



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1117: TEMPORARY MARIJUANA HOSPITALITY PERMIT

Prime Sponsors:

Rep. Ricks

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the House Business Affairs and Labor and Finance committees.

Summary Information

Overview. The bill creates a marijuana hospitality event permit to be issued by local licensing authorities which allows for on premise marijuana consumption at a permitted event.

Types of impacts. The bill is projected to affect the following areas beginning in FY 2026-27:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$8,299 to the Department of Revenue.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$10,521	\$31,564	\$42,085
State Expenditures	\$10,521	\$31,564	\$42,085
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$10,521	\$31,564	Not estimated
Change in State FTE	0.1 FTE	0.3 FTE	0.4 FTE

Fund sources for these impacts are shown in the tables below.

**Table 1A
 State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds (Marijuana Cash Fund)	\$10,521	\$31,564	\$42,085
Total Revenue	\$10,521	\$31,564	\$42,085

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds (Marijuana Cash Fund)	\$8,299	\$24,898	\$33,197
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$2,222	\$6,666	\$8,888
Total Expenditures	\$10,521	\$31,564	\$42,085
Total FTE	0.1 FTE	0.3 FTE	0.4 FTE

Summary of Legislation

Under current law, a marijuana hospitality business licensee may allow marijuana to be consumed on their premises. The bill creates the temporary hospitality event permit, to be issued by local governments, which allows current hospitality business licensees to host events outside their permanent premises. The hospitality event permit may be used for up to 15 events per year, with each event required to take place for less than 72 hours. Permits are non-transferrable.

The bill specifies application requirements and limitations, including that permit holders cannot sell, transfer, or distribute marijuana. Permit holders must also provide a pamphlet of education materials that describes the dangers of driving while under the influence of marijuana.

The Department of Revenue sets rules for reporting, renewal fees, and pamphlet standards, and can take action against a licensee's underlying license for violations.

The Colorado Constitution prohibits "open and public consumption" of marijuana. The bill specifies conditions for temporary hospitality events that, when met, do not constitute open and public consumption.

Background and Assumptions

As of February 2026, there are 10 businesses that possess a marijuana hospitality license and would be eligible to obtain a temporary hospitality event permit. Current hospitality licensees are located in Arvada, Aurora, and Denver.

State Revenue

The bill will increase state revenue to the Marijuana Cash Fund by about \$11,000 in FY 2026-27, \$32,000 in FY 2027-28 and \$42,000 in FY 2028-29 ongoing. The fiscal note assumes the MED will raise application fees from a combination of current hospitality license fees and temporary hospitality event permits to offset increased expenditures for enforcement, as detailed in the State Expenditures section below. Fee revenue is subject to TABOR.

State Expenditures

The bill increases state expenditures in the Department of Revenue by about \$11,000 in FY 2026-27, \$32,000 in FY 2027-28, and \$42,000 in FY 2028-29 and ongoing. These costs, paid from the Marijuana Cash Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$8,299	\$24,898	\$33,197
Centrally Appropriated Costs	\$2,222	\$6,666	\$8,888
Total Costs	\$10,521	\$31,564	\$42,085
Total FTE	0.1 FTE	0.3 FTE	0.4 FTE

Department of Revenue

The department will have staff and undercover operative costs beginning in FY 2026-27 to implement the bill.

Staff

The MED will require 0.2 FTE Criminal Investigator in FY 2026-27, increasing to 0.3 FTE in FY 2027-28 and 0.4 FTE in FY 2028-29 and ongoing to implement the bill. This assumes staff will ensure public safety for new hospitality events and overall compliance with tobacco enforcement at 5 percent of marijuana hospitality special events in FY 2026-27, increasing to

7 percent in FY 2027-28, and 10 percent in FY 2028-29 as the total number of events increases over time. Costs reflect a half-year impact in FY 2026-27 based on the January 2027 effective date.

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. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2 above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts in Table 1 in FY 2026-27 and FY 2027-28. This estimate assumes the March 2026 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Local Government

Local governments will have an increase in workload to adopt resolutions or ordinances authorizing temporary hospitality events. Affected local licensing authorities will see an increase in workload to adopt policies related to hospitality events, process applications, and conduct enforcement activities; revenue and expenditure impacts will vary based on the number of hospitality events in a local government's jurisdiction.

Effective Date

The bill takes effect January 4, 2027, assuming no referendum petition is filed.

State Appropriations

For FY 2026-27, the bill requires an appropriation of \$8,299 from the Marijuana Cash Fund to the Department of Revenue, and 0.1 FTE.

State and Local Government Contacts

Local Affairs
Office of Economic Development

Public Health and Environment
Revenue