



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1209: MARIJUANA REGULATION STREAMLINE

**Prime Sponsors:**

Rep. Lindstedt; Willford  
Sen. Gonzales J.

**Fiscal Analyst:**

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**Fiscal note status:** The revised fiscal note reflects the introduced bill, as amended by the House Finance Committee.

### Summary Information

**Overview.** The bill makes several changes to the regulation of marijuana businesses.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

**Appropriations.** For FY 2025-26, the bill requires a reduction in appropriations of \$278,217. See State Appropriations section for detail.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	-\$234,731	-\$469,463
State Expenditures	-\$305,487	-\$576,232
Transferred Funds	\$0	\$0
Change in TABOR Refunds	-\$148,320	-\$296,640
Change in State FTE	-1.5 FTE	-2.9 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below

**Table 1A**  
**State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	-\$234,731	-\$469,463
<b>Total Revenue</b>	<b>-\$234,731</b>	<b>-\$469,463</b>

**Table 1B**  
**State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	-\$278,217	-\$523,571
Federal Funds	\$0	\$0
Centrally Appropriated	-\$27,270	-\$52,661
<b>Total Expenditures</b>	<b>-\$305,487</b>	<b>-\$576,232</b>
<b>Total FTE</b>	<b>-1.5 FTE</b>	<b>-2.9 FTE</b>

## Summary of Legislation

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The bill makes changes to the regulation of marijuana businesses, as outlined below.

### Rulemaking

The bill allows the Marijuana Enforcement Division (MED) in the Department of Revenue to adopt rules allowing for individual digital identification cards for licensed owners of marijuana businesses or persons who transport regulated marijuana, and expands options for digital communication with licensees. It also clarifies what must be included in rules related to record-keeping requirements, and requires expanded rulemaking related to video surveillance requirements and research and development units (R&D Units).

### Background Checks

Under current law, all marijuana license and renewal applicants must complete a fingerprint-based criminal history record check. Under the bill, a fingerprint-based criminal history record check is only required for owners upon initial application, and a name-based judicial record check is required for renewals. Occupational license holders are required only to obtain a name-based judicial record check each year.

Current law prohibits businesses from possessing a license if they employ anyone who has not undergone a background check. The bill removes the requirement, and allows employees and managers to begin working before the individual's application has been fully processed.

## Sales Limits

The bill raises the limit for the amount of retail marijuana products that can be sold in a single transaction from one ounce to two ounces.

## Video Surveillance Requirements

Under current law, marijuana business must meet minimum security requirements. The bill specifies that rules related to video surveillance must include that businesses have cameras on all entrances and exits to the store, each point of sale, shipping and receiving areas, and areas where delivery vehicles load and unload materials. The bill also removes the requirement for mobile marijuana hospitality businesses have surveillance inside the vehicle. The bill specifies that DOR rules must include procedures for requests for surveillance recordings.

## Research and Development Units

Under current law, cultivation facilities and manufacturers of marijuana can provide R&D units for quality control or product development purposes to managers of these facilities. The bill allows these R&D units to be provided to all employees of the facility, provided certain requirements are met. Managers cannot require their employees to consume R&D units and cannot receive any compensation for distributing them. The bill specifies that MED must adopt rules for researchers to evaluate different flavors and non-marijuana ingredients in these R&D units.

## Repeal of Certain Requirements

The bill repeals provisions that make undisclosed ownership of a marijuana license and an unapproved transfer of a marijuana license a class 2 misdemeanor.

## Fees and Inspections

The bill requires that the MED assess a fee to request a copy of a license application. The bill specifies that licensees to not have to maintain duplicate copies of their records unless the MED requires the licensee to maintain additional records upon finding of a violation.

## State Revenue

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The bill decreases state cash fund revenue by \$235,000 in FY 2025-26, and \$469,000 in FY 2026-27 and ongoing. The bill removes the requirement that owners and employees of marijuana businesses submit to an annual criminal background check, which decreases state cash fund revenue to the CBI Identification Unit Cash Fund in the DPS.

## Fee Impact on Marijuana Business Owners and Employees

The fiscal note assumes that 30,723 marijuana business owners and employees will shift from fingerprint-based criminal history record checks to name-based judicial record checks. This represents the number of owners and employees as of [February 2025](#). These licensees are on a biennial renewal cycle, so the amounts shown in Table 2A below reflect this impact divided between two fiscal years. The first-year impact is prorated for the bill's effective date.

The current fee for criminal background checks is \$39.50, which includes \$11.25 for the Federal Bureau of Investigation (FBI) fingerprint-based check, which is passed on to that federal agency, and excluded from the state TABOR limit.

The current fee for a name-based judicial record check is \$8.94, which is subject to TABOR.

**Table 2A**  
**Annual Fee Impact on Marijuana Business Owners and Employees**  
**FY 2026-27 and ongoing**

Type of Fee	Fee	Number Affected	Total Fee Impact
Criminal Background Check (CBI ID Unit Cash Fund)	\$28.25	-15,362	-\$433,977
Criminal Background Check (federal pass-through)	\$11.25	-15,362	-\$172,823
Name Based Judicial Check	\$8.94	15,362	\$137,336
<b>Annual Fee Revenue</b>			<b>-\$469,463</b>
<b>Annual TABOR Impact</b>			<b>-\$296,640</b>

## Marijuana Fee Revenue

The bill also increases revenue to the Marijuana Cash Fund for any fees charged to applicants to obtain a copy of a license application. The revenue increase is expected to be minimal.

## State Expenditures

The bill decreases state expenditures by \$305,000 in FY 2025-26, and \$576,000 in FY 2026-27 and ongoing. This includes reductions in Department of Revenue expenditures, paid from the Marijuana Cash Fund, and a reduction of Department of Public Safety expenditures, paid from the CBI Identification Unit Cash Fund. These impacts are summarized in Table 3 and discussed below.

**Table 3  
State Expenditures  
All Departments**

<b>Department</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Department of Revenue	-\$25,883	-\$25,883
Department of Public Safety	-\$279,604	-\$550,349
<b>Total Costs</b>	<b>-\$305,487</b>	<b>-\$576,232</b>

### **Department of Revenue**

MED will have a reduction in expenditures from the Marijuana Cash Fund to implement the bill of about \$26,000 in FY 2025-26 and ongoing. Allowing license holders to possess a digital form of identification and removing the requirement that renewal notices be mailed to a licensee results in cost savings for mailing, estimated at \$25,883 per year

In addition, workload in MED will increase to modify enforcement procedures related to sales limits, samples, and R&D units. No change in appropriations is required for that work. The MED will also incur additional rulemaking costs to implement the various changes required by the bill. Legal services for rulemaking are provided by the Department of Law. These additional costs are absorbable within existing legal services appropriations.

### **Department of Public Safety**

This bill decreases overall expenditures from the CBI Identification Unit Cash Fund in DPS by \$280,000 and 1.5 FTE in FY 2025-26 (half year impact) and \$550,000 and 2.9 FTE in FY 2026-27 and ongoing. Costs are summarized in Table 3B and described below.

#### **Staff**

Beginning in FY 2025-26, DPS will no longer require 1.9 FTE Fingerprint Examiner II and 1.0 FTE Technician II to process the 15,362 fingerprint background applications that the fiscal note assumes the bill will eliminate annually. First year FTE and expenditure reductions are prorated for the bill's effective date.

#### **Federal Bureau of Investigation Pass-through.**

The DPS passes \$11.25 of every application on to the federal government. With 15,362 less applications, this equates to a reduction of \$172,823 per year. This amount is prorated for a half-year impact in FY 2025-26.

**Processing Costs**

There are the following costs associated with each background check application: \$6.10 dedicated to equipment maintenance; \$1.55 for print digitization; \$0.88 to access the Colorado Crime Information Center for information pertinent to the background check; and \$0.73 for postage costs. This equates to a reduction of \$142,252 per year, with the reduction prorated for a half year impact in FY 2025-26.

**Table 3B  
 State Expenditures  
 Department of Public Safety**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	-\$92,877	-\$178,901
Operating Expenses	-\$1,920	-\$3,712
FBI Pass-through Fee	-\$86,411	-\$172,823
Background Check Expenses	-\$71,126	-\$142,252
Centrally Appropriated Costs	-\$27,270	-\$52,661
<b>Total Costs</b>	<b>-\$279,604</b>	<b>-\$550,349</b>
<b>Total FTE</b>	<b>-1.5 FTE</b>	<b>-2.9 FTE</b>

**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 may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure tables above.

**TABOR Refunds**

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts discussed in the State Revenue section and shown in Table 1. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save.

## Local Government

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Local marijuana licensing authorities may have additional workload to adjust their workload and rules to accommodate the provisions of the bill.

## Effective Date

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The bill takes effect January 5, 2026, assuming no referendum petition is filed, and applies to conduct on or after that date.

## State Appropriations

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For FY 2025-26, the bill requires the following:

- a reduction in appropriations of \$25,883 from the Marijuana Cash Fund to the Department of Revenue;
- a reduction in appropriations of \$252,334 from the CBI Identification Unit Cash Fund to the Department of Public Safety, and a reduction of 1.5 FTE.

## State and Local Government Contacts

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Counties	Public Health and Environment
Law	Revenue
Municipalities	

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).