

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE REGULATION OF COMPOUNDS THAT ARE RELATED TO CANNABINOIDS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Sens. Roberts and Van Winkle	JBC Analyst: Justin Brakke
Reps. deGruy Kennedy and Snyder	Phone: 303-866-4958
	Date Prepared: May 3, 2023

Appropriation Items of Note

Appropriation Already Added to Bill, Amendment in Packet

General Fund/TABOR Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/20/23.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The reengrossed bill includes amendments adopted on second reading in the Senate (04/26/23), however, Legislative Council Staff and JBC Staff agree that the amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.003	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill includes an appropriation clause that provides a total of \$1,277,463 to the Department of Public Health and Environment for FY 2023-24, including \$575,289 General Fund, \$405,576 cash funds from the Wholesale Food Manufacturing and Storage Protection Fund, and \$296,598 cash funds from the Marijuana Tax Cash Fund. This provision also states that the appropriation is based on the assumption that the Department will require an additional 5.4 FTE. Of this amount \$190,332

is reappropriated to the Department of Law for the purchase of legal services, which is based on the assumption that the Department will require an additional 1.0 FTE.

The clause further appropriates \$198,900 cash funds from the Marijuana Cash Fund to the Department of Revenue, which is based on the assumption that the Department will require an additional 1.5 FTE. Of this amount \$57,100 is reappropriated to the Department of Law for the purchase of legal services, which is based on the assumption that the Department will require an additional 0.3 FTE.

Description of Amendments in This Packet

J.003 Bill sponsor amendment **J.003** (attached) makes the following adjustments to the existing appropriations clause:

(1) Increases the General Fund appropriation to the Department of Public Health and Environment by \$593,196 on a one-time basis in lieu of an appropriation from the Marijuana Tax Cash Fund. This amount is equal to required expenditures from the Marijuana Tax Cash Fund for the Department of Public Health and Environment in both FY 2023-24 and FY 2024-25. The clause makes this appropriation available for expenditure for the same purpose through FY 2024-25.

(2) Appropriates \$295,024 General Fund to the Marijuana Cash Fund on a one-time basis in FY 2023-24. This amount is equal to required expenditures for the Department of Revenue in both FY 2023-24 and FY 2024-25. The clause then reappropriates \$295,024 from the Marijuana Cash Fund to the Department of Revenue, which is based on an assumption that the Department will require an additional 1.5 FTE. Lastly, the clause makes \$237,924 of the \$295,024 appropriation available for expenditure for the same purpose through FY 2024-25.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2023-24 based on the March 2023 Office of State Planning and Budgeting (OSP) revenue forecast. The budget package includes two set-asides for legislation outside of the package: (1) \$30.0 million General Fund for bills that create ongoing obligations; and (2) \$469.0 million for bills that create one-time obligations for FY 2023-24 (see table below).

General Fund Appropriation Placeholders for Other 2023 Legislation	
Description	FY 2023-24
Legislation with Ongoing Fiscal Impacts	\$30,000,000
Legislation with One-time Fiscal Impacts	

General Fund Appropriation Placeholders for Other 2023 Legislation	
Workforce-related legislation, including free credentials, math scholarships, adult education, and concurrent enrollment	103,000,000
Housing-related legislation, including property tax relief, land use, and public-private partnerships	221,000,000
Legislation related to topics other than workforce and housing, including rural opportunity, line of duty loss, and Proposition 122 implementation	145,000,000
Subtotal	\$469,000,000
TOTAL Placeholders for Other 2023 Legislation	\$499,000,000

The budget package accounts for the 15.0 percent reserve associated with the above placeholders (a total of \$74.9 million).

This bill creates an ongoing obligation and requires a General Fund appropriation of \$575,289 for FY 2023-24, reducing the \$30.0 million set aside by the same amount.

If **J.003** is adopted, the bill creates an additional one-time obligation of \$888,220 General Fund for FY 2023-24, reducing the \$469.0 million set aside by the same amount.

TABOR/ Excess State Revenues Impact

The March 2023 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of \$720.9 million for FY 2023-24 and \$1.2 billion for FY 2024-25 to be refunded to taxpayers out of the General Fund. Legislation that increases non-exempt revenue (such as cash funds) will increase the TABOR refund from the General Fund. The budget package includes a set aside of \$30.0 million General Fund for ongoing appropriations and \$469.0 million General Fund for bills that create one-time obligations in FY 2023-24.

This bill is estimated to increase cash fund revenues subject to TABOR by \$480,000 in FY 2023-24 and by \$480,000 in FY 2024-25, which will reduce the available General Fund in each fiscal year by equal amounts. This bill increases the TABOR refund made out of the General Fund by \$480,000 for FY 2023-24, reducing the \$30.0 million General Fund set aside for FY 2023-24 by the same amount.