



**Colorado
Legislative
Council
Staff**

HB 17-1345

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 17-1139
Prime Sponsor(s): Rep. Rankin
Sen. Moreno

Date: July 10, 2017
Bill Status: Postponed Indefinitely
Fiscal Analyst: Larson Silbaugh (303-866-4720)

BILL TOPIC: RETAIL MARIJUANA SALES TAX RATE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	\$17,767,886	\$19,680,653
General Fund	17,767,886	19,680,653
<i>State Transfers</i>		
General Fund	(17,767,886)	(19,680,653)
Cash Funds	17,767,886	19,680,653
State Expenditures		
Appropriation Required: None.		
Future Year Impacts: Ongoing revenue increase.		

Note: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

This bill, **recommended by the Joint Budget Committee**, maintains the special sales tax rate of 10 percent on retail marijuana; the rate is scheduled to decline to 8 percent starting July 1, 2017.

Background

Voters approved Proposition AA in 2013, which allowed the state to levy a special sales tax on retail marijuana of up to 15 percent. The tax rate has been 10 percent since January 1, 2014, and is scheduled to decline to 8 percent on July 1, 2017. The special sales tax is voter approved revenue and exempt from the state's constitutional spending limit.

The state receives 85 percent of special sales tax collections and 15 percent is distributed to local governments in proportion to where the sales occurred. The state share is deposited into the General Fund and transferred to the Marijuana Tax Cash Fund.

The March Legislative Council Staff forecast estimated that the special sales tax would generate \$83.6 million in FY 2017-18 and \$92.6 million in FY 2018-19 at the 8 percent tax rate. The state share was estimated at \$71.1 million in FY 2017-18 and \$78.7 million in FY 2018-19. The local share was estimated at \$12.5 million in FY 2017-18 and \$13.9 million in FY 2018-19.

State Revenue

The bill increases General Fund revenue by \$17.8 million in FY 2017-18 and \$19.7 million in FY 2018-19.

State Transfers. The bill increases the transfer from the General Fund to the Marijuana Tax Cash Fund by \$17.8 million in FY 2017-18 and \$19.7 million in FY 2018-19.

Local Government Impact

Local governments that allow retail marijuana sales will receive an additional \$3.1 million from the local share of the special sales tax in FY 2017-18 and \$3.5 million in FY 2018-19. This will be apportioned to local governments based on their share of retail marijuana sales.

Effective Date

The bill was postponed indefinitely by the Senate Finance Committee on May 4, 2017.

State and Local Government Contacts

Revenue Municipalities Counties