



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 26-1117: TEMPORARY MARIJUANA HOSPITALITY PERMIT

#### Prime Sponsors:

Rep. Ricks; Gonzalez R.  
Sen. Lindstedt

#### Fiscal Analyst:

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**Bill Outcome:** Postponed Indefinitely

**Drafting Number:** LLS 26-0443

**Version:** Final Fiscal Note

**Date:** June 8, 2026

**Fiscal note status:** The final fiscal note reflects the reengrossed bill. This bill was postponed indefinitely by the Senate Finance Committee on May 7, 2026; therefore, the impacts identified in this analysis do not take effect.

### Summary Information

**Overview.** The bill would have created a marijuana hospitality event permit to be issued by local licensing authorities which would have allowed on premise marijuana consumption at a permitted event.

**Types of impacts.** The bill was projected to affect the following areas beginning in FY 2026-27:

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

**Appropriations.** For FY 2026-27, the bill would have required an appropriation of \$34,859 to the Department of Revenue.

**Table 1**  
**State Fiscal Impacts**

| Type of Impact          | Budget Year<br>FY 2026-27 | Out Year<br>FY 2027-28 | Out Year<br>FY 2028-29 |
|-------------------------|---------------------------|------------------------|------------------------|
| State Revenue           | \$41,467                  | \$58,411               | \$127,245              |
| State Expenditures      | \$41,467                  | \$58,411               | \$127,245              |
| Transferred Funds       | \$0                       | \$0                    | \$0                    |
| Change in TABOR Refunds | \$41,467                  | \$58,411               | Not estimated          |
| Change in State FTE     | 0.3 FTE                   | 0.5 FTE                | 1.1 FTE                |

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

**Table 1A  
State Revenue**

| <b>Fund Source</b>               | <b>Budget Year<br/>FY 2026-27</b> | <b>Out Year<br/>FY 2027-28</b> | <b>Out Year<br/>FY 2028-29</b> |
|----------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| General Fund                     | \$0                               | \$0                            | \$0                            |
| Cash Funds (Marijuana Cash Fund) | \$41,467                          | \$58,411                       | \$127,245                      |
| <b>Total Revenue</b>             | <b>\$41,467</b>                   | <b>\$58,411</b>                | <b>\$127,245</b>               |

**Table 1B  
State Expenditures**

| <b>Fund Source</b>               | <b>Budget Year<br/>FY 2026-27</b> | <b>Out Year<br/>FY 2027-28</b> | <b>Out Year<br/>FY 2028-29</b> |
|----------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| General Fund                     | \$0                               | \$0                            | \$0                            |
| Cash Funds (Marijuana Cash Fund) | \$34,859                          | \$47,398                       | \$110,016                      |
| Federal Funds                    | \$0                               | \$0                            | \$0                            |
| Centrally Appropriated           | \$6,608                           | \$11,013                       | \$24,229                       |
| <b>Total Expenditures</b>        | <b>\$41,467</b>                   | <b>\$58,411</b>                | <b>\$127,245</b>               |
| <b>Total FTE</b>                 | <b>0.3 FTE</b>                    | <b>0.5 FTE</b>                 | <b>1.1 FTE</b>                 |

## Summary of Legislation

Under current law, a marijuana hospitality business licensee may allow marijuana to be consumed on their premises. The bill creates the temporary hospitality event permit, to be issued by local governments, which allows current hospitality business licensees to host events outside their permanent premises. The hospitality event permit may be used for up to 15 events per year, with each event required to take place for less than 72 hours. Permits are non-transferrable.

The bill specifies application requirements and limitations, including that permit holders cannot sell, transfer, or distribute marijuana. Permit holders must also provide a pamphlet of education materials that describes the dangers of driving while under the influence of marijuana.

The Department of Revenue sets rules for reporting, renewal fees, and pamphlet standards, and can take action against a licensee's underlying license for violations.

The Colorado Constitution prohibits "open and public consumption" of marijuana. The bill specifies conditions for temporary hospitality events that, when met, do not constitute open and public consumption.

## Background and Assumptions

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As of February 2026, there are 10 businesses that possess a marijuana hospitality license and would be eligible to obtain a temporary hospitality event permit. Current hospitality licensees are located in Arvada, Aurora, and Denver.

## State Revenue

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The bill will increase state revenue to the Marijuana Cash Fund by about \$41,000 in FY 2026-27, \$58,000 in FY 2027-28 and \$127,000 in FY 2028-29 ongoing. The fiscal note assumes the MED will raise application fees from a combination of current hospitality license fees and temporary hospitality event permits to offset increased expenditures for enforcement, as detailed in the State Expenditures section below. Fee revenue is subject to TABOR.

## State Expenditures

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The bill increases state expenditures in the Department of Revenue by about \$41,000 in FY 2026-27, \$58,000 in FY 2027-28, and \$134,000 in FY 2028-29 and ongoing. These costs, paid from the Marijuana Cash Fund, are summarized in Table 2 and discussed below.

**Table 2**  
**State Expenditures**  
**Department of Revenue**

| <b>Cost Component</b>        | <b>Budget Year<br/>FY 2026-27</b> | <b>Out Year<br/>FY 2027-28</b> | <b>Out Year<br/>FY 2028-29</b> |
|------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| Personal Services            | \$24,275                          | \$40,458                       | \$89,008                       |
| Operating Expenses           | \$384                             | \$640                          | \$1,408                        |
| Capital Outlay Costs         | \$7,000                           | \$0                            | \$0                            |
| Undercover Operatives        | \$3,200                           | \$6,300                        | \$12,600                       |
| Centrally Appropriated Costs | \$6,608                           | \$11,013                       | \$24,229                       |
| <b>Total Costs</b>           | <b>\$41,467</b>                   | <b>\$58,411</b>                | <b>\$127,245</b>               |
| <b>Total FTE</b>             | <b>0.3 FTE</b>                    | <b>0.5 FTE</b>                 | <b>1.1 FTE</b>                 |

## Department of Revenue

The department will have staff and undercover operative costs beginning in FY 2026-27 to implement the bill.

## Staff

In FY 2026-27 and FY 2027-28, the MED will require 0.5 FTE Compliance Investigator to implement the bill, assuming 50 temporary hospitality event permits each year, and reflecting a half-year impact in FY 2026-27. In FY 2028-29, the number of event permits is expected to grow to 105, requiring 1.1 FTE. Staff will update licensing software, process applications, coordinate with local licensing authorities, monitor compliance with requirements during temporary events, process compliance checks and resolve any administration actions for violations at these events. First-year costs are prorated for a January 2027 start date and include standard operating and capital outlay costs.

## Undercover Operatives

The MED employs persons under the age of 21 to ensure compliance with state laws prohibiting underage consumption of marijuana. These operatives are paid at a rate of \$20 per hour. The MED requires 160 hours of undercover operations in FY 2026-27 (half-year impact), 320 hours in FY 2027-28, and 640 hours in FY 2028-29 and ongoing to implement the bill.

## 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 include employee insurance and supplemental employee retirement payments, are shown in Table 2 above.

## TABOR Refunds

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The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts in Table 1 in FY 2026-27 and FY 2027-28. This estimate assumes the March 2026 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

## Local Government

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Similar to the state, local governments may have an increase in workload to adopt resolutions or ordinances authorizing temporary hospitality events. Affected local licensing authorities will see an increase in workload to adopt policies related to hospitality events, process applications, and conduct enforcement activities; revenue and expenditure impacts will vary based on the number of hospitality events in a local government's jurisdiction.

## Effective Date

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The bill takes effect January 4, 2027, assuming no referendum petition is filed.

## State Appropriations

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For FY 2026-27, the bill requires an appropriation of \$34,859 from the Marijuana Cash Fund to the Department of Revenue, and 0.3 FTE.

## Departmental Difference

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The Department of Revenue estimates that the bill requires \$62,618 in FY 2026-27 and \$103,016 in FY 2027-28 and ongoing to implement the bill. This estimate assumes 105 temporary hospitality event permits are issued each year, beginning January 2027. The fiscal note differs from this estimate by assuming that the number of events in FY 2026-27 and FY 2027-28 will be smaller in initial years.

## State and Local Government Contacts

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Local Affairs

Public Health and Environment

Office of Economic Development

Revenue

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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](#).