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# Fiscal Note

**Drafting Number:** LLS 22-0902  
**Prime Sponsors:** Sen. Coram

**Date:** March 28, 2022  
**Bill Status:** Senate HHS  
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**Bill Topic:** EXPAND MEDICAL MARIJUANA RESEARCH GRANT PROGRAMS

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

The bill transfers \$3.0 million for the Medical Marijuana Research Grant Program and makes modifications to the program. The bill increase state expenditures on an ongoing basis.

**Appropriation Summary:** No appropriation is required. See State Appropriations Section.

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

**Table 1**  
**State Fiscal Impacts Under SB 22-155<sup>1</sup>**

		Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25
<b>Revenue</b>		-	-	-
<b>Expenditures</b>	Cash Funds	\$2,720,270	\$105,519	\$105,519
	Centrally Appropriated	\$31,209	\$18,741	\$18,741
	<b>Total Expenditures</b>	<b>\$2,751,479</b>	<b>\$124,260</b>	<b>\$124,260</b>
	<b>Total FTE</b>	<b>1.8 FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>
<b>Transfers</b>	General Fund	(\$3,000,000)	-	-
	Cash Funds	\$3,000,000	-	-
	<b>Net Transfer</b>	<b>\$0</b>	-	-
<b>Other Budget Impacts</b>		-	-	-

<sup>1</sup> The fiscal note assumes that the \$3.0 million transferred for the Medical Marijuana Research Grant Program will be spent over three years.

## **Summary of Legislation**

The bill transfers \$3.0 million from the General Fund for the Medical Marijuana Research Grant Program in the Colorado Department of Public Health and Environment (CDPHE), and makes the following modifications to the program:

- requires that the program provide funding for research that determines the safety of medical marijuana products;
- encourages the State Board of Health to prioritize grants related to the safety of medical marijuana products, and the efficacy of medical marijuana for post-traumatic stress disorder;
- requires that program rules include protocols for studying the safety of medical marijuana products through various testing and collection methods; and
- adds the types of safety tests performed on medical marijuana to the annual program report.

## **Background**

The Medical Marijuana Research Grant Program started in 2015 to provide grants for research intended to ascertain the general medical efficacy and appropriate administration of marijuana. The program has funded 11 studies since its inception, four of which are ongoing in clinical trials. The program has not approved any grants since 2018, when the Institute of Cannabis Research was created. Funding for program staff ends at the end of the current FY 2021-22.

## **State Transfers**

The bill requires that the State Treasurer transfer \$3.0 million from the General Fund to the Health Research Sub-Account in the Medical Marijuana Cash Fund three days after the bill takes effect. The fiscal note assumes that this will occur in FY 2022-23.

## **State Expenditures**

The bill increases state expenditures in the CDPHE by \$3.0 million starting in FY 2022-23. Expenditures are shown in Table 2 and detailed below. The fiscal note assumes that the money will be spent over three years on grants and administrative expenses, as shown in Table 2. While the timing of grants may vary, the estimated amount of funding available for grants is shown in FY 2022-23 for informational purposes.

**Table 2**  
**Expenditures Under SB22-155**

	FY 2022-23	FY 2023-24	FY 2024-25
<b>Department of Public Health and Environment</b>			
Personal Services	\$146,845	\$97,169	\$97,169
Operating Expenses	\$2,430	\$1,350	\$1,350
Meeting Costs	\$15,000	\$7,000	\$7,000
Grants <sup>2</sup>	\$2,555,995	-	-
Centrally Appropriated Costs <sup>1</sup>	\$31,209	\$18,741	\$18,741
<b>Total Cost</b>	<b>\$2,751,479</b>	<b>\$124,260</b>	<b>\$124,260</b>
<b>Total FTE</b>	<b>1.8 FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

<sup>2</sup> Grant amounts are shown in FY 2022-23 for informational purposes, but may be spent over multiple years.

**Administration.** The CDPHE requires 1.8 FTE in FY 2022-23 and 1.0 FTE in subsequent years to implement the program. The FTE reflects the continuation of the current 1.0 FTE who currently support the program. The funding for this position is scheduled to end in June 2022; however, those positions would continue with the expansion of the program. In addition, the CDPHE requires 0.8 FTE in FY 2022-23 only to convene the Medical Marijuana Scientific Advisory Council to review grant proposals and make recommendations, as well as to adopt rules for the expanded program. Administrative costs also include the meeting and travel costs for the council.

**Grants.** The fiscal note assumes that the money will be spent over three years. After accounting for three years of administrative costs, \$2.5 million will be available for grants. Should the program be expected to continue beyond three years, the amount initially available for grants may be less than estimated.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

## Technical Note

The bill specifies that the CDPHE may use up to \$300,000 for administrative costs. The fiscal note estimates that administrative costs are below that threshold in FY 2022-23, but that threshold will be exceeded with the administrative costs required in FY 2023-24 and FY 2024-25, assuming the program continues for three years. The bill does not specify how long the program will continue.

## **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State Appropriations**

No appropriation is required. The Health Research Subaccount in the Medical Marijuana Cash Fund is continuously appropriated to the CDPHE.

## **State and Local Government Contacts**

Information Technology  
Public Health and Environment

Law  
Revenue