

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING IMPLEMENTATION OF AMENDMENT 64, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING AN APPROPRIATION.

Prime Sponsors: Sens. Jahn and Baumgardner  
Representative May

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Date Prepared: May 3, 2013

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/30/13.

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Update Due to Amendments

The Senate added an amendment on Second Reading which increased the costs for the Department Law to provide, subject to the availability of sufficient moneys training to drug recognition experts in the Advanced Roadside Impaired Driving Enforcement Program (ARIDE Program) who will then provide ARIDE Program training to peace officers. The Department of Law will require a total of \$96,000 cash funds from the P.O.S.T. Board Cash Fund for FY 2013-14 (an increase of \$76,000 from the current appropriation in the bill).

Technical Updates

There were three technical issues which change the fiscal impact of the bill:

- Staff mistakenly appropriated a full year of funding for the studies, when only half a year of funding should be appropriated because the tax, if approved by the voters, would only go into effect for six months of FY 2013-14;
- The Department of Public Health and Environment requires an additional \$6,000 to access the Health Information and Vital Statistics system to comply with the requirements to study the changes in drug use patterns, broken down by county and race and ethnicity as required on page 11 of the reengrossed bill; and
- The Department of Public Safety requires \$89,398 cash funds for the scientific study of law enforcement activities. The April 30, 2013 Fiscal Note indicated the

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Department of Public Safety would require \$90,348, which included \$950 operating expenses for an FTE that won't be required until FY 2014-15.

Updates Technical Revenue Changes

The bill is expected to increase revenue to the Marijuana Cash Fund by \$8,379,859 in FY 2013-14 and \$10,984,489 in FY 2014-15. Based data from the Substance Abuse and Mental Health Association's National Survey on Drug Use and Health, sales of retail marijuana under the bill are expected to increase revenue by \$4,136,672 in FY2013-14 and \$8,272,558 in FY 2014-15 under the state's existing 2.9 percent sales tax. The table below shows the estimated sales tax generated from medical and retail marijuana. Because this bill diverts the sales tax from medical marijuana to the Marijuana Cash Fund instead of the General Fund, the General Fund will see a decrease of \$4,243,187 in FY 2013-14 and \$2,711,931 in FY 2014-15.

<b>Estimated Marijuana Sales Taxes by Fiscal Year.</b>		
<b>Type of Marijuana Sales*</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
Medical Marijuana	\$4,243,187	\$2,711,931
Retail Marijuana	4,136,672	8,272,558
<b>TOTAL</b>	<b>\$8,379,859</b>	<b>\$10,984,489</b>

*\*Assumes that retail marijuana sales begin January 1, 2014 and excludes vendor fee for tax processing.*

The following table summarizes the updated fiscal impact of the bill. Legislative Council Staff agrees with this analysis.

<b>Revised Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>		
General Fund - Reduction - Income Taxes	(\$688,070)	(\$1,376,140)
<b>State Expenditures</b>		
General Fund - Computer Programming	<b>\$280,000</b>	\$0
Cash Funds		
CDPHE - Marijuana Cash Fund	\$186,906	\$320,388
DPS - Marijuana Cash Fund	89,398	159,033
Law - P.O.S.T. Board Cash Fund	<u>96,000</u>	<u>96,000</u>
Total Cash Funds	<b>\$372,304</b>	<b>\$575,421</b>
<b>FTE Position Change</b>	3.0 FTE	6.0 FTE

**Amendments in This Packet for Consideration by Appropriations Committee**

Amendment	Description
J.010	Staff-prepared appropriation amendment

**Current Appropriations Clause in Bill**

The bill includes an appropriation clause that provides appropriations for FY 2013-14 to the Departments of Public Safety (DPS), Revenue (DOR), Public Health and Environment (DPHE), and Law (DOL) that are incorrect due to the technical issues raised above and the amendments added on second reading. The following table summarizes the existing appropriations and what the appropriations should be.

Department, Division	Purpose	Current		Correct	
		Appropriation	FTE	Appropriation	FTE
DPHE, Disease Control and Environmental Epidemiology	Study of the health effects of marijuana	\$307,542	4.0	180,906	2.0
DPHE, Health Statistics and Vital Records	Study of the health effects of marijuana by demographic information	\$0	0.0	6,000	0.0
DPS, Division of Criminal Justice	Scientific study of law enforcement activities related to marijuana	154,034	0.0	89,398	1.0
DOR, Taxation Business Group	State income tax exemption	280,000	0.0	280,000	0.0
DOL, Criminal Justice and Appellate Unit	Colorado Peace Officer Standards and Training Board	20,000	0.0	96,000	0.0
<b>Total</b>		<b>\$761,576</b>	<b>4.0</b>	<b>\$652,304</b>	<b>3.0</b>

**Description of Amendments in This Packet**

**J.010** Staff has prepared amendment **J.010** (attached) to change the existing clause to appropriate the amounts shown in the above table.

**Points to Consider**

*General Fund Impact*

1. The Joint Budget Committee has proposed a budget package for FY 2013-14 based on the March 2013 Office of State Planning and Budgeting revenue forecast. The budget package allocates all but approximately \$9.0 million of General Fund revenues projected to be available. Pursuant to S.B. 13-236, this \$9.0 million General Fund will be transferred to the Colorado Water Conservation Board

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(CWCB) Construction Fund. This bill requires a General Fund appropriation of \$280,000 for FY 2013-14 and thus will reduce the transfer to the CWCB Construction Fund by that amount.

### *Revenue Source*

2. As described above, a second reading amendment in the Senate requires the P.O.S.T. Board to provide ARIDE Program training "subject to the availability of sufficient moneys". Does the General Assembly intend to specify to which fund source(s) this provision refers (e.g., P.O.S.T. Board Cash Fund? Marijuana Cash Fund?).

3. Amendment J.010 appropriates a total of \$96,000 from the P.O.S.T. Board Cash Fund for FY 2013-14. While this cash fund has sufficient fund balance/revenues to support this appropriation for FY 2013-14, it may not in subsequent fiscal years and the P.O.S.T. Board would need to prioritize its training programs based on available funds.

### *Impact on Other State Programs*

4. Under Section 29-26-123 (6), C.R.S. the first \$2 million of sales tax attributable to medical marijuana is appropriated \$1 million to Department of Human Services for the Circle Program at the Colorado Mental Health Institute at Pueblo and \$1 million to the Department of Health Care Policy and Financing for screening, brief intervention, and referral to treatment for individuals at risk of substance abuse pursuant to section 25.5-5-202 (1) (u), C.R.S. Since all sales tax revenue on medical marijuana is being diverted to the Marijuana Cash Fund these programs will not receive the funding pursuant to Section 29-26-126 (6), C.R.S.