



**Colorado
Legislative
Council
Staff**

SB17-187

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 27, 2017)

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

Drafting Number: LLS 17-0907
Prime Sponsor(s): Sen. Crowder
Rep. Ginal

Date: March 13, 2017
Bill Status: House Business Affairs and Labor
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: RESIDENCY EXEMPTION MJ ED-BASED OCCUPATION LICENSE

| Fiscal Impact Summary | FY 2017-2018 | FY 2018-2019 |
|---|-----------------------|-----------------------|
| State Revenue | <u>\$3,659</u> | <u>\$3,659</u> |
| Cash Funds | 3,659 | 3,659 |
| State Expenditures | <u>\$3,193</u> | <u>\$1,159</u> |
| Cash Funds | 3,193 | 1,159 |
| TABOR Impact | \$3,359 | \$3,359 |
| Appropriation Required: \$3,193 - Department of Revenue (FY 2017-18) | | |
| Future Year Impacts: Ongoing revenue and expenditure increase. | | |

Summary of Legislation

The *reengrossed* bill allows the Marijuana Enforcement Division in the Department of Revenue (DOR) to exempt the medical or retail marijuana occupational license residency requirement for up to one year for someone participating in a marijuana-based workforce development or education program designed to train individuals to work in the legal marijuana industry. The bill requires applicants to provide an affirmation under penalty of perjury that they are enrolled in a marijuana-based workforce development or education program in Colorado that will require access or employment within a licensed medical or retail marijuana business.

Background

Under current law, a person must be a Colorado resident when applying for an occupational license under the Medical Marijuana Code and the Retail Marijuana Code. An occupational license is required for participation in a marijuana-based workforce development, education, or training program.

State Revenue

This bill increases cash fund revenue by \$3,659 per year beginning in FY 2017-18. Of this, \$2,500 is deposited into the Marijuana Cash Fund in the DOR and \$1,159 is deposited into the CBI Identification Unit Cash Fund in the Department of Public Safety (DPS). Occupational

licenses are \$100 and criminal history record and name checks are \$46.35. From the criminal history record and name checks, the DPS will pass through \$12 per check to the FBI; representing \$300 per year that will be exempt from TABOR.

Assumptions. The fiscal note assumes that 25 people per year will apply for the exemption to the residency requirement for the occupational license.

Fee impact on non-resident occupational licensees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The fee for an occupational license has already been set by the DOR. DPS has indicated in its FY 2017-18 budget request that the fee for criminal history record checks will be reduced from the current \$46.35 in FY 2017-18. If the fee for criminal history record checks is reduced prior to the passage of this bill, the fiscal note will be updated to reflect this reduction. Table 1 indicates the fee impact of this bill.

| Table 1. Fee Impact on Non-resident Occupational Licensees | | | |
|---|--------------------|------------------------|-------------------------|
| Type of Fee | Current Fee | Number Affected | Total Fee Impact |
| FY 2017-18 | | | \$3,659 |
| Occupational License | \$100 | 25 | 2,500 |
| Fingerprint Check | 46.35 | 25 | 1,159 |
| FY 2018-19 | | | \$3,659 |
| Occupational License | \$100 | 25 | 2,500 |
| Fingerprint Check | 46.35 | 25 | 1,159 |

TABOR Impact

This bill increases state cash fund 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. The FBI portion of the criminal background check is TABOR-exempt.

State Expenditures

This bill increases cash funds expenditures by \$3,193 in FY 2017-18 and \$1,159 in FY 2018-19. These costs are shown in Table 2 and explained below.

The DOR will have an expenditure increase of \$2,034 to create a new license type in the its licensing program (MyLO) to identify occupational licensees exempt from the residency requirement. The Marijuana Enforcement Division will have an increase in workload to modify its rules to include the exemption and will use legal services hours within its current appropriation. The DOR will also pass through \$1,159 annually to the DPS, which will have an annual increase in FBI service fees of \$300. The DPS will also have a minimal workload increase to process 25 additional criminal history background checks but these can be accomplished within existing appropriations.

| Table 2. Expenditures Under SB17-187 | | |
|---|-------------------|-------------------|
| Cost Components | FY 2017-18 | FY 2018-19 |
| Computer Programming | \$2,034 | |
| Pass-through Background Checks | 1,159 | 1,159 |
| TOTAL | \$3,193 | \$1,159 |

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2017-18, the Department of Revenue requires an appropriation of \$3,193 from the Marijuana Cash Fund. Of this, \$1,159 is reappropriated to the Department of Public Safety that will pass through \$300 to the federal government for FBI background checks.

State and Local Government Contacts

Information Technology
Public Safety

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