



**Colorado  
Legislative  
Council  
Staff**

**HB17-1034**

**FISCAL NOTE**

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

**Drafting Number:** LLS 17-0713

**Date:** January 20, 2017

**Prime Sponsor(s):** Rep. Pabon  
Sen. Baumgardner

**Bill Status:** House Finance

**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**BILL TOPIC:** MEDICAL MARIJUANA LICENSE ISSUES

| <b>Fiscal Impact Summary</b>   | <b>FY 2017-2018</b>   | <b>FY 2018-2019</b> |
|--|---|---------------------|
| <b>State Revenue</b><br>Cash Funds   | Minimal increase.<br>See State Revenue section.               |                     |
| <b>State Expenditures</b>  | Minimal workload increase.<br>See State Expenditures section. |                     |
| <b>Appropriation Required:</b> None.                                       |   |                     |
| <b>Future Year Impacts:</b> Ongoing minimal revenue and workload increase. |   |                     |

**Summary of Legislation**

This bill conforms the Medical Marijuana Code to the Retail Marijuana Code by creating a license for medical marijuana business operators and allowing medical marijuana licensees to relocate anywhere in Colorado if state and local permission to do so is granted.

**Background**

House Bill 16-1261 added a retail marijuana business operator license to the Retail Marijuana Code but not to the Medical Marijuana Code. However, the Marijuana Enforcement Division (MED) in the Department of Revenue created a Medical Marijuana Operator registration in rule. An operator is an entity or person with no ownership interest that is registered or licensed to provide professional operational services to a marijuana licensee and paid by the licensee.

In the Retail Marijuana Code, a retail marijuana licensee is able to relocate anywhere in Colorado, but a medical marijuana licensee may only change locations within the same city or county where the original license was granted.

**Assumptions**

Medical marijuana businesses are licensed at the state and local level. Local licensing is administered by a local licensing authority. Retail marijuana businesses are only required to be licensed at the state level so approvals for relocations are administered by local jurisdictions such

as cities and counties. The fiscal note assumes that although the bill refers to local jurisdictions, the authority to approve a transfer of a medical marijuana licensee location will remain with the applicable local licensing authority.

### **State Revenue**

***This bill will increase state cash fund revenue by a minimal amount from fees to the Marijuana Cash Fund.*** Under the bill, medical marijuana licensees will have more locations to which they potentially may relocate including other licensing authorities. The fee for a change of location is \$500. The fiscal note assumes that applications for a change of location will be minimal and as such is not expected to represent a significant increase in revenue.

### **TABOR Impact**

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

### **State Expenditures**

This bill will increase workload in the MED to update its rules, application materials, and systems to accommodate the changes from this bill. This will include changing the term "registration" to "license" for the medical marijuana operator license. The MED may also see a minimal increase in applications for change of locations due to the increased options for relocating a medical marijuana license. This workload increase can be accomplished within existing appropriations.

### **Local Government Impact**

This bill will increase workload for local governments that allow medical marijuana establishments. These local governments will need to update their rules to allow for the increased flexibility in relocation and their local licensing authorities will need to process any applications for from medical marijuana establishments moving from other licensing authorities. Local licensing authorities gaining medical marijuana establishments will see an increase in fee revenue while those losing licensees will see a reduction in fee revenue.

### **Effective Date**

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

### **State and Local Government Contacts**

Counties  
Municipalities

Governor's Marijuana Office  
Revenue

Information Technology