

**Legalized Marijuana Cost-Benefit Analysis
Interim Study Committee**

Members of the Committee

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Committee Charge

Pursuant to Legislative Council Executive Committee approval of Interim Committee Letter 2016-1, the Legalized Marijuana Cost-Benefit Analysis Interim Study Committee was permitted to meet up to three times during the 2016 interim and to recommend up to five bills for Legislative Council approval. The committee was charged with studying the following policy issues:

- the total government and societal costs and benefits associated with the legalization of marijuana in Colorado; and
- any gaps that exist in the information that is being collected regarding the legalization of marijuana in Colorado.

Committee Activities

The committee held three meetings during the 2016 interim in order to receive stakeholder input and request and approve bill drafts. The committee heard from a variety of stakeholder organizations, state agencies, law enforcement entities, local governments, students and educators, and members of the public on a wide range of subjects, including:

- the amount of marijuana tax revenue and its uses;
- marijuana studies already required by statute;
- black and grey market marijuana;
- marijuana enforcement activities;
- the current state of scientific knowledge on the health impacts of marijuana;
- responses from local governments since marijuana legalization;
- how marijuana legalization has been experienced by students;
- the difficulty for employers to find employees that can pass a drug-test;
- increase in workload for service providers; and
- a classroom curriculum that has been developed for marijuana education.

The following subsections discuss the committee's activities during the 2016 interim.

Current uses of marijuana tax revenue. The committee heard from Legislative Council Staff about the tax revenue from marijuana. Staff explained how marijuana is taxed and where that money is used. The Marijuana Tax Cash Fund is used to fund certain activities related to marijuana education and public health, substance abuse, and marijuana regulation. The first \$40 million in excise tax revenue each year is deposited in the Building Excellent Schools Today (BEST) fund, which is used to alleviate health and safety concerns by building new schools and renovating existing school structures. Based on these discussions, the committee recommended Bill A, which concerns applications for BEST funding from communities that collect marijuana excise taxes.

Overview of marijuana regulation. The committee heard from the Governor's Office of Marijuana Coordination and the Department of Revenue's Marijuana Enforcement Division about how marijuana is regulated in the state. The Governor's Office of Marijuana Coordination

discussed the complexity of determining whether marijuana grown by caregivers is being sold to non-medical marijuana patients in the grey market. The Marijuana Enforcement Division provided information about their enforcement activities, including discussing the number of regulated businesses, enforcement actions, and rule making with the marijuana industry. Based on these discussions, the committee recommended Bill E, which prohibits marijuana print and online advertising by persons who are not licensed to sell retail or medical marijuana. The committee also requested that a bill be drafted to define the term “assist” for personal marijuana cultivation; however, the committee did not recommend that the bill move forward.

Data collection. The Department of Public Safety and the Department of Public Health and Environment (CDPHE) presented on ongoing marijuana data collection. The Department of Public Safety compiles data from multiple sources, including traffic citations, arrests, court filings, traffic fatalities, and school discipline. Data collection is complicated by the fact that there are not consistent baseline data and factors other than marijuana legalization influence the reported data. The Department of Public Health and Environment presented hospital data and 911 calls on marijuana exposure. Based on these discussions, the committee requested that a bill be drafted to distinguish alcohol DUIs from drug DUIs; however, the committee did not recommend that the bill move forward.

Marijuana market. The committee heard from representatives from the CannAbility Foundation and Strategic Pharma, Inc. about the uses of medical marijuana. Based on these discussions, the committee recommended Bill D, which adds acute stress disorder and post-traumatic stress disorder to the list of conditions for which a person can obtain a medical marijuana card. The Colorado Cannabis Chamber of Commerce and the Marijuana Industry Group presented on the economic impact of the regulated marijuana industry.

Local government impact. Representatives for Douglas County told the committee about the unregulated marijuana cultivation facilities found in their county and discussed a local zoning ordinance that placed a restriction on the number of plants that could be grown in a single family home. The Colorado Association of Chiefs of Police discussed the increased workload in marijuana calls and the difficulty in determining the legality of marijuana grow operations. Based on these discussions, and discussions with the Governor’s Office of Marijuana Coordination, the committee recommended Bill B, which creates a grant program to reimburse local governments for costs associated with the grey and black market marijuana markets.

Youth impact. The committee heard from high school students, parents, and a representative of the Colorado Association School Resource Officers about the impact of marijuana legalization in schools. The students were concerned about the use of marijuana among their peers. The parents and school resource officer discussed the difficulty in talking about the harms of marijuana with students given the legally approved medicinal uses for marijuana. Based on these discussions, the committee recommended Bill C, which requires the CDPHE and the Colorado Department of Education (CDE) to create a resource bank of materials related to marijuana.

Employer impact. The chairman of K.R. Swerdfeger Construction addressed the committee and raised concerns about finding employees that can pass a drug test. They explained that they have a drug free workplace and since legalization it has been hard to find qualified employees that can pass a drug test.

Healthcare and service providers. The committee heard from a number of groups on the need for additional services since marijuana legalization. Children’s Hospital Colorado discussed seeing additional pregnant women and young mothers that use marijuana. They also discussed the limited research around the potential harm of using marijuana when pregnant or nursing. Arapahoe House presented data showing that drug treatment for marijuana has increased since legalization. Posada discussed the increase in the homeless population and the demand for homeless services in Pueblo since 2014.

Marijuana classroom curriculum. The Marijuana Education Initiative discussed a classroom curriculum that they developed to discuss marijuana. The curriculum was designed to be age specific and educate students in states where adult use of marijuana has been legalized.

Other. The committee discussed what a cost-benefit analysis entails and the fact that factors that are considered “costs” to some stakeholders may be “benefits” to others. There was also a recognition that there are significant data gaps, which complicates recognizing trends due to marijuana legalization. Based on these discussions, the committee requested that a bill be drafted to continue the Marijuana Cost-Benefit Analysis Interim Committee; however, the committee did not recommend that the bill move forward.

The committee also requested that a bill be drafted to authorize local jurisdictions to allow private marijuana consumption clubs in their jurisdiction; however, the committee did not recommend that the bill move forward.

Committee Recommendations

As a result of committee discussion and deliberation, the Legalized Marijuana Cost-Benefit Analysis Interim Study Committee recommends the following five bills for consideration in the 2017 legislative session.

Bill A — BEST Marijuana Funding. Bill A directs the Public School Capital Construction Assistance Board to take into consideration the extent to which retail marijuana excise tax is collected from each county in the state when it prioritizes applications for grant funding under the BEST program. The bill also expands the definition of capital construction under the BEST program to include technology and creates a new technology grant account from which schools may apply for technology grants. This technology grant account is scheduled to replace the charter school facilities assistance account on July 1, 2018.

Bill B — Grey and Black Market Marijuana Enforcement Grants. Bill B creates a grant program to reimburse local governments for costs associated with training, education, law enforcement, and prosecution of offenses for the grey and black marijuana markets. The grant program is to be administered by the Department of Local Affairs and is required to prioritize funding to local governments in rural areas that have limited law enforcement resources to address illegal, unlicensed marijuana cultivation operations.

The bill authorizes moneys from the Marijuana Tax Cash Fund (MCTF) to be used to fund the grant program and its administration. Any moneys not expended in a given fiscal year are retained by the department for use in the next fiscal year.

On or before November 1, 2019, and each November 1 thereafter, the department is required to provide an update about the program in its annual SMART Government Act hearing for the General Assembly.

Bill C — Marijuana Education Materials Resource Book. Bill C requires the CDE, with assistance from the Colorado Department of Public Health and Environment, to create and maintain a resource bank of materials and curricula related to marijuana. The resource bank must be available by July 1, 2017, and be free to school districts, charter schools, and Boards of Cooperative Educational Services (BOCES). If requested, CDE must also assist districts, charter schools, and BOCES with developing a marijuana-related curriculum.

The bill authorizes use of the MTCF to cover expenses related to developing and maintaining the resource bank and providing technical assistance.

Bill D — Medical Marijuana Use for Stress Disorders. Bill D adds acute stress disorder and post-traumatic stress disorder to the list of debilitating medical conditions for which a person may obtain a medical marijuana card.

Bill E — Unlawful Marijuana Advertising. Bill E creates a level 2 drug misdemeanor for a person not licensed to sell medical or retail marijuana to attempt to sell marijuana or marijuana concentrate by placing an advertisement in print or online.