

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING SOCIAL EQUITY LICENSES IN THE REGULATED MARIJUANA BUSINESS.

Prime Sponsors: Representative Ricks

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Date Prepared: May 1, 2023

**Appropriation Items of Note**

**Appropriation Required, Amendments in Packet**

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/10/23.

XXX	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

**Amendments in This Packet for Consideration by Appropriations Committee**

Amendment	Description
J.001	Staff-prepared appropriation amendment
J.006	Bill Sponsor amendment - changes fund source and fiscal impact

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$167,538 cash funds from the Marijuana Cash Fund to the Department of Revenue for FY 2023-24, of which \$76,133 is reappropriated to the Department of Law. This provision also states that the appropriation is based on the assumption that the Department of Revenue will require an additional 1.1 FTE and the Department of Law will require an additional 0.4 FTE.

**J.006** Amendment **J.006** (attached) appropriates \$330,625 General Fund to the Marijuana Cash

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Fund. Additionally, the amendment appropriates \$330,625 cash funds from the Marijuana Cash Fund to the Department of Revenue for FY 2023-24, of which \$114,199 is reappropriated to the Department of Law. This provision states that the appropriation is based on the assumption that the Department of Revenue will require an additional 1.1 FTE and the Department of Law will require an additional 0.4 FTE. Additionally, the provision provides roll-forward authority for any of this appropriation not expended prior to July 1, 2024; it is further appropriated to the departments for the 2024-25 state fiscal year for the same purposes.

**The Committee may adopt either J.001 or J.006, but NOT both.**

### Points to Consider

#### *Revenue Source*

On page 5 of the Legislative Council Staff Revised Fiscal Note, a departmental difference is cited regarding the funding source for this bill and its utilization of the Marijuana Cash Fund (MCF) for the appropriation. While the Marijuana Cash Fund is currently in a cash fund deficit of approximately \$4.0 million, the Department of Revenue is statutorily required to set fees that are credited to the MCF to reflect the actual direct and indirect costs of the State Licensing Authority in the administration and enforcement of Article 10 of Title 44. Section 44-10-801 (3)(d), C.R.S., requires the State Licensing Authority to "at least annually" review the amounts of the fees and adjust them if necessary to reflect the direct and indirect costs of the Authority. JBC staff and Legislative Council Staff are in agreement that the Marijuana Enforcement Division should not be funded directly from the General Fund. However, it may be funded, as in **J.006**, through a General Fund deposit to the Marijuana Cash Fund.

#### **If J.006 is adopted:**

#### *General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2023-24 based on the March 2023 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes two set-asides for legislation outside of the package: (1) \$30.0 million General Fund for bills that create ongoing obligations; and (2) \$469.0 million for bills that create one-time obligations for FY 2023-24 (see table below).

General Fund Appropriation Placeholders for Other 2023 Legislation	
Description	FY 2023-24
Legislation with Ongoing Fiscal Impacts	\$30,000,000
Legislation with One-time Fiscal Impacts	

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General Fund Appropriation Placeholders for Other 2023 Legislation	
Workforce-related legislation, including free credentials, math scholarships, adult education, and concurrent enrollment	103,000,000
Housing-related legislation, including property tax relief, land use, and public-private partnerships	221,000,000
Legislation related to topics other than workforce and housing, including rural opportunity, line of duty loss, and Proposition 122 implementation	145,000,000
Subtotal	\$469,000,000
<b>TOTAL Placeholders for Other 2023 Legislation</b>	<b>\$499,000,000</b>

The budget package accounts for the 15.0 percent reserve associated with the above placeholders (a total of \$74.9 million).

This bill creates a one-time obligation and requires a General Fund appropriation of \$330,625 for FY 2023-24, reducing the \$469.0 million set aside by that amount.