



Legislative
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FISCAL NOTE

Drafting Number: LLS 18-0340
Prime Sponsors: Rep. Lebsack
 Sen. Marble

Date: February 1, 2018
Bill Status: House Agriculture
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Bill Topic: MARIJUANA PROCESSOR REGISTRATION

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

This bill establishes a registration for fibrous marijuana waste recycling with the Marijuana Enforcement Division in the Department of Revenue. Beginning in FY 2018-19, it will increase state revenue and workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under HB 18-1133

		FY 2018-19	FY 2019-20
Revenue	Cash Funds	at least \$5,000	at least \$5,000
Expenditures		-	-
Transfers		-	-

Summary of Legislation

The bill creates a registration for a fibrous waste recycling facility in the medical and retail marijuana codes. These facilities may receive fibrous waste (e.g., roots, stalks, and stems) from licensed marijuana establishments in order to recycle them into industrial fiber products (e.g., cordage, paper, and textiles).

The Marijuana Enforcement Division (MED) in the Department of Revenue must begin accepting applications for registration no later than January 1, 2019, and take action on all applications within 60 days from receipt. Applicants must demonstrate that their process renders fibrous waste unusable and unrecognizable as marijuana and only useful for industrial fiber products. The MED is prohibited from limiting the materials that can be received, processed, or sold by a recycling facility, except fibrous waste may only be used in the production of fibrous products. Finally, the transfer of fibrous waste from a medical or retail licensee must be tracked in the state's inventory tracking system.

State Revenue

Beginning in FY 2018-19, state cash fund revenue will increase by at least \$5,000 to the Marijuana Cash Fund. This impact will continue in future years, and depend on the number of new and renewing registrations.

Fee impact on registrants. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The fiscal notes assumes that there will be three initial registrations in 2019, at a fee of \$1,700 per registration, which represents the low range of the current marijuana fee schedule. This fee amount is an estimate only, actual fees will be set administratively by the Department of Revenue based on cash fund balance, estimated program costs, and the estimated number of registrations and renewals subject to the fee.

TABOR Refund

The bill increases state revenue subject to TABOR by at least \$5,000 beginning in FY 2018-19. State revenue is not currently expected to exceed the TABOR limit the next two fiscal years and no refund is required. Therefore, the bill is not expected to impact TABOR refunds in these years. However, refunds in future years when the state next collects a TABOR surplus will be increased.

State Expenditures

Beginning in FY 2018-19, the MED will have an increase in workload to create new forms and processes for registration and renewal; promulgate rules with legal support from the Department of Law; and to program the MyLO and METRIC computer systems to add the new registration type. Because the fiscal note estimates a small population of applicants, this impact can be accomplished within existing appropriations.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. The Department of Revenue must begin accepting applications for registration no later than January 1, 2019.

State and Local Government Contacts

Agriculture

Law

Revenue