



**Colorado
Legislative
Council
Staff**

SB17-111

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 17-0803 **Date:** September 15, 2017
Prime Sponsor(s): Sen. Neville T. **Bill Status:** Vetoed by Governor
 Rep. Michaelson Jenet; Gray **Fiscal Analyst:** Clare Pramuk (303-866-2677)

BILL TOPIC: MEDICAL MARIJUANA INVENTORY SHORTFALL FIXES

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	Workload increase. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None.		
Future Year Impacts: None.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

The bill increases the amount of total on-hand inventory of medical marijuana that a medical marijuana licensee can purchase from another medical marijuana center from 30 percent to a percentage of at least 30 percent set in rule by the Marijuana Enforcement Division in the Department of Revenue.

A medical marijuana center may transfer medical marijuana to another medical marijuana center or medical marijuana-infused product manufacturer if all direct beneficial owners of the licensed businesses are the same without the inventory percentage set in rule applying.

Background

Medical marijuana regulation. Under the medical marijuana code, businesses that grow, transport, process, test, and sell retail marijuana are licensed by the Marijuana Enforcement Division. The medical marijuana code requires that cultivation, processing, manufacturing, and sales of medical marijuana share a common ownership. This type of market regulation is known as vertical integration. As of January 1, 2017, the medical marijuana market included the following numbers of licensees that will be subject to this bill:

- 528 Medical Marijuana Centers;
- 751 Optional Premises Cultivations; and
- 254 Medical Marijuana-infused Products Manufacturers.

Statewide in calendar year 2016, there were approximately 73,500 transfers from medical marijuana cultivation facilities and 33,500 from medical marijuana centers. The 30 percent limit for a marijuana business on transfers from one licensee to another is evaluated over a 12 month period of sales.

State Expenditures

This bill increases workload for the Marijuana Enforcement Division in FY 2017-18 to set the percentage of total medical marijuana inventory that can be transferred between licensees. This workload can be accomplished within existing resources. The bill included, but did not require, an appropriation of \$128,428 from the Marijuana Cash Fund for FY 2017-18.

Effective Date

The bill was vetoed by the Governor on June 9, 2017.

State and Local Government Contacts

Information Technology Law Revenue