



**Colorado
Legislative
Council
Staff**

HB17-1197

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0951
Prime Sponsor(s): Rep. Ginal
Sen. Coram

Date: March 2, 2017
Bill Status: House Agriculture
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BILL TOPIC: EXCLUDE MARIJUANA FROM FARM PRODUCTS DEFINITION

Summary of Legislation

The Colorado Farm Products Act (act) requires that businesses purchasing and storing agricultural products be licensed and bonded by the Colorado Department of Agriculture (CDA). This bill excludes marijuana from the definition of farm products in the act, thereby exempting marijuana businesses from the licensing and bonding requirements.

Background

Under the Colorado Farm Products Act, dealers and brokers who purchase farm products are subject to enforcement action by the CDA if they fail to pay a farm products seller. The majority of transactions between medical marijuana cultivators and infused products manufacturers and marijuana establishments (dispensaries) would not be subject to the act because marijuana businesses are required to share common ownership. Some transactions between marijuana cultivation facilities and retail marijuana infused products manufacturers and retail marijuana stores may be subject to the act because they are not required to share ownership. Because marijuana is illegal under federal law, it may not be possible for marijuana businesses to comply with the act's bonding requirement because many banks and insurance companies are not willing to supply bonds or letters of credit to marijuana businesses. The CDA does not currently hold marijuana businesses to the requirements of the act and has not received funding to do so.

Assessment

The Colorado Farm Products Act was adopted prior to the passage of Amendment 20, Amendment 64, and subsequent regulatory legislation regarding medical and retail marijuana. As such, the purchase and storage of marijuana was not contemplated in the drafting of the act. Because the bill codifies current CDA practice of exempting marijuana from the act, the fiscal note is assessed as having no fiscal impact.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Agriculture

Information Technology

Law