

# JOINT BUDGET COMMITTEE



## STAFF BUDGET BRIEFING FY 2023-24

## MARIJUANA POLICY OVERVIEW

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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## ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2021 and 2022 legislative sessions that had a fiscal impact are available in Appendix A of the annual Appropriations Report available at this link: <http://coga.prod.acquia-sites.com/sites/default/files/fy22-23apprept.pdf>

The online version of the briefing document may be found by searching the budget documents on the General Assembly’s website by visiting [leg.colorado.gov/content/budget/budget-documents](http://leg.colorado.gov/content/budget/budget-documents). Once on the budget documents page, select “Marijuana” under *Department/Topic*, “Briefing” under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

# MARIJUANA POLICY OVERVIEW

## LEGAL AND REGULATORY OVERVIEW

Marijuana was legalized in Colorado through the passage of two citizen ballot initiatives that amended the State Constitution. In 2000, voters passed an initiative<sup>1</sup> that added Section 14 to Article XVIII, authorizing the medical use of marijuana for persons suffering from debilitating medical conditions. In 2012, voters passed a second initiative<sup>2</sup> that added Section 16 to Article XVIII, authorizing personal use of marijuana.

The General Assembly has passed legislation to implement the constitutional provisions adopted by voters. The most significant statutory provisions concerning marijuana include:

- Colorado Marijuana Code [Section 44-10-101 et. seq., C.R.S.]<sup>3</sup>
- Taxes on Marijuana and Marijuana Products [Section 39-28.8-101 et seq., C.R.S.]

Two state agencies are primarily responsible for implementing the above laws: the Department of Revenue and the Department of Public Health and Environment.

The **Department of Revenue** has two general areas of responsibility:

- First, the Department's Executive Director is the "State Licensing Authority," charged with regulating and controlling the licensing of the cultivation, manufacture, distribution, and sale of medical and retail<sup>4</sup> marijuana. These duties are performed with the assistance of the Department's Marijuana Enforcement Division and are supported by medical and retail marijuana business fees that are credited to the *Marijuana Cash Fund*<sup>5</sup>. These regulatory functions include:
  - Establishing and enforcing rules and regulations for the marijuana industry.
  - Administering the marijuana inventory seed-to-sale tracking system (METRC).
  - Issuing licenses to medical and retail marijuana businesses (including stores, cultivations, and testing facilities), and issuing occupational licenses to those seeking employment in the marijuana industry.
  - Administering caregiver cultivation registration.
  - Approving responsible vendor training programs.
- Second, the Department collects, administers, and enforces state taxes and fees related to marijuana and marijuana products. This includes the distribution of a portion of the special sales tax on retail marijuana to local governments. These activities are supported by medical and retail marijuana sales tax revenues that are credited to the *Marijuana Tax Cash Fund*.

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<sup>1</sup> Amendment 20 was adopted with 915,943 (53.5 percent) voting for the measure.

<sup>2</sup> Amendment 64 was adopted with 1,383,140 (55.3 percent) voting for the measure.

<sup>3</sup> Senate Bill 19-224 integrates the previously existing Colorado Medical Marijuana Code and Colorado Retail Marijuana Code into a single "Colorado Marijuana Code" in Article 10 of Title 44, C.R.S.

<sup>4</sup> While marijuana that is sold for personal use as authorized by Amendment 64 is often called "recreational" marijuana, the statutory provisions that implement Amendment 64 use the term "retail" marijuana. Staff has generally used the term "retail" for purposes of this document.

<sup>5</sup> Actual business fee and fine revenues collected and credited to this fund, along with associated interest and other adjustments, totaled \$12,879,242 in FY 2021-22.

The **Department of Public Health and Environment** administers portions of the medical marijuana program, including:

- Administering the medical marijuana registry (which tracks patients, caregivers, and physician recommendations) and distributing medical marijuana cards.
- Coordinating inspection of retail marijuana lab testing facilities.
- Administering education and prevention campaigns to educate the public and visitors on the parameters of safe, legal, and responsible marijuana use.
- Monitoring marijuana use patterns, health impacts, and research on marijuana's health effects.
- This department's regulatory activities are supported by fees paid by patients seeking medical marijuana cards that are credited to the *Medical Marijuana Program Cash Fund*<sup>6</sup>, and the remaining activities are supported by medical and retail marijuana sales tax revenues that are credited to the *Marijuana Tax Cash Fund*.

Other state agencies that perform key functions related to marijuana legalization include the following:

- The **Department of Agriculture** determines and monitors allowable pesticides for use on cannabis plants. This department also administers registration for commercial industrial hemp growers and administers industrial hemp inspection, sampling, and testing.
- The **Governor's Office** coordinates the Executive Branch response to the legalization of marijuana, including strategic planning and budget coordination.
- The **Department of Law** provides training for peace officers concerning various legal issues related to marijuana legalization. This department also provides legal clarification and guidance for state agencies and district attorneys concerning marijuana legalization.
- The **Department of Public Safety** enforces criminal marijuana laws, and collects and analyzes data concerning the impacts of marijuana legalization.
- The **Department of Regulatory Agencies** administers disciplinary proceedings concerning physicians who inappropriately recommend medical marijuana in excess, for a profit, or without medical necessity. This department is also responsible for approving applications for charter marijuana financial services cooperatives.
- The **Department of Transportation** administers impaired driving public education campaigns, including those related to marijuana use. This department also administers and certifies Colorado law enforcement officers in advanced impaired driving training and in the detection of drivers impaired by drugs other than alcohol.

Finally, local governments also have a role in regulating marijuana. Cities and counties may prohibit or place limits on the sale of medical and retail marijuana in their jurisdictions, including the number and location of businesses as well as hours of operation. Cities and counties may establish land use restrictions concerning marijuana businesses, cultivation, and operations. Local jurisdictions may also impose and collect their own sales or excise tax on retail marijuana. However, each local government is responsible for collecting, administering, and enforcing local marijuana taxes.

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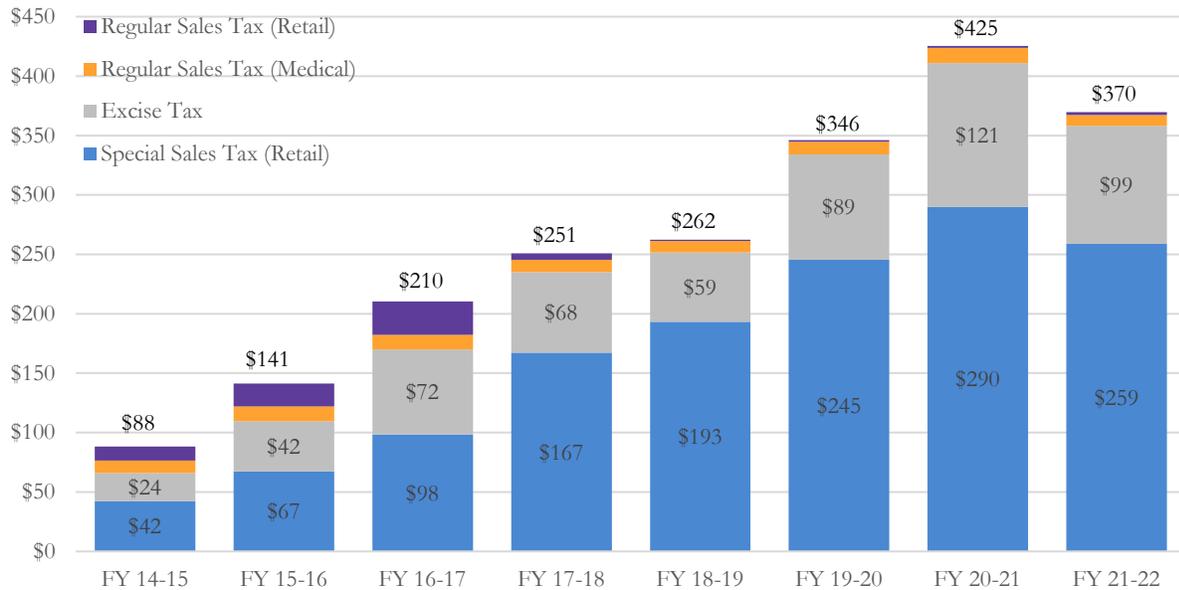
<sup>6</sup> Actual patient fee revenues collected and credited to this fund, along with associated interest and other adjustments, totaled \$2,078,499 in FY 2021-22.

## TAX POLICY AND REVENUE OVERVIEW

The State collects three types of taxes on marijuana products: (1) a special sales tax on retail marijuana, which accounts for the majority of annual marijuana tax revenues; (2) an excise tax on wholesale transfers of retail marijuana that supports uses related to K-12 education; and (3) the State’s regular sales tax, which applies to medical marijuana and some non-marijuana products.

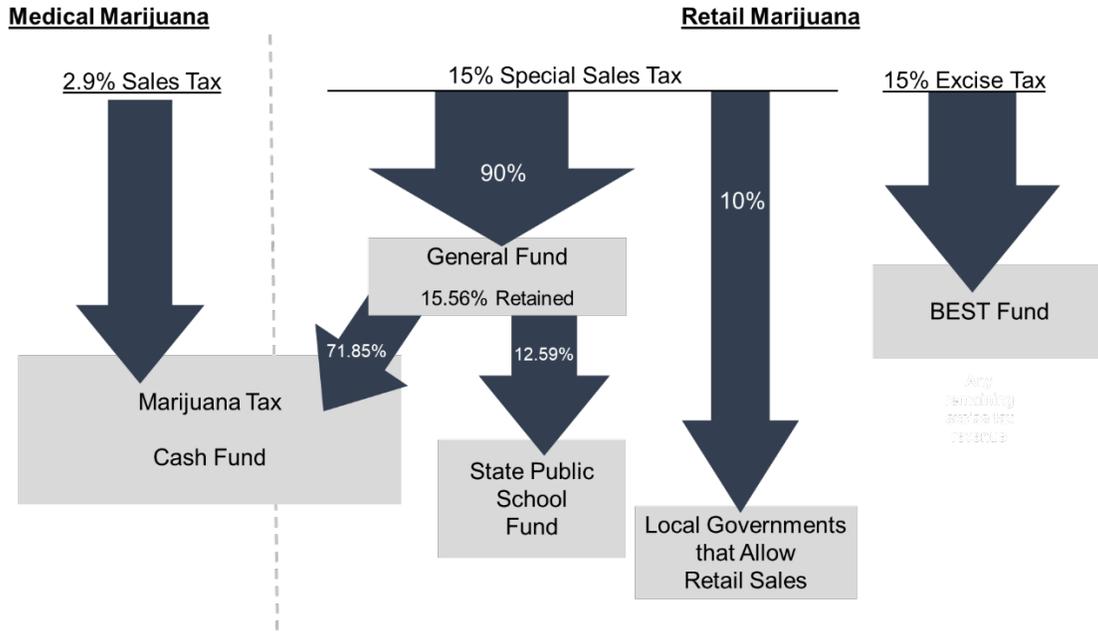
In FY 2021-22, the state collected a total of approximately \$370.0 million from those three taxes, with the special sales tax accounting for \$258.7 million (70.0 percent of the total revenues). The excise tax added another \$99.4 million (26.9 percent), while the regular 2.9 percent sales tax generated \$11.8 million (3.2 percent). As shown in the following graphic, marijuana-related revenues increased each year from FY 2014-15 through FY 2020-21, with special sales tax revenues driving much of that increase. However, total revenues fell by \$55.7 million from FY 2020-21 to FY 2021-22.

Marijuana tax revenues increased each year through FY 2020-21 but then fell in FY 2021-22 (\$ in millions).



The following graphic (designed by Legislative Council Staff) illustrates the allocation of state tax revenues related to marijuana.<sup>7</sup> A discussion of each type of tax and the allocation of the associated tax revenue follows the graphic.

<sup>7</sup> For FY 2020-21 only, H.B. 20-1418 (School Finance) diverted all marijuana excise tax collected above the first \$40.0 million to the State Public School Fund rather than the Public School Capital Construction Assistance (PSCCAF or BEST) Fund as a budget balancing measure. However, as of FY 2021-22 statute again credits all excise tax revenues to the PSCCAF.



In FY 2021-22, the State allocated the total of \$370.0 million in marijuana tax revenue collections as follows:

- \$179.1 million (48.4 percent) was credited to the MTCF and made available for appropriation and transfer for a variety of purposes.
- \$128.7million (34.8 percent) was allocated to two funds that support K-12 education, including \$99.4 million in excise taxes and \$29.3 million originating as special sales taxes.
- \$36.2 million (9.8 percent) was retained in the General Fund.
- \$25.8 million (7.0 percent) was distributed to local governments.

*Special Sales Tax (\$258.7 million in FY 2021-22 and 69.9 percent of marijuana taxes)*

The **15.0 percent special sales tax** applies to retail marijuana sales (but not medical marijuana) and represents the largest source of marijuana-related tax revenue. Proposition AA, which the voters approved in 2013, authorized the state to levy up to a 15.0 percent special sales tax. The State initially chose to levy a tax of 10.0 percent, beginning January 1, 2014. However, S.B. 17-267 increased that rate to 15.0 percent beginning July 1, 2017, and exempted retail marijuana from the regular state sales tax, which is discussed below. With the increased tax rate and increasing retail sales, special sales tax revenues have grown significantly, from \$67.3 million in FY 2015-16 (the first full fiscal year of collections) to \$290.0 million in FY 2020-21. However, as noted above, revenues fell in FY 2021-22, with the State collecting \$258.7 million, a decrease of \$31.3 million (10.8 percent) below the prior year.

Statute (see Sec. 39-28.8-203, C.R.S.) allocates 10.0 percent of total special sales tax collections to local governments based on the percentage of such revenues collected within the boundaries for each local government and allocates the remaining 90.0 percent state share of special sales tax revenues among three funds (percentages shown represent shares of the money actually retained by the State):

- 71.85 percent to the *MTCF* which is then available for appropriation or transfer for a variety of uses. Subsequent sections of this document provide more detail on the status and uses of the *MTCF*.

- 12.59 percent to the State Public School Fund to support school finance (this revenue is available in the year after it is collected).<sup>8</sup>
- 15.56 percent to the General Fund.

*Excise Tax (\$99.4 million in FY 2021-22 and 26.9 percent of marijuana taxes)*

A **15.0 percent marijuana excise tax** (also authorized by Proposition AA) applies to the wholesale price of the product being sold or otherwise transferred from a retail marijuana cultivation facility. For certain transfers between unaffiliated businesses, the tax applies to the contract price for the transfer. For transfers between affiliated businesses, the tax applies to an “average market rate” (AMR) set by the Department of Revenue’s Office of Research and Analysis (ORA) and the Marijuana Enforcement Division (MED). The Department sets the AMR for several categories of marijuana product based on the median price for recent transactions (for example, transactions between June 1, 2022, and August 31, 2022, determined the rate for October 1, 2022, through December 31, 2022, shown in Table 1 below).<sup>9</sup>

**TABLE 1:**  
**MED ESTABLISHED AVERAGE MARKET WHOLESAL PRICE FOR RETAIL MARIJUANA**  
**(EFFECTIVE OCTOBER 1 THROUGH DECEMBER 31, 2022)**

PRODUCT CATEGORY	DETAILED DESCRIPTION	PRICE	MEASUREMENT
Retail bud	Product in the flowering stage	\$658	pound
Retail trim	Any part of a plant other than the bud or wet whole plant	\$249	pound
Retail immature plant	Nonflowering plant no larger than 8 inches tall or wide	\$13	plant
Wet whole plant	A plant that is cut off just above the roots and is not trimmed, dried, or cured. The plant must be weighed within two hours of being harvested.	\$126	pound
Seed	Seeds of the marijuana plant	\$4	seed
Trim allocated for extraction	Trim that is designated for the extraction of retail marijuana concentrate and not for direct sale to consumers	\$76	pound
Bud allocated for extraction	Bud that is designated for the extraction of retail marijuana concentrate and not for direct sale to consumers	\$277	pound

According to the Department of Revenue, a majority (roughly 63 percent in FY 2021-22) of excise tax revenues are driven by the AMR rather than contract pricing. As a result, changes in the AMR can significantly affect revenues. The AMR has fluctuated over time, with a direct impact on excise tax revenues (see the chart on the following page for an illustration of the changes in the AMR for “retail bud” since 2014). In addition, the Department has added additional categories of product, such as bud and trim allocated for extraction (added in January 2018), to reflect changes in the market.

<sup>8</sup> Prior to FY 2019-20, these funds were statutorily appropriated to the Department of Education for school finance in the year in which the revenues were collected. Pursuant to H.B. 18-1101 [Section 22-54-139 (3), C.R.S.], starting with the FY 2019-20 budget year the General Assembly may appropriate all or any portion of the marijuana sales tax proceeds that are transferred to the State Public School Fund during the prior budget year. Thus, these revenues are now subject to annual appropriation and may be distributed to school districts in a fiscal year following the fiscal year in which the revenue is received.

<sup>9</sup> Current average market rates and a description of the Department’s methodology are available at: <https://tax.colorado.gov/average-market-rate>

The AMR for retail bud has fluctuated over time but is currently at its all-time low (\$ per pound).



Changes in wholesale sales, both price and quantity, create changes in the collection of excise tax revenues.

- In large part as a result of the changes in AMR, excise tax revenues decreased from \$71.4 million in FY 2016-17 to \$58.4 million in FY 2018-19 even as sales of marijuana increased.
- With increases in both the AMR and in marijuana sales, excise tax revenues rebounded to \$81.1 million in FY 2019-20 and increased again to \$120.8 million in FY 2020-21.
- However, both demand and price have declined since then, with excise tax revenues falling to \$99.4 million in FY 2021-22, a decrease of \$21.4 million (17.7 percent) below FY 2020-21.
- Both of the September 2022 revenue forecasts (LCS and OSPB) anticipate gradual increases in excise tax revenues going forward but expect revenues to remain below the FY 2020-21 peak throughout the forecast period (see the Marijuana Revenue Outlook section below).

Pursuant to Amendment 64, the State Constitution requires the transfer of the first \$40.0 million of annual marijuana excise tax revenues to the *Public School Capital Construction Assistance Fund (PSCCAF)*.<sup>10</sup> Money in this fund helps pay for local K-12 school construction projects through the Building Excellent Schools Today (BEST) program, which is administered through the Department of Education. While the State Constitution specifies that the first \$40.0 million in excise tax revenues will support BEST, the General Assembly has made statutory changes to adjust the amount of excise tax revenues supporting BEST.

- For FY 2014-15 through FY 2017-18, statute transferred any *additional* excise tax collections (above \$40.0 million per year) to the *Public School “Permanent” Fund*, which is a constitutionally created trust fund that generates income to support public K-12 schools.
- Starting July 1, 2018, H.B. 18-1070 (Additional Public School Capital Construction Funding) required the transfer of 90.0 percent of excise tax revenues to support the BEST Program.<sup>11</sup>
- Beginning in FY 2019-20, H.B. 19-1055 (Public School Capital Construction Financial Assistance) transfers *all* marijuana excise tax revenues to the PSCCAF, thereby eliminating deposits of excise tax revenues to the Permanent Fund.

<sup>10</sup> See Article XVIII, Section 16 (5)(d), of the State Constitution.

<sup>11</sup> The bill specifically required the transfer of the greater of 90.0 percent of excise tax revenues or \$40.0 million.

- Finally, *for FY 2020-21 only*, H.B. 20-1418 (School Finance) diverted all excise tax above the first \$40.0 million to the State Public School Fund, making those revenues available for appropriation to support school finance (rather than BEST) in FY 2021-22. This provision diverted \$80.8 million to the State Public School Fund in FY 2020-21.

From FY 2013-14 through FY 2021-22, the State has collected a total of \$664.9 million from marijuana excise tax revenue, directing \$516.5 million to the PSCCAF<sup>12</sup>, \$67.6 million to the Permanent Fund, and the \$80.8 million to the State Public School Fund in FY 2020-21.

*Regular Sales Tax (\$11.8 million in FY 2021-22 and 3.2 percent of marijuana taxes)*

Finally, the State's **2.9 percent regular state sales tax** applies to sales of both medical marijuana and non-marijuana products sold by marijuana stores (e.g., t-shirts and other novelty items). As noted above, retail marijuana has been exempt from this tax since July 1, 2017, as a result of S.B. 17-267 (which also increased the special sales tax rate from 10.0 percent to 15.0 percent as of that date).

Current statute credits all general sales tax revenue related to marijuana to the *Marijuana Tax Cash Fund* (MTCF) to support a variety of state programs and services. However, with retail marijuana exempt from the regular sales tax, this tax is now a relatively minor share of marijuana-related tax revenue.

*TABOR Implications*

Please note that the 15.0 percent special sales tax and the 15.0 percent excise tax are not subject to the limitation on state fiscal year spending imposed by Article X, Section 20, of the State Constitution (the Taxpayer's Bill of Rights or TABOR)<sup>13</sup>. However, the regular (2.9 percent) state sales tax revenue collected by medical marijuana centers and retail marijuana stores is subject to TABOR. In addition, the fees and fines paid by retail and medical marijuana businesses and the fees paid by medical marijuana patients are subject to TABOR. For FY 2021-22, the marijuana-related tax and fee revenue that is subject to TABOR totaled \$23.9 million (including \$11.5 million in sales tax revenue and \$12.4 million in fee revenue).

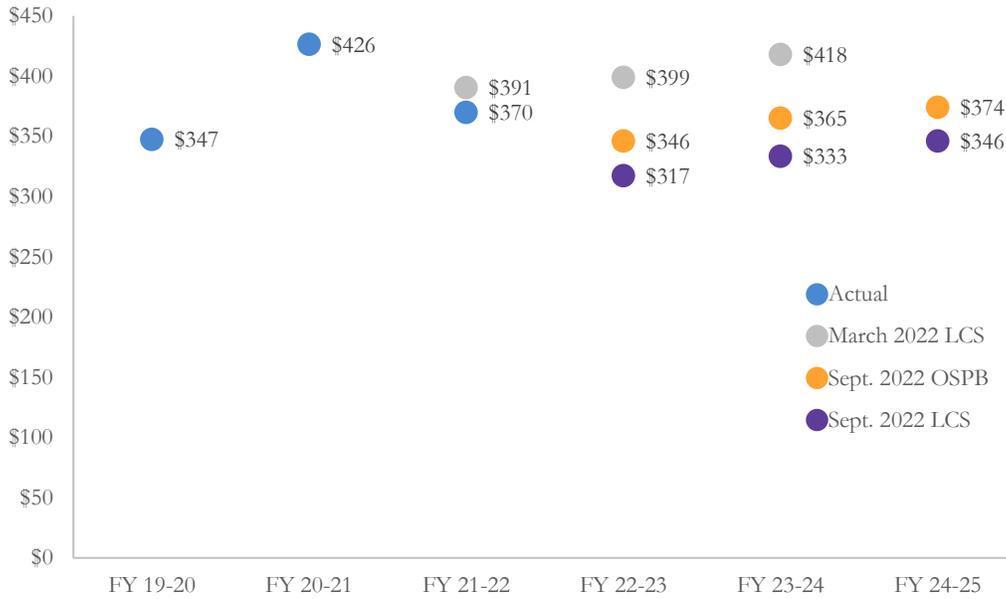
## MARIJUANA REVENUE OUTLOOK

Looking toward the 2023 Session, the Committee should note that marijuana revenue projections have decreased since the General Assembly finalized the FY 2022-23 budget. The March 2022 LCS revenue forecast anticipated a decrease in total marijuana tax revenues from FY 2020-21 to FY 2021-22 and then slower growth in the outyears. However, actual collections for FY 2021-22 came in below the March 2022 forecast, and both staff agencies' forecasts are now predicting lower revenues in the outyears than were anticipated in march.

<sup>12</sup> This amount excludes an additional \$40.0 million that was transferred to the Public School Capital Construction Assistance Fund from the Proposition AA Refund Account in FY 2015-16, pursuant to voter approval of Proposition BB. The source of this funding was sales tax revenues, rather than excise tax revenues.

<sup>13</sup> See Sections 39-28.8-204 and 39-28.8-307, C.R.S., respectively.

Anticipated total marijuana tax revenues have decreased since the March 2022 revenue forecast.



As discussed in the issue brief in this document, current estimates of special sales tax collections that support the MTCF would require action by the General Assembly during the 2023 session to maintain the solvency of the fund in FY 2022-23. Table 2 (on the following page) shows detailed marijuana tax revenue data from FY 2018-19 through the projections for FY 2024-25 based on the September 2022 LCS revenue forecast.<sup>14</sup>

<sup>14</sup> As shown above, the most recent OSPB revenue projections are higher than LCS. Staff is reflecting the LCS forecast in Table 2 because the Committee balanced to the March 2022 LCS revenue forecast for FY 2022-23.

TABLE 2  
STATE TAX REVENUES RELATED TO RETAIL AND MEDICAL MARIJUANA

	ACTUALS				LCS FORECAST (9/2022)		
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>Proposition AA Taxes (Not Subject to TABOR)</b>							
Total Special Sales Tax on Retail Marijuana <sup>a</sup>	\$193,233,174	\$245,459,193	\$288,220,000	\$258,731,000	\$226,389,625	\$238,161,886	\$247,450,199
<i>State Share of Special Sales Tax</i>	173,909,857	220,913,274	259,398,000	232,857,900	203,750,663	214,345,697	222,705,179
<i>Local Share of Special Sales Tax</i>	19,323,317	24,545,919	28,822,000	25,873,100	22,638,962	23,816,189	24,745,020
15.0 Percent Excise Tax on Retail Marijuana	58,498,266	88,497,457	120,779,006	99,393,000	81,502,260	85,169,862	87,895,297
<b>Total Proposition AA Tax Revenues</b>	<b>\$251,731,440</b>	<b>\$333,956,650</b>	<b>\$408,999,006</b>	<b>\$358,124,000</b>	<b>\$307,891,885</b>	<b>\$323,331,747</b>	<b>\$335,345,496</b>
<b>Regular 2.9 Percent Sales Taxes (Subject to TABOR)</b>							
Regular Sales Tax on Medical Marijuana	\$9,379,282	\$10,718,922	\$13,825,639	\$9,228,252	\$7,198,037	\$7,565,136	\$7,867,742
Regular Sales Tax on Retail Marijuana <sup>b</sup>	1,097,023	1,328,125	1,559,120	2,345,719	2,052,504	2,159,234	2,243,444
Interest	284,532	330,057	179,904	218,045	191,104	201,042	208,882
<b>Total 2.9 Percent Sales Tax Revenues</b>	<b>\$10,760,837</b>	<b>\$12,377,104</b>	<b>\$15,564,663</b>	<b>\$11,792,016</b>	<b>\$9,441,645</b>	<b>\$9,925,413</b>	<b>\$10,320,069</b>
<b>Total State Taxes on Marijuana</b>	<b>\$262,492,277</b>	<b>\$346,333,754</b>	<b>\$424,563,669</b>	<b>\$369,916,016</b>	<b>\$317,333,530</b>	<b>\$333,257,160</b>	<b>\$345,665,565</b>
<i>Portion Credited to Marijuana Tax Cash Fund<sup>c</sup></i>	<i>\$135,715,069</i>	<i>\$171,103,291</i>	<i>\$201,942,126</i>	<i>\$179,100,417</i>	<i>\$155,836,496</i>	<i>\$163,932,796</i>	<i>\$170,333,740</i>

a/ Special sales tax rate was 10.0 percent through June 30, 2017, and increased to 15.0 percent effective July 1, 2017.

b/ Effective July 1, 2017, the general state sales tax only applies to sales of medical marijuana and non-marijuana products (e.g., t-shirts); retail marijuana is exempt from the regular state sales tax.

c/ Beginning July 1, 2017, 71.85 percent (rather than 100.0 percent) of the State share of special sales tax revenues is credited to the Marijuana Tax Cash Fund.

## MARIJUANA TAX CASH FUND OVERVIEW

As discussed above, the General Assembly has established three cash funds related to marijuana legalization:

- The *Marijuana Cash Fund* consists of medical and retail marijuana business fees and fines. Money in this fund is annually appropriated to the Department of Revenue to support the Marijuana Enforcement Division.
- The *Medical Marijuana Program Cash Fund* consists of fees paid by patients seeking medical marijuana cards. Money in this fund is annually appropriated to the Department of Public Health and Environment to support the medical marijuana registry and other regulatory functions.
- The *Marijuana Tax Cash Fund* (MTCF) consists of: (a) all revenues collected from the regular state sales tax on medical marijuana and non-marijuana retail product sales and (b) a portion of special sales tax revenue that is collected on retail marijuana sales (64.665 percent of total special sales tax revenues and 71.85 percent of the revenues actually retained by the state). The General Assembly annually appropriates money in this fund to support a variety of state programs and services, including the Department of Revenue's Taxation Business Group.

The remainder of this section provides an overview of the allocation of money in the MTCF.

The General Assembly has declared its authority to appropriate marijuana tax revenue for any purpose but has also chosen to prioritize appropriations for certain purposes. Staff has provided below the relevant statutory excerpt<sup>15</sup>:

“The general assembly hereby finds and declares that the retail marijuana excise tax and sales tax created a new revenue stream for the state, and the basis of these taxes is the legalization of marijuana, which presents unique issues and challenges for the state and local governments. Thus, there is a need to use some of the sales tax revenue for marijuana-related purposes. But, as this is revenue from a tax, the general assembly may appropriate this money for any purpose.

The general assembly further declares that the new retail marijuana tax revenue presents an opportunity to invest in services, support, intervention, and treatment related to marijuana and other drugs.

Therefore, the purposes identified in this subsection (2) prioritize appropriations related to legalized marijuana, such as drug use prevention and treatment, protecting the state's youth, and ensuring the public peace, health, and safety.”

The statutory provisions that follow this declaration limit the timing, amount, and allowable uses of money in the MTCF<sup>16</sup>. With respect to **timing**:

- Prior to FY 2020-21, statute allowed for appropriations to the Department of Revenue for the year in which revenue was collected but required the General Assembly to make all other appropriations from the MTCF in fiscal years following the year of collection (e.g., revenue

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<sup>15</sup> See Section 39-28.8-501 (2)(b), C.R.S.

<sup>16</sup> See Section 39-28.8-501 (2), C.R.S.

collected in FY 2019-20 could only support appropriations for FY 2020-21 or subsequent fiscal years).

- However, beginning in FY 2020-21, H.B. 20-1401 (Marijuana Tax Cash Fund Spending and Transfer) repealed that requirement and allowed the General Assembly to appropriate MTCF revenues in the same year in which they are collected beginning in FY 2020-21. That change allowed the General Assembly to appropriate \$121.7 million from the Marijuana Tax Cash Fund *and* transfer \$137.0 million to the General Fund to assist with budget balancing for FY 2020-21. In effect, FY 2019-20 revenues supported the transfer to the General Fund while projected FY 2020-21 revenues supported most of the appropriation.
- With projections of MTCF revenues for FY 2022-23 falling below the estimates used for the original appropriation, appropriations and transfers from the MTCF exceed the most recent projections of available revenues for the current fiscal year and will likely require legislative action in the 2023 Session to maintain the solvency of the MTCF.

With respect to the **amount** appropriated from the MTCF, the statute includes a reserve requirement. Prior to FY 2022-23, the provision limited annual appropriations from the MTCF to no more than 93.5 percent of the “amount of moneys in the fund available for appropriation.” House Bill 22-1341 (Marijuana Tax Cash Fund) modified this provision to require the General Assembly to maintain a reserve of 15.0 percent of expenditures from the fund and clarified that the reserve had to be in addition to any amounts designated as a portion of the TABOR emergency reserve. In addition, for FY 2021-22 and FY 2022-23, the General Assembly has designated \$100.0 million of the MTCF fund balance as part of the State Emergency Reserve under TABOR.

Finally, the General Assembly has specified the following **allowable purposes** for which money in the MTCF may be appropriated:<sup>17</sup>

- (A) To *educate people about marijuana* to prevent its illegal use or legal abuse.
- (B) To provide *services for adolescents and school-aged children* in school settings or through community-based organizations.
- (C) To treat and provide related services to people with any type of substance use or mental health disorder, including those with co-occurring disorders, or to evaluate the effectiveness and sufficiency of *behavioral health services*.
- (D) For jail-based and other *behavioral health services for persons involved in or diverted from the criminal justice system*.
- (E) For state *regulatory enforcement, policy coordination, or litigation defense costs* related to retail or medical marijuana.
- (F) For *law enforcement and law enforcement training*, including any expenses for the police officers standards and training board training or certification.
- (G) For the *promotion of public health*, including poison control, prescription drug take-back programs, the creation of a marijuana laboratory testing reference library, and other public health services related to controlled substances.
- (H) To *study the use of marijuana and other drugs*, their health effects, and other social impacts related to them.
- (I) To *research, regulate, study, and test industrial hemp or hemp seeds*.
- (J) Repealed.

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<sup>17</sup> See Section 39-28.8-501 (2)(b)(IV), C.R.S.

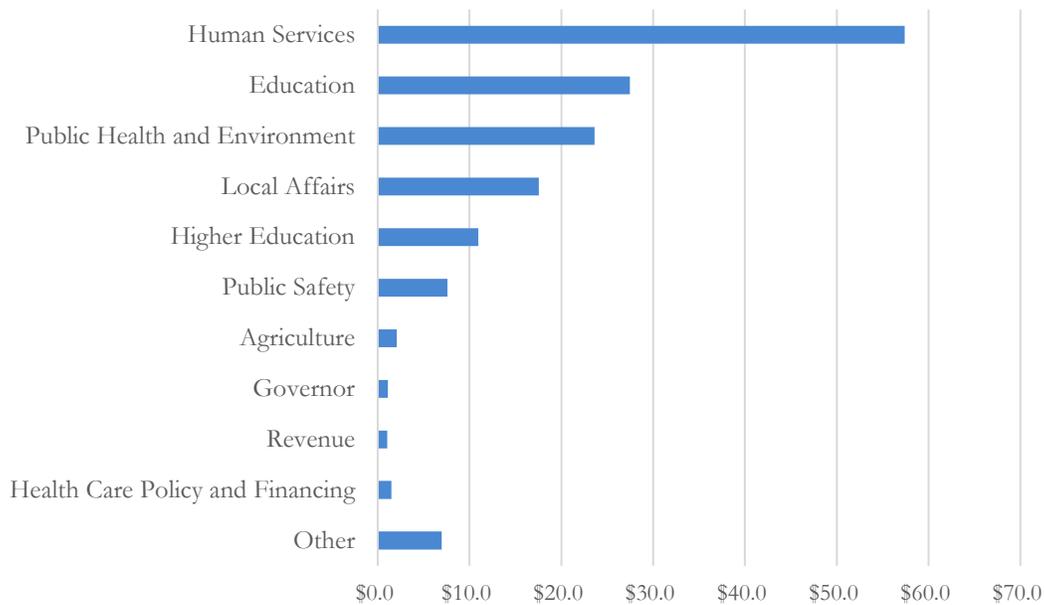
- (K) Repealed.
- (L) For the *Colorado Veterans' Service-to-career Pilot Program*.
- (M) For the expenses of the Department of Education and the Department of Public Health and Environment in *developing and maintaining a resource bank for educational material on marijuana* and providing technical assistance.
- (N) For *housing, rental assistance, and supportive services*, including reentry services.
- (O) For the development of local dually identified crossover youth plans and services.
- (P) For *comprehensive quality physical education instruction*.
- (Q) Repealed.
- (R) Repealed.
- (S) For the program to support *entrepreneurs in the marijuana industry*.
- (T) For expenses relating to the reduction of collateral consequences experienced by people previously sentenced for drug offenses.
- (U) For *trial court programs* administered by the Judicial Department.

The General Assembly appropriates money in the MTCF based on the most recent revenue projections from either LCS or OSPB, depending on the Committee's choice of forecast for General Fund balancing purposes (the March 2022 LCS revenue forecast for FY 2022-23).

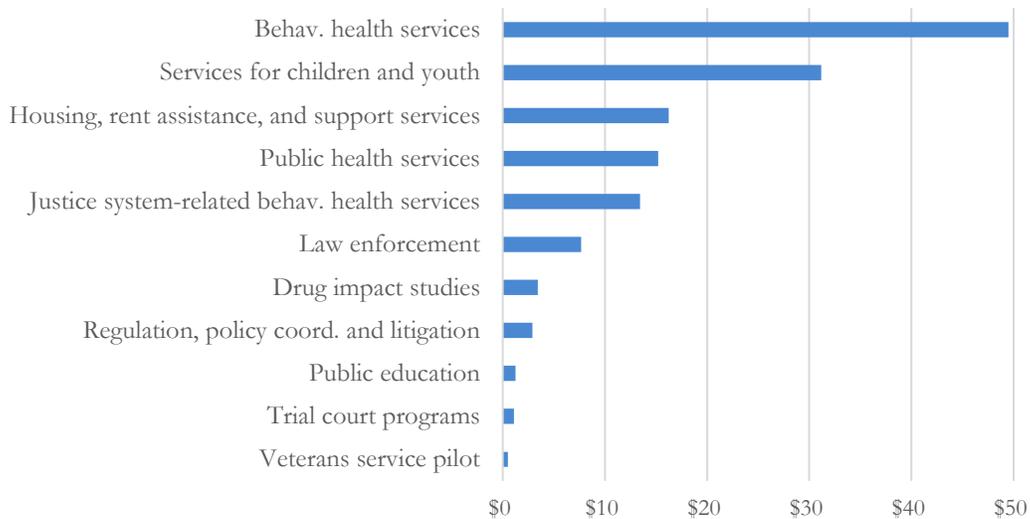
- For FY 2022-23, the General Assembly has *appropriated* a total of \$158.2 million from the MTCF, an increase of \$7.1 million above the FY 2021-22 appropriation.
- In addition, the General Assembly enacted *transfers* totaling \$30.6 million from the MTCF in FY 2022-23, driven primarily by a transfer of \$30.0 million to the Public School Capital Construction Assistance Fund, which supports the Building Excellent Schools Today (BEST) program in the Department of Education.
- Finally, as noted above, the General Assembly designated \$100.0 million of the fund balance as a portion of the TABOR emergency reserve for both FY 2021-22 and FY 2022-23.

The following two graphics illustrate the current FY 2022-23 allocation of MTCF *appropriations* among state agencies and among the statutorily authorized purposes. With respect to the charts, it is important to note that it only includes appropriations from the MTCF and therefore does not include either excise taxes (credited directly to the fund supporting the BEST program) or special sales taxes that are credited to either the General Fund or the State Public School Fund.

The Departments of Human Services and Education received the largest MTCF appropriations for FY 2022-23 (\$i in millions)



In terms of use, behavioral health services and services for children and youth received the largest appropriations for FY 2022-23.



The following issue brief provides additional detail on the status of the MTCF looking toward the 2023 session. Please note that Appendix B details appropriations from the MTCF for FY 2021-22 and FY 2022-23, and the requested appropriations for FY 2023-24, by department and purpose.

# ISSUE: FY 2022-23 MARIJUANA TAX CASH FUND STATUS AND THE FY 2023-24 REQUEST

This issue brief provides an overview of the status of the Marijuana Tax Cash Fund (MTCF) in FY 2022-23 based on current revenue projections as well as a discussion of the MTCF budget requests for FY 2023-24. Decreasing projections of revenues relative to the assumptions in the FY 2022-23 appropriation will likely require legislative action to ensure the solvency of the fund in the current year. The revenue changes and the General Assembly's response will also impact the status of the fund in FY 2023-24.

## SUMMARY

- Lower-than-anticipated marijuana tax collections threaten the solvency of the MTCF in FY 2022-23 and will likely require legislative action by the General Assembly to accommodate the reductions in revenue and maintain the solvency of the fund.
- Based on the September 2022 OSPB Revenue Forecast, the Governor's Office is proposing to adjust the schedule of transfers from the MTCF to the Public School Capital Construction Assistance Fund (PSCCAF, which supports the BEST program in the Department of Education) to maintain the solvency of the MTCF in FY 2022-23. However, those adjustments would not be sufficient to ensure solvency under the September 2022 Legislative Council Staff forecast.
- Looking toward FY 2023-24, the September 2022 revenue forecasts from LCS and OSPB both anticipate modest growth in revenues (above the reduced base from FY 2021-22 but still below collections in FY 2020-21).

## RECOMMENDATION

Barring a significant rebound in marijuana tax revenues, staff anticipates recommending that the Committee sponsor legislation during the 2023 Session to adjust the MTCF's obligations in FY 2022-23 and maintain the solvency of the fund. Staff recommends basing those actions on the March 2023 revenue forecast selected for balancing the FY 2023-24 budget. Given the Governor's proposal to delay transfers from the MTCF to the PSCCAF in the Department of Education, staff recommends that the Committee discuss the potential impact of delaying or reducing those transfers during the briefing and hearing process for the Department of Education.

## DISCUSSION

For context, the MTCF is relatively unique as a cash fund with a defined revenue source that also provides discretionary appropriations to such a wide variety of departments. That requires the Committee and the General Assembly to balance revenues and appropriations from the fund across a range of departments and different priorities, particularly in a scenario of lower-than-expected revenues.

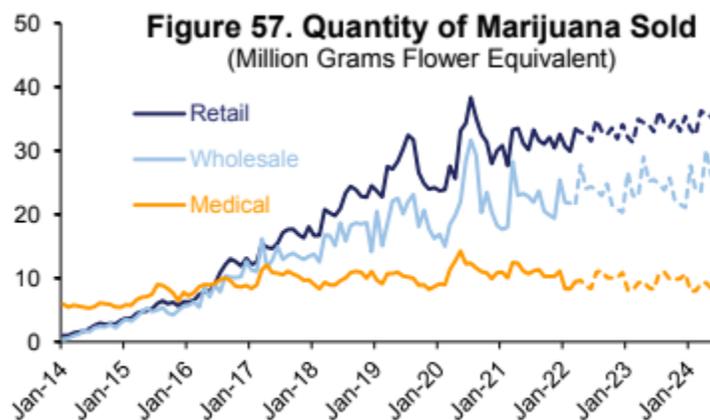
## BACKGROUND: FALLING MARIJUANA TAX REVENUES

As discussed earlier in this document (see the "Marijuana Revenue Outlook" section beginning on page 7 and the graphic on page 8), projections of marijuana tax revenues have declined relative to the

estimates in the March 2022 LCS Revenue Forecast that the General Assembly used to balance the FY 2022-23 budget. Based on the September 2022 LCS Revenue Forecast:

- Actual deposits to the MTCF in FY 2021-22 fell \$6.1 million (3.3 percent) below the amount assumed in the forecast.
- The September 2022 LCS forecast anticipates \$155.8 million in MTCF revenues in FY 2022-23, a reduction of \$29.4 million below the projection from March. Combined with the shortfall in FY 2021-22, that would represent a reduction of \$35.5 million in revenues over the two-year period.
- Staff also notes that FY 2021-22 excise taxes currently dedicated to the BEST Program fell \$12.3 million (12.3 percent) below the March 2022 projection (from \$111.7 million to \$99.4 million in actual collections). The September LCS forecast anticipates \$81.5 million in excise tax collections in FY 2022-23, a decrease of \$30.2 million (27.0 percent) below the \$111.7 million anticipated in the March forecast. Those excise tax revenues do not impact the MTCF but would interact with any changes to transfers from the MTCF to the BEST program (discussed below).

The reduced tax collections are the result of both decreased demand and decreased prices relative to recent years. As shown in the following graphic provided by the Governor’s Office (staff did not have the data to recreate the graphic), the quantity of marijuana sold has decreased since the peak in FY 2020-21. Prices have also fallen (as illustrated by the decline in the wholesale AMR discussed above). Both of those factors (reduced quantity and reduced price) contribute to decreased revenues, with declines in special (retail) sales tax revenues driving the impact on the MTCF.



Colorado Division of Revenue; Colorado MED Dashboard; Author's Calculations.

### MTCF SOLVENCY IN FY 2022-23

The General Assembly balanced appropriations and transfers from the MTCF for FY 2022-23 based on the revenue expectations in the March 2022 LCS forecast. Based on those projections, the General Assembly took the following actions for FY 2022-23:

- Continued to designate \$100.0 million of the MTCF balance as part of the TABOR emergency reserve (first designated in FY 2021-22).
- Enacted a transfer of \$30.0 million from the MTCF to the PSCCAF to support the BEST program. Senate Bill 21-207 (Public School Capital Construction Assistance Fund Transfer) had previously directed a transfer of \$100.0 million in FY 2021-22. However, responding to solvency concerns for FY 2021-22, H.B. 22-1341 (Marijuana Tax Cash Fund) reduced the FY 2021-22 transfer to

\$50.0 million and then directed transfers of \$30.0 million in FY 2022-23 and \$20.0 million in FY 2023-24. The total transfer of \$100.0 million was intended as “repayment” of a transfer of that amount from the PSCCAF to the State Public School Fund in FY 2020-21 as a budget balancing measure.

- Transferred \$598,000 to other cash funds related to juveniles in the criminal justice system, as enacted in H.B. 21-1315 (Costs Assessed to Juveniles in the Criminal Justice System).
- Appropriated a total of \$158.2 million to various state agencies.

As shown Table 3 below, the March LCS revenue forecast would have left \$3.2 million in the MTCF above 15.0 percent statutory reserve (and a total year-end balance of \$127.0 million including the \$100.0 million designated as part of the TABOR emergency reserve) after the actions from the 2022 Session. Table 3 compares the outlook for FY 2022-23 under the March 2022 LCS Forecast and each of the September 2022 forecasts. Of note:

- Under the September LCS forecast, the fund’s current obligations would consume all of the 15.0 percent reserve and would require an additional \$4.0 million from the portion designated as TABOR emergency reserves.
- Under the September 2022 OSPB forecast (which anticipates higher revenues), the current appropriations and transfers would consume \$8.9 million (37.6 percent) of the 15.0 percent statutory reserve.

TABLE 3 - FY 2022-23 MARIJUANA TAX CASH FUND PROJECTIONS BASED ON SEPTEMBER 2022 REVENUE FORECASTS

DESCRIPTION	MARCH LCS FORECAST	SEPTEMBER LCS	SEPTEMBER OSPB
Beginning fund balance as of July 1, 2022 (per Department of Revenue)	\$124,249,072	\$129,043,151	\$129,043,151
<b>PLUS: Total MTCF share of revenue</b>	<b>191,540,371</b>	<b>155,836,496</b>	<b>174,594,546</b>
LESS: Amount designated as TABOR emergency reserve	(100,000,000)	(100,000,000)	(100,000,000)
<b>Amount available after TABOR reserve</b>	<b>215,789,443</b>	<b>184,879,647</b>	<b>203,637,697</b>
LESS: S.B. 21-207 (Pub School Cap Const Assistance Fund Transfer) and H.B. 22-1341 (Marijuana Tax Cash Fund) Transfer to Education	(30,000,000)	(30,000,000)	(30,000,000)
LESS: H.B. 21-1315 (Costs Assessed to Juveniles in the Criminal Justice System) Transfers	(598,000)	(598,000)	(598,000)
LESS: Annual appropriations to a variety of departments	(158,234,595)	(158,234,595)	(158,234,595)
LESS: Recommended statutory reserve (15.0 percent of appropriations)	(23,735,189)	(23,735,189)	(23,735,189)
<b>EQUALS: Estimated available balance above/(deficit below) 15.0 percent statutory reserve</b>	<b>\$3,221,659</b>	<b>(\$27,688,137)</b>	<b>(\$8,930,087)</b>
PLUS: Total reserve amounts	\$123,735,189	123,735,189	123,735,189
<b>Year-end fund balance (including reserves)</b>	<b>\$126,956,848</b>	<b>\$96,047,052</b>	<b>\$114,805,102</b>

Staff also notes that the FY 2022-23 appropriations to various departments reflected in Table 3 and detailed in Appendix B include a total of \$1.0 million in appropriations to the Departments of Public Health and Environment (\$0.9 million) and Regulatory Agencies (\$100,000) that will require technical corrections during the 2023 Session supplemental process. Those two amounts were not reflected in the Long Bill letternotes for the respective Departments and will require corrections to provide the spending authority anticipated in the Long Bill.

## GOVERNOR’S PROPOSED ADJUSTMENT TO BEST TRANSFERS

In response to the current scenario, the Governor’s Office is proposing a legislative change to:

- Reduce the FY 2022-23 transfer to the PSCCAF from \$30.0 million (enacted in H.B. 22-1341) to \$20.0 million, a reduction of \$10.0 million.
- Increase the transfer in FY 2023-24 from \$20.0 million to \$22.0 million and add a transfer of \$8.0 million in FY 2024-25. The plan would spread the transfer of a total of \$50 million over three years rather than the two years assumed under current law.

The proposed changes would restore the solvency of the MTCF in FY 2022-23 under September OSPB revenue forecast. However, staff notes that the proposal would not be sufficient under the LCS forecast (see Table 4 below). Under the LCS forecast, the proposal would still consume nearly all of the statutory reserve in FY 2022-23. In FY 2023-24, funding the proposed transfers and requested appropriations would consume all of the statutory reserve and require nearly \$15.0 million of the portion of the fund designated as TABOR emergency reserve. Staff notes that the General Assembly will have additional information available from the December 2022 and March 2023 revenue forecasts to inform final decisions about the current transfers and appropriations from the MTCF and recommends basing final decisions on the March revenue forecast selected for balancing.

TABLE 4 - MARIJUANA TAX CASH FUND PROJECTIONS - SEPTEMBER 2022 LCS FORECAST AND SESSION APPROPRIATIONS		
DESCRIPTION	FY 2022-23	FY 2023-24
Beginning fund balance as of July 1, 2022 (per Department of Revenue)	\$129,043,151	\$103,947,052
<b>PLUS: Total MTCF share of revenue (September LCS)</b>	<b>155,836,496</b>	<b>163,932,796</b>
LESS: Amount designated as TABOR emergency reserve	(100,000,000)	(100,000,000)
LESS: S.B. 21-207 (Pub School Cap Const Assistance Fund Transfer) and H.B. 22-1341 (Marijuana Tax Cash Fund) Transfer to Education	(30,000,000)	(20,000,000)
<b>ADJUST: Requested change to transfer to education</b>	<b>10,000,000</b>	<b>(2,000,000)</b>
<b>LESS: Requested transfer to Marijuana Cash Fund (Revenue R6)</b>	<b>(2,100,000)</b>	<b>0</b>
LESS: H.B. 21-1315 (Costs Assessed to Juveniles in the Criminal Justice System) Transfers	(598,000)	(598,000)
LESS: Current/requested annual appropriations to a variety of departments	(158,234,595)	(160,284,018)
LESS: Recommended statutory reserve (15.0 percent of appropriations)	(23,735,189)	(24,042,603)
<b>EQUALS: Estimated available balance above/(deficit below) 15.0 percent statutory reserve</b>	<b>(\$19,788,137)</b>	<b>(\$39,044,773)</b>
PLUS: Total reserve amounts	123,735,189	124,042,603
<b>Year-end fund balance (including reserves)</b>	<b>\$103,947,052</b>	<b>\$84,997,830</b>

Looking toward the future, staff notes that existing *appropriations* from the MTCF appear to be sustainable under either revenue forecast. Barring additional decreases in revenues, it appears that the fund can support those amounts – and would be able to do so on an ongoing basis. Thus, staff does not expect to recommend making potentially disruptive reductions to programs that the General Assembly has intended to be ongoing. Staff is also reluctant to recommend reducing the portion of the fund balance designated as part of the TABOR emergency reserve.

However, unless the revenue outlook improves in subsequent forecasts, staff expects to recommend adjustments to the transfers to BEST. Staff notes that the current LCS forecast would require large adjustments to the transfers to BEST (potentially eliminating the transfer in FY 2022-23) – and if the

General Assembly wishes to maintain transfers to BEST without significant delays then it may need to consider another fund source (such as a one-time transfer from the General Fund). Given the potential impacts on BEST program revenues, especially in combination with reduced excise tax revenues, staff recommends that the Committee discuss those issues during the briefing and hearing process for the Department of Education.

#### FY 2023-24 REQUEST

The General Assembly's potential actions to restore the solvency of the fund will affect the resources available for appropriation or transfer in FY 2023-24. The Governor's FY 2023-24 request is based on the September 2022 OSPB revenue forecast and assumes that the General Assembly will approve the proposed adjustments to the transfers to BEST. Major components of the FY 2023-24 request (including those from the Governor, the Judicial Branch, and the Department of Law) include:

- Continuing the designation of \$100.0 million of the fund balance as part of the TABOR emergency reserve.
- The transfer of \$22.0 million to the Public School Capital Construction Assistance Fund discussed above.
- Appropriations totaling \$160.3 million from the fund to a variety of departments, an increase of \$2.0 million above the current appropriations for FY 2022-23 (see Appendix B for additional detail on requests by department and purpose).

In light of the constrained revenues, the request includes fewer significant decision items than in recent years. As of the November 1 request, significant requested changes include:

- A transfer of \$2,100,000 from the MTCF to the Marijuana Cash Fund (MCF) *in FY 2022-23* to maintain the solvency of the MCF in the current year while the Department of Revenue redesigns the fee schedule that normally supports that fund (Department of Revenue request R4 – Marijuana Enforcement Division Cash Fund Solvency). This transfer requires legislation. The JBC Staff briefing for the Department of Revenue is scheduled for November 18, 2022.
- An increase of \$1,139,828 for the Institute of Cannabis Research at CSU Pueblo (Department of Higher Education request R4 – Increased Support for Cannabis Research at ICR). The FY 2023-24 JBC Staff briefing for the Department of Higher Education is scheduled for December 13, 2022.
- A decrease of \$218,412 in the Department of Law associated with the Office of Community Engagement and Safe2Tell. The request proposes to support 2.0 FTE in the Office of Community Engagement with General Fund rather than the Marijuana Tax Cash Fund beginning in FY 2023-24. The FY 2023-24 JBC Staff briefing for the Department of Law is scheduled for November 18, 2022.

The remainder of the overall increase in appropriations is largely associated with changes in salaries, benefits, and other centrally appropriated amounts in the various departments receiving appropriations from the MTCF.

## APPENDIX A

# LIST OF ONLINE RESOURCES CONCERNING MARIJUANA LEGALIZATION IN OTHER STATES AND IN LOCAL JURISDICTIONS IN COLORADO

Since 1996, thirty-seven states, the District of Columbia, and three U.S. territories have legalized medical use of marijuana. Twenty-one states plus the District of Columbia allow adult-use recreational marijuana, including two that approved adult use through the 2022 election (Missouri and Maryland). Staff has identified and listed below a few sources of timely information about marijuana laws in other states, as well as information on local jurisdictions allowing marijuana sales in Colorado.

National Conference of State Legislatures - State Medical Marijuana Laws (also includes recreational and data, a table listing details by state, and a map):

<https://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx>

National Conference of State Legislatures – Marijuana Deep Dive

<https://www.ncsl.org/bookstore/state-legislatures-magazine/marijuana-deep-dive.aspx>

The Department of Revenue maintains a list of local authorities that have advised the Department’s Marijuana Enforcement Division that they are currently allowing marijuana businesses to operate within their jurisdiction:

<https://sbg.colorado.gov/sites/sbg/files/documents/220824%20Local%20Authority%20Status%20List-Current%20Version%20.pdf>

The Marijuana Enforcement Division also maintains a set of reports related to regulated marijuana and summaries of recent relevant legislation:

MED Regulated Marijuana Reports: <https://sbg.colorado.gov/med/regulated-marijuana-reports>

The Department of Public Health and Environment has a Marijuana Resources page:

<https://cdphe.colorado.gov/marijuana>

The Department of Public Safety (Office of Research and Statistics in the Division of Criminal Justice) studies the impact of the legalization of recreational marijuana on public safety. The relevant reports are published at:

<https://ors.colorado.gov/ors-mjimpacts>

Finally, the Cannabis Business Office in the Office of Economic Development and International Trade also provides resources related to that Office’s efforts:

<https://oedit.colorado.gov/cannabis-business-office>

## APPENDIX B

### SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MTCF

SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND FOR FY 2021-22 THROUGH THE FY 2023-24 REQUEST				
	FY 2021-22 APPROPRIATION	FY 2022-23 APPROPRIATION	FY 2023-24 REQUEST	ANNUAL CHANGE
<b>Breakdown of Appropriations by Department and Program</b>				
<b>Agriculture:</b>				
Pesticide control and regulation	\$1,216,076	\$1,219,603	\$1,247,195	\$27,592
Colorado State Fair Authority: FFA and 4-H programming	300,000	300,000	300,000	\$0
Centrally appropriated amounts not accounted for above	<u>607,084</u>	<u>573,286</u>	<u>590,820</u>	<u>17,534</u>
<b>Subtotal: Agriculture</b>	<b>2,123,160</b>	<b>2,092,889</b>	<b>2,138,015</b>	<b>45,126</b>
<b>Early Childhood:</b>				
Community and Family Support	0	108,521	119,288	10,767
Social-Emotional Learning Programs Grants	0	777,926	801,264	23,338
Centrally appropriated amounts not accounted for above	<u>0</u>	<u>63,531</u>	<u>29,511</u>	<u>(34,020)</u>
<b>Subtotal: Early Childhood</b>	<b>0</b>	<b>949,978</b>	<b>950,063</b>	<b>85</b>
<b>Education:</b>				
School Health Professionals Grant Program	14,948,029	14,959,590	14,969,937	10,347
Early Literacy Competitive Grant Program	5,378,678	5,378,678	5,378,678	0
Office of Dropout Prevention and Student Reengagement	2,006,088	2,009,771	2,010,299	528
Appropriation to the School Bullying Prevention and Education Cash Fund	1,000,000	1,000,000	1,000,000	0
Concurrent Enrollment Expansion and Innovation Grant Program	1,476,896	1,476,896	1,476,896	0
K-5 Social and Emotional Health Pilot Program	2,500,000	2,500,000	2,502,225	2,225
Centrally appropriated amounts not accounted for above	<u>158,437</u>	<u>139,642</u>	<u>194,337</u>	<u>54,695</u>
<b>Subtotal: Education</b>	<b>27,468,128</b>	<b>27,464,577</b>	<b>27,532,372</b>	<b>67,795</b>
<b>Governor:</b>				
Evidence-based policymaking evaluation and support	500,000	500,000	500,000	0
Office of Information Technology, Enterprise Solutions	453,812	453,812	453,812	0
Governor's Office	106,912	106,912	106,912	0
Centrally appropriated amounts not accounted for above	<u>28,099</u>	<u>35,709</u>	<u>81,519</u>	<u>45,810</u>
<b>Subtotal: Governor</b>	<b>1,088,823</b>	<b>1,096,433</b>	<b>1,142,243</b>	<b>45,810</b>

SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND FOR FY 2021-22 THROUGH THE FY 2023-24 REQUEST

	FY 2021-22 APPROPRIATION	FY 2022-23 APPROPRIATION	FY 2023-24 REQUEST	ANNUAL CHANGE
<b>Health Care Policy and Financing:</b>				
Training for health professionals to provide Screening, Brief Intervention, and Referral for Treatment (SBIRT) services for Medicaid clients at risk for substance abuse	750,000	1,500,000	1,500,000	0
<b>Subtotal: Health Care Policy and Financing</b>	<b>750,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0</b>
<b>Higher Education:</b>				
Regulating marijuana concentrates - CU School of Public Health (H.B. 21-1317)	4,000,000	3,000,000	3,000,000	0
Medication-assisted Treatment Pilot Program (S.B. 17-074)	3,000,000	3,000,000	3,000,000	0
Institute of Cannabis Research at CSU-Pueblo (S.B. 16-191)	1,800,000	2,800,000	3,939,828	1,139,828
AgrAbility project at CSU (S.B. 21-137)	900,000	900,000	900,000	0
Opioid awareness campaign, grant assistance, and provider education per Section 27-80-118, C.R.S.	1,250,000	1,250,000	1,250,000	0
Perinatal Data Linkage Study (S.B. 19-228)	75,000	0	0	0
<b>Subtotal: Higher Education</b>	<b>11,025,000</b>	<b>10,950,000</b>	<b>12,089,828</b>	<b>1,139,828</b>
<b>Human Services:</b>				
Increasing access to effective substance use disorder services, including evaluation of intensive residential treatment (S.B. 16-202)	15,806,622	16,122,754	16,606,437	483,683
Criminal justice diversion programs (Law Enforcement Assisted Diversion or "LEAD" pilot programs and S.B. 17-207)	5,772,933	5,891,108	6,064,258	173,150
Circle Program and other rural treatment programs for people with co-occurring mental health and substance use disorders	5,730,613	5,845,225	6,039,767	194,542
Mental health services for juvenile and adult offenders	5,795,078	5,910,980	6,088,309	177,329
Enhance behavioral health crisis response system (S.B. 17-207)	4,953,958	5,053,037	5,204,628	151,591
Programs that fund service alternatives to placing youth in a correctional facility (S.B. 91-094)	3,124,315	3,184,795	3,288,676	103,881
Tony Gramscas Youth Services Program grants for the prevention of youth marijuana use	1,623,672	1,629,377	1,635,727	6,350
Incredible Years program	864,773	0	0	0
Community prevention and treatment for alcohol and drug abuse	1,094,201	611,535	629,881	18,346
Office of Behavioral Health administrative expenses	817,731	781,243	843,737	62,494
Treatment and Detoxification Programs	6,192,376	6,968,600	7,177,659	209,059
Substance use disorder treatment at the mental health institutes	541,445	578,106	627,143	49,037
Appropriation to the Youth Mentoring Services Cash Fund (Tony Gramscas Youth Services Program)	500,000	500,000	500,000	0

SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND FOR FY 2021-22 THROUGH THE FY 2023-24 REQUEST

	FY 2021-22 APPROPRIATION	FY 2022-23 APPROPRIATION	FY 2023-24 REQUEST	ANNUAL CHANGE
Mental Health Treatment for Children and Youth at Risk of Out-of-home Placement	423,357	431,824	445,954	14,130
Medication consistency and health information exchange (S.B. 17-019)	760,700	760,700	760,700	0
Office of Operations, personal services	3,291	0	0	0
Office of Children, Youth, and Families Program Administration	0	397	397	0
Office of Information Technology Services, Behavioral Health Capacity Tracking System	42,611	42,611	42,611	0
Indirect cost assessments and centrally appropriated amounts not accounted for above	<u>2,661,927</u>	<u>3,098,999</u>	<u>3,849,329</u>	<u>750,330</u>
<b>Subtotal: Human Services</b>	<b>56,709,603</b>	<b>57,411,291</b>	<b>59,805,213</b>	<b>2,393,922</b>
<b>Judicial:</b>				
Appropriation to the Correctional Treatment Cash Fund for jail-based behavioral health services (administered through the Department of Human Services)	1,626,967	1,626,967	1,626,967	0
Trial court programs	<u>553,862</u>	<u>1,107,724</u>	<u>1,107,724</u>	<u>0</u>
<b>Subtotal: Judicial</b>	<b>2,180,829</b>	<b>2,734,691</b>	<b>2,734,691</b>	<b>0</b>
<b>Labor and Employment:</b>				
Colorado Veterans' Service-to-career Pilot Program (H.B. 16-1267)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
<b>Subtotal: Labor and Employment</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>0</b>
<b>Law:</b>				
Local law enforcement training through the Peace Officers Standards and Training (POST) Board	0	1,036,766	1,036,766	0
Office of Community Engagement/Safe2Tell	175,399	180,140	0	(180,140)
Consumer Protection and Antitrust (S.B. 22-205)	0	587,347	564,117	(23,230)
Centrally appropriated amounts not accounted for above	<u>0</u>	<u>26,561</u>	<u>0</u>	<u>(26,561)</u>
<b>Subtotal: Law</b>	<b>175,399</b>	<b>1,830,814</b>	<b>1,600,883</b>	<b>(229,931)</b>
<b>Local Affairs:</b>				
Affordable Housing Construction Grants and Loans	15,300,000	15,300,000	15,300,000	0
Gray and Black Market Marijuana Enforcement Efforts (H.B. 17-1221)	950,673	955,178	963,668	8,490
Low income rental subsidies	939,649	939,649	939,649	0
Division of Housing Administration	58,811	58,811	59,830	1,019
Indirect cost assessments and centrally appropriated amounts not accounted for above	<u>262,095</u>	<u>285,910</u>	<u>276,650</u>	<u>(9,260)</u>
<b>Subtotal: Local Affairs</b>	<b>17,511,228</b>	<b>17,539,548</b>	<b>17,539,797</b>	<b>249</b>
<b>Public Health and Environment:</b>				
Substance abuse prevention	9,439,554	10,043,008	10,054,476	11,468
Public awareness campaign	954,155	960,436	965,714	5,278

SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND FOR FY 2021-22 THROUGH THE FY 2023-24 REQUEST

	FY 2021-22 APPROPRIATION	FY 2022-23 APPROPRIATION	FY 2023-24 REQUEST	ANNUAL CHANGE
Colorado Health Service Corps Program (S.B. 18-024)	3,555,191	3,560,762	3,566,369	5,607
Distributions to Local Public Health Agencies	1,855,358	1,892,466	1,949,240	56,774
Transfer to Harm Reduction Cash Fund	1,800,000	1,800,000	1,800,000	0
Healthy Kids Colorado Survey	752,469	756,196	759,874	3,678
Marijuana Health Effects Monitoring	349,921	362,367	371,114	8,747
Health survey data collection	238,000	243,596	244,134	538
Data collection and analysis (S.B. 13-283)	194,325	210,421	227,302	16,881
Enhanced marijuana data collection through Rocky Mountain Poison and Drug	60,100	60,100	60,100	0
Executive Director's Office, Personal Services	9,947	10,468	10,823	355
Marijuana lab certification	1,135,732	1,135,732	20,500	(1,115,232)
Indirect cost assessments and centrally appropriated amounts not accounted for above	<u>2,482,560</u>	<u>2,593,656</u>	<u>2,749,915</u>	<u>156,259</u>
<b>Subtotal: Public Health and Environment</b>	<b>22,827,312</b>	<b>23,629,208</b>	<b>22,779,561</b>	<b>(849,647)</b>
<b>Public Safety:</b>				
Black market marijuana interdiction/state toxicology lab	3,205,227	4,289,289	4,353,816	64,527
School Safety Resource Center (FY 2022-23 R4)	0	0	250,000	250,000
Division of Criminal Justice - Study of the impacts of the legalization of retail marijuana (S.B. 13-283/S.B. 16-191), and Law Enforcement Assistance Grant Program (H.B. 18-1020)	1,163,406	1,170,603	1,173,832	3,229
Juvenile diversion programs	400,000	400,000	400,000	0
Enhance school safety incident response grant program	250,000	250,000	0	(250,000)
State Patrol training academy	150,000	150,000	150,000	0
Public Safety Intelligence Support Related to the Illegal Sale and Diversion of Marijuana	77,611	79,648	85,352	5,704
Office of Preparedness, Program Administration	443	0	0	0
Indirect cost assessments and centrally appropriated amounts not accounted for above	<u>1,363,449</u>	<u>1,264,250</u>	<u>1,427,795</u>	<u>163,545</u>
<b>Subtotal: Public Safety</b>	<b>6,610,136</b>	<b>7,603,790</b>	<b>7,840,795</b>	<b>237,005</b>
<b>Regulatory Agencies:</b>				
Division of Professions and Occupations for medical marijuana enforcement	133,207	120,807	120,807	0
Centrally appropriated amounts not accounted for above	<u>82,000</u>	<u>82,000</u>	<u>0</u>	<u>(82,000)</u>
<b>Subtotal: Regulatory Agencies</b>	<b>215,207</b>	<b>202,807</b>	<b>120,807</b>	<b>(82,000)</b>
<b>Revenue:</b>				
Appropriations to Department of Revenue	<u>1,031,424</u>	<u>1,026,920</u>	<u>1,059,750</u>	<u>32,830</u>
<b>Subtotal: Revenue</b>	<b>1,031,424</b>	<b>1,026,920</b>	<b>1,059,750</b>	<b>32,830</b>
<b>Transportation:</b>				
Marijuana impaired driving campaign	950,000	950,000	950,000	0

SUMMARY OF APPROPRIATIONS AND TRANSFERS FROM THE MARIJUANA TAX CASH FUND FOR FY 2021-22 THROUGH THE FY 2023-24 REQUEST				
	FY 2021-22 APPROPRIATION	FY 2022-23 APPROPRIATION	FY 2023-24 REQUEST	ANNUAL CHANGE
Impairment device study (HB 22-1321)	<u>0</u>	<u>751,649</u>	<u>0</u>	<u>(751,649)</u>
<b>Subtotal: Transportation</b>	<b>950,000</b>	<b>1,701,649</b>	<b>950,000</b>	<b>(751,649)</b>
<b>Total Appropriations (including Long Bill and Other Legislation)</b>	<b>\$151,166,249</b>	<b>\$158,234,595</b>	<b>\$160,284,018</b>	<b>\$2,049,423</b>
<b>Statutory Transfers:</b>				
Transfer to Public School Capital Construction Assistance Fund (S.B. 21-207, H.B. 22-1341))	50,000,000	30,000,000	20,000,000	(10,000,000)
Proposed adjustments to transfer to the PSCCAF	0	(10,000,000)	2,000,000	12,000,000
Proposed transfer to Marijuana Cash Fund (Revenue request R6)	0	2,100,000	0	(2,100,000)
Transfer to First Time Drunk Driving Offender Account (H.B. 21-1317)	2,000,000	0	0	0
Transfer to Marijuana Cash Fund (S.B. 21-283)	1,805,317	0	0	0
Transfers to Licensing Services Cash Fund (H.B. 21-1314)	912,000	0	0	0
Transfers to various criminal justice related funds (H.B. 21-1315)	<u>598,000</u>	<u>598,000</u>	<u>598,000</u>	<u>0</u>
<b>Total Statutory Transfers</b>	<b>\$55,315,317</b>	<b>\$22,698,000</b>	<b>\$22,598,000</b>	<b>(\$100,000)</b>
<b>Total Appropriations and Transfers from the Marijuana Tax Cash Fund</b>	<b>\$206,481,566</b>	<b>\$180,932,595</b>	<b>\$182,882,018</b>	<b>\$1,949,423</b>