

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2024-25

MARIJUANA POLICY OVERVIEW

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2022 and 2023 legislative sessions that had a fiscal impact are available in Appendix A of the annual Appropriations Report available at this link: <http://coga.prod.acquia-sites.com/sites/default/files/fy23-24apprept.pdf>

The online version of the briefing document may be found by searching the budget documents on the General Assembly’s website by visiting leg.colorado.gov/content/budget/budget-documents. Once on the budget documents page, select “Marijuana” under *Department/Topic*, “Briefing” under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

MARIJUANA POLICY OVERVIEW

LEGAL AND REGULATORY OVERVIEW

Marijuana was 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 a second 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 Marijuana Code [Section 44-10-101 et. seq., C.R.S.]³
- 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 and the Department of Public Health and Environment.

The **Department of Revenue** has two general areas of responsibility:

- First, 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 retail⁴ 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*⁵. 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.
 - Approving responsible vendor training programs.
- Second, 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 Senate Bill 19-224 integrates the previously existing Colorado Medical Marijuana Code and Colorado Retail Marijuana Code into a single "Colorado Marijuana Code" in Article 10 of Title 44, C.R.S.

⁴ While marijuana that is sold for personal use as authorized by Amendment 64 is often 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.

⁵ Actual business fee and fine revenues collected and credited to this fund, along with associated interest and other adjustments, totaled \$12,879,242 in FY 2021-22.

The **Department of Public Health and Environment** administers portions 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.
- Monitoring 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*⁶, 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.

Finally, local governments also have a role in regulating marijuana. Cities and counties may prohibit or place limits on the sale of medical and retail marijuana in their jurisdictions, including the number and location of businesses as well as 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.

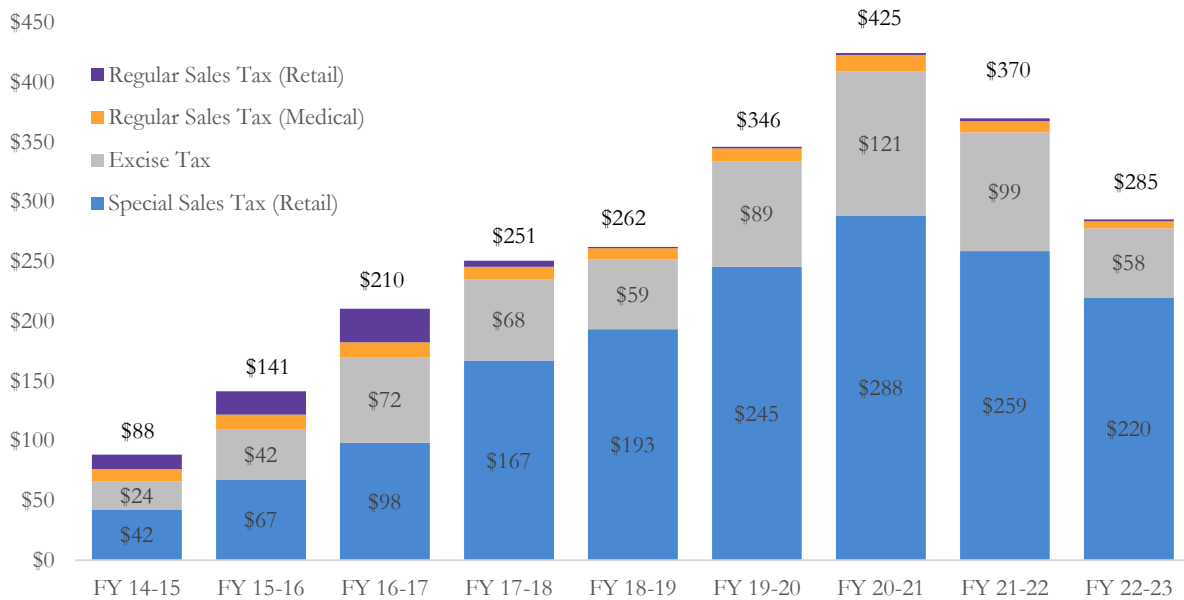
⁶ Actual patient fee revenues collected and credited to this fund, along with associated interest and other adjustments, totaled \$2,078,499 in FY 2021-22.

TAX POLICY AND REVENUE OVERVIEW

The State collects three types of taxes on marijuana products: (1) a special sales tax on retail marijuana, which accounts for the majority of annual marijuana tax revenues; (2) an excise tax on wholesale transfers of retail marijuana that supports uses related to K-12 education; and (3) the State’s regular sales tax, which applies to medical marijuana and some non-marijuana products.

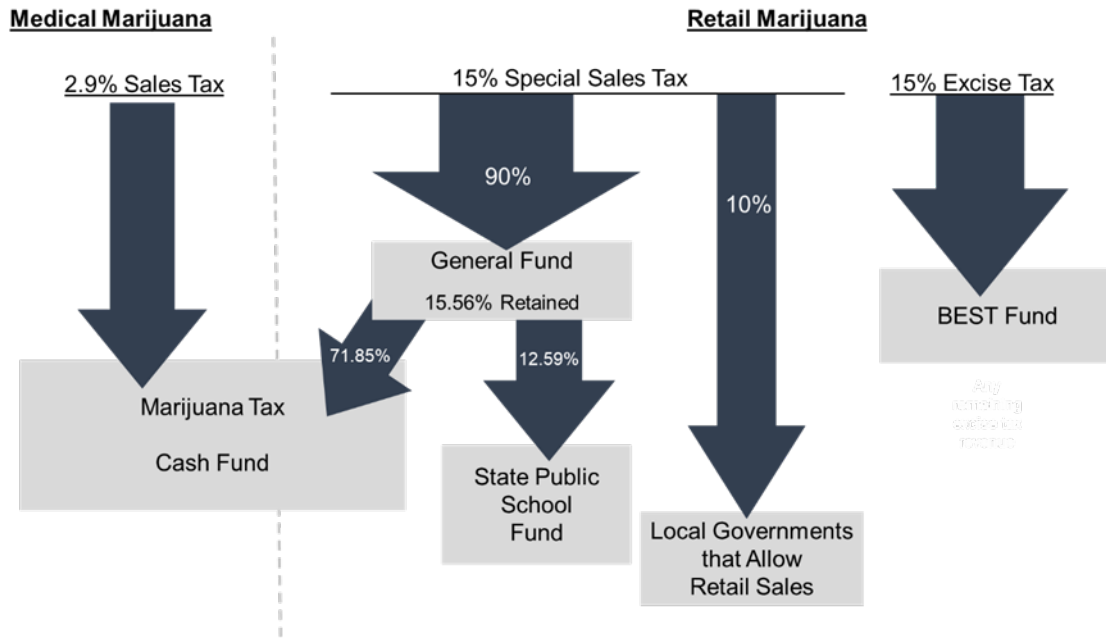
In FY 2022-23, the state collected a total of approximately \$285.4 million from those three taxes, with the special sales tax accounting for \$219.9 million (77.1 percent of the total revenues). The excise tax added another \$57.8 million (20.2 percent), while the regular 2.9 percent sales tax generated \$7.7 million (2.7 percent). As shown in the following graphic, marijuana-related revenues increased yearly from FY 2014-15 through FY 2020-21, with special sales tax revenues driving much of that increase. However, total revenues have fallen by \$140 million (32.9 percent) between FY 2020-21 and FY 2022-23.

Marijuana tax revenues increased each year through FY 2020-21 but have fallen by \$140 million since then (\$ in millions).



The following graphic (designed by Legislative Council Staff) illustrates the allocation of state tax revenues related to marijuana.⁷ A discussion of each type of tax and the allocation of the associated tax revenue follows the graphic.

⁷ For FY 2020-21 only, H.B. 20-1418 (School Finance) diverted all marijuana excise tax collected above the first \$40.0 million to the State Public School Fund rather than the Public School Capital Construction Assistance (PSCCAF or BEST) Fund as a budget balancing measure. However, as of FY 2021-22 statute again credits all excise tax revenues to the PSCCAF.



In FY 2022-23, the State allocated the total of \$285.4 million in marijuana tax revenue collections as follows:

- \$149.9 million (52.5 percent) was credited to the MTCF and made available for appropriation and transfer for a variety of purposes.
- \$82.7 million (29.0 percent) was allocated to two funds that support K-12 education, including \$57.8 million in excise taxes and \$24.9 million originating as special sales taxes.
- \$30.8 million (10.8 percent) was retained in the General Fund.
- \$22.0 million (7.7 percent) was distributed to local governments.

Special Sales Tax (\$219.9 million in FY 2022-23 and 77.1 percent of marijuana taxes)

The **15.0 percent special sales tax** applies to retail marijuana sales (but not medical marijuana) and represents the largest source of marijuana-related tax revenue. Proposition AA, which the voters approved in 2013, authorized the state to levy up to a 15.0 percent special sales tax. The State initially chose to levy a tax of 10.0 percent, beginning January 1, 2014. However, S.B. 17-267 increased that rate to 15.0 percent beginning July 1, 2017, and exempted retail marijuana from the regular state sales tax, which is discussed below. With the increased tax rate and increasing retail sales, special sales tax revenues have grown significantly, from \$67.3 million in FY 2015-16 (the first full fiscal year of collections) to \$290.0 million in FY 2020-21. However, as noted above, revenues have sharply fallen over the previous two fiscal years, and the State collected \$219.9 million in FY 2022-23, a decrease of \$31.3 million (14.98 percent) below FY 2021-22.

Statute (see Sec. 39-28.8-203, C.R.S.) allocates 10.0 percent of total special sales tax collections to local governments based on the percentage of such revenues collected within the boundaries for each local government and allocates the remaining 90.0 percent state share of special sales tax revenues among three funds (percentages shown represent shares of the money actually retained by the State):

- 71.85 percent to the *MTCF* which is then available for appropriation or transfer for a variety of uses. Subsequent sections of this document provide more detail on the status and uses of the *MTCF*.
- 12.59 percent to the State Public School Fund to support school finance (this revenue is available in the year after it is collected).⁸
- 15.56 percent to the General Fund.

Excise Tax (\$57.8 million in FY 2022-23 and 20.2 percent of marijuana taxes)

A **15.0 percent marijuana excise tax** (also authorized by Proposition AA) applies to the wholesale price of the product being sold or otherwise transferred from a retail marijuana cultivation facility. For certain transfers between unaffiliated businesses, the tax applies to the contract price for the transfer. For transfers between affiliated businesses, the tax applies to an “average market rate” (AMR) set by the Department of Revenue’s Office of Research and Analysis (ORA) and the Marijuana Enforcement Division (MED). The Department sets the AMR for several categories of marijuana products based on the median price for recent transactions (for example, transactions between June 1, 2023, and August 31, 2023, determined the rate for October 1, 2023, through December 31, 2023, shown in Table 1 below).⁹

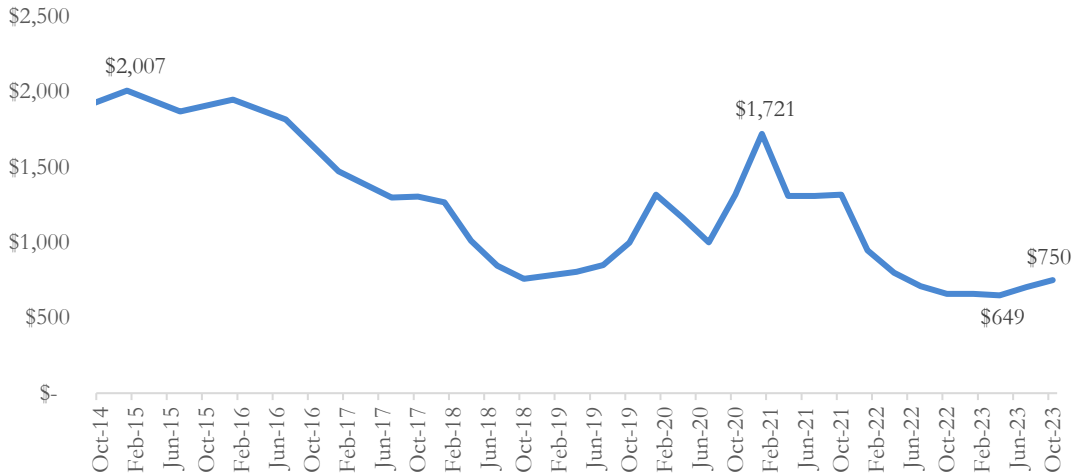
| PRODUCT CATEGORY | DETAILED DESCRIPTION | PRICE | MEASUREMENT |
|-------------------------------|--|-------|-------------|
| Retail bud | Product in the flowering stage | \$750 | pound |
| Retail trim | Any part of a plant other than the bud or wet whole plant | \$150 | pound |
| Retail immature plant | Nonflowering plant no larger than 8 inches tall or wide | \$15 | 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. | \$71 | pound |
| Seed | Seeds of the marijuana plant | \$9 | seed |
| Trim allocated for extraction | Trim that is designated for the extraction of retail marijuana concentrate and not for direct sale to consumers | \$30 | pound |
| Bud allocated for extraction | Bud that is designated for the extraction of retail marijuana concentrate and not for direct sale to consumers | \$350 | pound |

According to the Department of Revenue, a majority (roughly 63 percent in FY 2021-22) of excise tax revenues are driven by the AMR rather than contract pricing. As a result, changes in the AMR can significantly affect revenues. The AMR has fluctuated over time, with a direct impact on excise tax revenues (see the chart on the following page for an illustration of the changes in the AMR for “retail bud” since 2014). In addition, the Department has added additional categories of product, such as bud and trim allocated for extraction (added in January 2018), to reflect changes in the market.

⁸ Prior to FY 2019-20, these funds were statutorily appropriated to the Department of Education for school finance in the year in which the revenues were collected. 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 are now subject to annual appropriation and may be distributed to school districts in a fiscal year following the fiscal year in which the revenue is received.

⁹ Current average market rates and a description of the Department’s methodology are available at: <https://tax.colorado.gov/average-market-rate>

The AMR for retail bud has fluctuated over time but it remains near its all-time low (\$ per pound).



Changes in wholesale sales, both price and quantity, create changes in the collection of excise tax revenues.

- In large part as a result of the changes in AMR, excise tax revenues decreased from \$71.4 million in FY 2016-17 to \$58.4 million in FY 2018-19 even as sales of marijuana increased.
- With increases in both the AMR and in marijuana sales, excise tax revenues rebounded to \$81.1 million in FY 2019-20 and increased again to \$120.8 million in FY 2020-21.
- Demand and price declined since then, with excise tax revenues falling to \$97.3 million in FY 2021-22, a decrease of \$23.5 million (19.4 percent) below FY 2020-21.
- Preliminary numbers indicate excise tax revenue falling by \$39.5 million in FY 2022-23 to \$57.8 million, representing a decline of 40.5 percent from FY 2021-22.
- The September 2023 revenue forecast for OSPB anticipates a gradual increase in excise tax revenues going forward (see the Marijuana Revenue Outlook section below). The September LCS forecast projects a small (\$0.8 million) drop in excise tax revenue in FY 2023-24 before gradually increasing in out years. Both forecasts anticipate revenues to remain well below the FY 2020-21 peak throughout the forecast period.

Pursuant to Amendment 64, the State Constitution requires the transfer of the first \$40.0 million of annual marijuana excise tax revenues to the *Public School Capital Construction Assistance Fund (PSCCAF)*.¹⁰ 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. While the State Constitution specifies that the first \$40.0 million in excise tax revenues will support BEST, the General Assembly has made statutory changes to adjust the amount of excise tax revenues supporting BEST.

- For FY 2014-15 through FY 2017-18, statute transferred any *additional* excise tax collections (above \$40.0 million per year) to the *Public School “Permanent” Fund*, which is a constitutionally created trust fund that generates income to support public K-12 schools.

¹⁰ See Article XVIII, Section 16 (5)(d), of the State Constitution.

- Starting July 1, 2018, H.B. 18-1070 (Additional Public School Capital Construction Funding) required the transfer of 90.0 percent of excise tax revenues to support the BEST Program.¹¹
- Beginning in FY 2019-20, H.B. 19-1055 (Public School Capital Construction Financial Assistance) transfers *all* marijuana excise tax revenues to the PSCCAF, thereby eliminating deposits of excise tax revenues to the Permanent Fund.
- Finally, *for FY 2020-21 only*, H.B. 20-1418 (School Finance) diverted all excise tax above the first \$40.0 million to the State Public School Fund, making those revenues available for appropriation to support school finance (rather than BEST) in FY 2021-22. This provision diverted \$80.8 million to the State Public School Fund in FY 2020-21.

From FY 2013-14 through FY 2022-23, the State has collected a total of \$722.7 million from marijuana excise tax revenue, directing \$574.3 million to the PSCCAF¹², \$67.6 million to the Permanent Fund, and the \$80.8 million to the State Public School Fund in FY 2020-21.

Regular Sales Tax (\$7.2 million in FY 2022-23 and 2.7 percent of marijuana taxes)

Finally, the State's **2.9 percent regular state sales tax** applies to sales of both medical marijuana and non-marijuana products sold by marijuana stores (e.g., t-shirts and other novelty items). As noted above, retail marijuana has been exempt from this tax since July 1, 2017, as a result of S.B. 17-267 (which also increased the special sales tax rate from 10.0 percent to 15.0 percent as of that date).

Current statute credits all general sales tax revenue related to marijuana to the *Marijuana Tax Cash Fund* (MTCF) to support a variety of state programs and services. However, with retail marijuana exempt from the regular sales tax, this tax is now a relatively minor share of marijuana-related tax revenue.

TABOR Implications

Please note that the 15.0 percent special sales tax and the 15.0 percent excise tax 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)¹³. However, the regular (2.9 percent) state sales tax 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 2022-23, the marijuana-related tax and fee revenue that is subject to TABOR totaled \$17.9 million (including \$7.2 million in sales tax revenue and \$10.7 million in fee revenue).

MARIJUANA REVENUE OUTLOOK

Looking toward the 2024 Session, the Committee should note that marijuana revenue projections have decreased since the General Assembly finalized the FY 2023-24 budget. Over the previous four quarterly forecasts, marijuana revenue projections have generally been revised downward by both LCS and OSPB. The March 2023 OSPB revenue forecast anticipates a rebound in marijuana revenue in FY 2023-24 and approximately 10.3 percent year-over-year growth in Marijuana Tax Cash Fund

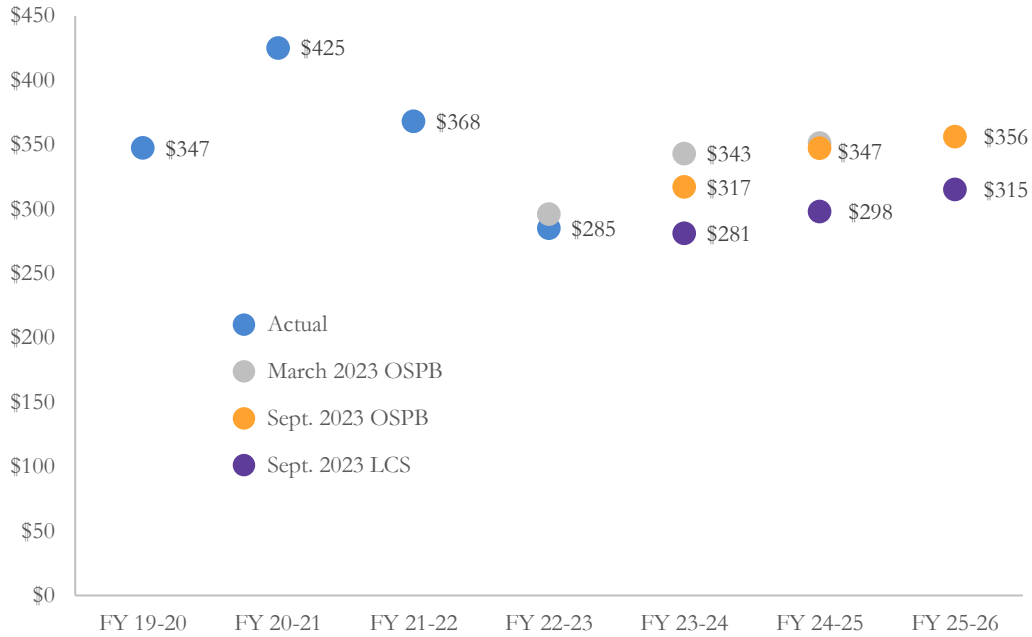
¹¹ The bill specifically required the transfer of the greater of 90.0 percent of excise tax revenues or \$40.0 million.

¹² 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.

¹³ See Sections 39-28.8-204 and 39-28.8-307, C.R.S., respectively.

revenue. LCS forecasts a 1.4 percent decrease in MTCF revenue in FY 2023-24, then gradual growth in revenue throughout FY 2024-25 and later years.

Anticipated marijuana tax revenues decreased since the March 2023 revenue forecast, and LCS projects significantly lower marijuana revenue in FY 2023-24 than OSPB.



As discussed in the issue brief in this document, current estimates of FY 2023-24 special sales tax collections that support the MTCF are sufficient to meet the fund’s obligations and maintain adequate reserves only under the OSPB forecast. Under LCS’s projections, the MTCF will need to utilize the statutory reserve in FY 2023-24 to meet the fund obligations. Table 2 (on the following page) shows detailed marijuana tax revenue data from FY 2021-22 through FY 2025-26 projections based on both the September 2023 OSPB and 2023 LCS marijuana revenue forecasts.

TABLE 2
STATE TAX REVENUES RELATED TO RETAIL AND MEDICAL MARIJUANA

| | | ACTUALS | | LCS FORECAST (9/2023) | | |
|---|--|----------------|----------------|-----------------------------|----------------|----------------|
| LCS FORECAST | | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
| Proposition AA Taxes (Not Subject to TABOR) | | | | | | |
| Total Special Sales Tax on Retail Marijuana ^a | | \$258.7 | \$219.9 | \$216.7 | \$228.2 | \$241.7 |
| <i>State Share of Special Sales Tax</i> | | 232.8 | 197.9 | 195.0 | 205.4 | 217.5 |
| <i>Local Share of Special Sales Tax</i> | | 25.9 | 22.0 | 21.7 | 22.8 | 24.2 |
| 15.0 Percent Excise Tax on Retail Marijuana | | \$97.3 | \$57.8 | \$57.0 | \$62.3 | \$65.9 |
| Total Proposition AA Tax Revenues | | \$356.0 | \$277.7 | \$273.7 | \$290.5 | \$307.6 |
| Regular 2.9 Percent Sales Taxes (Subject to TABOR) | | | | | | |
| Retail & Medical Sales Tax Revenues ^b | | \$11.8 | \$7.7 | \$7.6 | \$7.3 | \$7.3 |
| Total State Taxes on Marijuana | | \$367.8 | \$285.4 | \$281.3 | \$297.8 | \$314.9 |
| <i>Portion Credited to Marijuana Tax Cash Fund</i> | | \$179.1 | \$149.9 | \$147.8 | \$154.9 | \$163.6 |
| <i>Annual % Change: MTCF</i> | | | -16.3% | -1.4% | 4.8% | 5.6% |
| <i>3 year (FY 2022-23 – FY 2025-26) compound annual growth rate: 3.3%</i> | | | | | | |
| | | ACTUALS | | OSPB FORECAST (9/2023) | | |
| OSPB FORECAST | | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
| Proposition AA Taxes (Not Subject to TABOR) | | | | | | |
| Total Special Sales Tax on Retail Marijuana ^a | | \$258.7 | \$219.9 | \$242.6 | \$264.8 | \$270.1 |
| <i>State Share of Special Sales Tax</i> | | 232.8 | 197.9 | 218.3 | 238.3 | 243.1 |
| <i>Local Share of Special Sales Tax</i> | | 25.9 | 22.0 | 24.3 | 26.5 | 27.0 |
| 15.0 Percent Excise Tax on Retail Marijuana | | \$97.3 | \$57.8 | \$66.6 | \$75.3 | \$78.3 |
| Total Proposition AA Tax Revenues | | \$356.0 | \$277.7 | \$309.2 | \$340.1 | \$348.4 |
| Regular 2.9 Percent Sales Taxes (Subject to TABOR) | | | | | | |
| Total 2.9 Percent Sales Tax Revenues | | \$11.9 | \$7.2 | \$7.9 | \$7.4 | \$7.3 |
| Total State Taxes on Marijuana | | \$367.9 | \$284.9 | \$317.1 | \$347.5 | \$355.7 |
| <i>Portion Credited to Marijuana Tax Cash Fund</i> | | \$179.1 | \$149.4 | \$164.8 | \$178.6 | \$181.9 |
| <i>Annual % Change: MTCF</i> | | | -16.6% | 10.3% | 8.4% | 1.8% |
| <i>3 year (FY 2022-23 – FY 2025-26) compound annual growth rate: 7.7%</i> | | | | | | |
| Forecast Variance: LCS - OSPB | | | | LCS- OSPB Forecast (9/2023) | | |
| | | | | FY 2023-24 | FY 2024-25 | FY 2025-26 |
| <i>Total State Taxes on Marijuana</i> | | | | (\$35.8) | (\$49.7) | (\$40.8) |
| <i>Marijuana Tax Cash Fund</i> | | | | (\$17.0) | (\$23.7) | (\$18.3) |

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 discussed above, 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 of total special sales tax revenues and 71.85 percent of the revenues actually retained by the state). 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.

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 but has also chosen to prioritize appropriations for certain purposes. Staff has provided below the relevant statutory excerpt¹⁴:

“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.”

The statutory provisions that follow this declaration limit the timing, amount, and allowable uses of money in the MTCF¹⁵. With respect to **timing**:

- Prior to FY 2020-21, statute allowed for appropriations to the Department of Revenue for the year in which revenue was collected but required the General Assembly to make all other appropriations from the MTCF in fiscal years following the year of collection (e.g., revenue

¹⁴ See Section 39-28.8-501 (2)(b), C.R.S.

¹⁵ See Section 39-28.8-501 (2), C.R.S.

collected in FY 2019-20 could only support appropriations for FY 2020-21 or subsequent fiscal years).

- However, beginning in FY 2020-21, H.B. 20-1401 (Marijuana Tax Cash Fund Spending and Transfer) repealed that requirement and allowed the General Assembly to appropriate MTCF revenues in the same year in which they are collected beginning in FY 2020-21. That change allowed the General Assembly to appropriate \$121.7 million from the Marijuana Tax Cash Fund *and* transfer \$137.0 million to the General Fund to assist with budget balancing for FY 2020-21. In effect, FY 2019-20 revenues supported the transfer to the General Fund while projected FY 2020-21 revenues supported most of the appropriation.

With respect to the **amount** appropriated from the MTCF, the statute includes a reserve requirement. Prior to FY 2022-23, the provision limited annual appropriations from the MTCF to no more than 93.5 percent of the “amount of moneys in the fund available for appropriation.” House Bill 22-1341 (Marijuana Tax Cash Fund) modified this provision to require the General Assembly to maintain a reserve of 15.0 percent of expenditures from the fund and clarified that the reserve had to be in addition to any amounts designated as a portion of the TABOR emergency reserve. In addition, for FY 2021-22, FY 2022-23, and FY 2023-24 the General Assembly has designated \$100.0 million of the MTCF fund balance as part of the State Emergency Reserve under TABOR.

Finally, the General Assembly has specified the following **allowable purposes** for which money in the MTCF may be appropriated:¹⁶

- (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) Repealed.
- (K) Repealed.
- (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.

¹⁶ See Section 39-28.8-501 (2)(b)(IV), C.R.S.

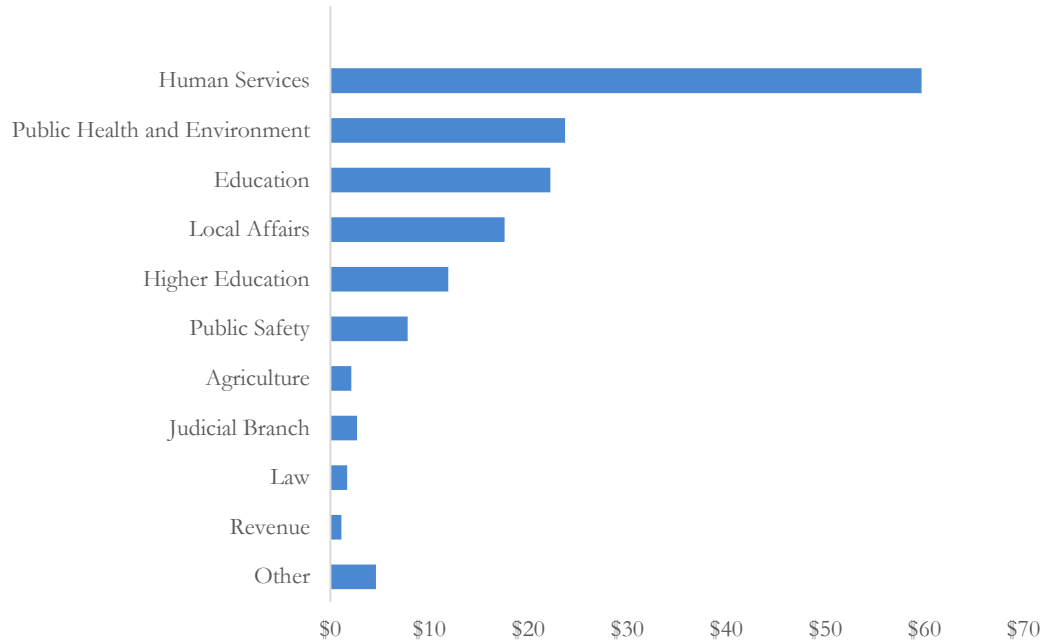
- (N) For *housing, rental assistance, and supportive services*, including reentry services.
- (O) For the development of local dually identified crossover youth plans and services.
- (P) For *comprehensive quality physical education instruction*.
- (Q) Repealed.
- (R) Repealed.
- (S) For the program to support *entrepreneurs in the marijuana industry*.
- (T) For expenses relating to the reduction of collateral consequences experienced by people previously sentenced for drug offenses.
- (U) For *trial court programs* administered by the Judicial Department.

The General Assembly appropriates money in the MTCF based on the most recent revenue projections from either LCS or OSPB, depending on the Committee's choice of forecast for General Fund balancing purposes (the March 2023 OSPB revenue forecast for FY 2023-24).

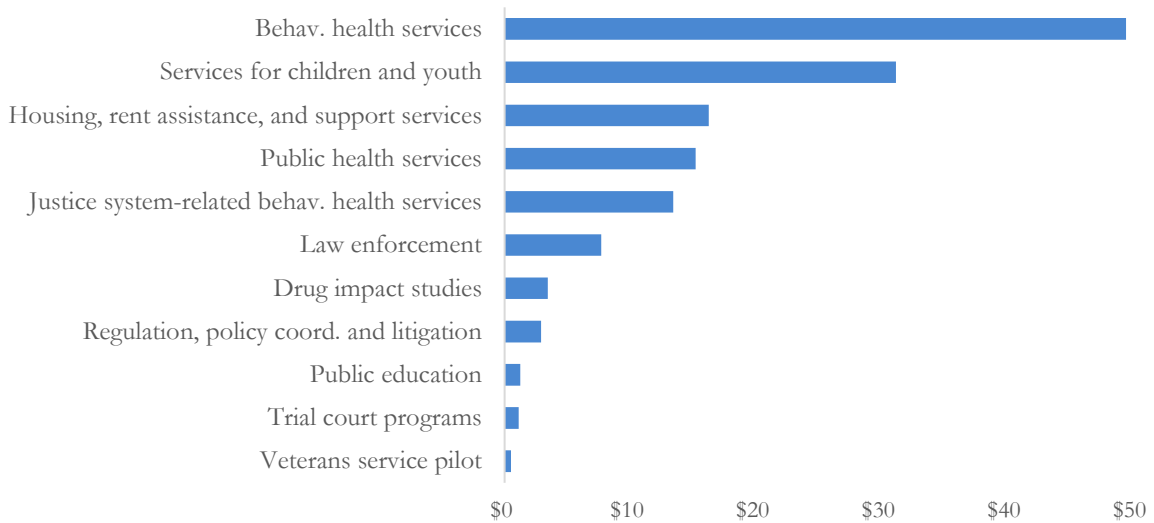
- For FY 2023-24, the General Assembly has *appropriated* or transferred a total of \$176.7 million from the MTCF, an increase of approximately \$18 million from the FY 2022-23 appropriation.
- In order to begin FY 2023-24 with a sufficient balance, S.B. 23-220 (Public School Capital Construction Assistance Grants) repealed a \$30 million FY 2022-23 transfer from the Marijuana Tax Cash Fund to the Public School Capital Construction Assistance which supports the Building Excellent Schools Today (BEST) program in the Department of Education.
- Finally, as noted above, the General Assembly continued to designate \$100.0 million of the fund balance as a portion of the TABOR emergency reserve for FY 2023-24.

The following two graphics illustrate the current FY 2023-24 allocation of MTCF *appropriations* among state agencies and among the statutorily authorized purposes. With respect to the charts, it is important to note that it only includes appropriations from the MTCF and therefore does not include either excise taxes (credited directly to the fund supporting the BEST program) or special sales taxes that are credited to either the General Fund or the State Public School Fund.

The Departments of Human Services and Public Health & Environment received the largest MTCF appropriations for FY 23-24 (\$ in millions)



In terms of use, behavioral health services and services for children and youth received the largest appropriations for FY 2023-24.



The following issue brief provides additional detail on the status of the MTCF looking toward the 2024 session. Please note that Appendix B details appropriations from the MTCF for FY 2022-23 and FY 2023-24, and the requested appropriations for FY 2024-25, by department and purpose.

ISSUE: FY 2023-24 MARIJUANA TAX CASH FUND STATUS AND THE FY 2024-25 REQUEST

This issue brief provides an overview of the status of the Marijuana Tax Cash Fund (MTCF) in FY 2023-24 based on current revenue projections, as well as a discussion of the MTCF budget requests for FY 2024-25. Uncertainty around post-pandemic medical and recreational marijuana revenue and different forecast assumptions leave significant uncertainty around cash flow to the MTCF in FY 2023-24 and FY 2024-25.

SUMMARY

- Marijuana revenue fell by approximately 33 percent over the previous two fiscal years following a profound increase during the pandemic. Concurrently, a growing number of states are legalizing recreational and medical marijuana, including several of Colorado's adjacent states, which has reduced marijuana tourism to Colorado. These interruptions lead to significant uncertainty in future marijuana revenue projections.
- OSPB expects MTCF revenue to rebound by 10.3 percent in FY 2023-24 and growth throughout the forecast period, albeit at a slower rate. LCS forecasts marijuana tax revenue to decline by 1.4 percent in FY 2023-24 followed by 4.8 percent growth in FY 2024-25.
- In FY 2022-23, overall MTCF expenses were approximately \$8.5 million (5.4 percent) below the appropriated amounts. These reversions contributed to a higher-than-expected beginning fund balance for FY 2023-24
- Based on the OSPB current forecast, the MTCF can currently meet all of its obligations in FY 2023-24, including the \$20.0 million scheduled transfer from the MTCF to the Public School Capital Construction Assistance Fund (PSCCAF, which supports the BEST program in the Department of Education). However, according to LCS's projections, the transfer to PSCCAF will consume \$12.2 million (52.1 percent) of the 15.0 percent MTCF statutory reserve.

DISCUSSION

For context, the MTCF is relatively unique as a cash fund with a defined revenue source that also provides discretionary appropriations to such a wide variety of departments. That requires the Committee and the General Assembly to balance revenues and appropriations from the fund across a range of departments and different priorities, particularly in a scenario of lower-than-expected revenues.

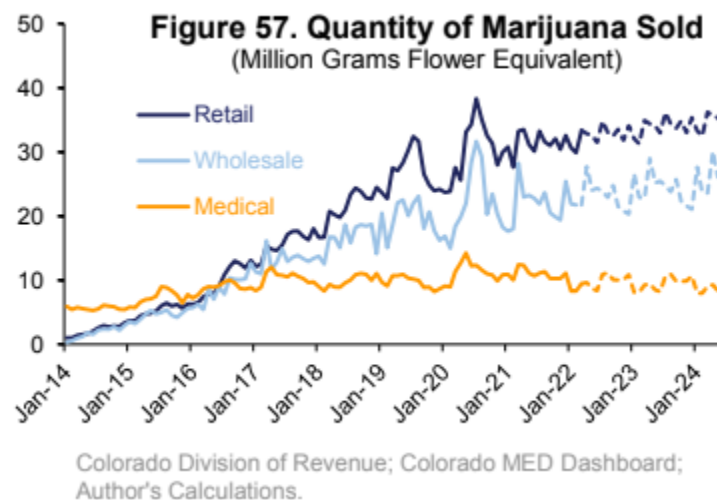
BACKGROUND: FALLING MARIJUANA TAX REVENUES

As discussed earlier in this document (see the "Marijuana Revenue Outlook" section beginning on page 7 and the graphic on page 8), projections of marijuana tax revenues have declined relative to the estimates in the March 2023 OSPB Revenue Forecast that the General Assembly used to balance the FY 2023-24 budget. However, reversions have left the beginning fund balance in FY 2023-24 in a better position than anticipated in March.

- Actual deposits to the MTCF in FY 2022-23 fell \$5.1 million (3.3 percent) below the amount assumed in the March OSPB forecast.

- The September 2023 OSPB forecast anticipates \$164.8 million in MTCF revenues in FY 2023-24, \$10.3 million below the \$175.1 million projection from the March forecast.
- Staff also notes that FY 2022-23 excise taxes currently dedicated to the BEST Program fell \$3.8 million (6.2 percent) below the March 2023 projection (from \$61.6 million to \$57.8 million in actual collections). The September OSPB forecast anticipates \$66.6 million in excise tax collections in FY 2023-24, a decrease of \$10.8 million (16.2 percent) below the \$77.4 million anticipated in the March forecast. Those excise tax revenues do not impact the MTCF but would interact with any changes to transfers from the MTCF to the BEST program (discussed below).

The reduced tax collections are the result of both decreased demand and decreased prices relative to recent years. As shown in the following graphic provided by the Governor’s Office (staff did not have the data to recreate the graphic), the quantity of marijuana sold has decreased since the peak in FY 2020-21. Prices have also fallen (as illustrated by the decline in the wholesale AMR discussed above). Both of those factors (reduced quantity and reduced price) contribute to decreased revenues, with declines in special (retail) sales tax revenues driving the impact on the MTCF.



MTCF SOLVENCY IN FY 2023-24

The General Assembly balanced appropriations and transfers from the MTCF for FY 2023-24 based on the revenue expectations in the March 2023 OSPB forecast. Based on those projections, the General Assembly took the following actions for FY 2023-24:

- Continued to designate \$100.0 million of the MTCF balance as part of the TABOR emergency reserve (first designated in FY 2021-22).
- S.B. 23-220 (Public School Capital Construction Assistance Grants) repealed a FY 2022-23 \$30.0 million transfer from the MTCF to the PSCCAF to support the BEST program. Senate Bill 21-207 (Public School Capital Construction Assistance Fund Transfer) had previously directed a transfer of \$100.0 million in FY 2021-22. However, responding to solvency concerns for FY 2021-22, H.B. 22-1341 (Marijuana Tax Cash Fund) reduced the FY 2021-22 transfer to \$50.0 million and then directed transfers of \$30.0 million in FY 2022-23 and \$20.0 million in FY 2023-24. The total transfer of \$100.0 million was intended as “repayment” of a transfer of that amount from the PSCCAF to the State Public School Fund in FY 2020-21 as a budget-balancing measure.

- Transferred \$598,000 to other cash funds related to juveniles in the criminal justice system, as enacted in H.B. 21-1315 (Costs Assessed to Juveniles in the Criminal Justice System).
- Appropriated a total of \$156.1 million to various state agencies.

As shown Table 3 below, the March OSPB revenue forecast would have left \$133,144 in the MTCF above the 15.0 percent statutory reserve (and a total year-end balance of \$127.0 million including the \$100.0 million designated as part of the TABOR emergency reserve) after the actions from the 2023 Session. Table 3 compares the outlook for FY 2023-24 under the March 2023 OSPB Forecast and each of the September 2023 forecasts. Of note:

- The fund’s FY 2023-24 beginning balance is approximately \$15.5 million higher than the March forecast. The higher balance is primarily attributable to reversions in FY 2022-23 in addition to forecast variance.
- Under the September 2023 LCS forecast (which anticipates lower revenues), the current appropriations and transfers would consume \$12.2 million (52.1 percent) of the 15.0 percent statutory reserve, and leave a year-ending fund balance \$17.0 million less than the OSPB forecast.

TABLE 3 - FY 2023-24 MARIJUANA TAX CASH FUND PROJECTIONS BASED ON SEPTEMBER 2023 REVENUE FORECASTS

| DESCRIPTION | MARCH OSPB | SEPTEMBER OSPB | SEPTEMBER LCS |
|--|----------------------|----------------------|-----------------------|
| Beginning fund balance as of July 1, 2023 (per Department of Revenue) | \$124,625,800 | \$140,059,941 | \$140,059,941 |
| PLUS: Total MTCF share of revenue | 175,085,734 | 164,795,656 | 147,750,256 |
| LESS: Amount designated as TABOR emergency reserve | (100,000,000) | (100,000,000) | (100,000,000) |
| Amount available after TABOR reserve | 199,711,534 | 204,855,597 | 187,810,197 |
| LESS: S.B. 21-207 (Pub School Cap Const Assistance Fund Transfer) and H.B. 22-1341 (Marijuana Tax Cash Fund) Transfer to Education | (20,000,000) | (20,000,000) | (20,000,000) |
| LESS: H.B. 21-1315 (Costs Assessed to Juveniles in the Criminal Justice System) Transfers | (598,000) | (598,000) | (598,000) |
| LESS: Annual appropriations to a variety of departments | (155,636,600) | (156,083,840) | (156,083,840) |
| LESS: Recommended statutory reserve (15.0 percent of appropriations) | (23,345,490) | (23,412,576) | (23,412,576) |
| EQUALS: Estimated available balance above/(deficit below) 15.0 percent statutory reserve | \$131,444 | \$4,761,181 | (\$12,284,219) |
| PLUS: Total reserve amounts | \$123,345,490 | 123,412,576 | 123,412,576 |
| PLUS: Estimated FY 2023-24 budget reversions | 3,500,000 | 3,500,000 | 3,500,000 |
| Year-end fund balance (including reserves) | \$126,976,934 | \$131,673,757 | \$114,628,357 |

FY 2024-25 REQUEST

Looking toward the future, staff notes that existing *appropriations* from the MTCF appear to be sustainable only under the OSPB forecast. As outlined in Table 3 above, if FY 2023-24 revenues trend closer to the LCS forecast, approximately \$17.0 million less than OSPB’s projection, current-year reductions will be necessary or risk insolvency in FY 2024-25. Staff does not expect to recommend making potentially disruptive reductions to programs that the General Assembly has intended to be ongoing. Staff is also reluctant to recommend reducing the portion of the fund balance designated as part of the TABOR emergency reserve.

Staff notes that the most recent LCS forecast would likely require large adjustments to the transfers to BEST (potentially reducing or repealing the transfer in FY 2023-24) – and if the General Assembly wishes to maintain transfers to BEST without significant delays, then it may need to consider another fund source (such as a one-time transfer from the General Fund). Given the potential impacts on BEST program revenues, especially in combination with reduced excise tax revenues, staff recommends that the Committee discuss those issues during the briefing and hearing process for the Department of Education.

Staff notes that the General Assembly will have additional information available from the December 2023 and March 2023 revenue forecasts to inform final decisions about the current transfers and appropriations from the MTCF and recommends basing final decisions on the March revenue forecast selected for balancing.

The Governor’s FY 2024-25 request is based on the September 2023 OSPB revenue forecast. Major components of the request (including those from the Governor, the Judicial Branch, and the Department of Law) include:

- Continuing the designation of \$100.0 million of the fund balance as part of the TABOR emergency reserve.
- Appropriations, transfers, and legislative placeholders totaling \$183.0 million from the fund to various departments, an increase of approximately \$6.3 million above FY 2023-24 appropriations and transfers, including the \$20.0 million scheduled transfer to BEST. See Appendix B for additional details on requests by department and purpose.

The request includes funding for \$22.6 million in new funding priorities or the continuation of programs with expiring funding. Of these, \$12.7 million, or 56 percent of the funding, is one-time, allowing some flexibility if revenue projections fall short of the current OSPB forecast. As of the November 1 request, significant requested changes include:

| TABLE 4 - MARIJUANA TAX CASH FUND PROJECTIONS - SEPTEMBER 2023 OSPB FORECAST AND SESSION APPROPRIATIONS | | |
|--|--------------------|--------------------|
| DESCRIPTION | FY 2023-24 | FY 2024-25 |
| Beginning fund balance as of July 1, 2022 (per Department of Revenue) | \$140,059,941 | \$131,673,757 |
| PLUS: Total MTCF share of revenue (September OSPB) | 164,795,656 | 178,638,514 |
| LESS: Amount designated as TABOR emergency reserve | (100,000,000) | (100,000,000) |
| Amount available after TABOR reserve | 204,855,597 | 210,312,271 |
| LESS: S.B. 21-207 (Pub School Cap Const Assistance Fund Transfer) and H.B. 22-1341 (Marijuana Tax Cash Fund) Transfer to Education | (20,000,000) | 0 |
| LESS: Requested Legislative placeholder for I Matter Continuation (Department of Human Services) | | (6,000,000) |
| LESS: Requested legislative placeholder for OEDIT business office modifications | | (5,000,000) |
| LESS: Requested transfer to IT Capital MED seed-to-sale software | | (4,080,000) |
| LESS: Requested MED support funding (Revenue R5) | | (3,000,000) |
| LESS: Requested Reducing crime and violence (Department of Human Services R2) | | (2,652,554) |
| LESS: Requested Hemp center for excellence (Agriculture R11) | | (1,467,847) |
| LESS: Requested continuation of HB19-1009 (Voucher Grant Program) | | (999,479) |
| PLUS: Budget reduction to align with expenses (DPS NP4) | | 673,832 |

| TABLE 4 - MARIJUANA TAX CASH FUND PROJECTIONS - SEPTEMBER 2023 OSPB FORECAST AND SESSION APPROPRIATIONS | | |
|---|----------------------|----------------------|
| DESCRIPTION | FY 2023-24 | FY 2024-25 |
| LESS: H.B. 21-1315 (Costs Assessed to Juveniles in the Criminal Justice System) Transfers | (598,000) | (598,000) |
| LESS: Current/requested annual appropriations to a variety of departments | (156,083,840) | (159,880,201) |
| LESS: Recommended statutory reserve (15.0 percent of appropriations) | (23,412,576) | (26,748,937) |
| EQUALS: Estimated available balance above/(deficit below) 15.0 percent statutory reserve | \$4,761,181 | \$559,085 |
| PLUS: Total reserve amounts | 123,412,576 | 126,748,937 |
| PLUS: Estimated FY 2023-24, FY 2024-25 budget reversion | 3,500,000 | 1,500,000 |
| Year-end fund balance (including reserves) | \$131,673,757 | \$128,808,022 |

GOVERNOR’S HIGHLIGHTED MTCF PROPOSALS:

HUMAN SERVICES, Legislative Placeholder: The proposal includes \$6.0 million on a one-time basis to fund *I Matter Continuation*, which provides free therapy sessions for youth. The JBC Staff briefing for the Department of Human Services is currently scheduled for December 7, 2023.

OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE, Legislative Placeholder: The proposal includes \$5.0 million on an ongoing basis to fund *Cannabis Business Office Modifications and Funding*, which would provide an ongoing funding mechanism to the Cannabis Business Office. The JBC Staff briefing for The Office of Economic Development and International Trade is currently scheduled for December 7, 2023.

IT CAPITAL: The proposal includes \$4.1 million for a one-time transfer to the IT Capital Fund to fund the Marijuana Enforcement Division’s Seed-to-Sale Software IT capital request to replace the current marijuana seed-to-sale tracking system. The JBC Staff briefing for IT Capital is currently scheduled for December 7, 2023.

REVENUE (R5): The proposal includes \$3.0 million in ongoing spending authority to fund the Marijuana Enforcement Division (MED). This request is to provide ongoing support to MED and support current MED operations. The JBC Staff briefing for the Department of Revenue is currently scheduled for December 5, 2023.

HUMAN SERVICES (R2): The proposal includes \$2.7 million on a one-time basis to fund *Reducing Youth Crime and Violence* through the Tony Grampas Youth Services Program. The JBC Staff briefing for the Department of Human Services, Office of Children, Youth, and Families is currently scheduled for November 29, 2023.

AGRICULTURE (R11): The proposal includes \$1.5 million in FY 2024-25 that annualizes to approximately \$3.5 million for a term-limited period of three years to fund the Department of Hemp Center of Excellence, which would establish the Hemp Center of Excellence. The JBC Staff briefing for the Department of Agriculture is currently scheduled for November 28, 2023.

LOCAL AFFAIRS (R1): The proposal includes \$1.0 million on an ongoing basis to fund the continuation of H.B. 19-1009 (Voucher Grant Program) and continue the Substance Use Disorders

Housing Grant Program. The JBC Staff briefing for the Department of Local Affairs is currently scheduled for November 20, 2023.

- A net-neutral budget impact for the Department of Local Affairs to repurpose existing MTCF housing-related funding to incentivize accessory dwelling unit (ADU) construction. The JBC Staff briefing for the Department of Local Affairs is currently scheduled for November 20, 2023.
- A budget reduction of \$0.7M to the Department of Public Safety related to NP-04 Budget Reduction to Align with Expenses, which will better align their appropriations with expenses in the DCJ Administrative Services line item. The JBC Staff briefing for the Department of Public Safety is currently scheduled for December 4, 2023.

The remainder of the overall increase in appropriations is largely associated with changes in salaries, benefits, and other centrally appropriated amounts in the various departments receiving appropriations from the MTCF.

APPENDIX A

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

Since 1996, forty states, the District of Columbia, and three U.S. territories have legalized medical use of marijuana. Twenty-four states plus the District of Columbia allow adult-use recreational marijuana, including three that approved adult use through the 2023 election (Delaware, Minnesota, and Ohio). Staff has identified and listed below a few sources of timely information about marijuana laws in other states, as well as information on local jurisdictions allowing marijuana sales in Colorado.

National Conference of State Legislatures - State Medical Marijuana Laws (also includes recreational and data, a table listing details by state, and a map):

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

National Conference of State Legislatures – Marijuana Deep Dive

<https://www.ncsl.org/bookstore/state-legislatures-magazine/marijuana-deep-dive.aspx>

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://sbg.colorado.gov/sites/sbg/files/documents/220824%20Local%20Authority%20Status%20List-Current%20Version%20.pdf>

The Marijuana Enforcement Division also maintains a set of reports related to regulated marijuana and summaries of recent relevant legislation:

MED Regulated Marijuana Reports: <https://sbg.colorado.gov/med/regulated-marijuana-reports>

The Department of Public Health and Environment has a Marijuana Resources page:

<https://cdphe.colorado.gov/marijuana>

The Department of Public Safety (Office of Research and Statistics in the Division of Criminal Justice) studies the impact of the legalization of recreational marijuana on public safety. The relevant reports are published at:

<https://ors.colorado.gov/ors-mjimpacts>

Finally, the Cannabis Business Office in the Office of Economic Development and International Trade also provides resources related to that Office’s efforts:

<https://oedit.colorado.gov/cannabis-business-office>

APPENDIX B

SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MTCF

| SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND FOR FY 2022-23 THROUGH THE FY 2024-25 REQUEST | | | | |
|--|-----------------------------|-----------------------------|-----------------------|------------------|
| | FY 2022-23 APPROPRIATION | FY 2023-24 APPROPRIATION | FY 2024-25 REQUEST | ANNUAL CHANGE |
| Breakdown of Appropriations by Department and Program | | | | |
| Agriculture: | | | | |
| Pesticide control and regulation | \$1,219,603 | \$1,247,195 | \$2,715,042 | \$1,467,847 |
| Colorado State Fair Authority: FFA and 4-H programming | 300,000 | 300,000 | 300,000 | \$0 |
| Centrally appropriated amounts not accounted for above | <u>573,286</u> | <u>590,820</u> | <u>713,030</u> | <u>\$122,210</u> |
| Subtotal: Agriculture | 2,092,889 | 2,138,015 | 3,728,072 | 1,590,057 |
| Early Childhood: | | | | |
| Community and Family Support | 108,521 | 119,288 | 124,682 | 5,394 |
| Social-Emotional Learning Programs Grants | 777,926 | 801,264 | 817,289 | 16,025 |
| Centrally appropriated amounts not accounted for above | <u>63,531</u> | <u>29,511</u> | <u>71,739</u> | <u>42,228</u> |
| Subtotal: Early Childhood | 949,978 | 950,063 | 1,013,710 | 63,647 |
| Education: | | | | |
| School Health Professionals Grant Program | 14,959,590 | 14,968,106 | 14,988,339 | 20,233 |
| Early Literacy Competitive Grant Program (refinance recommended) | 5,378,678 | 0 | 5,378,678 | 5,378,678 |
| Office of Dropout Prevention and Student Reengagement | 2,009,771 | 2,010,299 | 2,014,663 | 4,364 |
| Appropriation to the School Bullying Prevention and Education Cash Fund | 1,000,000 | 1,000,000 | 1,000,000 | 0 |
| Concurrent Enrollment Expansion and Innovation Grant Program | 1,476,896 | 1,476,896 | 1,476,948 | 52 |
| K-5 Social and Emotional Health Pilot Program | 2,500,000 | 2,502,225 | 2,502,388 | 163 |
| Centrally appropriated amounts not accounted for above | <u>139,642</u> | <u>202,410</u> | <u>168,825</u> | <u>(33,585)</u> |
| Subtotal: Education | 27,464,577 | 22,159,936 | 27,529,841 | 5,369,905 |
| Governor: | | | | |
| Evidence-based policymaking evaluation and support | 500,000 | 500,000 | 500,000 | 0 |
| Office of Information Technology, Enterprise Solutions | 453,812 | 453,812 | 453,812 | 0 |
| Governor's Office | 106,912 | 106,912 | 106,912 | 0 |
| Cannabis Resource Optimization Program (FY 2022-23 R1) | 0 | 0 | 0 | 0 |
| Centrally appropriated amounts not accounted for above | <u>35,709</u> | <u>81,808</u> | <u>75,758</u> | <u>(6,050)</u> |
| Subtotal: Governor | 1,096,433 | 1,142,532 | 1,136,482 | (6,050) |
| 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 | <u>1,500,000</u> | <u>1,500,000</u> | <u>1,500,000</u> | <u>0</u> |
| Subtotal: Health Care Policy and Financing | 1,500,000 | 1,500,000 | 1,500,000 | 0 |

SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND FOR FY 2022-23
THROUGH THE FY 2024-25 REQUEST

| | FY 2022-23 APPROPRIATION | FY 2023-24 APPROPRIATION | FY 2024-25 REQUEST | ANNUAL CHANGE |
|---|-----------------------------|-----------------------------|-----------------------|--------------------|
| Higher Education: | | | | |
| Regulating marijuana concentrates - CU School of Public Health (H.B. 21-1317) | 3,000,000 | 3,000,000 | 1,000,000 | (2,000,000) |
| Medication-assisted Treatment Pilot Program (S.B. 17-074) | 3,000,000 | 3,000,000 | 3,000,000 | 0 |
| Institute of Cannabis Research at CSU-Pueblo (S.B. 16-191) | 2,800,000 | 3,800,000 | 3,800,000 | 0 |
| AgrAbility project at CSU (S.B. 21-137) | 900,000 | 900,000 | 900,000 | 0 |
| Opioid awareness campaign, grant assistance, and provider education per Section 27-80-118, C.R.S. | 1,250,000 | 1,250,000 | 1,250,000 | 0 |
| Perinatal Data Linkage Study (S.B. 19-228) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Subtotal: Higher Education | 10,950,000 | 11,950,000 | 9,950,000 | (2,000,000) |
| Human Services: | | | | |
| Increasing access to effective substance use disorder services, including evaluation of intensive residential treatment (S.B. 16-202) | 16,122,754 | 16,606,437 | 16,938,566 | 332,129 |
| Criminal justice diversion programs (Law Enforcement Assisted Diversion or "LEAD" pilot programs and S.B. 17-207) | 5,891,108 | 6,064,258 | 6,099,775 | 35,517 |
| Circle Program and other rural treatment programs for people with co-occurring mental health and substance use disorders | 5,845,225 | 6,039,767 | 5,741,377 | (298,390) |
| Mental health services for juvenile and adult offenders | 5,910,980 | 6,088,309 | 6,210,075 | 121,766 |
| Enhance behavioral health crisis response system (S.B. 17-207) | 5,053,037 | 5,204,628 | 5,308,720 | 104,092 |
| Programs that fund service alternatives to placing youth in a correctional facility (S.B. 91-094) | 3,184,795 | 3,288,676 | 2,731,638 | (557,038) |
| Tony Grampsas Youth Services Program grants for the prevention of youth marijuana use | 1,629,377 | 1,635,727 | 5,243,639 | 3,607,912 |
| Community prevention and treatment for alcohol and drug abuse | 611,535 | 629,881 | 629,881 | 0 |
| Office of Behavioral Health administrative expenses | 781,243 | 843,737 | 1,016,369 | 172,632 |
| Treatment and Detoxification Programs | 6,968,600 | 7,177,659 | 6,825,126 | (352,533) |
| Substance use disorder treatment at the mental health institutes | 578,106 | 627,143 | 722,041 | 94,898 |
| Appropriation to the Youth Mentoring Services Cash Fund (Tony Grampsas Youth Services Program) | 500,000 | 500,000 | 500,000 | 0 |
| Mental Health Treatment for Children and Youth at Risk of Out-of-home Placement | 431,824 | 445,954 | 453,698 | 7,744 |
| Medication consistency and health information exchange (S.B. 17-019) | 760,700 | 760,700 | 760,700 | 0 |
| Office of Children, Youth, and Families Program Administration | 397 | 397 | 437 | 40 |
| Office of Information Technology Services, Behavioral Health Capacity Tracking System | 42,611 | 42,611 | 42,611 | 0 |
| Indirect cost assessments and centrally appropriated amounts not accounted for above | <u>3,141,858</u> | <u>3,676,451</u> | <u>4,117,766</u> | <u>441,315</u> |
| Subtotal: Human Services | 57,454,150 | 59,632,335 | 63,342,419 | 3,710,084 |
| Judicial: | | | | |
| Appropriation to the Correctional Treatment Cash Fund for jail-based behavioral health services (administered through the Department of Human Services) | 1,626,967 | 1,626,967 | 1,626,967 | 0 |

SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND FOR FY 2022-23
THROUGH THE FY 2024-25 REQUEST

| | FY 2022-23 APPROPRIATION | FY 2023-24 APPROPRIATION | FY 2024-25 REQUEST | ANNUAL CHANGE |
|---|-----------------------------|-----------------------------|-----------------------|------------------|
| Trial court programs | <u>1,107,724</u> | <u>1,107,724</u> | <u>1,107,724</u> | <u>0</u> |
| Subtotal: Judicial | 2,734,691 | 2,734,691 | 2,734,691 | 0 |
| Labor and Employment: | | | | |
| Colorado Veterans' Service-to-career Pilot Program (H.B. 16-1267) | <u>500,000</u> | <u>500,000</u> | <u>0</u> | <u>(500,000)</u> |
| Subtotal: Labor and Employment | 500,000 | 500,000 | 0 | (500,000) |
| Law: | | | | |
| Local law enforcement training through the Peace Officers Standards and Training (POST) Board | 1,036,766 | 1,036,766 | 1,036,766 | 0 |
| Office of Community Engagement/Safe2Tell | 180,140 | 0 | 0 | 0 |
| Consumer Protection and Antitrust (S.B. 22-205) | 587,347 | 583,000 | 608,120 | 25,120 |
| Centrally appropriated amounts not accounted for above | <u>26,561</u> | <u>0</u> | <u>48,763</u> | <u>48,763</u> |
| Subtotal: Law | 1,830,814 | 1,619,766 | 1,693,649 | 73,883 |
| Local Affairs: | | | | |
| Affordable Housing Construction Grants and Loans (Tabled) | 15,300,000 | 15,300,000 | 15,300,000 | 0 |
| Gray and Black Market Marijuana Enforcement Efforts (H.B. 17-1221) | 955,178 | 963,668 | 970,217 | 6,549 |
| Low income rental subsidies | 939,649 | 939,649 | 939,649 | 0 |
| Division of Housing Administration | 58,811 | 59,830 | 61,140 | 1,310 |
| Indirect cost assessments and centrally appropriated amounts not accounted for above | <u>285,910</u> | <u>312,643</u> | <u>335,521</u> | <u>22,878</u> |
| Subtotal: Local Affairs | 17,539,548 | 17,575,790 | 17,606,527 | 30,737 |
| Public Health and Environment: | | | | |
| Substance abuse prevention | 10,043,008 | 10,054,476 | 10,065,977 | 11,501 |
| Public awareness campaign | 960,436 | 965,714 | 976,202 | 10,488 |
| Colorado Health Service Corps Program (S.B. 18-024) | 3,560,762 | 3,566,369 | 3,605,101 | 38,732 |
| Distributions to Local Public Health Agencies | 1,892,466 | 1,949,240 | 1,988,226 | 38,986 |
| Transfer to Harm Reduction Cash Fund | 1,800,000 | 1,800,000 | 1,800,000 | 0 |
| Healthy Kids Colorado Survey | 756,196 | 759,874 | 768,127 | 8,253 |
| Marijuana Health Effects Monitoring | 362,367 | 371,114 | 371,114 | 0 |
| Health survey data collection | 243,596 | 244,134 | 244,134 | 0 |
| Data collection and analysis (S.B. 13-283) | 210,421 | 227,302 | 227,302 | 0 |
| Enhanced marijuana data collection through Rocky Mountain Poison and Drug | 60,100 | 60,100 | 60,100 | 0 |
| Executive Director's Office, Personal Services | 10,468 | 10,948 | 10,948 | 0 |
| Marijuana lab certification | 1,135,732 | 1,156,232 | 1,156,232 | 0 |
| Indirect cost assessments and centrally appropriated amounts not accounted for above | <u>2,593,656</u> | <u>2,495,972</u> | <u>2,495,972</u> | <u>0</u> |
| Subtotal: Public Health and Environment | 23,629,208 | 23,661,475 | 23,769,435 | 107,960 |
| Public Safety: | | | | |
| Black market marijuana interdiction/state toxicology lab | 4,341,986 | 4,353,816 | 4,524,012 | 170,196 |

SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND FOR FY 2022-23
THROUGH THE FY 2024-25 REQUEST

| | FY 2022-23 APPROPRIATION | FY 2023-24 APPROPRIATION | FY 2024-25 REQUEST | ANNUAL CHANGE |
|--|-----------------------------|-----------------------------|-----------------------|----------------------|
| School Safety Resource Center (Potential Appropriation in 2023 Legislation) | 0 | 250,000 | 250,000 | 0 |
| Division of Criminal Justice - Study of the impacts of the legalization of retail marijuana (S.B. 13-283/S.B. 16-191), and Law Enforcement Assistance Grant Program (H.B. 18-1020) | 1,170,603 | 1,170,603 | 499,725 | (670,878) |
| Juvenile diversion programs | 400,000 | 400,000 | 400,000 | 0 |
| Enhance school safety incident response grant program | 250,000 | 0 | 0 | 0 |
| State Patrol training academy | 150,000 | 150,000 | 150,000 | 0 |
| Public Safety Intelligence Support Related to the Illegal Sale and Diversion of Marijuana | 79,648 | 85,352 | 85,352 | 0 |
| Indirect cost assessments and centrally appropriated amounts not accounted for above | <u>1,248,978</u> | <u>1,423,314</u> | <u>1,742,185</u> | <u>318,871</u> |
| Subtotal: Public Safety | 7,641,215 | 7,833,085 | 7,651,274 | (181,811) |
| Regulatory Agencies: | | | | |
| Division of Professions and Occupations for medical marijuana enforcement | 120,807 | 120,807 | 120,807 | 0 |
| Centrally appropriated amounts not accounted for above | <u>82,000</u> | <u>82,000</u> | <u>82,000</u> | <u>0</u> |
| Subtotal: Regulatory Agencies | 202,807 | 202,807 | 202,807 | 0 |
| Revenue: | | | | |
| Marijuana Enforcement | | | 3,000,000 | 3,000,000 |
| Centrally appropriated amounts not accounted for above | <u>1,026,494</u> | <u>1,467,909</u> | <u>1,517,292</u> | 49,383 |
| Subtotal: Revenue | 1,026,494 | 1,467,909 | 4,517,292 | 49,383 |
| Transportation: | | | | |
| Marijuana impaired driving campaign | 950,000 | 950,000 | 950,000 | 0 |
| Impairment device study (HB 22-1321) | <u>751,649</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Subtotal: Transportation | 1,701,649 | 950,000 | 950,000 | 751,649 |
| Total Appropriations (including Long Bill and Other Legislation) | \$158,314,453 | \$156,018,404 | \$167,326,199 | (\$2,296,049) |
| Statutory Transfers: | | | | |
| Transfer to Public School Capital Construction Assistance Fund (S.B. 21-207, H.B. 22-1341, S.B. 23-220)) | \$0 | \$20,000,000 | \$0 | \$20,000,000 |
| Transfers to various criminal justice related funds (H.B. 21-1315) | <u>598,000</u> | <u>598,000</u> | <u>598,000</u> | <u>0</u> |
| Total Statutory Transfers | \$598,000 | \$20,598,000 | \$598,000 | \$20,000,000 |
| Total Appropriations and Transfers from the Marijuana Tax Cash Fund | \$158,912,453 | \$176,616,404 | \$167,924,199 | \$17,703,951 |