial services cooperatives.
- The **Department of Transportation** administers impaired driving public education campaigns, including those related to marijuana use. This department also administers and certifies Colorado law enforcement officers in advanced impaired driving training and in the detection of drivers impaired by drugs other than alcohol.

Local governments also have a role in regulating marijuana. Cities and counties may prohibit or place limits on the medical and retail marijuana sales in their jurisdictions, including the number and location of businesses and hours of operation. Cities and counties may establish land use restrictions concerning marijuana businesses, cultivation, and operations. Local jurisdictions may also impose and collect their own sales or excise tax on retail marijuana. However, each local government is responsible for collecting, administering, and enforcing local marijuana taxes. Appendix B provides additional information concerning local marijuana laws.

⁵ Actual patient fee revenues collected and credited to this fund, along with associated interest and other adjustments, totaled \$1,649,661 in FY 2017-18.

TAX REVENUE OVERVIEW

The State collects three types of taxes on marijuana products. The following graphic (designed by Legislative Council Staff) illustrates the allocation of state tax revenue related to marijuana. A discussion of each type of tax and the allocation of the associated tax revenue follows.



First, a **regular state sales tax** (2.9 percent) applies to consumer goods. With respect to marijuana products, this tax applies to sales of medical marijuana and to non-marijuana products sold by marijuana stores (e.g., t-shirts and other novelty items). Since July 1, 2017, retail marijuana has been exempt from this tax. All general sales tax revenue related to marijuana is credited to the *Marijuana Tax Cash Fund* (MTCF) and is used to support a variety of state programs and services. The next section of this document provides an overview of the allocation of money in this fund.

Second, a **special sales tax** (15.0 percent⁶) is collected on retail marijuana sales (medical marijuana is exempt from this tax). Of the total amount collected annually, 10.0 percent is allocated to local governments based on the percentage of such revenues collected within the boundaries for each local government. The remaining 90.0 percent state share of special sales tax revenues is allocated among three funds:

- 71.85 percent is transferred to the *MTCF* and is annually appropriated to support a variety of state programs and services;

⁶ In 2013, voters approved Proposition AA, which authorized the State to levy up to a 15.0 percent excise tax and up to a 15.0 percent special retail sales tax on retail marijuana and marijuana products. The State initially chose to levy a 10.0 percent special sales tax (effective beginning January 1, 2014). Pursuant to S.B. 17-267, the special sales tax rate increased to 15.0 percent, effective July 1, 2017.

- 12.59 percent is transferred to the *State Public School Fund* and is statutorily appropriated in the fiscal year in which the revenue is collected⁷ to the Department of Education for the State’s share of total program funding for school districts and institute charter schools⁸; and
- the remainder (15.56 percent⁸) is retained in the *General Fund* and is thus available for appropriation in the fiscal year in which it is collected.

Third, a marijuana **excise tax** (15.0 percent) is applied to the average market wholesale price of the product being sold or otherwise transferred from a retail marijuana cultivation facility. Average market wholesale prices are periodically set by the Department of Revenue’s Marijuana Enforcement Division (MED). Table 1 lists the current average market wholesale prices.

PRODUCT CATEGORY	DETAILED DESCRIPTION	PRICE	MEASUREMENT
Retail bud	Product in the flowering stage	\$759	pound
Retail trim	Any part of a plant other than the bud or wet whole plant	\$325	pound
Retail immature plant	Nonflowering plant no larger than 8 inches tall or wide	\$8	plant
Wet whole plant	A plant that is cut off just above the roots and is not trimmed, dried, or cured. The plant must be weighed within two hours of being harvested.	\$100	pound
Seed	Seeds of the marijuana plant	\$4	seed
Trim allocated for extraction	Trim that is designated for the extraction of retail marijuana concentrate and not for direct sale to consumers	\$225	pound
Bud allocated for extraction	Bud that is designated for the extraction of retail marijuana concentrate and not for direct sale to consumers	\$228	pound

As required by the State Constitution⁹, the first \$40.0 million of excise tax revenue raised annually from retail marijuana wholesale products is transferred to the *Public School Capital Construction Assistance Fund (PSCCAF)*. Money in this fund helps pay for local K-12 school construction projects through the Building Excellent Schools Today (BEST) program, which is administered through the Department of Education. Starting July 1, 2018, the greater of \$40.0 million or 90.0 percent of the total excise tax revenue collected annually is transferred to the PSCCAF. [Please note that the language added by H.B. 18-1101 appears to require \$40.0 million to be transferred to the PSCCAF even if total annual excise tax revenues fall short of \$40.0 million.] Any excise tax revenue in excess of the amount transferred to the PSCCAF is credited to the *Public School “Permanent” Fund*, which is a constitutionally created trust fund that generates income to support public K-12 schools.

⁷ Pursuant to H.B. 18-1101 [Section 22-54-139 (3), C.R.S.], starting with the FY 2019-20 budget year the General Assembly may appropriate all or any portion of the marijuana sales tax proceeds that are transferred to the State Public School Fund during the prior budget year. Thus, these revenues will be subject to annual appropriation and be distributed to school districts in a fiscal year following the fiscal year in which the revenue is received.

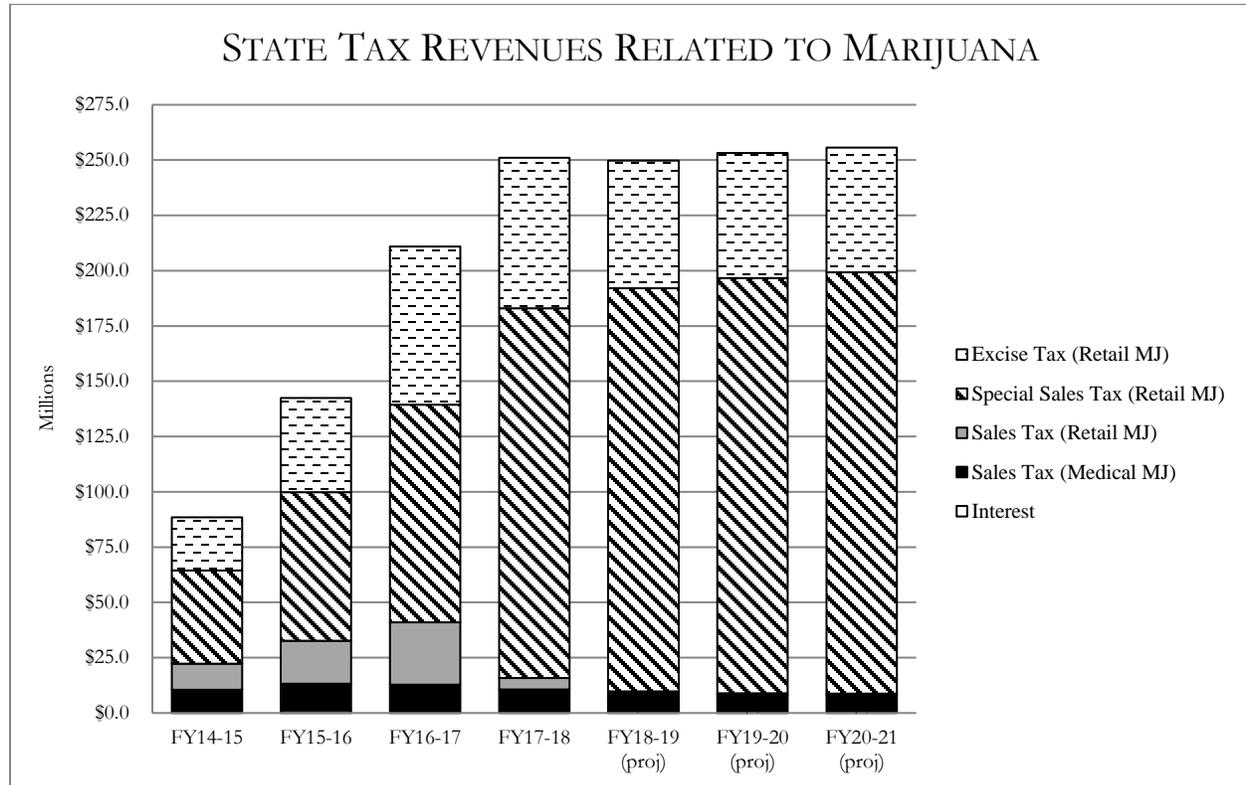
⁸ For FY 2017-18 only, a flat amount of \$30,000,000 was transferred to the State Public School Fund (rather than applying 12.59 percent to annual special sales tax revenues) and was statutorily appropriated to the Department of Education for disbursement to schools in rural school districts.

⁹ See Article XVIII, Section 16 (5)(d), of the State Constitution.

From FY 2013-14 through FY 2017-18, a total of \$209.1 million from marijuana excise tax revenue has been credited to these two funds, including:

- \$147.0 million to the Public School Capital Construction Assistance Fund¹⁰; and
- \$62.0 million to the Public School “Permanent” Fund.

The following chart depicts actual marijuana-related state tax revenues collected from FY 2014-15 through FY 2017-18, as well as three fiscal years of projected revenue collections based on the Office of State Planning and Budgeting’s September 2018 economic and revenue forecast. The underlying data follows, in Table 2.



Please note that two of the three sources of state marijuana-related tax revenues are not subject to the limitation on state fiscal year spending imposed by Article X, Section 20, of the State Constitution (the Taxpayer’s Bill of Rights or TABOR): the special sales tax and the excise tax¹¹. However, the regular state sales tax (2.9 percent) revenue collected by medical marijuana centers and retail marijuana stores is subject to TABOR. In addition, the fees and fines paid by retail and medical marijuana businesses and the fees paid by medical marijuana patients are subject to TABOR. For FY 2017-18, the marijuana-related tax and fee revenue that is subject to TABOR totaled \$30.7 million (including \$15.8 million in sales tax revenue and \$14.9 million in fee revenue).

¹⁰ This amount excludes an additional \$40.0 million that was transferred to the Public School Capital Construction Assistance Fund from the Proposition AA Refund Account in FY 2015-16, pursuant to voter approval of Proposition BB. The source of this funding was sales tax revenues, rather than excise tax revenues.

¹¹ See Sections 39-28.8-204 and 39-28.8-307, C.R.S., respectively.

TABLE 2
STATE TAX REVENUES RELATED TO RETAIL AND MEDICAL MARIJUANA

	ACTUALS (OSPБ)				OSPБ FORECAST (9/2018)		
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Proposition AA Taxes (Not Subject to TABOR)							
Total Special Sales Tax on Retail Marijuana ^a	\$42,117,798	\$67,094,524	\$98,425,253	\$167,186,831	\$182,193,000	\$187,688,000	\$190,533,000
<i>State Share of Special Sales Tax</i>	35,800,128	57,030,345	83,661,465	150,468,148	163,973,700	168,919,200	171,479,700
<i>Local Share of Special Sales Tax</i>	6,317,670	10,064,179	14,763,788	16,718,683	18,219,300	18,768,800	19,053,300
15.0 Percent Excise Tax on Retail Marijuana	23,981,515	42,630,838	71,423,109	67,960,211	57,768,000	56,613,000	56,329,000
Total Proposition AA Tax Revenues	\$66,099,313	\$109,725,362	\$169,848,362	\$235,147,042	\$239,961,000	\$244,301,000	\$246,862,000
Regular 2.9 Percent Sales Taxes (Subject to TABOR)							
Regular Sales Tax on Medical Marijuana	\$10,409,340	\$12,150,626	\$12,422,011	\$10,605,146	\$9,122,000	\$8,209,000	\$8,003,000
Regular Sales Tax on Retail Marijuana ^b	11,817,210	19,410,953	28,147,429	5,216,702	719,000	742,000	754,000
Interest	134,882	1,159,890	450,000	0	0	0	0
Total 2.9 Percent Sales Tax Revenues	\$22,361,432	\$32,721,469	\$41,019,440	\$15,821,848	\$9,841,000	\$8,951,000	\$8,757,000
Total State Taxes on Marijuana	\$88,460,745	\$142,446,831	\$210,867,802	\$250,968,890	\$249,802,000	\$253,252,000	\$255,619,000
<i>Portion Credited to Marijuana Tax Cash Fund^c</i>	\$58,161,560	\$89,751,814	\$124,680,905	\$123,933,212	\$127,656,103	\$130,319,445	\$131,965,164

a/ Special sales tax rate was 10.0 percent through June 30, 2017, and increased to 15.0 percent effective July 1, 2017.

b/ Effective July 1, 2017, the general state sales tax only applies to sales of medical marijuana and non-marijuana products (e.g., t-shirts); retail marijuana is exempt from the regular state sales tax.

c/ Beginning July 1, 2017, 71.85 percent (rather than 100.0 percent) of the State share of special sales tax revenues is credited to the Marijuana Tax Cash Fund.

MARIJUANA TAX CASH FUND OVERVIEW

As described earlier in this document, the General Assembly has established three cash funds related to marijuana legalization:

- The *Marijuana Cash Fund* consists of medical and retail marijuana business fees and fines. Money in this fund is annually appropriated to the Department of Revenue to support the Marijuana Enforcement Division.
- The *Medical Marijuana Program Cash Fund* consists of fees paid by patients seeking medical marijuana cards. Money in this fund is annually appropriated to the Department of Public Health and Environment to support the medical marijuana registry and other regulatory functions.
- The *Marijuana Tax Cash Fund* (MTCF) consists of: (a) all revenues collected from the regular state sales tax on medical marijuana and non-marijuana retail product sales; and (b) a portion of special sales tax revenue that is collected on retail marijuana sales (64.665 percent). The General Assembly annually appropriates money in this fund to support a variety of state programs and services, including the Department of Revenue's Taxation Business Group.

In FY 2017-18, the State collected a total of \$251.0 million in marijuana tax revenue and allocated this amount as follows:

- \$123.9 million (49.4 percent) was credited to the MTCF and appropriated for a variety of purposes;
- \$98.0 million (39.0) was allocated to three funds that support K-12 education;
- \$16.7 million (6.7 percent) was distributed to local governments; and
- \$12.4 million (4.9 percent) was retained in the General Fund.

The remainder of this section provides an overview of the allocation of money in the MTCF.

The General Assembly has declared its authority to appropriate marijuana tax revenue for any purpose. However, the General Assembly has chosen to prioritize appropriations for certain purposes. Staff has provided below the relevant statutory excerpt¹²:

“The general assembly hereby finds and declares that the retail marijuana excise tax and sales tax created a new revenue stream for the state, and the basis of these taxes is the legalization of marijuana, which presents unique issues and challenges for the state and local governments. Thus, there is a need to use some of the sales tax revenue for marijuana-related purposes. But, as this is revenue from a tax, the general assembly may appropriate this money for any purpose.

The general assembly further declares that the new retail marijuana tax revenue presents an opportunity to invest in services, support, intervention, and treatment related to marijuana and other drugs.

Therefore, the purposes identified in this subsection (2) prioritize appropriations related to legalized marijuana, such as drug use prevention and treatment, protecting the state's youth, and ensuring the public peace, health, and safety.”

¹² See Section 39-28.8-501 (2)(b), C.R.S.

The statutory provisions that follow this declaration limit the timing, amount, and allowable uses of money in the MTCF.

With respect to **timing**, this provision states that the General Assembly may appropriate money in the MTCF to the Department of Revenue for the fiscal year in which it was received by the State for the costs associated with implementing the Colorado Medical Marijuana Code, the Colorado Retail Marijuana Code, and provisions concerning taxes on marijuana and marijuana products. However, any other appropriations from the MTCF are limited to the fiscal year following the fiscal year in which it was received (e.g., revenue collected in FY 2018-19 may only be appropriated for FY 2019-20 or subsequent fiscal years).

With respect to the **amount** appropriated from the MTCF, this statutory provision limits annual appropriations from the MTCF to 93.5 percent of the “amount of moneys in the fund available for appropriation”. This provision thus establishes an annual MTCF reserve that is similar to the statutory General Fund reserve requirement (which was 6.5 percent but has subsequently been increased)¹³.

Finally, the General Assembly has specified the following **allowable purposes** for which money in the MTCF may be appropriated:

- (A) To *educate people about marijuana* to prevent its illegal use or legal abuse;
- (B) To provide *services for adolescents and school-aged children* in school settings or through community-based organizations;
- (C) To treat and provide related services to people with any type of substance use or mental health disorder, including those with co-occurring disorders, or to evaluate the effectiveness and sufficiency of *behavioral health services*;
- (D) For jail-based and other *behavioral health services for persons involved in or diverted from the criminal justice system*;
- (E) For state *regulatory enforcement, policy coordination, or litigation defense costs* related to retail or medical marijuana;
- (F) For *law enforcement and law enforcement training*, including any expenses for the police officers standards and training board training or certification;
- (G) For the *promotion of public health*, including poison control, prescription drug take-back programs, the creation of a marijuana laboratory testing reference library, and other public health services related to controlled substances;
- (H) To *study the use of marijuana and other drugs*, their health effects, and other social impacts related to them;
- (I) To *research, regulate, study, and test industrial hemp or hemp seeds*;
- (J) For the *start-up expenses of the Division of Financial Services* related to the regulation of marijuana financial services cooperatives;
- (K) [Repealed by H.B. 18-1336];
- (L) For the *Colorado Veterans' Service-to-career Pilot Program*;
- (M) For the expenses of the Department of Education and the Department of Public Health and Environment in *developing and maintaining a resource bank for educational material on marijuana* and providing technical assistance;
- (N) For *housing, rental assistance, and supportive services*, including reentry services; and

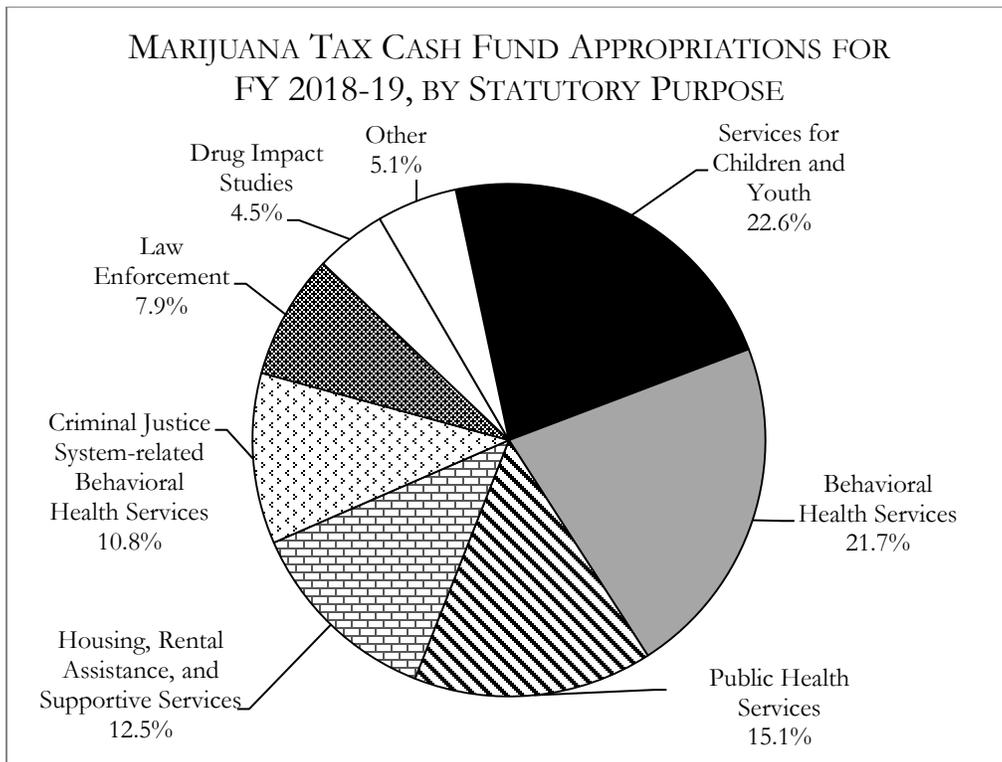
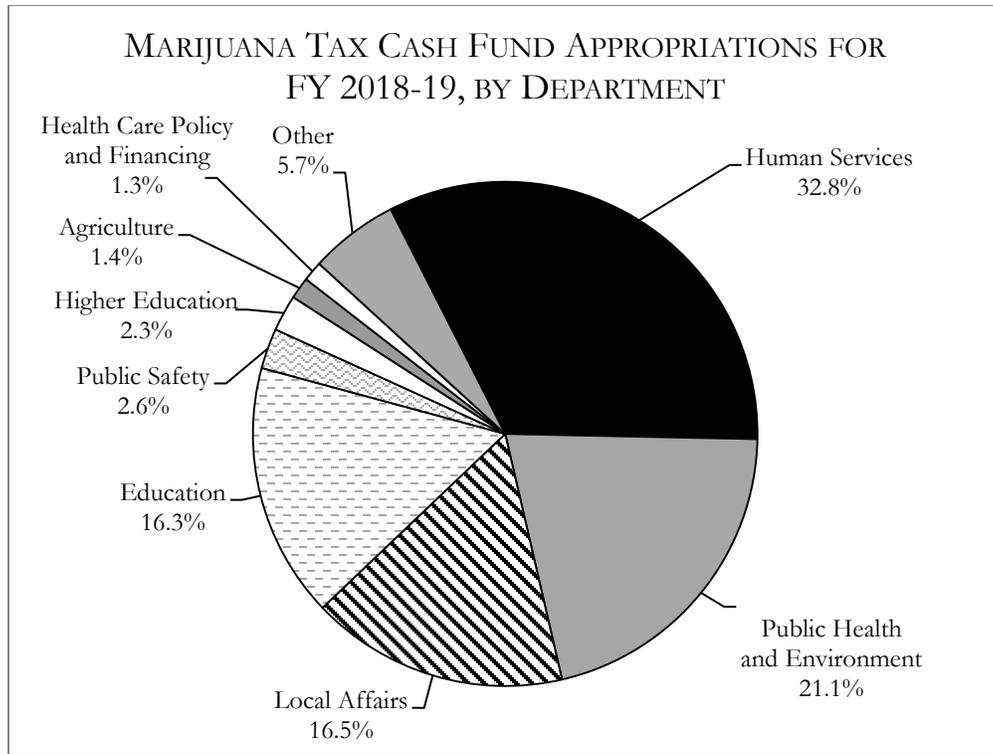
¹³ See Section 24-75-201.1 (1)(d)(XIV), C.R.S.

- (O) For *Local Juvenile Services Planning Committees* to develop a plan to manage youth who cross over from the child welfare system to the juvenile justice system [added by S.B. 18-154].

The General Assembly appropriates money in the MTCF based on the most recent revenue projections from either Legislative Council Staff or the Office of State Planning and Budgeting (OSPB) Staff. **For FY 2018-19, the General Assembly has appropriated or transferred a total of \$132.1 million from the MTCF, an increase of \$15.7 million (13.5 percent) compared to FY 2017-18.** Table 3 details significant year-over-year changes in appropriations from FY 2017-18 to FY 2018-19. Appendix C details appropriations from the MTCF for FY 2017-18 and FY 2018-19, and requested appropriations for FY 2019-20, by department and purpose.

DEPARTMENT	PROGRAM	ANNUAL CHANGE
Human Services	Increasing access to effective substance use disorder services, including evaluation of intensive residential treatment (S.B. 16-202)	\$3,095,841
Public Health & Environment	Medical marijuana research grants	3,000,000
Public Health & Environment	Colorado Health Service Corps Program (S.B. 18-024)	2,500,000
Public Safety	Law Enforcement Assistance Grant Program (H.B. 18-1020)	1,487,821
Human Services	Restore full year funding for new <i>community-based</i> Circle Program for adults with co-occurring mental health and substance use disorders	1,162,882
Public Safety	Black market marijuana interdiction	1,093,470
Education	Early Literacy Competitive Grant Program (H.B. 18-1393)	1,000,000
Governor	Transfer to Pay for Success Contracts Fund (H.B. 18-1323)	989,470
Health Care Policy and Financing	Training for health professionals to provide Screening, Brief Intervention, and Referral for Treatment (SBIRT) services for Medicaid clients at risk for substance abuse (H.B. 18-1003)	925,000
Labor and Employment	Colorado Veterans' Service-to-career Pilot Program (H.B. 16-1267; H.B. 18-1343)	834,704
Public Health & Environment	School-based Health Centers (H.B. 18-1003)	775,000
Human Services	Medication consistency and health information exchange (S.B. 17-019)	491,700
Human Services	Expansion of evidence based Incredible Years program	481,236
Human Services	Enhance behavioral health crisis response system (S.B. 17-207)	316,489
Law	Safe2Tell (H.B. 18-1434)	164,920
Local Affairs	Eliminate funding for Local Government Retail Marijuana Impact Grant Program	(1,117,540)
Public Safety	Reserve Peace Officer Academy Grant Program (S.B. 17-096)	(798,651)
Public Health & Environment	Marijuana lab certification	(596,887)
Governor	Office of Information Technology, Applications Administration	(470,875)
Agriculture	Pesticide control and regulation	(395,066)
Higher Education	Center for Research Into Substance Use Disorder Prevention, Treatment, and Recovery Support Strategies (S.B. 17-193; H.B. 18-1003)	(250,000)
	Other changes	998,989
Total		\$15,688,503

The following two graphics illustrate the current allocation of MTCF appropriations among state agencies and among the statutorily authorized purposes.



ISSUE: SUMMARY OF FY 2019-20 REQUESTS FROM MARIJUANA TAX CASH FUND

This issue brief provides an overview of the funds projected to be available for appropriation from the Marijuana Tax Cash Fund for FY 2019-20, and the Governor's related budget requests.

SUMMARY

- Based on the September 2018 Office of State Planning and Budgeting (OSPB) economic and revenue forecast, a total of \$149.4 million is projected to be available in the Marijuana Tax Cash Fund (MTCF) for appropriations for FY 2019-20. This amount includes \$127.7 million in new revenues and \$21.7 million from fund balance.
- The Governor is proposing \$130.0 million in MTCF appropriations and transfers for FY 2019-20.
- Approval of the Governor's request would leave \$19.4 million available for other purposes in FY 2019-20 or future fiscal years. This amount should be considered one-time in nature based on existing obligations and modest projected increases in annual fund revenues.
- Updated revenue forecasts will be available to the Committee before it makes final decisions on MTCF appropriations to be included in the FY 2019-20 Long Bill and any amounts that should be set aside for separate legislation.

DISCUSSION

Comparison of Available Revenues and the November 1, 2018 Request

Based on the September 2018 Office of State Planning and Budgeting economic and revenue forecast, a total of \$149.4 million is projected to be available in the Marijuana Tax Cash Fund (MTCF) for appropriations for FY 2019-20. This amount includes \$127.7 million in new revenues. The Governor is proposing MTCF appropriations and transfers for FY 2019-20 totaling \$130.0 million.

Table 4 details the total funds projected to be available for appropriation or transfer in FY 2019-20, and the requested appropriations and transfers.

DESCRIPTION	AMOUNT
Beginning fund balance as of July 1, 2018 (per Department of Revenue)	\$164,153,512
LESS: FY 2018-19 Appropriations for various departments from prior year revenues	(129,546,451)
LESS: FY 2018-19 transfer to a cash fund for H.B. 18-1323 (Pay for Success Contracts)	(989,470)
PLUS: Total projected MTCF share of revenue to be collected in FY 2018-19 per Office of State Planning and Budgeting (September 2018 forecast)	<u>127,656,103</u>
<i>State share of special sales tax on retail marijuana (71.85 percent of total State share)</i>	<i>117,815,103</i>
<i>Regular sales tax on retail marijuana</i>	<i>719,000</i>
<i>Regular sales tax on medical marijuana</i>	<i>9,122,000</i>
LESS: FY 2018-19 Appropriations to the Department of Revenue	(1,532,087)
EQUALS: Total funds available in the Fund for FY 2019-20	159,741,607

DESCRIPTION	AMOUNT
LESS: Statutorily required reserve (6.5 percent)	<u>(10,383,204)</u>
EQUALS: Funds Available for Appropriation or Transfer for FY 2019-20	\$149,358,403
LESS: Transfers to a cash fund for H.B. 18-1323 (Pay for Success Contracts) in FY 2019-20	(1,717,764)
PLUS: Transfer from Marijuana Cash Fund to MTCF to support CBI Task Force (DOR R7)	914,416
LESS: FY 2019-20 Requested appropriations to the Department of Revenue	(1,299,083)
LESS: FY 2019-20 Requested appropriations to various other departments	<u>(127,880,904)</u>
EQUALS: Funds Remaining Available Above Statutorily Required Reserve	\$19,375,068

Due to a healthy fund balance, a total of \$149.4 million is projected to be available for appropriations and transfers for FY 2019-20. Approval of the Governor's request would leave \$19.4 million available for other purposes in FY 2019-20 or future fiscal years. Please note, however, that this amount should be considered one-time in nature for two reasons.

First, annual revenues to the MTCF have flattened out and are only projected to grow modestly in the future (e.g., by 2.1 percent in FY 2019-20 and 1.3 percent in FY 2020-21). Second, annual obligations from the MTCF currently exceed annual revenues to the MTCF. Many of the existing appropriations from the MTCF support community provider services and state employees. These appropriations will likely need to be increased annually to keep pace with inflationary increases. If the General Assembly chooses to appropriate the full amount anticipated to be available for FY 2019-20 (\$149.4 million) for ongoing programs, fund revenues may not be sufficient to sustain these programs in FY 2020-21.

Updated revenue forecast projections will be available prior to the Committee finalizing a proposed budget for FY 2019-20.

Summary of Major Changes Proposed for FY 2019-20

Overall, the Governor is proposing \$130.0 million in appropriations and transfers from the MTCF for FY 2019-20. This represents a decrease of \$2.1 million compared to FY 2018-19. Table 5 details the major proposed changes, followed by brief descriptions of the three new initiatives that are included in the Governor's FY 2019-20 budget proposal (see bolded items in Table 5). To the extent that the Joint Budget Committee (JBC) has questions about these initiatives, staff has identified the relevant dates for the corresponding JBC staff budget briefings.

DEPARTMENT	PROGRAM	ANNUAL CHANGE
Public Safety	Refinance State Toxicology Laboratory (DPS R5)	\$1,696,626
Governor	Transfer to Pay for Success Contracts Fund (H.B. 18-1323)	728,294
Transportation	Impaired driving campaign (TRA R1)	500,000
Revenue and Public Safety	CBI Task Force to assist Department of Revenue's Marijuana Enforcement Division (REV R7)	0
Public Health and Environment	Eliminate one-time appropriation for Medical marijuana research grants	(3,000,000)

TABLE 5
REQUESTED CHANGES IN APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND: FY 2019-20

DEPARTMENT	PROGRAM	ANNUAL CHANGE
Higher Education	Eliminate one-time appropriations for the Center for Research Into Substance Use Disorder Prevention, Treatment, and Recovery Support Strategies (H.B. 18-1003) and the Medication-assisted Treatment Pilot Program (S.B. 17-074)	(1,250,000)
Labor & Employment	Eliminate one-time appropriation for the Colorado Veterans' Service-to-career Pilot Program (H.B. 18-1343)	(1,000,000)
Public Health and Environment	Eliminate one-time appropriation for School-based Health Centers (H.B. 18-1003)	(775,000)
Health Care Policy and Financing	Reduce appropriation for training for health professionals to provide Screening, Brief Intervention, and Referral for Treatment (SBIRT) services for Medicaid clients at risk for substance abuse (H.B. 18-1003)	(175,000)
	Other changes (e.g., provider rate increases, employee benefits, indirect costs, etc.)	1,190,407
Total		(\$2,084,673)

PUBLIC SAFETY – REFINANCE STATE TOXICOLOGY LABORATORY: The Governor’s budget proposal includes appropriations from the MTCF totaling \$1,696,626 to refinance the Colorado Bureau of Investigation’s (CBI’s) toxicology laboratory. The laboratory provides toxicology testing services for law enforcement and criminal justice agencies in the enforcement of laws pertaining to driving under the influence of alcohol (DUI) or drugs (DUID). The requested funding would allow the CBI to eliminate existing toxicology testing fees charged to state and local law enforcement and criminal justice agencies. The Department anticipates that this policy change would increase the number of samples submitted for testing, and allow the Department to test all samples for the presence of cannabinoids and other illegal substances. *[Briefing by Mike Mann, 11/29/18]*

TRANSPORTATION – IMPAIRED DRIVING CAMPAIGN: The Governor’s budget proposal includes an appropriation of \$500,000 from the MTCF for the Department of Transportation’s enforcement activities related to impaired driving. The Department allocates funding to local law enforcement agencies to conduct high visibility enforcement efforts aimed at reducing accidents and fatalities involving the use of alcohol and marijuana. The Department’s existing appropriation of \$1.5 million for this purpose is from the First Time Drunk Driving Offender Account within the Highway Users Tax Fund. The Department anticipates that the amount available from this account will decline, and is thus requesting an appropriation from the MTCF to refinance a portion of the existing appropriation. *[Briefing by Steve Allen, 11/26/18]*

REVENUE AND PUBLIC SAFETY – CBI TASK FORCE TO ASSIST DEPARTMENT OF REVENUE'S MARIJUANA ENFORCEMENT DIVISION: The Governor’s budget proposal includes an appropriation of \$914,416 from the MTCF to the Department of Public Safety to expand (from 8.0 FTE to 13.0 FTE) the CBI’s unit that investigates black market marijuana operations. The additional 5.0 FTE criminal investigators would work in cooperation with staff (8.0 FTE) added to the Department of Revenue’s Marijuana Enforcement Division. The Department of Revenue’s new staff would be supported by the Marijuana Cash Fund, which consists of marijuana business fee revenue. The Department of Revenue proposes to use this same revenue source to support the additional CBI staff for two fiscal years. To implement this proposal, the Department requests two statutory transfers from the Marijuana Cash Fund to the MTCF (\$914,416 in FY 2019-20 and \$890,901 in FY 2020-21). *[Briefing by Alfredo Kemm, 12/7/18]*

APPENDIX A

RECENT LEGISLATION CONCERNING MARIJUANA

2018 SESSION BILLS

S.B. 18-024 (EXPAND ACCESS BEHAVIORAL HEALTH CARE PROVIDERS): Modifies the Colorado Health Services Corps program to expand the availability of behavioral health care providers in designated shortage areas. In FY 2018-19, appropriates \$2,500,000 cash funds from the Marijuana Tax Cash Fund (MTCF) and 2.0 FTE to the Department of Public Health and Environment.

S.B. 18-259 (LOCAL GOVERNMENT RETAIL MARIJUANA TAXES): Makes the following changes to marijuana taxation in Colorado:

- allows a county to continue collecting excise taxes for three years if a marijuana cultivation facility is annexed into a municipality. If this occurs, the municipality is unable to levy its own excise tax until the county's authority to levy an excise tax expires;
- allows counties to use either the wholesale price or the calculated wholesale price to determine excise taxes;
- removes the authority for metropolitan districts to collect a sales tax on retail marijuana; and
- clarifies that the state excise tax is collected when unprocessed marijuana is transferred between marijuana cultivation facilities.

In FY 2018-19, appropriates \$15,840 General Fund to the Department of Revenue.

S.B. 18-271 (IMPROVE FUNDING FOR MARIJUANA RESEARCH): Allows a marijuana research and development licensee or a marijuana research and development cultivation licensee to share premises with a commonly owned medical marijuana infused products manufacturer or a retail marijuana product manufacturers under a co-location permit. House Bill 18-1322 (Long Bill) appropriated \$3.0 million from the MTCF to the health research subaccount of the Medical Marijuana Program Cash Fund. This act continues the subaccount from its current repeal date of July 1, 2019, to July 1, 2023, and authorizes the Department of Public Health and Environment to use up to \$100,000 from the subaccount for administration of the medical marijuana research grant program. In FY 2018-19, appropriates \$10,656 cash funds from the Marijuana Cash Fund to the Department of Revenue.

H.B. 18-1003 (OPIOID MISUSE PREVENTION): Implements several policies related to the prevention of opioid and substance misuse and allocates \$2,489,249 total funds in FY 2018-19, including the following:

- \$39,249 General Fund to the Legislative Department for the continuation of the Opioid and Other Substance Use Disorders Interim Study Committee for two years;
- \$925,000 cash funds from the MTCF to the Department of Health Care Policy and Financing for the Screening, Brief Intervention, and Referral to Treatment (SBIRT) training program for the development of a training module on substance-exposed pregnancies and additional funding for SBIRT grants;
- \$775,000 cash funds from the MTCF to the Department of Public Health and Environment for grants to school-based health centers to expand behavioral health services to include treatment for opioid and other substance use disorders; and

- \$750,000 cash funds from the MTCF to the Department of Higher Education for allocation to the University of Colorado for the Center for Research Into Substance Use Disorder Prevention, Treatment, and Recovery to develop and implement continuing medical education activities for prescribers of pain medication.

H.B. 18-1020 (CIVIL FORFEITURE REFORMS): Makes changes to civil asset forfeiture reporting requirements and establishes two law enforcement grant programs. For FY 2018-19, appropriates \$1,487,821 cash funds from the MTCF and 0.8 FTE to the Department of Public Safety for the Law Enforcement Assistance Grant Program.

H.B. 18-1070 (ADDITIONAL PUBLIC SCHOOL CAPITAL CONSTRUCTION FUNDING): Diverts additional marijuana excise tax revenue to the Public School Capital Construction Assistance Fund, which supports the Building Excellent Schools Today (BEST) Program. Current law deposits the first \$40.0 million in annual marijuana excise tax funds to the Public School Capital Construction Assistance Fund (PSCCF) to support lease purchase payments and cash grants under the BEST Program and deposits any amount above the \$40.0 million into the Public School (Permanent) Fund. Beginning in FY 2018-19, this bill increases the diversion of marijuana excise tax revenues to the PSCCF to the greater of \$40.0 million or 90.0 percent of total excise tax revenues. For FY 2018-19, appropriates \$34.0 million cash funds from the PSCCF to the Department of Education to support the BEST Program, including \$19.0 million for lease purchase payments and \$15.0 million for grants.

H.B. 18-1101 (RETAIL MARIJUANA SALES TAX APPROPRIATIONS FOR SCHOOLS): Makes retail marijuana sales tax revenues deposited into the State Public School Fund subject to annual appropriation and requires the General Assembly to appropriate such funds in the year following the year of collection. Senate Bill 17-267 continuously appropriated marijuana sales tax revenues deposited into the State Public School Fund to the Department of Education in the year of collection.

H.B. 18-1280 (COURT APPOINTEES FOR MARIJUANA BUSINESSES): Provides specifications for court-appointed receiverships or similar situations related to a person taking possession of, operating, managing, or controlling a licensed marijuana business. Requires an individual to 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. Requires the MED 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. In FY 2018-19, appropriates \$28,950 cash funds from the Marijuana Cash Fund to the Department of Revenue, of which \$14,918 is reappropriated to the Department of Law.

H.B. 18-1323 (PAY FOR SUCCESS CONTRACTS PILOT PROGRAM FUNDING): Transfers specified amounts from the General Fund and the Marijuana Tax Cash Fund to the Office of State Planning and Budgeting (OSPB) Youth Pay for Success Initiatives Account within the Pay for Success Contracts Fund for fiscal years 2018-19 through 2021-22. OSPB may expend this money for three specified Pay for Success contracts for pilot programs designed to reduce juvenile involvement in the justice system, reduce out-of-home placements of juveniles, and improve on-time high school graduation rates. The Department of Human Services may expend any money appropriated to it from the Account for expenses related to the administration of any pay for success contract. The act has a General Fund impact of \$401,314 for FY 2018-19 and a total General Fund impact of \$1.9 million through FY 2021-

22. Additionally, the act has an MTCF impact of \$989,470 for FY 2018-19 and a total MTCF impact of \$4.4 million through FY 2021-22. Appropriates \$718,412 cash funds from the Youth Pay for Success Initiatives Account within the Pay for Success Contracts Fund to OSPB for FY 2018-19 to implement the pilot programs.

TRANSFERS TO THE OFFICE OF STATE PLANNING AND BUDGETING					
YOUTH PAY FOR SUCCESS INITIATIVES ACCOUNT					
TRANSFER SOURCE	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	TOTAL
General Fund	\$401,314	\$545,079	\$498,355	\$448,480	\$1,893,228
Marijuana Tax Cash Fund	989,470	1,717,764	1,725,066	0	4,432,300
TOTAL	\$1,390,784	\$2,262,843	\$2,223,421	\$448,480	\$6,325,528

H.B. 18-1336 (REPEAL LOCAL GOVERNMENT RETAIL MARIJUANA IMPACT GRANT PROGRAM): Repeals the Local Government Retail Marijuana Impact Grant Program on July 1, 2019.

H.B. 18-1343 (VETERANS' SERVICE-TO-CAREER PROGRAM): Continues the Veterans' Service-to-Career Grant Program in the Colorado Department of Labor and Employment (CDLE).

- Extends the program's repeal date from January 1, 2019 to January 1, 2024.
- Expands eligibility to include veterans, veterans' spouses, persons actively serving in the U.S. Armed Forces and within six months of discharge, or a member of the National Guard or military reserves who has completed initial entry training.
- Increases the administrative overhead a workforce center may charge for the program from seven to eight percent.
- Requires CDLE to develop an evaluation method to measure program outcomes and effectiveness.

Appropriates \$1,000,000 cash funds from the MTCF and 0.5 FTE to CDLE for FY 2018-19.

H.B. 18-1393 (EFFECTIVE IMPLEMENTATION OF READ ACT): Modifies statutory requirements of the Reading to Ensure Academic Development (READ) Act. Modifies grant requirements for the Early Literacy Competitive Grant Program and provides additional funding for the program. For FY 2018-19, appropriates \$1,000,000 cash funds from the MTCF to the Department of Education.

H.B. 18-1434 (SAFE2TELL PROGRAM NEW DUTIES AND ANNUAL REPORT): Expands the Safe2Tell Program's duties to include additional training responsibilities and reporting requirements. For FY 2018-19, appropriates \$164,920 cash funds from the MTCF and 1.6 FTE to the Department of Law.

SIGNIFICANT LEGISLATION FROM PREVIOUS LEGISLATIVE SESSIONS

S.B. 17-267 (SUSTAINABILITY OF RURAL COLORADO): Among other provisions, makes significant changes to the collection and allocation of state marijuana sales taxes starting in FY 2017-18. Specifically, beginning July 1, 2017, the act:

- exempts sales of retail marijuana from the regular (2.9 percent) state sales tax;
- increases the special sales tax rate from 10.0 to 15.0 percent [please note that prior to S.B. 17-267 this rate was scheduled to decrease from 10 percent to 8 percent)]; and

- adjusts the distribution of special sales tax revenues to local governments, decreasing the local share from 15.0 percent to 10.0 percent.

Provides that local governments can continue to impose their local general sales taxes on retail sales of marijuana.

The act also modifies the allocation of special sales tax revenues as follows:

- for FY 2017-18 and all subsequent years, 71.85 percent of the State's share of retail marijuana special sales tax revenues is transferred to the MTCF;
- for FY 2017-18 only, \$30.0 million is transferred to the State Public School Fund (SPSF) and is statutorily appropriated to the Department of Education for disbursement to schools in rural school districts; and
- for FY 2018-19 and all subsequent years, 12.59 percent is transferred to the SPSF and is statutorily appropriated to the Department of Education for the State's share of total program funding for school districts and institute charter schools.

The amount remaining each fiscal year, after the transfers to the MTCF and the SPSF, is retained in the General Fund. For FY 2018-19 and all subsequent years, this allocation is equal to 15.56 percent of the State's share of retail marijuana special sales tax revenues.

H.B. 17-1221 (GRAY AND BLACK MARKET MJ ENFORCEMENT EFFORTS): Creates the Gray and Black Market Marijuana Enforcement Grant Program in the Department of Local Affairs (DOLA). Also creates an offense for a person who is not a primary caregiver for possessing a marijuana plant that the person is growing on behalf of another person.

Authorizes DOLA to award grants to local law enforcement agencies and district attorneys to cover investigation and prosecution costs associated with unlicensed and illegal marijuana cultivation or distribution operations. Outlines priorities for the grant program and requires DOLA to establish related policies and procedures. Authorizes money from the MTCF to be used to fund the grant program and its administration. Allows money not expended in a given fiscal year to be retained for use in the next fiscal year. Requires DOLA to provide an annual update about the program in its annual SMART Act hearing for the General Assembly, beginning November 1, 2019.

Provides an appropriation of \$5,945,392 cash funds from the MTCF for FY 2017-18 and reflects the assumption that DOLA will require an additional 1.3 FTE.

S.B. 16-191 (CSU-PUEBLO SCIENTIFIC AND SOCIAL SCIENCE RESEARCH): Authorizes the General Assembly to appropriate money from the MTCF to the Board of Governors of the Colorado State University System (CSU) to fund scientific and social science research at CSU-Pueblo concerning marijuana and other matters that impact the state and its regions. Appropriates \$900,000 cash funds from the MTCF to CSU-Pueblo for FY 2016-17 for this purpose. Continues ongoing study in the Department of Public Safety of law enforcement's costs related to legalization of marijuana. Appropriates \$79,992 cash funds from the MTCF for this purpose for FY 2016-17. Also requires the Governor's Office of Marijuana Coordination facilitate data sharing and address data gaps related to the impact of marijuana legalization on public health, safety, or economic issues.

H.B. 16-1261 (RETAIL MARIJUANA SUNSET REVIEW) Implements recommendations from the sunset report for the retail marijuana program, and extends the retail marijuana code until September 1, 2019. Appropriates \$132,251 cash funds from the MTCF to the Department of Revenue for FY 2016-17.

H.B. 16-1408 (CASH FUND ALLOCATIONS FOR HEALTH-RELATED PROGRAMS): Establishes a new formula for the allocation of the annual payment received by the state as part of the Tobacco Master Settlement Agreement (Tobacco MSA). The new formula allocates all Tobacco MSA revenue by percentage shares, rather than the hybrid scheme of fixed dollar amounts and capped percentage shares in multiple tiers. The formula increases annual allocations to most programs receiving funding under the current distribution, while eliminating dedicated funding for the following six purposes:

- Early Literacy Fund in the Department of Education;
- Public Health Services Support Fund in the Department of Public Health and Environment;
- Offender Mental Health Services Program in the Department of Human Services;
- Alcohol and Drug Abuse Prevention Program in the Department of Human Services;
- Children's' Mental Health Treatment Program in the Department of Human Services; and
- The annual audit of Tobacco MSA-funded programs by the Office of the State Auditor.

For all of these purposes listed above except the audit, the act makes FY 2016-17 appropriations from the MTCF in the amounts that the programs are expected to receive under the current law allocation formula. Repeals the Public Health Services Support Fund and the Tobacco Litigation Settlement Trust Fund, requires the State Treasurer to transfer any remaining balance in the Public Health Services Support Fund and the Offender Mental Health Services Fund to the Tobacco Litigation Settlement Cash Fund at the end of FY 2015-16. Makes the following appropriation changes related to funds from the Tobacco Master Settlement revenues and the MTCF.

SUMMARY OF TOBACCO MASTER SETTLEMENT AGREEMENT DISTRIBUTION FORMULA APPROPRIATION CHANGES				
SECTION	PROGRAM	GENERAL FUND	TOBACCO MASTER SETTLEMENT CASH FUNDS	MARIJUANA TAX CASH FUND
27	Early Literacy	\$0	\$(4,378,678)	\$4,378,678
28	Mental Health Services for Juvenile and Adult Offenders	0	(3,025,192)	3,025,192
28	Mental Health Services for Youth (H.B. 99-1116)	0	(300,000)	300,000
28	Community Prevention Treatment - Alcohol and Drug Abuse	0	(756,298)	756,298
29	Local Public Health Agencies	0	(1,767,584)	1,767,584
30	Tony Gramscas Youth Services	0	2,626,328	(2,626,328)
31	Autism Treatment Fund	(6,451,471)	6,451,471	0
32a	Higher Education - Cancer Program	0	1,751,471	0
32b	Higher Education - Health Sciences Center Programs	0	1,221,033	0
333	Nurse Home Visitor Program	0	6,743,164	0
34	Supplemental State Contribution Fund	0	879,745	0
35	Drug Assistance Program	0	1,313,603	0
36	AIDS and HIV Prevention Grants	0	1,313,604	0
37	Immunization Program	0	1,180,942	0
38	Oral Health Programs	0	675,736	0
39	Health Service Corps within the Primary Care Office	0	625,736	0

H.B. 16-1418 (MARIJUANA TAX CASH FUND TRANSFER TO GENERAL FUND) Transfers a total of \$26,277,661 from the MTCF to the General Fund on July 1, 2016. This amount includes: (a) \$1,977,661 to offset the General Fund appropriated to Fort Lyon Supportive Residential Community; and (b) \$24,300,000 for early repayment of the full \$30,300,000 General Fund that was set aside in the Proposition AA Refund Account and used to fund programs based on the passage of Proposition BB. [The initial repayment of \$6,000,000 was made through H.B. 15-1367 (Retail Marijuana Taxes).] The act eliminates all future transfers that would have repaid the General Fund over the next four fiscal years as required by H.B. 15-1367.

S.B. 15-014 (MEDICAL MARIJUANA): Makes several changes concerning medical marijuana. Permits money in the MTCF to be used to fund the implementation of any costs for law enforcement audits. The appropriations in S.B. 15-014 are summarized in the following table.

S.B. 15-014 (MEDICAL MARIJUANA): Makes several changes concerning medical marijuana. Permits money in the MTCF to be used to fund the implementation of any costs for law enforcement audits. The appropriations in S.B. 15-014 are summarized in the following table.

SUMMARY OF APPROPRIATIONS IN S.B. 15-014

DEPARTMENT	MEDICAL MARIJUANA CASH FUND	MARIJUANA TAX CASH FUND	REAPPROPRIATED FUNDS	TOTAL FUNDS
Public Safety	\$0	\$60,000	\$0	\$60,000
Public Health and Environment	1,068,560	0	0	1,068,560
Revenue	0	113,704	0	113,704
FTE	0.0	1.0	0.0	1.0
Department of Law	0	0	56,706	56,706
FTE	0.0	0.0	0.3	0.3
Office of Information Technology	<u>0</u>	<u>0</u>	<u>1,068,560</u>	<u>1,068,560</u>
TOTAL FUNDS	\$1,068,560	\$173,704	\$1,125,266	\$2,367,530

S.B. 15-167 (MODIFY FY 2014-15 APPROPRIATION FROM MARIJUANA REVENUE): Reduces the difference between appropriations made from the MTCF for FY 2014-15 and the actual money collected and deposited in the MTCF during FY 2013-14 by creating a one-year exception to the prohibition on appropriating moneys in the MTCF for the current fiscal year, authorizing the General Assembly to appropriate, in FY 2014-15, a certain amount of money in the MTCF received by the State during FY 2014-15, and by reducing appropriations for marijuana-related programs and services for FY 2014-15 in four principal departments as follows:

- Reduces the appropriation from the MTCF to the Department of Law for optional training for certified peace officers who will act as trainers in advanced roadside impaired driving enforcement by \$76,000;
- Reduces the appropriation from the MTCF to the Department of Revenue for the Marijuana Enforcement Division by \$6.4 million and increases the appropriation from the Marijuana Cash Fund (MCF) to the Department of Revenue for the Marijuana Enforcement Division by the same amount;

- Reduces the General Fund appropriation to the Department of Health Care Policy and Financing (HCPF) for the School-based Substance Abuse Prevention and Intervention Grant Program by \$1,081,344 to reflect the actual amount of grants HCPF awarded plus \$50,000 for HCPF's administrative costs. In addition, the act reduces the amount that the State Treasurer is required to transfer from the MTCF to the General Fund by \$1,151,631 to offset the General Fund appropriation for the grant program for the associated 6.5% statutory reserve.
- Reduces the appropriation from the MTCF to the Department of Human Services (DHS) for jail-based behavioral health services to offenders, including screening and providing treatment for adult inmates with a substance use disorder and providing continuity of care within the community after the inmate's release from jail. Reduces the appropriation by \$452,787 to reflect actual allocations to counties for the fiscal year.

In addition, the act authorizes DHS to use money appropriated from the MTCF for FY 2014-15 for the provision of substance use disorder treatment services for adolescents and pregnant women for the expanded purposes of providing substance use disorder treatment and prevention services and intensive wrap around services for adolescents and pregnant women. The act also authorizes DHS to spend such appropriated moneys in FY 2014-15 if necessary.

S.B. 15-249 (MARIJUANA TAX CASH FUND TRANSFER TO GENERAL FUND): In FY 2014-15, transfers \$27,700,000 from the MTCF to the General Fund in anticipation of reserving the funds for the Proposition AA refund expected to be required by Section 20 (3)(c) of Article X, of the Colorado Constitution (TABOR election provision).

H.B. 15-1367 (RETAIL MARIJUANA TAXES): Refers a ballot issue (“Proposition BB”)¹⁴ to voters asking whether the State may retain and spend revenue collected from the Proposition AA excise and special sales taxes on retail marijuana in FY 2014-15. Creates a Proposition AA Refund Account (Refund Account) in the General Fund comprised of \$58.0 million (the amount expected to be collected from Proposition AA taxes in FY 2014-15). Of this amount, \$27.7 million is a transfer from the MTCF pursuant to S.B. 15-249, and \$30.3 million is from the General Fund. If voters approve the ballot issue, the act apportions the amount in the Refund Account for expenditure during FY 2015-16. If voters reject the ballot issue, the act establishes mechanisms to refund moneys in the Account to taxpayers in FY 2015-16.

Independent of whether the voters approve the ballot issue, the act:

- lowers the retail marijuana excise and special sales tax rates to zero effective September 16, 2015, and raises them back to 15.0 percent and 10.0 percent, respectively, effective September 17, 2015;
- lowers the retail marijuana special sales tax rate from 10.0 percent to 8.0 percent beginning July 1, 2017;
- repeals current law requiring the Finance Committees of the General Assembly to review tax rates by April 1, 2016;
- transfers any marijuana excise tax revenue collected in excess of \$40.0 million during a single fiscal year to the Public School “Permanent” Fund rather than the MTCF;
- broadens purposes for which funds in the MTCF can be expended and requires the Marijuana Enforcement Division to report on its website how tax revenue is spent;

¹⁴ Proposition BB was adopted with 847,380 (69.4 percent) voting for the measure.

- requires that appropriations from the MTCF for jail-based behavioral health services be made through the Correctional Treatment Cash Fund;
- creates the Local Government Retail Marijuana Impact Grant Program (described below); and
- makes conforming adjustments to appropriations in the 2015 Long Bill, as detailed in the following table.

SECTION 22 APPROPRIATIONS NOT DEPENDENT ON OUTCOME OF BALLOT QUESTION			
DEPARTMENT/RECIPIENT	FUND SOURCE	DOLLAR AMOUNT	FTE
Department of Agriculture	Marijuana Tax Cash Fund	\$314,633	4.3
Department of Law	Reappropriated funds from Department of Local Affairs	1,890	0.0
Department of Law	Reappropriated funds from Department of Agriculture	24,703	0.1
Department of Local Affairs	Marijuana Tax Cash Fund	71,342	1.0
Department of Revenue	Marijuana Tax Cash Fund	25,440	0.0
Total		\$438,008	5.4
2015 Long Bill Conforming Adjustments			
Department of Human Services	Marijuana Tax Cash Fund	(\$1,550,000)	0.0
Department of Human Services	Reappropriated funds from Correctional Treatment Cash Fund	1,550,000	0.0
Correctional Treatment Cash Fund	Marijuana Tax Cash Fund	1,550,000	0.0
Judicial Department	Correctional Treatment Cash Fund	1,550,000	0.0

The act requires that the General Fund be reimbursed between FY 2014-15 and FY 2019-20 for the \$30.3 million deposited in the Proposition AA Refund Account. The schedule and amount of the reimbursement depends on whether voters approve or reject the ballot issue.

CONTINGENCIES IN ACT RELATED TO THE OUTCOME OF THE BALLOT ISSUE			
IF APPROVED	AMOUNT	IF REJECTED	AMOUNT
Explicitly describes how the funds identified for the refund (\$58.0 million) would be spent:		Describes how the Proposition AA Refund will be made:	
\$40.0 million is transferred to the Public School Capital Construction Fund, known as the BEST Fund	\$40,000,000	\$25.0 million refunded via the six-tier sales tax refund mechanism	\$25,000,000
\$2.5 million to the Department of Public Health and Environment (CDPHE) for the marijuana education campaign	2,500,000	\$19.7 million refunded to marijuana cultivators who paid a retail marijuana excise tax in FY 2014-15	19,700,000
\$1.0 million to CDPHE for the dissemination of information from poison control centers	1,000,000	\$13.3 million refunded via a special sales tax rate reduction	13,300,000
\$2.0 million to the School Bullying Prevention and Education Cash Fund administered by the Colorado Department of Education (CDE)	2,000,000	DOLA will not begin making grants through the Local Government Retail Marijuana Impact Grant Program until FY 2016-17	

CONTINGENCIES IN ACT RELATED TO THE OUTCOME OF THE BALLOT ISSUE

IF APPROVED	AMOUNT	IF REJECTED	AMOUNT
\$2.0 million to CDE via the Student Re-Engagement Program Cash Fund for costs associated with the student re-engagement program	2,000,000	Beginning FY 2015-16, \$6.06 million is retained in the General Fund from revenue that would have been transferred to the MTCF to repay \$30.3 million General Fund identified for the refund	6,060,000
		Total^{/1}	\$64,060,000
\$1.0 million to the Department of Human Services (DHS) via the Youth Mentoring Services Cash Fund for costs associated with youth mentoring services	1,000,000		
\$1.0 million to DHS for the provision of grants through the Tony Grampsas youth mentoring program	1,000,000		
\$0.5 million to the Department of Health Care Policy and Financing for grants to substance the substance abuse screening, brief intervention, and referral to treatment (SBIRT) program	500,000		
\$0.3 million to the Department of Agriculture for Future Farmers of American and 4-H programs at the state fair	300,000		
\$1.0 million to the Department of Local Affairs (DOLA) for grants through the Local Government Retail Marijuana Impact (LGRMI) Grant Program	1,000,000		
\$0.5 million to DHS for treatment and detoxification contracts	500,000		
\$0.2 million to the Department of Law (DOL) for Peace Officers Standards and Training (POST) Board	200,000		
\$6.0 retained in the General Fund to begin repayment of the \$30.3 million General Fund identified for the refund	6,000,000		
Appropriates \$82,132 and 1.0 FTE from the MTCF to DOLA for additional expenditures requires to make grants through the LGRMI Grant Program	82,132		
Of the \$82,132 to DOLA, \$21,803 is reappropriated to the Office of Information Technology	21,803		
Of the \$82,132 to DOLA, \$2,835 is reappropriated to the Office of Information Technology	2,835		
Total^{/1}	\$58,106,770		

^{/1} Does not total \$58.0 million due to inclusion of reappropriated funds and FY 2015-16 appropriations in totals.

Creates the Local Government Retail Marijuana Impact Program is to be administered by the Division of Local Government in the Department of Local Affairs. Local governments eligible to receive grants from the program are those that:

- permit the sale of retail marijuana but do not impose a tax, except sales taxes that apply uniformly to all products;
- counties where no retail marijuana is sold in unincorporated areas, but where retail marijuana is sold in one of more municipalities within the county;
- counties where no marijuana is sold, but where retail marijuana is sold in a contiguous county; and
- municipalities where no retail marijuana is sold, but where retail marijuana is sold in another municipality or unincorporated area of the same county, or in any part of a contiguous county.

S.B. 14-215 (DISPOSITION OF LEGAL MARIJUANA RELATED REVENUE): Creates the Marijuana Tax Cash Fund (MTCF) and directs that all sales tax moneys collected by the state starting in FY 2014-15 from retail and medical marijuana to be deposited in the MTCF instead of the Marijuana Cash Fund (MCF). Transfers from the MCF to the MTCF the balance of marijuana sales tax revenue previously collected. Limits most appropriations from the MTCF to the fiscal year following the fiscal year in which it was received. Limits the total annual appropriations from the MTCF to 93.5 percent of money in the Fund available for appropriation. Specifies permissible uses of money in the MTCF, and creates the School Health Professional Grant Program, the Office of Marijuana Coordination, and the School-based Substance Abuse Prevention and Intervention Grant Program.

Continues for FY 2013-14 and FY 2014-15 the transfer of \$2.0 million of sales tax revenues to the General Fund to offset General Fund expenditures for the Department of Human Services' "Circle Program" and the Department of Health Care Policy and Financing Screening, Brief Intervention, and Referral for Treatment for Substance Abuse ("SBIRT") Program. Starting in FY 2015-16, the act authorizes the General Assembly to appropriate moneys from the MTCF to support the Circle Program.

For FY 2014-15 appropriates \$24.9 million total funds, including \$4.0 million General Fund and \$18.5 million from the MTCF for new programs authorized in the bill. Appropriates \$8.2 million from the MTCF for existing programs that previously received appropriations from the MCF. Transfers \$6.3 million from the MTCF to the General Fund for the Circle and SBIRT programs as well as two new programs that will be administered by the Department of Health Care Policy and Financing.

SB 14-215 APPROPRIATIONS AND TRANSFERS FOR NEW PROGRAMS							
AGENCY		TOTAL	GENERAL FUND	MARIJUANA TAX CASH FUND	FEDERAL FUNDS	FTE	PURPOSE
EDU	(1)	\$2,500,000	\$0	\$2,500,000	\$0	1.0	Behavioral health issues in public schools.
GOV	(2)	190,097	0	190,097	0	2.0	Drug policy office creation.
HCPF	(3)	4,363,807	2,000,000	0	2,363,807	0.0	School-based prevention and intervention services.
HCPF	(4)	2,000,000	2,000,000	0	0	0.0	School-based early intervention and prevention substance abuse grant program.
HUM	(5)	2,000,000	0	2,000,000	0	0.0	Tony Grampas program grants for prevention.
HUM	(6)	1,500,000	0	1,500,000	0	0.0	Substance use disorder treatment services for adolescents and pregnant women.

SB 14-215 APPROPRIATIONS AND TRANSFERS FOR NEW PROGRAMS

AGENCY		TOTAL	GENERAL FUND	MARIJUANA TAX CASH FUND	FEDERAL FUNDS	FTE	PURPOSE
HUM	(7)	2,000,000	0	2,000,000	0	0.0	Expansion and enhancement of jail-based behavioral health services.
HUM	(8)	2,000,000	0	2,000,000	0	0.0	Enhancement of S.B. 91-094 programs.
LAW	(9)	456,760	0	456,760	0	2.0	Development of in-house expertise on regulations.
LAW	(10)	1,168,000	0	1,168,000	0	1.0	Peace Officers Standards and Training Board expanded training activities.
PBH	(11)	5,683,608	0	5,683,608	0	3.7	Public awareness campaign.
PBH	(12)	903,561	0	903,561	0	1.5	Health Kids Colorado survey.
HUM	(13)	100,000	0	100,000	0	0.0	Child welfare training.
Section 13 Subtotal		\$24,865,833	\$4,000,000	\$18,502,026	\$2,363,807	11.2	
Section 12 Subtotal		\$8,156,371	\$0	\$8,156,371	\$0	0.0	Adjustments to 2014 Long Bill
		2,000,000	0	2,000,000	0	0.0	Transfer to General Fund for CIRCLE and SBIRT
		4,260,000	0	4,260,000	0	0.0	Transfer to General Fund for HCPF Sect. 13 (3) and HCPF Sect. 13 (4) programs, as well as a 6.5 percent (\$260,000) General Fund reserve.
Section 2 Subtotal		\$6,260,000	\$0	\$6,260,000	\$0	0.0	
Sections 2, 12, 13 Total		\$39,282,204	\$4,000,000	\$32,918,397	\$2,363,807	11.2	

S.B. 13-283 (IMPLEMENT AMENDMENT 64 CONSENSUS RECOMMENDATIONS): Makes a number of changes related to the implementation of Amendment 64, and appropriates the following amounts in FY 2013-14 for implementation:

- \$307,542 cash funds and 4.0 FTE from the Marijuana Cash Fund to the Department of Public Health and Environment;
- \$154,034 General Fund to the Department of Public Safety;
- \$280,000 General Fund to the Department of Revenue; and
- \$20,000 General Fund to the Department of Law.

H.B. 13-1317 (IMPLEMENT AMENDMENT 64 MAJORITY RECOMMENDATION): Establishes the regulatory framework to implement Amendment 64, which legalizes the possession of small amounts of marijuana. Credits to the Marijuana Cash Fund all application and licensing fees related to marijuana businesses, all regular sales taxes and any special sales taxes from medical and retail marijuana, as well as any General Fund required to fund the MED's regulatory and enforcement operations. Once the MED achieves a sufficient balance of cash funds to support the operations of the MED, transfers excess money to repay the General Fund for any money provided to the MED for its operations. Appropriates \$1,227,026 cash funds from the Marijuana Cash Fund to the Department of Revenue for personal services and operating expense and the purchase of legal services and computer center services related to implementation of the act.

H.B. 13-1318 (RETAIL MARIJUANA TAXES): Creates a special sales tax of up to 15.0 percent (in addition to the existing 2.9 percent state sales tax and any local sales tax) to be levied on retail marijuana sales. The tax rate is initially set at 10.0 percent, which the General Assembly may raise or lower without having to go back to the voters for approval. Allocates 15.0 percent of the proceeds to local jurisdictions in the proportion of the total marijuana sales that occur in their areas. Requires an annual transfer from the General Fund to the Marijuana Cash Fund in the amount equal to the remaining sales tax revenues after apportionment to the local jurisdictions.

Creates an excise tax of up to 15.0 percent of the average market rate of the unprocessed retail marijuana upon its first sale or transfer from a cultivation facility to a retail store, manufacturing facility, or other cultivation facility. As required by Amendment 64, transfers the first \$40.0 million collected to the Public School Capital Construction Fund, with any remaining moneys transferred to the Marijuana Cash Fund.

The additional sales and excise taxes are contingent on voter approval of a statewide ballot question regarding imposition of the taxes. Appropriates, contingent on voter approval of the ballot measure (“Proposition AA”)¹⁵, \$4,246,090 cash funds from the Marijuana Cash Fund to the Department of Revenue for FY 2013-14 for the administration of the taxes imposed.

¹⁵ Proposition AA was adopted with 902,181 (65.3 percent) voting for the measure.

APPENDIX B

LIST OF ONLINE RESOURCES CONCERNING MARIJUANA LAWS IN OTHER STATES AND IN LOCAL JURISDICTIONS WITHIN COLORADO

Since 1996, thirty-three states, the District of Columbia, Guam, and Puerto Rico have legalized medical use of marijuana. Nine states plus the District of Columbia allow adult-use recreational marijuana. With assistance from staff at the Department of Revenue, staff has identified and listed below a few sources of timely information about marijuana laws in other states.

Governing Magazine - State Marijuana Laws in 2018 (includes map):

<http://www.governing.com/gov-data/state-marijuana-laws-map-medical-recreational.html>

National Conference of State Legislatures – State Laws Concerning Medical Marijuana/Cannabis Programs (includes a table listing details by state):

<http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx#3>

The Cannabist – U.S. Cannabis Laws (includes map):

<http://www.thecannabist.co/2016/10/14/legal-marijuana-laws-by-state-map-united-states/62772/>

The Department of Revenue maintains a list of local authorities that have advised the Department's Marijuana Enforcement Division that they are currently allowing marijuana businesses to operate within their jurisdiction:

<https://www.colorado.gov/pacific/sites/default/files/Local%20Authority%20Status%20List%207092018%20CURRENT%20VERSION.pdf>

APPENDIX C

APPROPRIATIONS FROM THE MARIJUANA TAX CASH FUND

MARIJUANA TAX CASH FUND APPROPRIATIONS AND TRANSFERS: FY 2017-18 THRU FY 2019-20				
DEPARTMENT AND PROGRAM	FY 2017-18 APPROPRIATION	FY 2018-19 APPROPRIATION	FY 2019-20 REQUEST	FY 2019-20 ANNUAL CHANGE
Agriculture:				
Pesticide control and regulation	\$1,494,393	\$1,099,327	\$1,099,327	\$0
Hemp regulatory and seed certification	415,390	428,150	428,150	0
Colorado State Fair Authority: FFA and 4-H programming	300,000	300,000	300,000	0
Indirect cost assessments and centrally appropriated amounts not accounted for above	<u>0</u>	<u>0</u>	<u>10,023</u>	<u>10,023</u>
Subtotal: Agriculture	2,209,783	1,827,477	1,837,500	10,023
Education:				
School Health Professionals Grant Program	11,970,783	11,930,434	11,930,434	0
Early Literacy Competitive Grant Program (H.B. 18-1393)	4,378,678	5,378,678	5,378,678	0
Office of Dropout Prevention and Student Reengagement	2,000,000	2,000,419	2,000,419	0
School Bullying Prevention and Education	2,000,000	2,000,000	2,000,000	0
Centrally appropriated amounts not accounted for above	<u>69,869</u>	<u>89,296</u>	<u>111,286</u>	<u>21,990</u>
Subtotal: Education	20,419,330	21,398,827	21,420,817	21,990
Governor:				
Office of Information Technology, Applications Administration	1,109,625	638,750	638,750	0
Evidence-based policymaking evaluation and support	500,000	435,675	500,000	64,325
Governor's Office	<u>117,199</u>	<u>131,054</u>	<u>114,890</u>	<u>(16,164)</u>
Subtotal: Governor	1,726,824	1,205,479	1,253,640	48,161
Health Care Policy and Financing:				
Training for health professionals to provide Screening, Brief Intervention, and Referral for Treatment (SBIRT) services for Medicaid clients at risk for substance abuse (H.B. 18-1003)	<u>750,000</u>	<u>1,675,000</u>	<u>1,500,000</u>	<u>(175,000)</u>
Subtotal: Health Care Policy and Financing	750,000	1,675,000	1,500,000	(175,000)
Higher Education:				
Institute of Cannabis Research at CSU-Pueblo (S.B. 16-191)	1,800,000	1,800,000	1,800,000	0
Center for Research Into Substance Use Disorder Prevention, Treatment, and Recovery Support Strategies (S.B. 17-193; H.B. 18-1003)	1,000,000	750,000	0	(750,000)
Medication-assisted Treatment Pilot Program (S.B. 17-074)	<u>500,000</u>	<u>500,000</u>	<u>0</u>	<u>(500,000)</u>
Subtotal: Higher Education	3,300,000	3,050,000	1,800,000	(1,250,000)

MARIJUANA TAX CASH FUND APPROPRIATIONS AND TRANSFERS: FY 2017-18 THRU FY 2019-20

DEPARTMENT AND PROGRAM	FY 2017-18 APPROPRIATION	FY 2018-19 APPROPRIATION	FY 2019-20 REQUEST	FY 2019-20 ANNUAL CHANGE
Human Services:				
Increasing access to effective substance use disorder services, including evaluation of intensive residential treatment (S.B. 16-202)	12,189,109	15,284,950	15,437,410	152,460
Mental health services for juvenile and adult offenders	5,519,298	5,574,491	5,630,386	55,895
Criminal justice diversion programs (Law Enforcement Assisted Diversion or "LEAD" pilot programs and S.B. 17-207)	5,517,942	5,561,828	5,614,428	52,600
Enhance behavioral health crisis response system (S.B. 17-207)	4,070,318	4,386,807	4,430,794	43,987
Programs that fund service alternatives to placing youth in a correctional facility (S.B. 91-094)	2,028,036	2,048,317	2,068,800	20,483
Circle Program for adults with co-occurring mental health and substance use disorders	830,629	1,993,511	2,013,500	19,989
Tony Grampsas Youth Services Program grants for the prevention of youth marijuana use	1,373,672	1,373,672	1,373,672	0
Behavioral health services for individuals in rural areas show have co-occurring mental health and substance use disorders	1,035,529	1,045,884	1,056,371	10,487
Appropriation to the Youth Mentoring Services Cash Fund (Tony Grampsas Youth Services Program)	1,000,000	1,000,000	1,000,000	0
Community prevention and treatment for alcohol and drug abuse	756,298	763,861	763,861	0
Mental Health Treatment for Children and Youth at Risk of Out-of-home Placement	304,205	407,247	715,535	308,288
Incredible Years program	0	481,236	679,106	197,870
Substance use disorder treatment at the mental health institutes	556,986	503,649	503,649	0
Office of Behavioral Health administrative expenses	310,587	440,346	442,870	2,524
Medication consistency and health information exchange (S.B. 17-019)	0	491,700	380,700	(111,000)
Indirect cost assessments and centrally appropriated amounts not accounted for above	<u>2,046,134</u>	<u>1,673,201</u>	<u>2,037,822</u>	<u>364,621</u>
Subtotal: Human Services	37,556,743	43,030,700	44,148,904	1,118,204
Judicial:				
Appropriation to the Correctional Treatment Cash Fund for jail-based behavioral health services (administered through the Department of Human Services)	<u>1,571,728</u>	<u>1,587,445</u>	<u>1,587,445</u>	<u>0</u>
Subtotal: Judicial	1,571,728	1,587,445	1,587,445	0
Labor and Employment:				
Colorado Veterans' Service-to-career Pilot Program (H.B. 16-1267; H.B. 18-1343)	<u>165,296</u>	<u>1,000,000</u>	<u>0</u>	<u>(1,000,000)</u>
Subtotal: Labor and Employment	165,296	1,000,000	0	(1,000,000)

MARIJUANA TAX CASH FUND APPROPRIATIONS AND TRANSFERS: FY 2017-18 THRU FY 2019-20

DEPARTMENT AND PROGRAM	FY 2017-18 APPROPRIATION	FY 2018-19 APPROPRIATION	FY 2019-20 REQUEST	FY 2019-20 ANNUAL CHANGE
Law:				
Local law enforcement training through the Peace Officers Standards and Training (POST) Board	750,000	1,036,766	1,036,766	0
Safe2Tell (H.B. 18-1434)	0	164,920	174,888	9,968
Develop in-house legal expertise and training	<u>286,766</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal: Law	1,036,766	1,201,686	1,211,654	9,968
Local Affairs:				
Affordable Housing Construction Grants and Loans	15,300,000	15,300,000	15,300,000	0
Gray and Black Market Marijuana Enforcement Efforts (H.B. 17-1221)	5,919,036	5,940,151	5,944,365	4,214
Local Government Retail Marijuana Impact Grant Program	1,117,540	0	0	0
Indirect cost assessments and centrally appropriated amounts not accounted for above	<u>141,389</u>	<u>395,247</u>	<u>420,491</u>	<u>25,244</u>
Subtotal: Local Affairs	22,477,965	21,635,398	21,664,856	29,458
Public Health and Environment:				
Substance abuse prevention	9,408,800	9,420,800	9,433,890	13,090
Public awareness campaign	4,650,000	4,650,000	4,650,000	0
Colorado Health Service Corps Program (S.B. 18-024)	0	2,500,000	2,500,000	0
Distributions to Local Public Health Agencies	1,792,362	1,810,286	1,828,389	18,103
Healthy Kids Colorado Survey	745,124	748,314	748,314	0
Marijuana lab certification	1,295,543	698,656	721,756	23,100
Retail marijuana health research grants	866,122	867,167	558,840	(308,327)
Marijuana health effects monitoring	320,388	330,729	341,509	10,780
Health survey data collection	238,000	238,000	238,000	0
Data collection and analysis (S.B. 13-283)	90,939	90,939	106,339	15,400
Enhanced marijuana data collection through Rocky Mountain Poison and Drug	60,100	60,100	60,100	0
Medical marijuana research grants	0	3,000,000	0	(3,000,000)
School-based health centers (H.B. 18-1003)	0	775,000	0	(775,000)
Indirect cost assessments and centrally appropriated amounts not accounted for above	<u>1,263,368</u>	<u>2,407,609</u>	<u>2,469,791</u>	<u>62,182</u>
Subtotal: Public Health and Environment	20,730,746	27,597,600	23,656,928	(3,940,672)
Public Safety:				
Refinance state toxicology laboratory (DPS R5)	0	0	1,696,626	1,696,626
Law Enforcement Assistance Grant Program (H.B. 18-1020)	0	1,487,821	1,485,036	(2,785)
Black market marijuana interdiction	0	1,093,470	1,055,846	(37,624)
CBI Task Force to assist Department of Revenue's Marijuana Enforcement Division (REV R7)	0	0	914,416	914,416

MARIJUANA TAX CASH FUND APPROPRIATIONS AND TRANSFERS: FY 2017-18 THRU FY 2019-20				
DEPARTMENT AND PROGRAM	FY 2017-18 APPROPRIATION	FY 2018-19 APPROPRIATION	FY 2019-20 REQUEST	FY 2019-20 ANNUAL CHANGE
Juvenile diversion programs	400,000	400,000	400,000	0
Study of the impacts of the legalization of retail marijuana (S.B. 13-283/S.B. 16-191)	159,983	162,174	162,174	0
Public safety intelligence support related to the illegal sale and diversion of marijuana	56,998	75,774	76,775	1,001
Collection of medical marijuana information by law enforcement agencies (S.B. 15-014)	61,940	61,940	61,940	0
Reserve Peace Officer Academy Grant Program (S.B. 17-096)	814,834	16,183	16,224	41
Indirect cost assessments and centrally appropriated amounts not accounted for above	<u>57,039</u>	<u>89,477</u>	<u>480,123</u>	<u>390,646</u>
Subtotal: Public Safety	1,550,794	3,386,839	6,349,160	2,962,321
Regulatory Agencies:				
Improve enforcement of medical marijuana gray market	<u>304,225</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal: Regulatory Agencies	304,225	0	0	0
Transportation:				
Marijuana impaired driving campaign	950,000	950,000	950,000	0
Impaired driving campaign (TRA R1)	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>500,000</u>
Subtotal: Transportation	950,000	950,000	1,450,000	500,000
Subtotal: Appropriations from Revenues Collected in Previous Fiscal Year				
	\$114,750,200	\$129,546,451	\$127,880,904	(\$1,665,547)
Appropriation to the Department of Revenue from revenues collected in same fiscal year pursuant to Section 39-28.8-501 (2)(a)(I), C.R.S.	<u>1,591,805</u>	<u>1,532,087</u>	<u>1,299,083</u>	<u>(233,004)</u>
Total Appropriations	\$116,342,005	\$131,078,538	\$129,179,987	(\$1,898,551)
Other Existing Transfers and Appropriations				
Transfer to Pay for Success Contracts Fund (H.B. 18-1323)	\$0	\$989,470	\$1,717,764	\$728,294
Transfer from Marijuana Cash Fund to support CBI Task Force (DOR R7)	0	0	(914,416)	(914,416)
Transfer to General Fund for H.B. 17-1351 (HCPF study of inpatient substance use disorder treatment)	<u>37,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Appropriations and Transfers	\$116,379,505	\$132,068,008	\$129,983,335	(\$2,084,673)



JBC Staff Marijuana Policy Overview

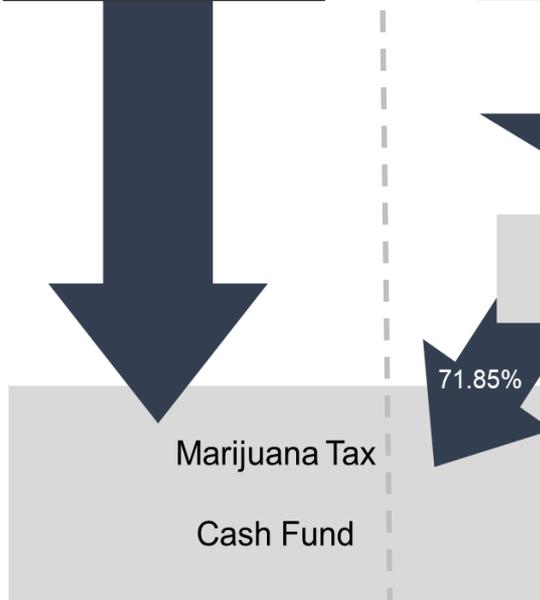
Presented by:

**Carolyn Kampman, JBC Staff
November 15, 2018**

ALLOCATION OF STATE TAXES RELATED TO MARIJUANA: FY 2018-19

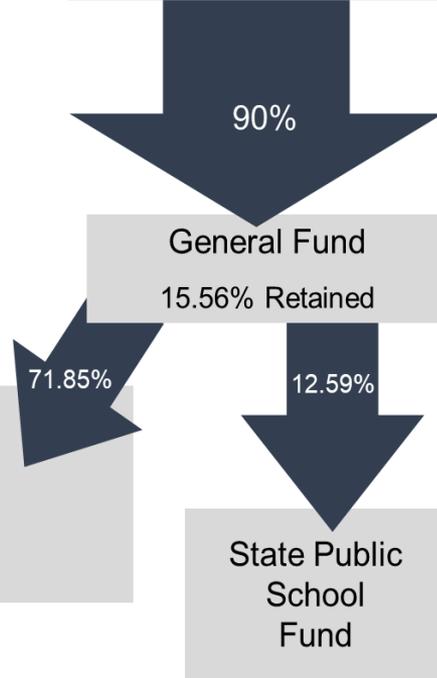
Medical Marijuana

2.9% Sales Tax

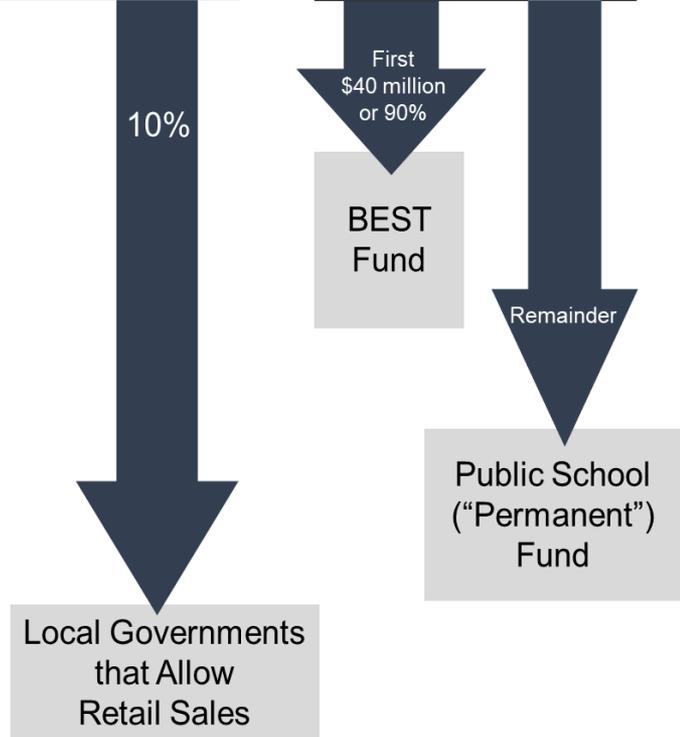


Retail Marijuana

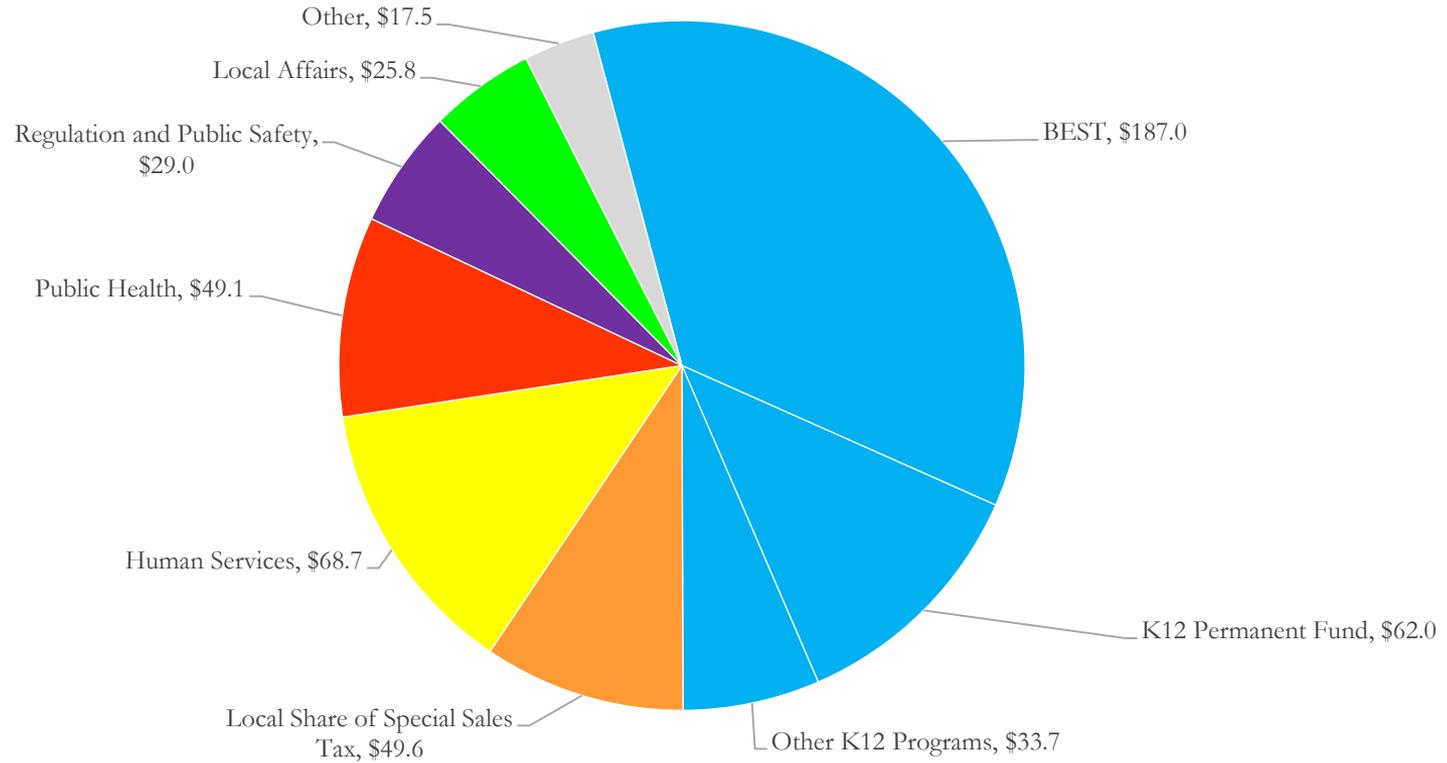
15% Special Sales Tax



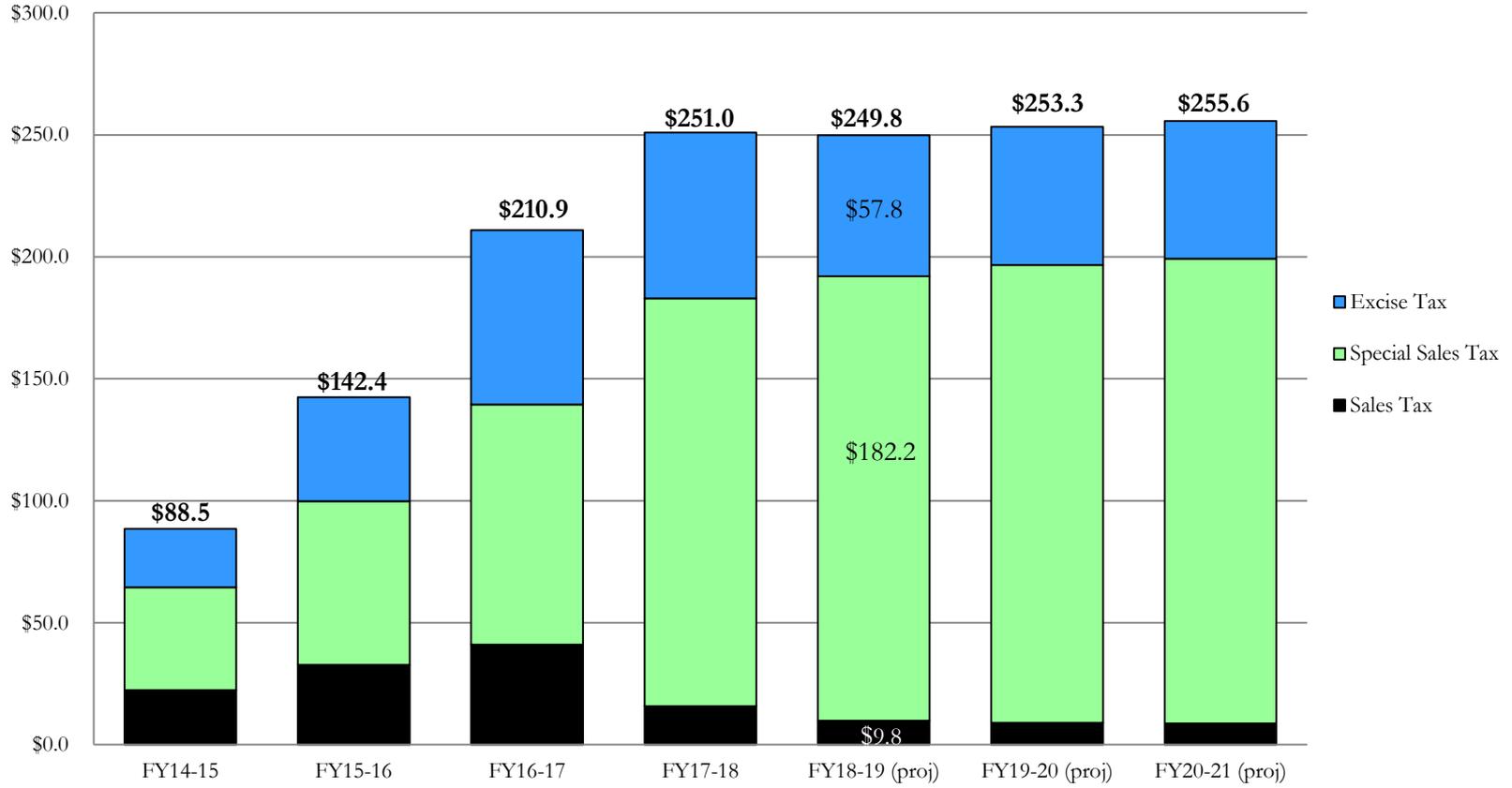
15% Excise Tax



ALLOCATION OF STATE MARIJUANA TAX REVENUES THROUGH FY 2017-18
(\$ MILLIONS)



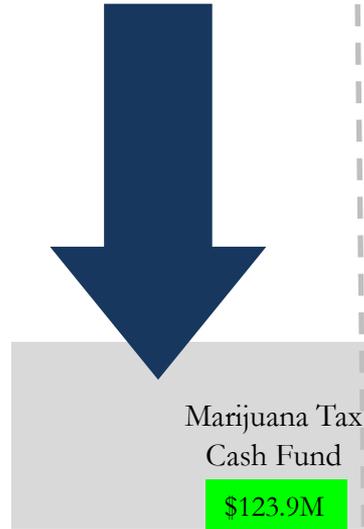
SOURCES OF STATE MARIJUANA TAX REVENUES (\$ MILLIONS)



ALLOCATION OF STATE TAXES (\$251.0 MILLION) RELATED TO MARIJUANA: FY 2017-18

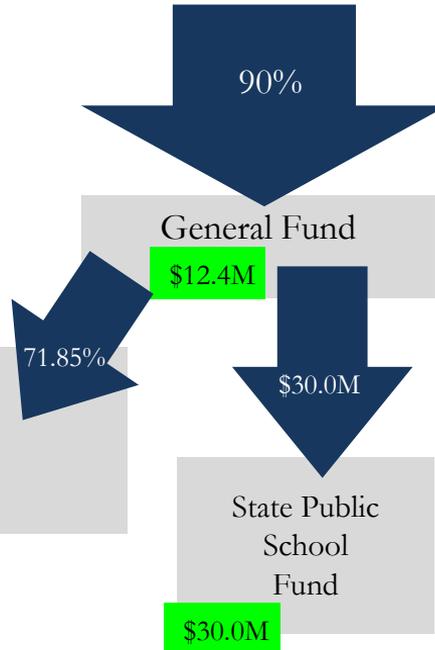
Medical Marijuana

2.9% Sales Tax

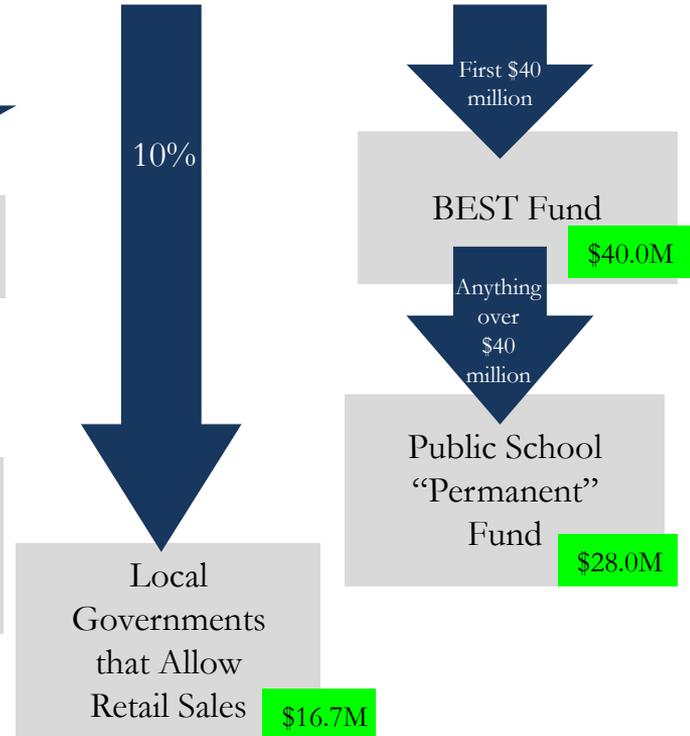


Retail Marijuana

15% Special Sales Tax

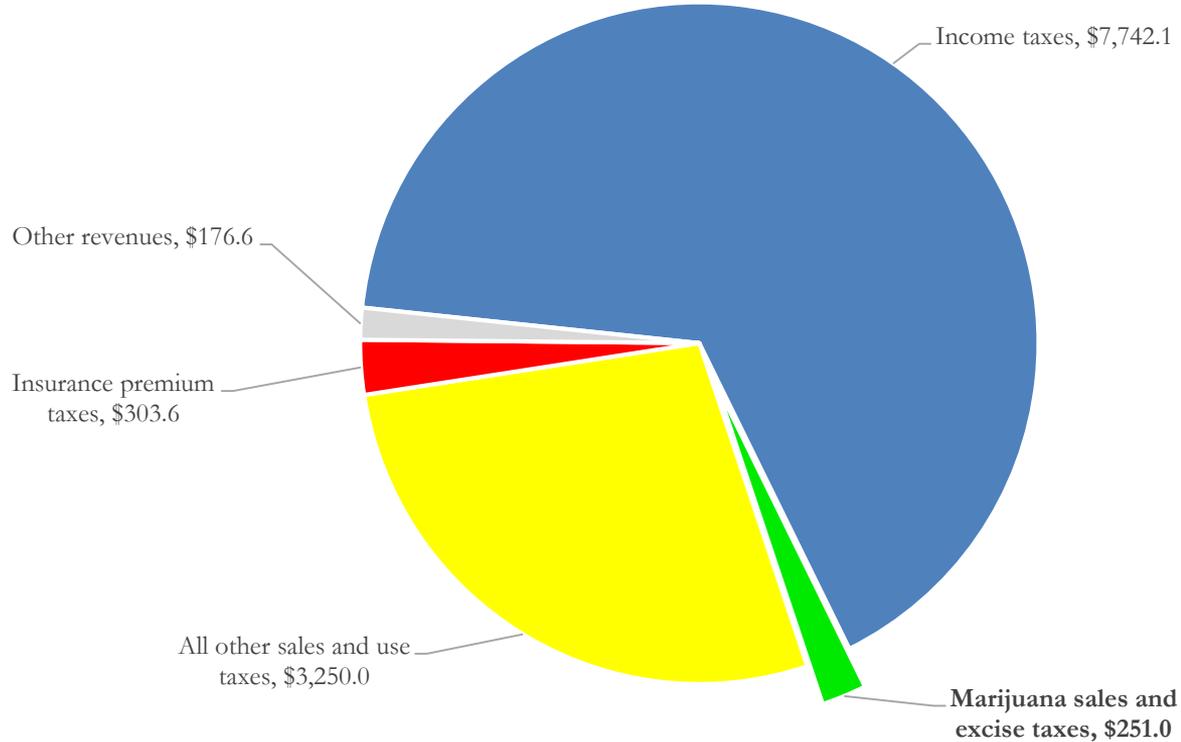


15% Excise Tax

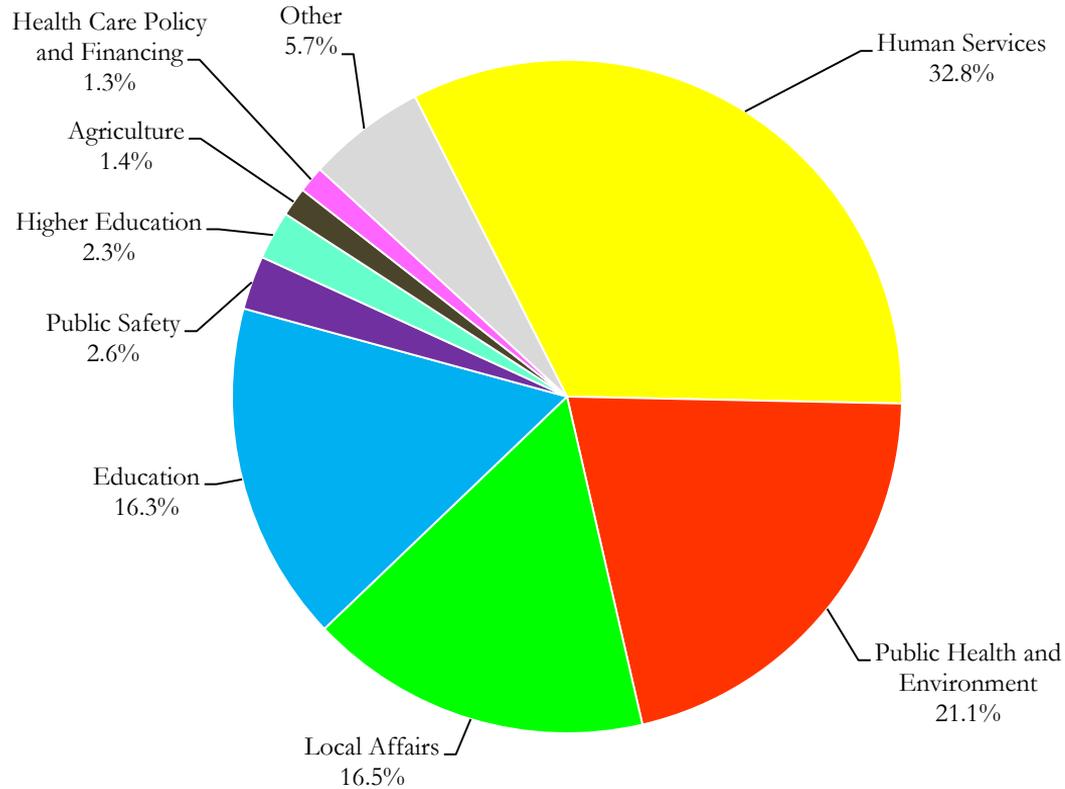


SOURCES OF STATE GENERAL FUND REVENUE: FY 2017-18

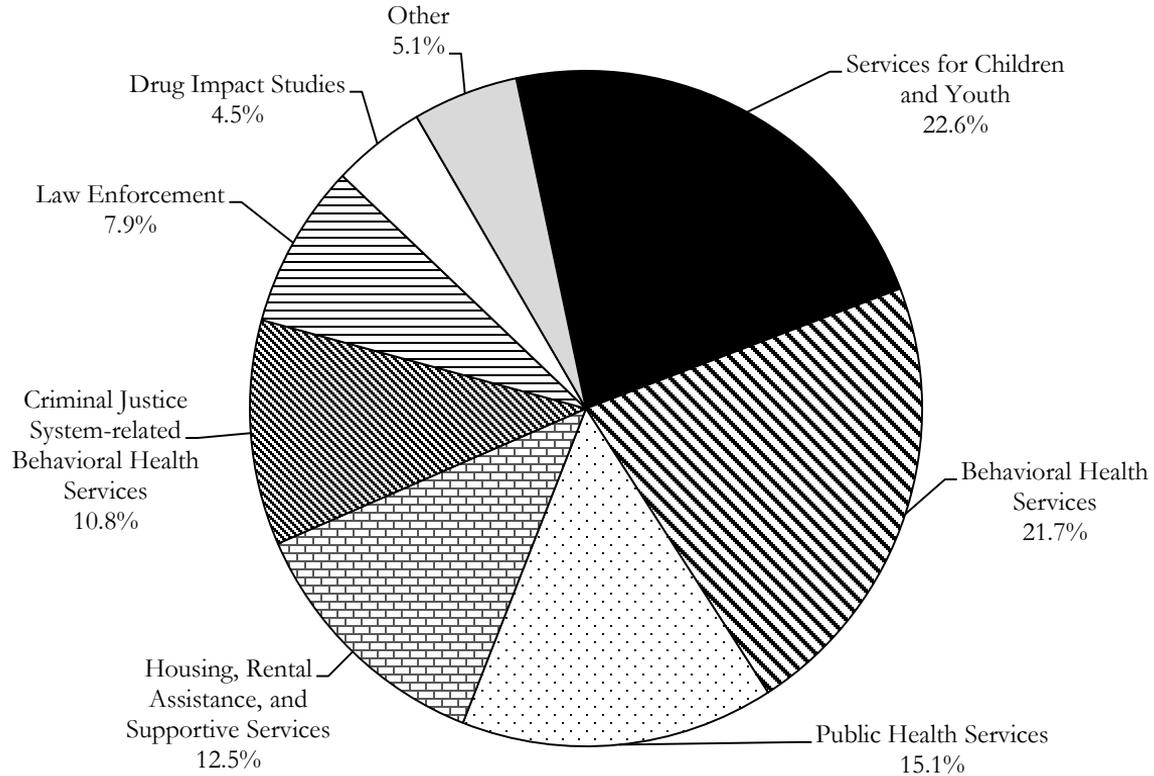
(\$11,723.2 MILLION)



MARIJUANA TAX CASH FUND APPROPRIATIONS FOR FY 2018-19, BY DEPARTMENT



MARIJUANA TAX CASH FUND APPROPRIATIONS FOR FY 2018-19,
BY STATUTORY PURPOSE





JBC Staff Marijuana Policy Overview

Presented by:

**Carolyn Kampman, JBC Staff
November 15, 2018**