



**Colorado  
Legislative  
Council  
Staff**

**Bill 8**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 17-0135  
**Prime Sponsor(s):**

**Date:** September 19, 2016  
**Bill Status:** Committee on Cost-Benefit  
Analysis of Legalized Marijuana Bill  
Request

**Fiscal Analyst:** Kerry White (303-866-3469)

**BILL TOPIC:** MEDICAL MARIJUANA USE FOR STRESS DISORDERS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-2019
<b>State Revenue</b> General Fund Cash Funds  <b>State Transfers</b> General Fund Cash Funds	<u>See State Revenue section.</u>  <u>See State Transfers section.</u>		
<b>State Expenditures</b> Cash Funds Centrally Appropriated Costs	<u>Potential increase.</u>		
<b>TABOR Impact</b>	See TABOR Impact section.		
<b>FTE Position Change</b>	Potential increase.		
<b>Appropriation Required:</b> None.			
<b>Future Year Impacts:</b> Ongoing potential increases and decreases in state revenue and potential increase in state expenditures.			

**Summary of Legislation**

*Requested by the Committee on Cost-benefit Analysis of Legalized Marijuana in Colorado*, this bill adds acute stress disorder and post-traumatic stress disorder to the list of debilitating medical conditions approved for using medical marijuana.

## **Background**

**Medical marijuana registry program information.** According to the Colorado Department of Public Health and Environment, as of August 31, 2016, there are 102,830 persons authorized to use medical marijuana. The average age of all these individuals is 42.5 years and 93.1 percent reported severe pain as their qualifying debilitating medical condition.

**Marijuana taxes.** Persons using retail marijuana pay a 15 percent excise tax (on the wholesale price of marijuana), a 10 percent special sales tax (which will decrease to 8 percent as of July 1, 2017), plus the 2.9 sales tax. Provided a person has been diagnosed with a qualifying debilitating medical condition, he or she may choose to enroll in the medical marijuana registry program. After paying a \$15 fee to become registered and receive a "red card," medical marijuana patients can purchase medical marijuana, which is exempt from the excise and special sales taxes. Moneys collected from the sale of marijuana are transferred from the General Fund to the Building Excellent Schools Today (BEST) Fund and the Public School Fund (excise taxes) and the Marijuana Tax Cash Fund (sales taxes).

## **State Revenue**

Beginning in FY 2016-17, this bill may both increase and decrease state revenue as described below.

**Fee impact on individuals and business.** The bill may increase state cash fund revenue if more persons choose to enroll in the medical marijuana registry program. Persons enrolling in the registry program pay a \$15 annual fee to the Colorado Department of Public Health and Environment to receive a red card. These fees are deposited into the Medical Marijuana Program Cash Fund and are used to pay the costs of administering the registry program. This analysis assumes the majority of individuals with acute stress or post-traumatic stress disorders currently qualify for enrollment in the registry with severe pain and other debilitating medical conditions and, therefore, any new revenue is assumed to be minimal.

**Increases in sales tax revenue.** If persons who choose to enroll in the registry are not currently using retail marijuana, the amount of tax revenue transferred to the Marijuana Tax Cash Fund will increase as a result of new sales tax collections. This amount is expected to be minimal.

**Decreases in special sales tax and excise tax revenue.** If persons who choose to enroll in the registry are currently using retail marijuana, sales tax revenue collected on retail marijuana will decrease. This analysis assumes that any change in revenue is marginal and the overall impact is minimal.

**State transfers.** If sales and excise tax revenue collected on retail marijuana decreases, transfers to the BEST Fund, Public School Fund, and Marijuana Tax Cash Fund will decrease.

### **TABOR Impact**

To the extent that the bill alters the amount of state 2.9 percent sales tax revenue received by the state, it will affect the amount required to be refunded under TABOR. This analysis assumes any changes in revenue are minimal. TABOR refunds are paid from the General Fund.

### **State Expenditures**

Beginning in FY 2016-17, this bill may increase cash fund expenditures and workload in the Colorado Department of Public Health and Environment to process and monitor additional enrollments in the medical marijuana registry program. As of this writing, any change is assumed to be minimal. Should the volume of new registry requests exceed existing capacity, this analysis assumes the department will request additional appropriations through the annual budget process.

### **Local Government Impact**

If persons who enroll in the registry program are currently using retail marijuana, local governments will receive less revenue from special sales taxes. Any reduction in revenue is assumed to be minimal.

### **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

### **State and Local Government Contacts**

Corrections  
Municipalities  
Revenue

Counties  
Public Health & Environment  
Special Districts

Health Care Policy Financing  
Regulatory Agencies