



**Colorado
Legislative
Council
Staff**

HB16-1266

FISCAL NOTE

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

Drafting Number: LLS 16-0970
Prime Sponsor(s): Rep. Becker K.
Sen. Cooke

Date: March 4, 2016
Bill Status: House Finance
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: DOR SEIZE DESTROY MARIJUANA UNAUTHORIZED PESTICIDE

| Fiscal Impact Summary | FY 2016-2017 | FY 2017-2018 |
|---|------------------------|------------------------|
| State Revenue | | |
| State Expenditures | <u>\$23,753</u> | <u>\$23,753</u> |
| Cash Funds | 23,753 | 23,753 |
| FTE Position Change | 0.1 FTE | 0.1 FTE |
| Appropriation Required: \$23,753 - Department of Revenue (FY 2016-17). | | |
| Future Year Impacts: Ongoing expenditure increase. | | |

Summary of Legislation

Under current law, if test results indicate the presence of harmful contaminants in medical or retail marijuana, the licensee is required to quarantine the marijuana, notify the Marijuana Enforcement Division (MED) in the Department of Revenue (DOR), and document and properly destroy the adulterated product. This bill allows the MED to quarantine, document, and destroy marijuana that tests positive for any substance determined by the Colorado Department of Public Health and Environment (CDPHE) to be harmful, including unauthorized pesticides.

Background

Executive Order D2015-015 directs state agencies to address threats to public safety posed by marijuana contaminated by pesticides. The Colorado Department of Agriculture (CDA) regulates the use of pesticides, while the MED licenses medical and retail marijuana businesses. Currently, the CDA tests marijuana for the presence of pesticides and reports violations to the MED. The CDPHE is currently conducting stakeholder meetings on the subject of certifying facilities to test for pesticides in medical and retail marijuana.

State Expenditures

This bill increases state cash fund expenditures for the MED by \$23,753 per year beginning in FY 2016-17 from the Marijuana Cash Fund in the DOR.

Marijuana Enforcement Division. The MED requires 250 hours per year of legal services from the Department of Law at a rate of \$95.01 per hour. The Department of Law requires an allocation of 0.1 FTE for each year to support this number of hours. Legal services are required for general counsel, rulemaking, and legal support for agency actions to quarantine and destroy marijuana.

Workload in the MED will increase to take action against licensees whose marijuana is found to be contaminated and destroying the product. This workload increase is expected to be minimal and can be addressed within existing appropriations.

Department of Public Health and Environment. Should the CDPHE be required to identify additional contaminants in medical or retail marijuana that pose a threat to human safety, that workload can be addressed within existing appropriations.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2016-17, the Department of Revenue requires an appropriation of \$23,753 from the Marijuana Cash Fund. The Department of Law requires \$23,753 in reappropriated funds and an allocation of 0.1 FTE.

State and Local Government Contacts

| | |
|-------------------------------|-----------------------------|
| Agriculture | Governor's Marijuana Office |
| Information Technology | Law |
| Public Health and Environment | Revenue |