

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING MEASURES TO ADDRESS EFFICIENCY IN THE REGULATION OF EXISTING MARIJUANA LICENSEES.

Prime Sponsors: Sens. Van Winkle and Gonzales
Representative Lindstedt

JBC Analyst: Jon Catlett
Phone: 303-866-4386
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Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 02/22/24.

	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>
XXX	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 Senate Finance Committee Report (03/05/24) includes amendments removing provisions requiring the Marijuana Enforcement Division to determine amounts of pesticides and adding requirements regarding the delivery of marijuana products and labeling for certain products. Legislative Council Staff and JBC Staff agree that the committee amendments change the fiscal impact of the bill, reducing the required General Fund appropriation to the Department of Revenue to \$1,386,207 in FY 2024-25, and eliminating the appropriation to the Department of Public Health and Environment.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.008	Bill Sponsor amendment - changes fiscal impact and appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$1,386,207 General Fund to the Department of Revenue for FY 2024-25, of which \$576,090 is reappropriated to the Department of Law. This provision also states that the appropriation is based on the assumption that the Department of Revenue will require an additional 6.5 FTE and the Department of Law will require an additional 2.5 FTE.

L.008 Bill Sponsor amendment **L.008** (attached) removes the requirement that the Marijuana Enforcement Division may only require a product to pass one test and also removes provisions allowing for businesses to apply for new rules around a reduced testing allowance. The amendment eliminates the fiscal impact of the bill as amended by the Senate Finance Committee Report by eliminating the need for the Marijuana Enforcement Division to employ additional criminal investigators.

If amendment **L.008** is adopted, the Committee should NOT adopt amendment **J.001**

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2024-25 based on the March 2024 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes \$63.1 million in set-asides for legislation outside of the package (see table below). The budget package accounts for the 15.0 percent reserve associated with the placeholders (a total of \$9.5 million).

General Fund Appropriation Placeholders for Other 2024 Legislation	
Description	FY 2024-25
General Legislative Priorities	\$21,739,130
Legislation for Shared Housing Priorities	12,043,478
Legislation for Shared Workforce and Education Priorities	16,152,110
Legislation for Other Shared Priorities	10,519,130
Legislation for Distributions to Rural Hospitals	2,608,689
TOTAL Placeholders for Other 2024 Legislation	\$63,062,537

This bill requires a General Fund appropriation of \$1,386,207 for FY 2024-25, reducing the \$63.1 million set aside by the same amount.

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JBC Staff Analysis

If amendment **L.008** is adopted, no General Fund appropriation is necessary.

TABOR/ Excess State Revenues Impact

The March 2024 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of \$1.3 billion for FY 2024-25 and \$1.8 billion for FY 2025-26 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 \$63.1 million General Fund for appropriations in FY 2024-25.

This bill is estimated to increase cash fund revenues by \$1.7 million in FY 2024-25 and by \$1.6 million in FY 2025-26, 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 \$1.7 million for FY 2024-25, reducing the \$63.1 million General Fund set aside for FY 2024-25 by the same amount.