



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1209: MARIJUANA REGULATION STREAMLINE

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Fiscal note status: The fiscal note reflects the introduced bill. This fiscal note is preliminary and will be updated if more information becomes available.

Summary Information

Overview. The bill makes several changes to the regulation of marijuana businesses.

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

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

Appropriations. For FY 2025-26, the bill requires a net reduction in appropriations of \$444,517. See State Appropriations section for detail.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	-\$409,397	-\$445,150
State Expenditures	-\$483,805	-\$526,036
Transferred Funds	\$0	\$0
Change in TABOR Refunds	-\$269,140	-\$296,640
Change in State FTE	-2.2 FTE	-2.4 FTE

¹ Fund sources for these impacts are shown in the tables below

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	-\$409,397	-\$445,150
Total Revenue	-\$409,397	-\$445,150

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	-\$444,517	-\$483,274
Federal Funds	\$0	\$0
Centrally Appropriated	-\$39,288	-\$42,762
Total Expenditures	-\$483,805	-\$526,036
Total FTE	-2.2 FTE	-2.4 FTE

Summary of Legislation

The bill makes changes to the regulation of marijuana businesses, as outlined below.

Rulemaking

The bill allows the Marijuana Enforcement Division (MED) in the Department of Revenue to adopt rules allowing for individual digital identification cards for individuals who handle or transport regulated marijuana, and expands options for digital communication with licensees. It also clarifies what must be included in rules related to record-keeping requirements, and requires expanded rulemaking related to video surveillance requirements and research and development units (R&D Units).

Background Checks

Under current law, all marijuana license and renewal applicants must complete a fingerprint-based criminal history record check. Under the bill, a fingerprint-based background check is only required for owners upon initial application, and a name-based judicial record check is required for renewals. Occupational license holders are required only to obtain a name-based judicial record check.

Current law prohibits businesses from possessing a license if they employ anyone who has not undergone a background check. The bill removes the requirement, and allows employees and managers to begin working before the individual's application has been fully processed.

Sales Limits

The bill raises the limit for the amount of retail marijuana products that can be sold in a single transaction from one ounce to two ounces.

Video Surveillance Requirements

Under current law, marijuana business must meet minimum security requirements. The bill specifies that rules related to video surveillance must include that businesses have cameras on all entrances and exits to the store, each point of sale, shipping and receiving areas, and areas where delivery vehicles load and unload materials. The bill also removes the requirement for mobile marijuana hospitality businesses have surveillance inside the vehicle.

To obtain video surveillance, the bill requires that MED submit any requests to a business in writing, and give businesses 3 days to respond and provide the requested footage.

Promotions

The bill allows retail and medical marijuana retailers to host patient promotions provided they meet certain requirements, including that the total amount of material given to the patient or customer does not exceed the allowable limit and that the promotional product can't be consumed on the premises.

Research and Development Units

Under current law, cultivation facilities and manufacturers of marijuana can provide R&D units for quality control or product development purposes to managers of these facilities. The bill allows these R&D units to be provided to all employees of the facility, provided certain requirements are met. Managers cannot require their employees to consume R&D units and cannot receive any compensation for distributing them.

Repeal of Certain Requirements

The bill repeals provisions that make undisclosed ownership of a marijuana license and an unapproved transfer of a marijuana license a class 2 misdemeanor.

Fees and Inspections

The bill requires that the MED assess a fee to request a copy of a license application. The bill specifies that licensees to not have to maintain duplicate copies of their records unless the MED requires the licensee to maintain additional records upon finding of a violation.

State Revenue

On net, the bill decreases state cash fund revenue by \$409,000 in FY 2025-26, and \$445,000 in FY 2026-27 and ongoing, as shown in Table 2 and described in the sections below.

Table 2
State Revenue

Funds	Budget Year FY 2025-26	Out Year FY 2026-27
Marijuana Cash Fund	\$20,944	\$24,313
CBI Identification Unit Cash Fund	-\$430,341	-\$469,463
Total Revenue Impact	-\$409,397	-\$445,150

Marijuana Cash Fund

The bill increases revenue to the Marijuana Cash Fund by an estimated \$20,944 in FY 2025-26 and \$24,313 beginning in FY 2026-27. The MED will raise fees for all license applications and renewals to cover the increased expenditures to implement the bill, as discussed in the State Expenditures and Technical Note sections below. License fees are subject to TABOR.

In addition, the bill increases fee revenue to MED from newly assessed fees on requests for copies of license applications. Any increase in fee revenue is expected to be minimal.

CBI Identification Unit Cash Fund

The bill removes the requirement that owners and employees of marijuana businesses submit to an annual criminal background check, which decreases state cash fund revenue to the CBI Identification Unit Cash Fund in the DPS by an estimated \$430,000 in FY 2025-26 (prorated for an 11-month impact), and \$469,000 in FY 2026-27 and ongoing.

Fee Impact on Marijuana Business Owners and Employees

The fiscal note assumes that 30,723 marijuana business owners and employees will shift from criminal background checks to name-based background checks. This represents the number of owners and employees as of [February 2025](#). These licensees are on a biennial renewal cycle, so the amounts shown in Table 2A below reflect this impact over two fiscal years, with the first-year impact prorated for the bill's effective date.

The current fee for criminal background checks is \$39.50, which includes \$11.25 for the Federal Bureau of Investigation (FBI) fingerprint-based check, which is passed on to that federal agency, and excluded from the state TABOR limit.

The current fee for a name-based judicial record check is \$8.94, which is subject to TABOR.

Any impact from new licensees is expected to be minimal.

Table 2A
Annual Fee Impact on Marijuana Business Owners and Employees
FY 2026-27 and ongoing

Type of Fee	Fee	Number Affected	Total Fee Impact
Criminal Background Check (CBI ID Unit Cash Fund)	\$28.25	-15,362	-\$433,977
Criminal Background Check (federal pass-through)	\$11.25	-15,362	-\$172,823
Name Based Judicial Check	\$8.94	15,362	\$137,336
Annual Fee Revenue			-\$469,463
Annual TABOR Impact			-\$296,640

State Expenditures

On net, the bill decreases state expenditures by \$484,000 in FY 2025-26, and \$526,000 in FY 2026-27 and ongoing. This includes an increase in Department of Revenue expenditures, paid from the Marijuana Cash Fund (see Technical Note), and a reduction of Department of Public Safety expenditures, paid from the CBI Identification Unit Cash Fund. These impacts are summarized in Table 3 and discussed below.

Table 3
State Expenditures
All Departments

Department	Budget Year FY 2025-26	Out Year FY 2026-27
Department of Revenue	\$20,944	\$24,313
Department of Public Safety	-\$504,749	-\$550,349
Total Costs	-\$483,805	-\$526,036

Department of Revenue

On net, MED will have an increase in expenditures from the Marijuana Cash Fund to implement the bill of \$21,000 in FY 2025-26 and \$24,000 in FY 2026-27 and ongoing. Increases in staff costs will be offset by reductions in mailing costs, as shown in Table 3A and discussed below.

Staff

The MED requires 0.5 FTE Legal Assistant to implement the bill's requirements for requesting surveillance footage. This position will coordinate with the Department of Law for video surveillance requests and prepare surveillance footage to present to state licensing authorities.

Costs are prorated to assume a September 2025 start date and standard operating and capital outlay costs are included.

Workload will also increase to modify enforcement procedures related to sales limits, samples, promotional items, and R&D units. No change in appropriations is required for that work.

Mailing Costs

Allowing license holders to possess a digital form of identification and removing the requirement that renewal notices be mailed to a licensee results in cost savings for mailing, estimated at \$25,883 per year.

Legal Services

The MED will incur additional rulemaking costs to implement the various changes required by the bill. Legal services for rulemaking are provided by the Department of Law. These additional costs are absorbable within existing legal services appropriations.

Table 3A
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$31,726	\$39,657
Operating Expenses	\$512	\$640
Capital Outlay Costs	\$6,670	\$0
Mailing Costs	-\$25,883	-\$25,883
Centrally Appropriated Costs	\$7,919	\$9,899
Total Costs	\$20,944	\$24,313
Total FTE	0.4 FTE	0.5 FTE

Department of Public Safety

This bill decreases overall expenditures from the CBI Identification Unit Cash Fund in DPS by \$505,000 and 2.6 FTE in FY 2025-26 (11-month impact) and \$550,000 and 2.9 FTE in FY 2026-27 and ongoing. Costs are summarized in Table 3B and described below.

Staff

Beginning in FY 2025-26, DPS will no longer require 1.9 FTE Fingerprint Examiner II and 1.0 FTE Technician II to process the 15,362 fingerprint background applications that the fiscal note assumes the bill will eliminate annually. First year expenditure reductions are prorated for the bill's effective date.

Federal Bureau of Investigation Pass-through.

The DPS passes \$11.25 of every application on to the federal government. With 15,362 less applications, this equates to a reduction of \$172,823 per year.

Processing Costs

There are the following costs associated with each background check application: \$6.10 dedicated to equipment maintenance; \$1.55 for print digitization; \$0.88 to access the Colorado Crime Information Center for information pertinent to the background check; and \$0.73 for postage costs. This equates to a reduction of \$142,252 per year once fully implemented.

**Table 3B
State Expenditures
Department of Public Safety**

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	-\$160,326	-\$178,901
Operating Expenses	-\$3,328	-\$3,712
FBI Pass-through Fee	-\$161,201	-\$172,823
Background Check Expenses	-\$132,687	-\$142,252
Centrally Appropriated Costs	-\$47,207	-\$52,661
Total Costs	-\$504,749	-\$550,349
Total FTE	-2.6 FTE	-2.9 FTE

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 may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure tables above.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts discussed in the State Revenue section and shown in Table 1. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save.

Local Government

Local marijuana licensing authorities may have additional workload to adjust their workload and rules to accommodate the provisions of the bill.

Technical Note

The fiscal note assumes that increased costs for the bill will be paid from the MED Cash Fund, and that the DOR will raise fees as necessary to ensure that it has sufficient funds to pay for program expenses. However, the DOR reports that current spending from the fund is projected to exceed the available fund balance. If the DOR is unable or unwilling to raise fees, General Fund may be required, either in this bill or through the annual budget process, to ensure cash fund solvency.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to conduct on or after that date.

State Appropriations

For FY 2025-26, the bill requires the following:

- an increase of \$13,025 from the Marijuana Cash Fund to the Department of Revenue, and 0.4 FTE;
- a reduction in appropriations of \$457,542 from the CBI Identification Unit Cash Fund to the Department of Public Safety, and a reduction of 2.6 FTE.

State and Local Government Contacts

Counties	Public Health and Environment
Law	Revenue
Municipalities	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).