



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 20-0549 Date: January 21, 2020
Prime Sponsors: Rep. Gray; Van Winkle Bill Status: House Business
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Bill Topic: REMOVE RESIDENCY REQUIREMENT FOR MARIJUANA LICENSE

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

The bill removes the residency requirement for managers and employees of marijuana businesses. The bill increases state revenue and workload by a minimal amount on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

Current law requires that all managers and employees of medical or retail marijuana businesses be residents of Colorado on the date of their license application. The bill removes this requirement.

State Revenue

Beginning in FY 2020-21, the bill increases state cash fund revenue to the Marijuana Cash Fund in the Marijuana Enforcement Division (MED) in the Department of Revenue by a minimal amount. Fee revenue will increase as a result of applications for marijuana employee licenses from individuals who are not currently Colorado residents. The fee for a new employee license is \$100, and \$75 for a renewal. The number of new applications is unknown; however the increase in fee revenue is expected to be minimal. Fee revenue to Marijuana Cash Fund is subject to TABOR.

State Expenditures

Beginning in FY 2020-21, the bill increases workload in the MED by a minimal amount to process additional applications for employee licenses. No data is available on the potential increase in applications from non-residents; however, for informational purposes, MED processes about 1,144 employee licenses per month, or 13,728 per year. A five percent increase in license applications would be an increase of 57 applications per month. No change in appropriations is required.

**TABOR refunds.** The bill is expected to increase state General Fund obligations for TABOR refunds by a minimal amount beginning in FY 2020-21. Under current law and the December 2019 Legislative Council Staff forecast, the measure will correspondingly increase the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax years 2021 and 2022, respectively. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

**Effective Date**

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

Counties            Law            Municipalities            Revenue