



**Colorado
Legislative
Council
Staff**

SB17-017

**REVISED
FISCAL NOTE**

(replaces fiscal note dated January 12, 2017)

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

Drafting Number: LLS 17-0135
Prime Sponsor(s): Sen. Aguilar
Rep. Singer

Date: March 7, 2017
Bill Status: House SVMA
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: MEDICAL MARIJUANA USE FOR STRESS DISORDERS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-2019
State Revenue General Fund Cash Funds	Potential increase and decrease.		
State Expenditures Cash Funds Centrally Appropriated Costs	Potential increase and decrease.		
TABOR Impact	See TABOR Impact section.		
Appropriation Required: None.			
Future Year Impacts: Ongoing potential increases and decreases in state revenue.			

Summary of Legislation

The **reengrossed** bill creates a statutory right for a patient with acute stress disorder or post-traumatic stress disorder to use medical marijuana. The bill creates the same rights, limitations, affirmative defense, and exceptions from criminal laws for these conditions as the constitutional right to use medical marijuana for other debilitating conditions.

Background

Medical marijuana registry program information. According to the Colorado Department of Public Health and Environment, as of December 31, 2016, there are 94,577 persons authorized to use medical marijuana. The average age of all these individuals is 44 years and 93.3 percent reported severe pain as their qualifying debilitating medical condition.

Marijuana taxes. Persons purchasing retail marijuana pay a 15 percent excise tax (on the wholesale price of marijuana), a 10 percent special sales tax (which will decrease to 8 percent as of July 1, 2017), plus the 2.9 percent sales tax. Provided a person has been diagnosed with a qualifying debilitating medical condition, he or she may choose to enroll on the medical marijuana registry. After paying a \$15 fee to become registered and receive a "red card," medical marijuana patients can purchase medical marijuana, which is exempt from the excise and special sales taxes.

Excise taxes collected on the sale of marijuana are transferred from the General Fund to the Building Excellent Schools Today (BEST) Fund and the Public School Fund and sales taxes collected are transferred to the Marijuana Tax Cash Fund.

State Revenue

Beginning in FY 2016-17, this bill may both increase and decrease state revenue as described below.

Fee impact on individuals and business. The bill may increase state cash fund revenue if more persons choose to enroll on the medical marijuana registry. Persons enrolling on the registry pay a \$15 annual fee to the Colorado Department of Public Health and Environment to receive a red card. These fees are deposited into the Medical Marijuana Program Cash Fund and are used to pay the costs of administering the registry. This analysis assumes the majority of individuals with acute stress or post-traumatic stress disorders are currently enrolled on the registry with a diagnosis of severe pain or other debilitating medical condition and, therefore, any new revenue is assumed to be minimal.

Increases in sales tax revenue. If persons who choose to enroll on the registry with stress disorder diagnoses are not currently using retail marijuana, the amount of tax revenue transferred to the Marijuana Tax Cash Fund will increase as a result of additional sales tax collections from increased medical marijuana sales. This amount is expected to be minimal.

Decreases in special sales tax and excise tax revenue. If persons who choose to enroll on the registry with stress disorder diagnoses are currently using retail marijuana and begin to purchase medical marijuana, sales tax revenue collected on retail marijuana will decrease. This analysis assumes that any change in revenue is marginal and the overall impact is minimal.

TABOR Impact

To the extent that the bill alters the amount of state 2.9 percent sales tax revenue received by the state, it will affect the amount required to be refunded under TABOR for FY 2017-18 and FY 2018-19. This analysis assumes any changes in revenue are minimal. TABOR refunds are paid from the General Fund. TABOR refund obligations are not expected for FY 2016-17.

State Expenditures

Beginning in FY 2016-17, this bill may increase cash fund expenditures and workload in the Colorado Department of Public Health and Environment to process and monitor additional enrollment on the medical marijuana registry. As of this writing, any change is assumed to be minimal. Should the volume of new registry applications exceed existing capacity, this analysis assumes the department will request additional appropriations through the annual budget process.

To the extent that less revenue is collected from the excise and sales taxes on retail marijuana, expenditures will decrease for the BEST Program, Public School Fund, and programs funded through the Marijuana Tax Cash Fund. Any decrease is expected to be minimal.

Local Government Impact

If persons who enroll on the registry are currently using retail marijuana, local governments will receive less revenue from special sales taxes. Any reduction in revenue is assumed to be minimal.

Effective Date

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

State and Local Government Contacts

Corrections
Municipalities
Revenue

Counties
Public Health & Environment
Special Districts

Health Care Policy Financing
Regulatory Agencies