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FISCAL NOTE

Drafting Number: LLS 18-1258 Date: April 25, 2018
Prime Sponsors: Sen. Marble Bill Status: Senate Finance
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Bill Topic: IMPROVE FUNDING FOR MARIJUANA RESEARCH

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

Subject to the rules of the Marijuana Enforcement Division in the Department of Revenue, this bill allows a marijuana research licensee to share premises with a commonly owned marijuana infused products manufacturer under certain conditions. The bill also continues the medical marijuana research grant program until July 1, 2023. This bill will increase ongoing state revenue and expenditures.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$10,656 to the Department of Revenue.

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

Table 1
State Fiscal Impacts Under SB 18-271

Table with 3 columns: Category, FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures (Cash Funds, FTE), Transfers, and TABOR Refund.

Summary of Legislation

Subject to the rules of the Marijuana Enforcement Division (MED) in the Department of Revenue (DOR), this bill 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. Entities that co-locate must maintain virtual or physical separation of inventory and research activity.

House Bill 18-1322 (FY 2018-19 Long Bill) transferred \$3.0 million from the Marijuana Tax Cash Fund to the health research subaccount of the Medical Marijuana Program Cash Fund. This bill 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 (CDPHE) to use up to \$100,000 from the subaccount for administration of the medical marijuana research grant program.

Background

SB 14-155 created a grant program in CDPHE to fund scientific research on the use of marijuana, its component parts, and industrial hemp, as a part of medical treatment. The program was initially funded with \$10 million from the Medical Marijuana Program Cash Fund and CDPHE receives up to \$200,000 per year to administer the grant program through FY 2018-19.

HB 17-1367 created two medical marijuana research licenses. The marijuana research and development license allows a person to possess marijuana for certain research purposes. The marijuana research and development cultivation license allows a person to grow, cultivate, possess, and transfer marijuana by sale or donation, for limited research purposes. To date, no research licenses have been issued by the MED.

Assumptions

As of April 2018, there are 255 medical marijuana infused product manufactures and 284 retail marijuana product manufacturers licensed by the MED. Because the permit is designated for existing licensees, the fiscal note assumes that the MED will be able to accomplish related workload increases within existing appropriations using existing systems in place for these licensees.

State Revenue and TABOR Refund

If the MED charges a fee for the permit created by the bill, state revenue to the Marijuana Cash Fund will increase. The fee will be set administratively by the MED based on cash fund balance, estimated program costs (which are assumed to be minimal), and the number of licensees subject to the fee. Because the fiscal note assumes that the MED can accomplish the workload within existing appropriations, no fee amount has been estimated. Any fee revenue is subject to TABOR.

State Expenditures

This bill will increase cash fund expenditures by \$10,656 in FY 2018-19 for the DOR from the Marijuana Cash Fund and up to \$100,000 and 0.5 FTE in FY 2019-20 for the CDPHE from the Medical Marijuana Program Cash Fund.

Department of Revenue. In FY 2018-19, the MED will promulgate rules to implement the bill and requires 100 hours of legal services from the Department of Law at a rate of 106.56 per hour. On an ongoing basis, the MED will regulate this permit within existing appropriations.

Department of Public Health and Environment. The CDPHE will continue to administer the medical marijuana research grant program with up to \$100,000 beginning in FY 2019-20. The fiscal note assumes that the existing 1.0 FTE will be reduced to 0.5 FTE through FY 2022-23.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2018-19, the Department of Revenue requires an appropriation of \$10,656 from the Marijuana Cash Fund which will be reappropriated to the Department of Law.

State and Local Government Contacts

Law Public Health and Environment Revenue