



**Colorado  
Legislative  
Council  
Staff**

**HB17-1034**

**REVISED  
FISCAL NOTE**

(replaces fiscal note dated January 20, 2017)

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

**Drafting Number:** LLS 17-0713

**Date:** February 28, 2017

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

**Bill Status:** Senate Business

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

**BILL TOPIC:** MEDICAL MARIJUANA LICENSE ISSUES

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

**Summary of Legislation**

The *reengrossed* 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 is granted. The bill requires the Marijuana Enforcement Division in the Department of Revenue to give a licensee an opportunity to remediate a product if a test indicates the presence of a microbial in the product. If the licensee is unable to remediate the product, then the licensee is required to document and destroy the product. The bill also allows medical marijuana-infused products manufacturers to buy from and sell to another medical marijuana-infused products manufacturer.

**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 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 or must submit a new business application, subjecting the licensee to a higher fee than the change of location fee.

**State Revenue**

***Beginning in FY 2016-17, this bill may decrease state cash fund revenue 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, without submitting a new business application to the division. The fee for a change of location is \$500 while the fees for a new business application range from \$9,000 to \$22,000. The fiscal note assumes that applications for a change of location will be minimal and as such is not expected to represent a significant decrease in revenue.

**TABOR Impact**

This bill may decrease state cash fund revenue from fees, which will decrease 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 may decrease the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget may increase by an identical amount. TABOR refund obligations are not expected for FY 2016-17.

**State Expenditures**

This bill will increase workload in the Marijuana Enforcement Division 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 division 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 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