

MEMORANDUM

TO: Joint Budget Committee

FROM: JBC Staff

SUBJECT: Governor's April 4, 2014 Revised Proposition AA Marijuana Revenue Proposal

DATE: April 8, 2014

The Office of State Planning and Budgeting (OSPB) submitted a revised proposal for allocation of revenues as a result of the taxation of medical and retail marijuana pursuant to Amendment 64 and Proposition AA. The revised request scales back the Governor's request by \$20.2 million.

Table 1 summarizes the original OSPB request, the revised OSPB request, and the JBC staff recommendation.

Table 1
Governor's 2014 Session Marijuana Package Request
Comparison of General Fund and Marijuana Cash Fund OSPB Requests and JBC Staff Recommendations

		Original OSPB	Revised OSPB	JBC Staff Recs	Diff Between Original OSPB and JBC Staff	Diff Between Revised OSPB and JBC Staff
BA 1	Behavioral health issues in public schools	\$5,000,000	\$5,000,000	\$0	(\$5,000,000)	(\$5,000,000)
BA 2	Additional school resource officers	6,000,000	0	0	(6,000,000)	0
BA 3	Drug Policy Office creation	190,097	190,097	0	(190,097)	(190,097)
BA 4	Enhanced Medicaid substance use disorder benefit	10,906,372	8,171,913	0	(10,906,372)	(8,171,913)
BA 5	School-based prevention and intervention services	5,958,100	5,958,100	0	(5,958,100)	(5,958,100)
BA 6	Youth substance use disorder prevention services	10,032,069	10,032,069	10,007,764	(24,305)	(24,305)
BA 7	Intensive residential treatment for substance use disorders	7,018,646	2,005,637	0	(7,018,646)	(2,005,637)
BA 8	Collaborative Management Program	6,000,000	3,000,000	0	(6,000,000)	(3,000,000)
BA 9	Tony Gramscas program grants for prevention	5,000,000	1,500,000	0	(5,000,000)	(1,500,000)
BA 10	Colorado Access to Recovery Program	4,122,617	4,122,617	0	(4,122,617)	(4,122,617)
BA 11	Development of in-house expertise on regulations	456,760	456,760	413,903	(42,857)	(42,857)
BA 12	Public awareness campaign	5,833,608	5,833,608	996,060	(4,837,548)	(4,837,548)
BA 13	Marijuana DUI registry	918,560	918,560	0	(918,560)	(918,560)
BA 14	Health Kids Colorado survey	903,561	903,561	0	(903,561)	(903,561)
BA 15	Monitor marijuana-related health issues	859,000	859,000	0	(859,000)	(859,000)
BA 16	Pilot project on marijuana use during pregnancy	211,080	211,080	0	(211,080)	(211,080)
BA 17	Data analysis on illegal marijuana activities	473,228	473,228	0	(473,228)	(473,228)
BA 18	Required programming for taxes	1,840,000	1,840,000	1,840,000	0	0
BA 19	Marijuana DUI campaign	1,875,000	1,875,000	1,875,000	0	0
	6.5 Percent General Fund Reserve Need (BA4 and BA5)	<u>1,096,191</u>	<u>918,451</u>	<u>0</u>	<u>(1,096,191)</u>	<u>(918,451)</u>
	Total	74,694,889	54,269,681	15,132,727	(59,562,162)	(39,136,954)

In the March 12, 2014, JBC Staff recommendation document, JBC Staff recommended that the Committee spend fiscal year revenues in the following fiscal year. Based on the decision the JBC makes on that recommendation, various other decisions may need to be made. **Table 2** reflects the Marijuana Cash Fund uncommitted balance for the various scenarios the JBC could choose.

- Row 1 reflects the potential outcomes should the JBC choose to spend fiscal year revenues in the following fiscal year.
- Row 2 reflects the potential outcomes should the JBC choose to spend fiscal year revenues in the year they are received and choose to follow OLLS advice regarding TABOR impacts.
- Row 3 reflects the potential outcomes should the JBC choose to spend fiscal year revenues in the year they are received and choose not to follow OLLS advice regarding TABOR impacts.

Table 2				
Marijuana Cash Fund FY 2014-15 Uncommitted Balance After Funding Scenarios				
Based on Legislative Council Staff March 12, 2014 Revenue Forecast (in millions)				
		JBC Staff 12-Mar-14 Recommendations	OSP 18-Feb-14 Request	OSP 4-Apr-14 Request
	Recommended/Requested Amounts	\$15.10	\$74.70	\$54.30
	Uncommitted Fund Balance Scenarios			
1	JBC Staff Recommendation (Spend FY Revenues in Following FY)	\$8.8	(\$60.6)	(\$36.8)
2	Spend Fiscal Year Revenues in the Same Fiscal Year (FY 2014-15) and Pay Back TABOR Refund (\$54.8 million March 2014 LCS Estimate)	\$3.2	(\$66.2)	(\$42.4)
3	Spend Fiscal Year Revenues in the Same Fiscal Year (FY 2014-15)	\$58.0	(\$11.4)	\$12.4

The attached chart provides a decision tree in an attempt to reflect the outcomes of the various scenarios discussed in this memorandum.

Marijuana Appropriation Decision Tree
Based on LCS March 2014 Revenue Forecast

