



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 24-0669	Date:	August 1, 2024
Prime Sponsors:	Sen. Van Winkle; Gonzales Rep. Lindstedt	Bill Status:	John Armstrong 303-866-6289
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Bill Topic:	STREAMLINE MARIJUANA REGULATION
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Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill makes various changes to the regulation of marijuana businesses. The bill shifts state and local revenue collections and increases state workload beginning in FY 2024-25.

Appropriation Summary:	No appropriation is required.
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Fiscal Note Status:	The final fiscal note reflects the enacted bill.
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Summary of Legislation

The bill makes a series of changes to the regulation of marijuana businesses.

Regulation of marijuana contaminants. The bill allows marijuana business licensees to retest products which, upon initial testing, indicated the presence of substances that are injurious to health. If a licensee is able to remediate the product, and it passes retesting, licensees are not required to indicate on the label that the product failed a test before it was remediated.

Seed-to-sale tracking system rules. The bill requires the Marijuana Enforcement Division (MED) in the Department of Revenue (DOR) to promulgate rules by January 1, 2027, that do not require radio frequency identification technology in seed-to-sale tracking.

Public health disclosures. The bill requires certain warnings about the impact of marijuana on pregnancy to be posted at every point of sale. It also requires that an existing educational resource about marijuana concentrate be physically attached to the product.

Licensing. The bill extends the renewal period for state-issued licenses to marijuana businesses, controlling beneficial owners, and marijuana delivery permits from one year to two years. Local licensing authorities may determine if their locally-issued licenses are valid for one or two years. After January 1, 2026, the MED must promulgate rules authorizing marijuana business licensees with identical controlling beneficial owners to submit a single initial or renewal application.

Social equity licenses. Effective February 1, 2025, the bill expands eligibility criteria for social equity licensees to include individuals who receive government assistance through certain state and federal programs, and clarify eligibility criteria related residency in designated areas and applicant or applicant's family's marijuana convictions.

Current social equity licensees and those who receive a social equity license between the bill's effective date and February 1, 2025, are not subject to the eligibility changes. The bill clarifies that DOR may create incentives for social equity licensees.

Retail marijuana stores. The bill permits retail marijuana stores to sell food, including food that is not infused with marijuana or hemp products or extracts, so long as food sales are not in excess of 20 percent of a store's annual gross revenue.

Cultivation facilities. The bill updates the retail and medical marijuana cultivation facility statutes to allow for the sale, transfer, or shipment of genetic material to other licensed cultivators, testing facilities, or other licensees approved by rule. Cultivation facilities must confirm that the recipient is at least 21 years old, and may not transfer genetic material directly to a consumer on the premises.

Fees. The bill puts a cap on initial application fees for retail marijuana businesses and allows the MED to annually adjust for inflation or deflation.

Marijuana excise tax. The bill clarifies that the transfer of unprocessed retail marijuana exclusively for microbial control is deemed to not be the first transfer for the purposes of excise taxation.

State Revenue

The bill changes revenue collections to the Marijuana Cash Fund by creating a biennial licensing renewal period in place of the current annual renewal, which this analysis assumes will have a neutral revenue impact.

Fee impact on marijuana licensees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill is anticipated to double all fees collected by MED to account for the change from annual to biennial renewal, which will have a neutral impact over a two-year period. These fees are expected to apply to marijuana business licenses, owner and owner entity licenses, modification of the premises applications, and marijuana delivery permits. Actual fees will be set administratively by MED based on cash fund balance, program costs, the number of licenses subject to the fee, and the parameters in the bill. Table 2 below identifies the impact of the biennial renewal fee.

Table 2
Fee Impact on Marijuana Licensees

License Type	Licensees	Current Annual Fee	SB 24-076 Biennial Fee
Regulated Marijuana Business	2,546	\$2,300	\$4,600
Owner License	1,649	\$550	\$1,100
Owner Entity License	268	\$825	\$1,650
Modifications of Premises	200	\$150	\$300
Marijuana Delivery License	37	\$2,650	\$5,300

¹ Table 2 shows how current fees will be modified to maintain consistent revenue on a biennial basis.

State Expenditures

The bill increases state workload in the DOR to adopt new rules to comply with the bill, including extending the license renewal period from one to two years and expanding eligibility for social equity licensees. Rulemaking, communication with stakeholders and updating forms and procedures will begin in FY 2024-25 and can be accomplished within existing appropriations.

Local Government

Local marijuana licensing authorities will have impacts similar to the state to implement a biennial renewal cycle and consolidate licensing renewals.

Effective Date

The bill was signed into law by the Governor on June 5, 2024, and takes effect on August 7, 2024, assuming no referendum petition is filed.

State and Local Government Contacts

Counties Municipalities Public Health and Environment
Revenue

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).