



## Fiscal Note

### Legislative Council Staff

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## HB 26-1077: AVERAGE MKT RATE OF UNPROCESSED RETAIL MARIJUANA

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**Prime Sponsors:**

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**Fiscal note status:** The fiscal note reflects the reengrossed bill, as amended by the Senate Finance Committee.

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### Summary Information

**Overview.** The bill creates separate market rates for marijuana that is cultivated indoors and outdoors.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Revenue
- Minimal State Workload

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## Summary of Legislation

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For the purposes of collecting the 15 percent state excise tax on retail marijuana, the Department of Revenue (DOR) currently calculates an “average market rate” for each category of unprocessed retail marijuana. The bill requires the DOR to adopt rules to calculate average market rates for fresh frozen marijuana cultivated indoors and fresh frozen marijuana cultivated outdoors. Rules must be adopted by July 1, 2027.

## Background

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The state imposes an excise tax that is due when retail marijuana is first transferred from a cultivator to a processor or distributor. If the buyer and seller are unaffiliated with each other, the amount of excise tax due is equal to 15 percent of the sale price. If the buyer and seller are affiliated with each other (for example, if the processor, distributor, and cultivator are all part of the same business), then the excise tax is calculated as 15 percent of the “average market rate” of unprocessed retail marijuana. The DOR determines the average market rate for each category of unprocessed retail marijuana by calculating median market prices per pound or count. Average market rates are updated each quarter. For more information about current average market rates, visit [DOR’s Average Market Rate for Unprocessed Retail Marijuana](#) page.

Revenue from the excise tax is used for the Building Excellent Schools Today (BEST) program and is exempt from TABOR as a voter approved revenue change. In FY 2024-25, the state collected \$40.1 million in revenue from the excise tax on retail marijuana.

## State Revenue

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The bill may have a minimal impact on state revenue. By creating additional average market rates for the purposes of calculating excise taxes, the amount of excise tax owed for individual transactions may be higher or lower than under current law depending on whether the unprocessed marijuana was cultivated indoors or outdoors. On net, the bill is not expected to have a significant impact on excise tax revenue from marijuana.

## State Expenditures

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The bill may increase workload for the Department of Revenue to adopt rules and update software for calculating new average market rates. Because the bill is assumed to be implemented alongside the department’s regular rulemaking process, increased workload is expected to be minimal and absorbable within existing appropriations.

## **Effective Date**

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The bill takes effect July 1, 2026.

## **State and Local Government Contacts**

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Agriculture

Revenue

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).