



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1409: MARIJUANA TAX CASH FUND DISTRIBUTIONS

Prime Sponsors:

Rep. Brown; Sirota
Sen. Bridges; Kirkmeyer

Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of the FY 2026-27 Long Bill budget package.

Summary Information

Overview. The bill eliminates the distribution of marijuana special sales tax revenue to local governments, and increases the distribution to the Marijuana Tax Cash Fund beginning in FY 2026-27. The bill annually transfers any remaining revenue above the 15 percent reserve requirement from the Marijuana Tax Cash Fund to the State Public School Fund beginning in FY 2026-27.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Transfers and Diversions
- Local Government

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$12,227,966
Diverted Funds	\$6,046,492	\$6,150,574
Change in TABOR Refunds	\$0	\$0

Fund sources for these impacts are shown in the tables below. Note: these impacts are based on the March 2026 Legislative Council Staff economic and revenue forecast. Under the March 2026 forecast from the Office of State Planning and Budgeting, which was chosen by the Joint Budget Committee for balancing, the bill is expected to transfer \$14.2 million in FY 2026-27 and \$24.4 million in FY 2027-28 from the MTCF to the SPSF.

**Table 1A
 State Diversions**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
Marijuana Tax Cash Fund	\$6,046,492	\$6,150,574
BEST Fund	\$0	\$0
General Fund	-\$3,717	-\$3,781
State Public School Fund	\$1,556	\$1,583
Marijuana Cash Fund	\$7,348	\$7,475
Local Distributions	-\$6,051,679	-\$6,155,851
Net Diversions	\$0	\$0

**Table 1B
 State Transfers**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
Marijuana Tax Cash Fund	\$0	-\$12,227,966
State Public School Fund	\$0	\$12,227,966
Net Transfers	\$0	\$0

Summary of Legislation

The bill modifies the distribution of marijuana special sales tax revenue. Under current law, 96.5 percent of special sales revenue is retained by the state and distributed to the Marijuana Tax Cash Fund (MTCF), the General Fund, and the State Public School Fund (SPSF), and 3.5 percent is distributed to local governments. The bill modifies these distributions by eliminating the local distribution and increasing the MTCF distribution by a similar amount, and slightly adjusting the distributions to the General Fund, State Public School Fund, and Marijuana Cash Fund.

Additionally, the bill requires that if revenue to the MTCF exceeds the amount required to fund all appropriations from the MTCF and the 15 percent reserve requirement, any excess revenue will be transferred to the State Public School Fund at the end of each fiscal year beginning in FY 2026-27.

Background and Assumptions

The current distribution of marijuana revenue was established by [Senate Bill 25-268](#), and is described in more detail in Legislative Council Staff's [Marijuana in the State Budget](#) memo. The fiscal note assumes the March 2026 LCS Forecast for marijuana special sales tax revenue.

State Transfers and Diversions

The bill modifies the distribution of marijuana special sales tax revenue by the amounts shown in Table 1A above. This change in distribution will decrease the distribution to local governments by \$6.1 million in FY 2026-27, \$6.2 million in FY 2027-28 and future years, and increase funding to the state, primarily the MTCF, by the same amounts.

The bill is expected to result in a \$12.2 million transfer from the MTCF to the SPSF in FY 2027-28, assuming that appropriations and transfers remain constant between FY 2026-27 and FY 2027-28. The fiscal note expects that no transfer will be made from the MTCF to the SPSF in FY 2026-27, as the MTCF is projected to end FY 2026-27 slightly below the 15 percent reserve requirement under the March 2026 LCS forecast.¹

State Expenditures

The bill is expected to increase workload in the Department of Revenue in FY 2025-26 only to make software changes to adjust distributions of marijuana special sales tax revenue to local governments. This work can be accomplished within existing appropriations.

Local Government

The bill is expected to reduce distributions of marijuana special sales tax revenue to local governments by \$6.1 million in FY 2026-27, \$6.2 million in FY 2027-28, and similar amounts in future years, as shown in Table 1A above.

Effective Date

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

¹ Under the March 2026 forecast from the Office of State Planning and Budgeting, which was chosen by the Joint Budget Committee for balancing, the bill is expected to transfer \$14.2 million in FY 2026-27 and \$24.4 million in FY 2027-28 from the MTCF to the SPSF.

State and Local Government Contacts

Education

Revenue

Joint Budget Committee Staff