



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Revised Fiscal Note

(replaces fiscal note dated February 22, 2024)

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<b>Drafting Number:</b>	LLS 24-0669	<b>Date:</b>	April 30, 2024
<b>Prime Sponsors:</b>	Sen. Van Winkle; Gonzales Rep. Lindstedt	<b>Bill Status:</b>	House Finance
		<b>Fiscal Analyst:</b>	John Armstrong   303-866-6289 john.armstrong@coleg.gov

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**Bill Topic:** **STREAMLINE MARIJUANA REGULATION**

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<b>Summary of</b>	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
<b>Fiscal Impact:</b>	<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, increases state and local workload beginning in FY 2024-25.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The revised fiscal note reflects the reengrossed 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.

**Transfer of marijuana products.** The bill requires the Marijuana Enforcement Division (MED) in the Department of Revenue 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 periods.** The bill extends the license renewal period from one year for marijuana businesses, controlling beneficial owners, and marijuana delivery permits to two years. Local licensing authorities may determine if their licenses are valid for one or two years. After January 1, 2026, the MED must promulgate rules authorizing multiple marijuana business licensees with identical controlling beneficial owners to submit a single initial or renewal application.

**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.

**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, and the number of licenses subject to the fee. Table 2 below identifies the impact of the biennial renewal fee.

**Table 2**  
**Fee Impact on Marijuana Licensees**

<b>License Type</b>	<b>Licensees</b>	<b>Current Annual Fee</b>	<b>SB 24-076 Biennial Fee</b>
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

<sup>1</sup> Table 2 shows how current fees will be modified to maintain consistent revenue on a biennial basis. It does not include the revenue increases that will be required to cover the DOR expenditures in this bill.

## State Expenditures

**Department of Revenue.** The DOR will have increased workload to adopt new rules to comply with the bill, including extending the license renewal period from one to two years. Rulemaking, communication with stakeholders and updating forms and procedures will begin in FY 2024-25 and is assumed to 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 consolidating licensing renewals.

## **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to acts committed on or after this date.

## **State and Local Government Contacts**

Counties  
Revenue

Municipalities

Public Health and Environment

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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](#).