



**Report to the
Colorado General Assembly**

**Legalized Marijuana
Cost-Benefit Analysis
Interim Study
Committee**

Prepared by

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December 2016*

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Legalized Marijuana Cost-Benefit Analysis Interim Study Committee

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December 2016

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December 2016

To Members of the Seventy-first General Assembly:

Submitted herewith is the final report of the Legalized Marijuana Cost-Benefit Analysis Interim Study Committee. This committee was created pursuant to Legislative Council Executive Committee approval of Interim Committee Letter 2016-01. The purpose of this committee is to study the costs and benefits of marijuana legalization in Colorado.

At its meeting on October 14, 2016, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bills therein for consideration in the 2017 session was approved.

Sincerely,

/s/ Representative Dickey Lee Hullinghorst
Chairman

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This report is also available on-line at:

<https://www.colorado.gov/pacific/cga-legislativecouncil/2016-interim-study-committee-cost-benefit-analysis-legalized-marijuana-colorado>

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Committee Charge

Pursuant to Legislative Council Executive Committee approval of Interim Committee Letter 2016-01, the Legalized Marijuana Cost-Benefit Analysis Interim Study Committee was permitted to meet up to three times during the 2016 interim and to recommend up to five bills for Legislative Council approval. The committee was charged with studying the following policy issues:

- the total government and societal costs and benefits associated with the legalization of marijuana in Colorado; and
- any gaps that exist in the information that is being collected regarding the legalization of marijuana in Colorado.

Committee Activities

The committee held three meetings during the 2016 interim in order to receive stakeholder input and request and approve bill drafts. The committee heard from a variety of stakeholder organizations, state agencies, law enforcement entities, local governments, students and educators, and members of the public on a wide range of subjects, including:

- the amount of marijuana tax revenue and its uses;
- marijuana studies already required by statute;
- black and grey market marijuana;
- marijuana enforcement activities;
- the current state of scientific knowledge on the health impacts of marijuana;
- responses from local governments since marijuana legalization;
- how marijuana legalization has been experienced by students;
- the difficulty for employers to find employees that can pass a drug test;
- the increase in workload for service providers; and
- a classroom curriculum that has been developed for marijuana education.

The following subsections discuss the committee's activities during the 2016 interim.

Current Uses of Marijuana Tax Revenue

The committee heard from Legislative Council Staff about the tax revenue from marijuana. Staff explained how marijuana is taxed and where that money is used. The Marijuana Tax Cash Fund is used to fund certain activities related to marijuana education and public health, substance abuse, and marijuana regulation. The General Assembly has discretion regarding how these funds are used, and several bills the committee approved would be funded from the Marijuana Tax Cash Fund. The first \$40 million in excise tax revenue each year is deposited in the Building Excellent Schools Today (BEST) fund, which is used to alleviate health and safety concerns by building new schools and renovating existing school structures.

Committee recommendations. Based on these discussions, the committee recommended Bill A, which concerns applications for BEST funding from communities that collect marijuana excise taxes. Legislative Council determined Bill A did not fit under the committee charge.

Overview of Marijuana Regulation

The committee heard from the Governor's Office of Marijuana Coordination and the Department of Revenue's Marijuana Enforcement Division about how marijuana is regulated in the state. The Governor's Office of Marijuana Coordination discussed the complexity of determining whether marijuana grown by caregivers is being sold to nonmedical marijuana patients in the grey market. The Marijuana Enforcement Division provided information about their enforcement activities, including discussing the number of regulated marijuana businesses, enforcement actions, and rule-making.

Committee recommendations. Based on these discussions, the committee recommended Bill E, which prohibits marijuana print and online advertising by persons who are not licensed to sell retail or medical marijuana. Legislative Council determined Bill E did not fit under the committee charge. The committee also requested that a bill be drafted to define the term "assist" for personal marijuana cultivation; however, the committee did not recommend that the bill move forward.

Data Collection

The Department of Public Safety and the Department of Public Health and Environment (CDPHE) presented on ongoing marijuana data collection. The Department of Public Safety compiles data from multiple sources, including traffic citations, arrests, court filings, traffic fatalities, and school discipline. Data collection is complicated by the fact that there are not consistent baseline data, and factors other than marijuana legalization influence the reported data. The Department of Public Health and Environment presented hospital data and 911 calls concerning marijuana exposure.

Committee recommendations. Based on these discussions, the committee requested that a bill be drafted to distinguish alcohol DUIs from drug DUIs; however, the committee did not recommend that the bill move forward.

Marijuana Market

The committee heard from representatives of the CannAbility Foundation and Strategic Pharma, Inc. about the uses of medical marijuana. Patients and caregivers described how the caregiver model allows patients to receive medical marijuana that would be unaffordable through medical marijuana retailers. The Colorado Cannabis Chamber of Commerce and the Marijuana Industry Group presented on the economic impact of the regulated marijuana industry.

Committee recommendations. Based on these discussions, the committee recommended Bill D, which adds acute stress disorder and post-traumatic stress disorder to the list of conditions for which a person can obtain a medical marijuana card.

Local Government Impact

Representatives of Douglas County told the committee about the unregulated marijuana cultivation facilities found in their county and discussed a local zoning ordinance that placed a restriction on the number of plants that could be grown in a single family home. The Colorado Association of Chiefs of Police discussed the increased workload in marijuana calls and the difficulty in determining the legality of marijuana grow operations.

Committee recommendations. Based on these discussions, and discussions with the Governor's Office of Marijuana Coordination, the committee recommended Bill B, which creates a grant program to reimburse local governments for costs associated with the grey and black marijuana markets.

Youth Impact

The committee heard from high school students, parents, and a representative of the Colorado Association of School Resource Officers about the impact of marijuana legalization in schools. The students were concerned about the use of marijuana among their peers. The parents and a school resource officer discussed the difficulty in talking about the harms of marijuana with students given the legally approved medicinal uses for marijuana.

Representatives of the Marijuana Education Initiative discussed a classroom curriculum that they developed to discuss marijuana. The curriculum was designed to be age-specific and educate students in states where adult use of marijuana has been legalized.

Committee recommendations. Based on these discussions, the committee recommended Bill C, which requires the CDPHE and the Colorado Department of Education (CDE) to create a resource bank of materials related to marijuana.

Other Policy Areas

Employer impact. The chairman of K.R. Swerdfeger Construction addressed the committee and raised concerns about finding employees who can pass a drug test. He explained that the company has a drug-free workplace and since legalization it has been hard to find qualified employees that can pass a drug test.

Health care and service providers. The committee heard from a number of groups on the need for additional services since marijuana legalization. Representatives of Children's Hospital Colorado discussed seeing additional pregnant women and young mothers who use marijuana. They also discussed the limited research around the potential harm of using marijuana when pregnant or nursing. Arapahoe House presented data showing that drug treatment for marijuana has increased since legalization. Posada discussed the increase in the homeless population and the demand for homeless services in Pueblo since 2014.

Other policy areas. The committee discussed what a cost-benefit analysis entails and the fact that factors that are considered "costs" to some stakeholders may be "benefits" to others. There was also a recognition that there are significant data gaps, which complicates identifying trends due to marijuana legalization.

Committee recommendations. Based on these discussions, the committee requested that a bill be drafted to continue the Marijuana Cost-Benefit Analysis Interim Committee; however, the committee did not recommend that the bill move forward. The committee also requested that a bill be drafted to authorize local jurisdictions to allow private marijuana consumption clubs in their jurisdiction; however, the committee did not recommend that the bill move forward.

Summary of Recommendations

As a result of the committee's activities, the committee recommended five bills to the Legislative Council for consideration in the 2017 session. At its meeting on October 14, 2016, the Legislative Council approved three recommended bills for introduction. The approved bills are described below.

Bill B — Grey and Black Market Marijuana Enforcement Grants.

Bill B creates a grant program to reimburse local governments for costs associated with training, education, law enforcement, and prosecution of offenses associated with the grey and black marijuana markets. The grant program is to be administered by the Department of Local Affairs 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.

Bill C — Marijuana Education Materials Resource Book

Bill C requires the CDE, with assistance from the Colorado Department of Public Health and Environment, to create and maintain a resource bank of materials and curricula related to marijuana. The resource bank must be available by July 1, 2017, and be free to school districts, charter schools, and Boards of Cooperative Educational Services (BOCES). If requested, CDE must also assist districts, charter schools, and BOCES with developing a marijuana-related curriculum.

The bill authorizes use of the Marijuana Tax Cash Fund to cover expenses related to developing and maintaining the resource bank and providing technical assistance.

Bill D — Medical Marijuana Use for Stress Disorders

Bill D adds acute stress disorder and post-traumatic stress disorder to the list of debilitating medical conditions for which a person may obtain a medical marijuana card.

Resource Materials

Meeting summaries are prepared for each meeting of the committee and contain all handouts provided to the committee. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver (303-866-2055). The listing below contains the dates of committee meetings and the topics discussed at those meetings. Meeting summaries are also available on our website at:

<https://www.colorado.gov/pacific/cga-legislativecouncil/interim-committees>

Meeting Date and Topics Discussed

July 20, 2016

- ◆ Overview of committee charge and deadlines
- ◆ Marijuana tax revenue and distributions
- ◆ Ongoing research in statute
- ◆ Discussion on the scope of the cost-benefit analysis

August 17, 2016

- ◆ Overview of marijuana enforcement
- ◆ Data collection
- ◆ Marijuana market
- ◆ Local government impact
- ◆ Youth impact
- ◆ Employer Impact

September 21, 2016

- ◆ Health care provider panel
- ◆ Marijuana classroom curriculum
- ◆ Consideration of bill drafts

First Regular Session
Seventy-first General Assembly
STATE OF COLORADO

BILL B

LLS NO. 17-0130.01 Michael Dohr x4347

HOUSE BILL

HOUSE SPONSORSHIP

Willett and Pabon,

SENATE SPONSORSHIP

Aguilar,

House Committees

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING GREY AND BLACK MARKET MARIJUANA ENFORCEMENT**
102 **EFFORTS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Committee on Cost-benefit Analysis of Legalized Marijuana in Colorado. The bill creates the grey and black market marijuana enforcement grant program (grant program) in the division of local government in the department of local affairs (division). The grant program awards grants to local governments to reimburse the local governments, in part or in full, for training, education, law enforcement,

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

and prosecution costs associated with grey and black marijuana markets. A rural local government with limited law enforcement resources has priority in receiving grants. The general assembly may appropriate money from the marijuana tax cash fund or the proposition AA refund account to the division for the grant program. The division shall adopt policies and procedures for the administration of the grant program, including rules related to the application process and the grant award criteria. The division shall include information regarding the effectiveness of the grant program in its SMART presentation beginning in November 2019.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 24-32-118 as
3 follows:

4 **24-32-118. Grey and black market marijuana enforcement**
5 **grant program.** (1) (a) THE GREY AND BLACK MARKET MARIJUANA
6 ENFORCEMENT GRANT PROGRAM IS CREATED IN THE DIVISION. THE
7 DIVISION SHALL AWARD GRANTS TO LOCAL GOVERNMENTS TO REIMBURSE
8 THE LOCAL GOVERNMENTS, IN PART OR IN FULL, FOR LAW ENFORCEMENT
9 AND PROSECUTION COSTS ASSOCIATED WITH THE GREY AND BLACK
10 MARIJUANA MARKETS. IN AWARDING GRANTS, THE DIVISION SHALL GIVE
11 PRIORITY TO LOCAL GOVERNMENTS IN RURAL AREAS THAT HAVE LIMITED
12 LAW ENFORCEMENT RESOURCES TO ADDRESS ILLEGAL, UNLICENSED
13 MARIJUANA CULTIVATION OPERATIONS.

14 (b) THE DIVISION SHALL:

15 (I) SOLICIT AND REVIEW APPLICATIONS FOR GRANTS FROM LAW
16 ENFORCEMENT AGENCIES; AND

17 (II) SELECT LAW ENFORCEMENT AGENCIES TO RECEIVE GRANTS
18 THAT REIMBURSE THE LOCAL GOVERNMENT FOR COSTS ASSOCIATED WITH
19 TRAINING AND EDUCATION RELATED TO ILLEGAL MARIJUANA CULTIVATION
20 OPERATIONS AND THE INVESTIGATION AND PROSECUTION OF AN ILLEGAL

1 MARIJUANA CULTIVATION OPERATION.

2 (2) THE GENERAL ASSEMBLY MAY ANNUALLY APPROPRIATE
3 MONEY FROM THE MARIJUANA TAX CASH FUND CREATED IN SECTION
4 39-28.8-501 OR THE PROPOSITION AA REFUND ACCOUNT CREATED IN
5 SECTION 39-28.8-604 (1) TO THE DIVISION TO MAKE THE GRANTS
6 DESCRIBED IN SUBSECTION (1) OF THIS SECTION AND FOR THE DIVISION'S
7 REASONABLE ADMINISTRATIVE EXPENSES RELATED TO THE GRANTS. ANY
8 UNEXPENDED AND UNENCUMBERED MONEY FROM AN APPROPRIATION
9 MADE PURSUANT TO THIS SUBSECTION (2) REMAINS AVAILABLE FOR
10 EXPENDITURE BY THE DIVISION IN THE NEXT FISCAL YEAR WITHOUT
11 FURTHER APPROPRIATION.

12 (3) THE DIVISION SHALL ADOPT POLICIES AND PROCEDURES THAT
13 ARE NECESSARY FOR THE ADMINISTRATION OF THE GRANT PROGRAM,
14 INCLUDING RULES RELATED TO THE APPLICATION PROCESS AND THE GRANT
15 AWARD CRITERIA.

16 (4) (a) ON OR BEFORE NOVEMBER 1, 2019, AND ON OR BEFORE
17 NOVEMBER 1 EACH YEAR THEREAFTER, THE DIVISION SHALL INCLUDE AN
18 UPDATE REGARDING THE EFFECTIVENESS OF THE GRANT PROGRAM IN ITS
19 REPORT TO THE MEMBERS OF THE APPLICABLE COMMITTEES OF REFERENCE
20 IN THE SENATE AND HOUSE OF REPRESENTATIVES AS REQUIRED BY THE
21 "STATE MEASUREMENT FOR ACCOUNTABLE, RESPONSIVE, AND
22 TRANSPARENT (SMART) GOVERNMENT ACT", PART 2 OF ARTICLE 7 OF
23 TITLE 2.

24 (b) THE REPORTING REQUIREMENT IN THIS SUBSECTION (4)(a) IS
25 NOT SUBJECT TO THE PROVISIONS OF SECTION 24-1-136 (11)(a)(I).

26 **SECTION 2. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.

First Regular Session
Seventy-first General Assembly
STATE OF COLORADO

BILL C

LLS NO. 17-0133.01 Jerry Barry x4341

SENATE BILL

SENATE SPONSORSHIP

Holbert and Baumgardner,

HOUSE SPONSORSHIP

Singer,

Senate Committees

House Committees

A BILL FOR AN ACT

101 CONCERNING THE DEVELOPMENT OF MARIJUANA EDUCATION
102 MATERIALS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Committee on Cost-benefit Analysis of Legalized Marijuana in Colorado. The bill directs the department of education:

- By July 1, 2017, to create and maintain a resource bank for public schools to use without charge that consists of materials and curricula pertaining to marijuana use; and
- Upon request of a public school, to provide technical

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assistance in designing age-appropriate curricula on marijuana use.

The bill authorizes resource bank expenses to be paid from the marijuana tax cash fund.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 22-2-127.5 as
3 follows:

4 **22-2-127.5. Marijuana education materials - resource bank -**
5 **technical assistance.** (1) THE DEPARTMENT, WITH ASSISTANCE FROM THE
6 DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, SHALL CREATE AND
7 MAINTAIN A RESOURCE BANK OF MATERIALS AND CURRICULA PERTAINING
8 TO MARIJUANA, WHICH MATERIALS AND CURRICULA MAY BE USED IN
9 ELEMENTARY AND SECONDARY SCHOOLS IN THE STATE.

10 (2) ON AND AFTER JULY 1, 2017, THE DEPARTMENT SHALL MAKE
11 MATERIAL IN THE RESOURCE BANK AVAILABLE WITHOUT CHARGE TO
12 SCHOOL DISTRICTS, CHARTER SCHOOLS, AND BOARDS OF COOPERATIVE
13 SERVICES. AT THE REQUEST OF A SCHOOL DISTRICT, CHARTER SCHOOL, OR
14 BOARD OF COOPERATIVE SERVICES, THE DEPARTMENT SHALL PROVIDE
15 TECHNICAL ASSISTANCE TO THE SCHOOL DISTRICT, CHARTER SCHOOL, OR
16 BOARD OF COOPERATIVE SERVICES IN DESIGNING AGE-APPROPRIATE
17 CURRICULA PERTAINING TO MARIJUANA USE.

18 **SECTION 2.** In Colorado Revised Statutes, 39-28.8-501, **amend**
19 (2)(b)(IV) introductory portion, (2)(b)(IV)(K), and (2)(b)(IV)(L); and **add**
20 (2)(b)(IV)(M) as follows:

21 **39-28.8-501. Marijuana tax cash fund - creation - distribution**
22 **- legislative declaration.** (2) (b) (IV) Subject to the limitation in
23 subsection (5) of this section, the general assembly may annually

1 appropriate any money in the fund for any fiscal year following the fiscal
2 year in which ~~they were~~ IT WAS received by the state for the following
3 purposes:

4 (K) FOR grants to local governments for documented retail
5 marijuana impacts through the local government retail marijuana impact
6 grant program created in section 24-32-117; ~~C.R.S.~~; and

7 (L) For the Colorado veterans' service-to-career pilot program
8 created in part 2 of article 14.3 of title 8; ~~C.R.S.~~; AND

9 (M) FOR THE EXPENSES OF THE DEPARTMENT OF EDUCATION AND
10 THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT IN DEVELOPING
11 AND MAINTAINING THE RESOURCE BANK FOR EDUCATIONAL MATERIALS ON
12 MARIJUANA AND PROVIDING TECHNICAL ASSISTANCE AS REQUIRED IN
13 SECTION 22-2-127.5.

14 **SECTION 3. Safety clause.** The general assembly hereby finds,
15 determines, and declares that this act is necessary for the immediate
16 preservation of the public peace, health, and safety.

First Regular Session
Seventy-first General Assembly
STATE OF COLORADO

BILL D

LLS NO. 17-0135.01 Michael Dohr x4347

SENATE BILL

SENATE SPONSORSHIP

Aguilar,

HOUSE SPONSORSHIP

Singer,

Senate Committees

House Committees

A BILL FOR AN ACT

101 **CONCERNING ADDING STRESS DISORDERS TO THE LIST OF**
102 **DEBILITATING MEDICAL CONDITIONS FOR THE PURPOSES OF THE**
103 **USE OF MEDICAL MARIJUANA.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Committee on Cost-benefit Analysis of Legalized Marijuana in Colorado. The bill adds acute stress disorder and post-traumatic stress disorder to the list of debilitating medical conditions for the purposes of the use of medical marijuana.

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Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 25-1.5-106, **add**
3 (2)(a.7) as follows:

4 **25-1.5-106. Medical marijuana program - powers and duties**
5 **of state health agency - rules - medical review board - medical**
6 **marijuana program cash fund - created - repeal.** (2) **Definitions.** In
7 addition to the definitions set forth in section 14 (1) of article XVIII of
8 the state constitution, as used in this section, unless the context otherwise
9 requires:

10 (a.7) "DEBILITATING MEDICAL CONDITION" ALSO MEANS ACUTE
11 STRESS DISORDER OR POST-TRAUMATIC STRESS DISORDER.

12 **SECTION 2. Safety clause.** The general assembly hereby finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, and safety.