



**Colorado
Legislative
Council
Staff**

Bill 3

FISCAL NOTE

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

Drafting Number: LLS 17-0130
Prime Sponsor(s):

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

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BILL TOPIC: GREY AND BLACK MARKET MARIJUANA ENFORCEMENT GRANTS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	<u>at least \$150,270</u>	<u>at least \$143,799</u>
Cash Funds	100,610	91,551
Centrally Appropriated Costs	49,660	52,248
FTE Position Change	1.1 FTE	1.5 FTE
Appropriation Required: \$100,610 - Department of Local Affairs (FY 2017-18).		
Future Year Impacts: Ongoing expenditure increase.		

Summary of Legislation

Requested by the Committee on Cost-benefit Analysis of Legalized Marijuana in Colorado, this bill creates a grant program to reimburse local governments for costs associated with training, education, law enforcement, and prosecution of offenses for the grey and black marijuana markets. The grant program is to be administered by the Department of Local Affairs (DOLA) and is required to prioritize funding to local governments in rural areas that have limited law enforcement resources to address illegal, unlicensed marijuana cultivation operations.

The bill authorizes moneys from the Marijuana Tax Cash Fund to be used to fund the grant program and its administration. Any moneys not expended in a given fiscal year are retained by the department for use in the next fiscal year.

On or before November 1, 2019, and each November 1 thereafter, the department is required to provide an update about the program in its annual SMART Act hearing for the General Assembly.

Background

Existing training resources. The Peace Officer Standards and Training Board provides grant training dollars to local governments for various peace officer trainings, which may include marijuana. The Department of Law also maintains 2.0 FTE to conduct trainings for district attorneys and police officers with respect to the legal aspects of marijuana and allocates \$450,000 General Fund to the Colorado District Attorneys Council for a variety of training expenses.

Existing grant program funding. The DOLA has an appropriation for grant funding (\$1.0 million) and staff support, including a program manager, for its Local Government Marijuana Impact Grant program. These funds are not available for the purposes outlined in this bill. Existing DOLA rules define local governments to include 334 counties and municipalities (sheriff offices, district attorney offices, municipal judges, and police departments) and 304 fire and emergency medical services districts.

State Expenditures

This bill increases state cash fund expenditures by at least \$150,270 and 1.1 FTE in FY 2017-18 and by at least \$143,799 and 1.5 FTE in FY 2018-19 and future years. Table 1 and the discussion that follows present the costs of the bill.

Table 1. Expenditures Under Bill 3		
Cost Components	FY 2017-18	FY 2018-19
Personal Services	\$58,568	\$77,285
FTE	1.1 FTE	1.5 FTE
Operating Expenses and Capital Outlay Costs	14,951	5,925
Computer Programming	21,603	6,180
Legal Services	4,753	1,426
Travel Expenses	735	735
Grant Funding	TBD	TBD
Centrally Appropriated Costs*	49,660	52,248
TOTAL	\$150,270	\$143,799

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions and grant funding. This analysis assumes that while some efficiencies in program oversight may be achieved by the use of the existing program manager for the Local Government Marijuana Impact Grant Program, a program coordinator and an accountant will be required to provide outreach and technical assistance, process grant applications, perform accounting functions for grant distributions, and prepare information required to be included in the department's annual SMART Act hearing.

The amount of staff shown in this fiscal note assumes that a large number of eligible entities will apply for funds, but the amount of individual grants cannot be estimated until an appropriation is made for this purpose. If the program was funded at \$1.0 million (plus administrative expenses) and all eligible entities applied for funding, the average grant distribution would be approximately \$1,600. The fiscal note assumes that the bill will take effect by June 1, 2017, and expenses will be incurred beginning on July 1, 2017.

Department of Local Affairs. The department requires 1.0 FTE program coordinator and 0.5 FTE accountant. In the first year, it is assumed that the program coordinator will begin on September 1, 2017, and the accountant will start on December 1, 2017; salaries and standard operating expenses are adjusted accordingly. Annual operating costs assume printing and postage expenses of \$4,500 to mail program grants, contracts, and annual notices of funding availability. Computer programming costs will be incurred to create and maintain a grant management system to process requests, perform approvals, create and monitor grant contracts, and conduct reporting. Legal services costs are required for initial rule-making and ongoing updates. Travel expenses assume annual reimbursement of 1,500 vehicle miles traveled in order to provide any training or technical assistance to local governments.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under Bill 3		
Cost Components	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$9,638	\$13,139
Supplemental Employee Retirement Payments	5,248	6,925
Indirect Costs	28,774	26,184
Leased Space	6,000	6,000
TOTAL	\$49,660	\$52,248

Local Government Impact

Under the bill, a local government may apply to receive grant funding to reimburse its full or partial costs related to the grey and black marijuana markets. The amount of grant funding received by any individual local government will vary based on the amount of moneys appropriated by the General Assembly and the number of grant applications submitted; this amount has not been estimated.

Effective Date

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

State Appropriations

For FY 2017-18, the Department of Local Affairs requires an appropriation of at least \$100,610 from the Marijuana Tax Cash Fund and an allocation of 1.1 FTE. This amount is for administration of the grant program and does not include any amounts for distribution to local governments. Of this amount, \$21,603 should be reappropriated to the Office of Information Technology and \$4,753 should be reappropriated to the Department of Law.

State and Local Government Contacts

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