

Use of Recreational Marijuana Sales Tax Revenues Interim Study Committee

Members of the Committee

Representative Dan Pabon, Chair
Senator Cheri Jahn, Vice-Chair

Senator Irene Aguilar	Representative Tim Dore
Senator Randy Baumgardner	Representative Jonathan Singer

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October 2014

Use of Recreational Marijuana Sales Tax Revenues Interim Study Committee Report

Committee Charge

The Use of Recreational Marijuana Sales Tax Revenues Interim Study Committee, as requested by Interim Committee Letter 2014-6, was charged with evaluating and making recommendations regarding appropriate uses of sales tax revenue generated by recreational marijuana sales in Colorado. The committee, at a minimum, was required to examine:

- the appropriation and prioritization of recreational marijuana sales tax revenue;
- the impact of the sale of retail marijuana on underage use, substance abuse, and abuse prevention measures; and
- best practices and evidence-based programs for addressing marijuana-related impacts.

Committee Activities

The Use of Recreational Marijuana Sales Tax Revenues Interim Study Committee met four times in the 2014 interim. The committee discussed numerous topics relating to marijuana tax revenues, the regulation of medical and recreational marijuana, programs funded with marijuana revenues, and the impact of marijuana legalization on the state and local communities.

Marijuana tax revenues. The committee received an update on actual and projected marijuana tax revenues from the Department of Revenue and Legislative Council Staff. The committee heard about the potential reasons why revenue was below previous estimates, including slower than anticipated roll-out of retail marijuana stores and difficulty in predicting the size of a brand new market for a previously illegal product. The committee also discussed the exemption to the state excise tax that allowed a medical marijuana business to transfer its inventory one time without tax when transitioning to operations as a retail marijuana business. This exemption lowered excise tax collections in the first year since all retail marijuana businesses were initially required to be a licensed medical marijuana business. The committee also discussed the share of marijuana tax revenues transferred to local governments and the feasibility of a local excise tax, which county representatives said would be beneficial to jurisdictions with relatively low retail marijuana sales, but large cultivation operations. Bill B addresses local government taxation of retail marijuana.

Regulation of medical and recreational marijuana. The Department of Revenue and the Department of Public Health and Environment provided information to the committee concerning the regulation and taxation of both the recreational and medical marijuana markets. Among other things, the committee discussed the interaction between the recreational and medical marijuana markets, the role of medical marijuana caregivers, diversion of marijuana from the medical market, and other regulatory issues affecting recreational marijuana tax collections. The committee expressed concerns that some persons buying medical marijuana are doing so to avoid higher taxes in the recreational market. The committee also discussed the large number of marijuana plants grown by some patients and caregivers under the medical necessity exemption to the six-plant limit, how this exemption may lead to the diversion of marijuana, and the impact of large, unregulated grow operations by caregivers on local communities. Bill A addresses several of these concerns.

Programs funded with marijuana tax revenues. Representatives from various state agencies, including the Department of Public Health and Environment, the Department of Human Services, the Department of Health Care Policy and Financing, and the Colorado Department of Education presented to the committee on programs and initiatives funded by marijuana revenue through Senate Bill 14-215. The programs examined include public awareness campaigns and youth prevention activities.

Impact of marijuana legalization. The committee also received testimony from local law enforcement and substance abuse service providers on a range of topics. Committee discussion of in these areas focused on the impacts of marijuana legalization in Colorado in terms of public safety, youth access to marijuana, and substance use and abuse. The law enforcement representatives expressed concern about diversion of marijuana to other states and to the black market, and the difficulty in knowing whether large residential grow operations are legal under medical marijuana law. Substance abuse service providers discussed the scope of the substance abuse problem in Colorado, the need for additional funding for existing programs, and the need for an expanded Medicaid substance abuse treatment benefit.

Public comment. The committee heard testimony from the public at each of its meetings. Among others, representatives of the marijuana industry and medical marijuana patient advocates spoke to the committee about their concerns.

Committee Recommendations

As a result of committee discussion and deliberation, the Use of Recreational Marijuana Sales Tax Revenues Interim Study Committee recommends the following two bills for consideration in the 2015 legislative session.

Bill A — Marijuana Issues Not Regulated by DOR. This bill makes several changes concerning medical marijuana and caregivers. The bill requires caregivers to register with the Department of Public Health and Environment in addition to the Department of Revenue, as required under current law. Caregivers who fail to register with either agency are prohibited from acting as a caregiver in the future and may be subject to prosecution under existing criminal offenses. The bill also requires the State Board of Medical Examiners to issue guidelines on medical marijuana recommendations by physicians for severe pain and informed consent for patients receiving marijuana from caregivers. The bill requires the Department of Revenue and the Department of Public Health and Environment to share the minimum amount of information necessary to ensure that a medical marijuana patient only has one caregiver and is not using both a caregiver and a medical marijuana center. Any costs under the bill will be paid from the Marijuana Tax Cash Fund.

Bill B — Local Government Retail Marijuana Taxes. The bill clarifies that counties and municipalities are authorized, subject to voter approval, to levy, collect, and enforce a sales tax on all sales of retail marijuana and retail marijuana products by retailers. In addition, the bill gives counties and municipalities the authority, subject to voter approval, to levy, collect, and enforce a local excise tax on the first transfer of unprocessed marijuana from a retail marijuana cultivation facility.

**First Regular Session
Seventieth General Assembly
STATE OF COLORADO**

BILL A

LLS NO. 15-0106.02 Michael Dohr x4347

SENATE BILL

SENATE SPONSORSHIP

Aguilar,

HOUSE SPONSORSHIP

Singer,

Senate Committees

House Committees

A BILL FOR AN ACT

101 **CONCERNING MARIJUANA ISSUES THAT ARE NOT REGULATED BY THE**
102 **DEPARTMENT OF REVENUE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Marijuana Revenues Interim Committee. The bill requires the Colorado medical board to adopt rules regarding guidelines for physicians who make medical marijuana recommendations for patients suffering from severe pain.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

The bill requires the state health agency to adopt rules regarding guidelines for primary caregivers to give informed consent to patients that the products they cultivate or produce may contain contaminants and that the THC levels are not verified.

The bill requires all primary caregivers to register with the state health agency and the state medical marijuana licensing authority (licensing authority). Any primary caregiver who is not registered shall register within 10 days of being informed of the duty to register. If a person fails to register after such 10 days, the state health agency and licensing authority shall prohibit the person from ever registering and acting as a primary caregiver.

The bill requires the licensing authority and the state health agency to share the minimum amount of information necessary to ensure that a medical marijuana patient has only one caregiver and is not using a primary caregiver and a medical marijuana center.

The bill permits moneys in the marijuana tax fund to be used to fund the implementation of any bills approved by the marijuana revenues interim committee.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds and declares that:

4 (a) Colorado authorizes the sale and use of small amounts of
5 medical and retail marijuana;

6 (b) The sale and use of medical marijuana is limited to those
7 Colorado residents who have a physician's recommendation that they
8 have a debilitating medical condition that could benefit from the use of
9 medical marijuana; and

10 (c) The state imposes a higher tax rate on retail marijuana than on
11 medical marijuana, as well as an additional excise tax.

12 (2) Therefore, it is important for the state to ensure that those
13 people who are accessing and engaging in the medical marijuana system
14 are qualified to do so. Otherwise, the state and local governments will be
15 deprived of valuable tax revenue.

1 (3) Now then, the general assembly hereby enacts the following
2 protections to ensure that access to the medical marijuana market is
3 limited to Colorado residents who have a physician's recommendation
4 that they have a debilitating medical condition that could benefit from the
5 use of medical marijuana.

6 **SECTION 2.** In Colorado Revised Statutes, **add** 12-36-141 as
7 follows:

8 **12-36-141. Medical marijuana recommendations - rules.** THE
9 BOARD SHALL ADOPT RULES ESTABLISHING GUIDELINES FOR PHYSICIANS
10 MAKING MEDICAL MARIJUANA RECOMMENDATIONS FOR PATIENTS WHO
11 SUFFER FROM SEVERE PAIN.

12 **SECTION 3.** In Colorado Revised Statutes, 25-1.5-106, **amend**
13 (3) (a) (VII), (3) (a) (VIII), (7) (e), and (8) (a); and **add** (3) (a) (IX) as
14 follows:

15 **25-1.5-106. Medical marijuana program - powers and duties**
16 **of state health agency - rules - medical review board - medical**
17 **marijuana program cash fund - subaccount - created - repeal.**
18 (3) **Rule-making.** (a) The state health agency shall, pursuant to section
19 14 of article XVIII of the state constitution, promulgate rules of
20 administration concerning the implementation of the medical marijuana
21 program that specifically govern the following:

22 (VII) The manner in which the state health agency may consider
23 adding debilitating medical conditions to the list of debilitating medical
24 conditions contained in section 14 of article XVIII of the state
25 constitution; ~~and~~

26 (VIII) A waiver process to allow a homebound patient who is on
27 the registry to have a primary caregiver transport the patient's medical

1 marijuana from a licensed medical marijuana center to the patient; AND
2 (IX) GUIDELINES FOR PRIMARY CAREGIVERS TO GIVE INFORMED
3 CONSENT TO PATIENTS THAT THE PRODUCTS THEY CULTIVATE OR PRODUCE
4 MAY CONTAIN CONTAMINANTS AND THAT THE THC LEVELS ARE NOT
5 VERIFIED.

6 (7) **Primary caregivers.** (e) (I) (A) A primary caregiver ~~who~~
7 ~~cultivates medical marijuana for his or her patients~~ shall register ~~the~~
8 ~~location of his or her cultivation operation~~ with THE STATE HEALTH
9 AGENCY AND THE state medical marijuana licensing authority; ~~and~~ SHALL
10 provide THE LOCATION OF ANY CULTIVATION OPERATION, the registration
11 identification number of each patient, AND THE NUMBER OF PLANTS THAT
12 THE CAREGIVER IS AUTHORIZED TO CULTIVATE TO THE STATE HEALTH
13 AGENCY AND the state licensing authority; AND SHALL UPDATE THE
14 REGISTRATION INFORMATION WITHIN TEN DAYS AFTER ANY OF THE
15 INFORMATION CHANGES. THE STATE HEALTH AGENCY SHALL ISSUE A
16 PRIMARY CAREGIVER REGISTRY CARD TO EACH PRIMARY CAREGIVER WHO
17 REGISTERS. A PERSON MAY NOT REGISTER AS A PRIMARY CAREGIVER IF HE
18 OR SHE IS LICENSED AS A MEDICAL MARIJUANA BUSINESS AS DESCRIBED IN
19 PART 4 OF ARTICLE 43.3 OF TITLE 12, C.R.S., OR A RETAIL MARIJUANA
20 BUSINESS AS DESCRIBED IN PART 4 OF ARTICLE 43.4 OF TITLE 12, C.R.S.

21 (B) A PRIMARY CAREGIVER WHO FAILS TO REGISTER WITH THE
22 STATE HEALTH AGENCY OR THE STATE MEDICAL MARIJUANA LICENSING
23 AUTHORITY SHALL REGISTER WITH THE APPROPRIATE AGENCY WITHIN TEN
24 DAYS OF BEING INFORMED OF THE DUTY TO REGISTER BY LAW
25 ENFORCEMENT, THE STATE HEALTH AGENCY, OR THE STATE LICENSING
26 AUTHORITY.

27 (C) IF A PERSON FAILS TO REGISTER PURSUANT TO

1 SUB-SUBPARAGRAPHS (A) AND (B) OF THIS SUBPARAGRAPH (I), THE STATE
2 HEALTH AGENCY AND THE STATE MEDICAL MARIJUANA LICENSING
3 AUTHORITY SHALL PROHIBIT THE PERSON FROM EVER REGISTERING AND
4 ACTING AS A PRIMARY CAREGIVER. THE PERSON SHALL BE SUBJECT TO ANY
5 CHARGEABLE CRIMINAL OFFENSES.

6 (D) IF A PRIMARY CAREGIVER IS CHARGED WITH FAILURE TO
7 REGISTER, A LAW ENFORCEMENT AGENCY SHALL NOT BE CIVILLY LIABLE
8 FOR THE LOSS OR DESTRUCTION OF THE PRIMARY CAREGIVER'S MEDICAL
9 MARIJUANA PLANTS.

10 (II) THE STATE HEALTH AGENCY AND THE STATE MEDICAL
11 MARIJUANA LICENSING AUTHORITY SHALL SHARE THE MINIMUM
12 NECESSARY INFORMATION AS ALLOWED BY THE FEDERAL "HEALTH
13 INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996", PUB. L.
14 104-191, AS AMENDED, SUCH AS PATIENT AND CAREGIVER IDENTIFICATION
15 NUMBERS, TO ENSURE THAT A PATIENT DOES NOT HAVE MORE THAN ONE
16 PRIMARY CAREGIVER, OR HAVE BOTH A CAREGIVER AND A MEDICAL
17 MARIJUANA CENTER, CULTIVATING MEDICAL MARIJUANA ON HIS OR HER
18 BEHALF AT ANY GIVEN TIME.

19 (III) The information provided to the state medical marijuana
20 licensing authority pursuant to this paragraph (e) shall not be provided to
21 the public and ~~shall be~~ is confidential. The state licensing authority shall
22 verify the location of a primary caregiver cultivation operation to a local
23 government or law enforcement agency upon receiving an
24 address-specific request for verification. The location of the cultivation
25 operation ~~shall~~ MUST comply with all applicable local laws, rules, or
26 regulations.

27 (8) **Patient - primary caregiver relationship.** (a) (I) A person

1 shall be listed as a primary caregiver for no more than five patients on the
2 medical marijuana program registry at any given time; except that the
3 state health agency may allow a primary caregiver to serve more than five
4 patients in exceptional circumstances. In determining whether exceptional
5 circumstances exist, the state health agency may consider the proximity
6 of medical marijuana centers to the patient.

7 (II) A PRIMARY CAREGIVER MAY NOT CULTIVATE MORE THAN SIX
8 PLANTS FOR EACH PATIENT REGISTERED TO THE CAREGIVER AT ANY GIVEN
9 TIME. THE STATE HEALTH AGENCY SHALL VERIFY THROUGH THE
10 EXECUTIVE DIRECTOR OR HIS OR HER DESIGNEE ALL MEDICALLY
11 NECESSARY EXTENDED PLANT COUNTS. A primary caregiver shall maintain
12 a list of his or her patients including the registry identification card
13 number of each patient at all times.

14 **SECTION 4.** In Colorado Revised Statutes, 39-28.8-501, **amend**
15 (2) (b) (XIV) and (2) (b) (XV); and **add** (2) (b) (XVI) as follows:

16 **39-28.8-501. Marijuana tax cash fund - creation - distribution**
17 **- repeal.** (2) (b) Subject to the limitations in subsection (5) of this
18 section, any moneys in the fund that are not appropriated to the
19 department of revenue pursuant to paragraph (a) of this subsection (2) are
20 subject to annual appropriation by the general assembly for any fiscal year
21 following the fiscal year in which they were received by the state. The
22 general assembly shall initially appropriate moneys in the fund based on
23 the most recent estimate of revenue prepared by the staff of the legislative
24 council or the department of revenue for the applicable fiscal year. The
25 general assembly may appropriate moneys in the fund for the following
26 purposes:

27 (XIV) The industrial hemp grant research program created in

1 section 35-61-104.5, C.R.S.; and

2 (XV) For the start-up expenses of the division of financial
3 services related to the regulation of marijuana financial services
4 cooperatives pursuant to article 33 of title 11, C.R.S., and until the state
5 commissioner of financial services first collects assessments on such
6 cooperatives; AND

7 (XVI) FOR THE IMPLEMENTATION OF LEGISLATION APPROVED BY
8 THE MARIJUANA REVENUES INTERIM COMMITTEE DURING THE 2014
9 INTERIM.

10 **SECTION 5. Safety clause.** The general assembly hereby finds,
11 determines, and declares that this act is necessary for the immediate
12 preservation of the public peace, health, and safety.

**First Regular Session
Seventieth General Assembly
STATE OF COLORADO**

BILL B

LLS NO. 15-0107.01 Nicole Myers x4326

HOUSE BILL

HOUSE SPONSORSHIP

Singer,

SENATE SPONSORSHIP

(None),

House Committees

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE AUTHORITY OF CERTAIN LOCAL GOVERNMENTS TO**
102 **IMPLEMENT SPECIFIED TAXES ON RETAIL MARIJUANA SUBJECT**
103 **TO APPROVAL BY THE ELIGIBLE ELECTORS OF THE LOCAL**
104 **GOVERNMENT.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Marijuana Revenues Interim Committee. Currently, any county or municipality that allows the sale of retail marijuana is authorized to

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levy the standard county or municipal sales tax on the sale of retail marijuana in addition to the state retail marijuana sales tax and the state retail marijuana excise tax.

The bill clarifies that counties and municipalities are authorized, subject to voter approval, to levy, collect, and enforce a sales tax on all sales of retail marijuana and retail marijuana products by retailer, in addition to any sales tax imposed by the state or by the county or municipality as applicable.

In addition, the bill authorizes, subject to voter approval, any county and any municipality to levy, collect, and enforce an excise tax on the first sale or transfer of unprocessed retail marijuana by a retail marijuana cultivation facility, in addition to any sales tax imposed by the state or by the county or municipality, as applicable, and in addition to the state excise tax imposed on retail marijuana.

The bill specifies that an additional sales tax or excise tax may not be levied until the proposed tax has been referred to and approved by the eligible electors of the county or municipality, as applicable. A county or municipality may refer the proposed tax to the eligible electors only on the date of the state general election, on the first Tuesday in November of an odd-numbered year, or on the date of a municipal biennial election.

Any retail marijuana sales tax or excise tax imposed by a county or municipality shall not be collected, administered, or enforced by the department of revenue. Instead, such tax shall be collected, administered, and enforced by the county or municipality imposing the tax.

A county or municipality in which the eligible electors have approved an additional sales tax on the sale of retail marijuana or excise tax on the first transfer of unprocessed retail marijuana may credit the revenues collected from the taxes to the general fund of the county or municipality or to any special fund created in the county or municipality's treasury. The governing body of a county or municipality may use the revenues collected from the taxes for any purpose as determined by the governing body or the electors of the county or municipality, as applicable.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 29-2-114 and
3 29-2-115 as follows:

4 **29-2-114. Retail marijuana sales tax - county - municipality -**
5 **election.** (1) (a) IN ADDITION TO ANY SALES TAX IMPOSED PURSUANT TO
6 SECTION 29-2-103 AND ARTICLES 26 AND 28.8 OF TITLE 39, C.R.S., AND

1 NOTWITHSTANDING THE PROVISIONS OF SECTION 29-2-105 (1) (d), EACH
2 COUNTY IN THE STATE IS AUTHORIZED TO LEVY, COLLECT, AND ENFORCE
3 A COUNTY SALES TAX UPON ALL SALES OF RETAIL MARIJUANA AND RETAIL
4 MARIJUANA PRODUCTS BY A RETAILER. A COUNTY MAY LEVY, COLLECT,
5 AND ENFORCE A SALES TAX PURSUANT TO THIS SUBSECTION (1), IN WHOLE
6 OR IN PART, IN LESS THAN THE ENTIRE COUNTY WHEN THE CONDITIONS
7 SPECIFIED IN SECTION 29-2-103 (2) (b) AND (2) (c) ARE SATISFIED.

8 (b) NO SALES TAX SHALL BE LEVIED PURSUANT TO THE PROVISIONS
9 OF PARAGRAPH (a) OF THIS SUBSECTION (1) UNTIL THE PROPOSAL HAS BEEN
10 REFERRED TO AND APPROVED BY THE ELIGIBLE ELECTORS OF THE COUNTY
11 IN ACCORDANCE WITH THE PROVISIONS OF THIS ARTICLE. ANY PROPOSAL
12 FOR THE LEVY OF A SALES TAX IN ACCORDANCE WITH PARAGRAPH (a) OF
13 THIS SUBSECTION (1) MAY BE SUBMITTED TO THE ELIGIBLE ELECTORS OF
14 THE COUNTY ONLY ON THE DATE OF THE STATE GENERAL ELECTION OR ON
15 THE FIRST TUESDAY IN NOVEMBER OF AN ODD-NUMBERED YEAR, AND ANY
16 ELECTION ON THE PROPOSAL MUST BE CONDUCTED BY THE COUNTY CLERK
17 AND RECORDER IN ACCORDANCE WITH THE "UNIFORM ELECTION CODE OF
18 1992", ARTICLES 1 TO 13 OF TITLE 1, C.R.S.

19 (2) (a) IN ADDITION TO ANY SALES TAX IMPOSED PURSUANT TO
20 SECTION 29-2-102 AND ARTICLES 26 AND 28.8 OF TITLE 39, C.R.S., AND
21 NOTWITHSTANDING THE PROVISIONS OF SECTION 29-2-105 (1) (d), EACH
22 MUNICIPALITY IN THE STATE IS AUTHORIZED TO LEVY, COLLECT, AND
23 ENFORCE A MUNICIPAL SALES TAX UPON ALL SALES OF RETAIL MARIJUANA
24 AND RETAIL MARIJUANA PRODUCTS BY A RETAILER.

25 (b) NO SALES TAX SHALL BE LEVIED PURSUANT TO THE PROVISIONS
26 OF PARAGRAPH (a) OF THIS SUBSECTION (2) UNTIL THE PROPOSAL HAS BEEN
27 REFERRED TO AND APPROVED BY THE ELIGIBLE ELECTORS OF THE

1 MUNICIPALITY IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 10 OF
2 TITLE 31, C.R.S. ANY PROPOSAL FOR THE LEVY OF A SALES TAX IN
3 ACCORDANCE WITH PARAGRAPH (a) OF THIS SUBSECTION (2) MAY BE
4 SUBMITTED TO THE ELIGIBLE ELECTORS OF THE MUNICIPALITY ON THE
5 DATE OF THE STATE GENERAL ELECTION, ON THE FIRST TUESDAY IN
6 NOVEMBER OF AN ODD-NUMBERED YEAR, OR ON THE DATE OF A
7 MUNICIPAL BIENNIAL ELECTION. ANY ELECTION ON THE PROPOSAL MUST
8 BE CONDUCTED BY THE CLERK OF THE MUNICIPALITY IN ACCORDANCE
9 WITH THE "COLORADO MUNICIPAL ELECTION CODE OF 1965", ARTICLE 10
10 OF TITLE 31, C.R.S.

11 (3)(a) NOTWITHSTANDING THE PROVISIONS OF THIS ARTICLE, ANY
12 RETAIL MARIJUANA SALES TAX IMPOSED BY A COUNTY OR MUNICIPALITY
13 PURSUANT TO THIS SECTION SHALL NOT BE COLLECTED, ADMINISTERED, OR
14 ENFORCED BY THE DEPARTMENT OF REVENUE, BUT SHALL INSTEAD BE
15 COLLECTED, ADMINISTERED, AND ENFORCED BY THE COUNTY OR
16 MUNICIPALITY IMPOSING THE TAX.

17 (b) A COUNTY OR MUNICIPALITY IN WHICH A TAX IS IMPOSED
18 PURSUANT TO THIS SECTION MAY AUTHORIZE A RETAIL MARIJUANA STORE
19 TO RETAIN A PERCENTAGE, TO BE DETERMINED BY THE COUNTY OR
20 MUNICIPALITY, OF THE RETAIL MARIJUANA SALES TAX COLLECTED
21 PURSUANT TO SUBSECTIONS (1) AND (2) OF THIS SECTION TO COVER THE
22 EXPENSES OF COLLECTING AND REMITTING THE TAX TO THE COUNTY OR
23 MUNICIPALITY.

24 (4) A COUNTY OR MUNICIPALITY IN WHICH THE ELIGIBLE ELECTORS
25 HAVE APPROVED A SALES TAX PURSUANT TO THIS SECTION MAY CREDIT
26 THE REVENUES COLLECTED FROM THE TAX TO THE GENERAL FUND OF THE
27 COUNTY OR MUNICIPALITY OR TO ANY SPECIAL FUND CREATED IN THE

1 COUNTY OR MUNICIPALITY'S TREASURY. THE GOVERNING BODY OF A
2 COUNTY OR MUNICIPALITY MAY USE THE REVENUES COLLECTED FROM THE
3 TAX IMPOSED PURSUANT TO THIS SECTION FOR ANY PURPOSE AS
4 DETERMINED BY THE GOVERNING BODY OR THE ELECTORS OF THE COUNTY
5 OR MUNICIPALITY, AS APPLICABLE.

6 (5) THE PROVISIONS OF THIS SECTION SHALL NOT BE CONSTRUED
7 TO INVALIDATE THE PRESUMED LEGALITY OF ANY COUNTY OR MUNICIPAL
8 SALES TAX IMPOSED ON THE SALE OF RETAIL OR MEDICAL MARIJUANA,
9 RETAIL OR MEDICAL MARIJUANA PRODUCTS, OR RETAIL OR MEDICAL
10 MARIJUANA PARAPHERNALIA THAT IS IN ADDITION TO ANY SALES TAX
11 IMPOSED PURSUANT TO SECTION 29-2-103 AND ARTICLES 26 AND 28.8 OF
12 TITLE 39, C.R.S., AND THAT WAS APPROVED BY THE ELIGIBLE ELECTORS
13 OF THE COUNTY OR MUNICIPALITY PRIOR TO THE EFFECTIVE DATE OF THIS
14 SUBSECTION (5).

15 **29-2-115. Retail marijuana excise tax - county - municipality**
16 **- election.** (1) (a) IN ADDITION TO ANY SALES TAX IMPOSED PURSUANT TO
17 SECTIONS 29-2-103 AND 29-2-114 (1) AND ARTICLES 26 AND 28.8 OF TITLE
18 39, C.R.S., AND IN ADDITION TO THE EXCISE TAX IMPOSED PURSUANT TO
19 ARTICLE 28.8 OF TITLE 39, C.R.S., EACH COUNTY IN THE STATE IS
20 AUTHORIZED TO LEVY, COLLECT, AND ENFORCE A COUNTY EXCISE TAX ON
21 THE FIRST SALE OR TRANSFER OF UNPROCESSED RETAIL MARIJUANA BY A
22 RETAIL MARIJUANA CULTIVATION FACILITY. THE TAX SHALL BE IMPOSED
23 AT THE TIME WHEN THE RETAIL MARIJUANA CULTIVATION FACILITY FIRST
24 SELLS OR TRANSFERS UNPROCESSED RETAIL MARIJUANA FROM THE RETAIL
25 MARIJUANA CULTIVATION FACILITY TO A RETAIL MARIJUANA PRODUCT
26 MANUFACTURING FACILITY, A RETAIL MARIJUANA STORE, OR ANOTHER
27 RETAIL MARIJUANA CULTIVATION FACILITY.

1 (b) NO EXCISE TAX SHALL BE LEVIED PURSUANT TO THE
2 PROVISIONS OF PARAGRAPH (a) OF THIS SUBSECTION (1) UNTIL THE
3 PROPOSAL HAS BEEN REFERRED TO AND APPROVED BY THE ELIGIBLE
4 ELECTORS OF THE COUNTY. THE ADOPTION PROCEDURES FOR A
5 COUNTYWIDE SALES TAX, USE TAX, OR BOTH, AS SPECIFIED IN THIS
6 ARTICLE, SHALL APPLY TO THE REFERRAL AND APPROVAL OF AN EXCISE
7 TAX PURSUANT TO THIS SUBSECTION (1). ANY PROPOSAL FOR THE LEVY OF
8 AN EXCISE TAX IN ACCORDANCE WITH PARAGRAPH (a) OF THIS SUBSECTION
9 (1) MAY BE SUBMITTED TO THE ELIGIBLE ELECTORS OF THE COUNTY ONLY
10 ON THE DATE OF THE STATE GENERAL ELECTION OR ON THE FIRST TUESDAY
11 IN NOVEMBER OF AN ODD-NUMBERED YEAR, AND ANY ELECTION ON THE
12 PROPOSAL MUST BE CONDUCTED BY THE COUNTY CLERK AND RECORDER
13 IN ACCORDANCE WITH THE "UNIFORM ELECTION CODE OF 1992", ARTICLES
14 1 TO 13 OF TITLE 1, C.R.S.

15 (2) (a) IN ADDITION TO ANY SALES TAX IMPOSED PURSUANT TO
16 SECTIONS 29-2-102 AND 29-2-114 (2) AND ARTICLES 26 AND 28.8 OF TITLE
17 39, C.R.S., AND IN ADDITION TO THE EXCISE TAX IMPOSED PURSUANT TO
18 ARTICLE 28.8 OF TITLE 39, C.R.S., EACH MUNICIPALITY IN THE STATE IS
19 AUTHORIZED TO LEVY, COLLECT, AND ENFORCE A MUNICIPAL EXCISE TAX
20 ON THE FIRST SALE OR TRANSFER OF UNPROCESSED RETAIL MARIJUANA BY
21 A RETAIL MARIJUANA CULTIVATION FACILITY. THE TAX SHALL BE IMPOSED
22 AT THE TIME WHEN THE RETAIL MARIJUANA CULTIVATION FACILITY FIRST
23 SELLS OR TRANSFERS UNPROCESSED RETAIL MARIJUANA FROM THE RETAIL
24 MARIJUANA CULTIVATION FACILITY TO A RETAIL MARIJUANA PRODUCT
25 MANUFACTURING FACILITY, A RETAIL MARIJUANA STORE, OR ANOTHER
26 RETAIL MARIJUANA CULTIVATION FACILITY.

27 (b) NO EXCISE TAX SHALL BE LEVIED PURSUANT TO THE

1 PROVISIONS OF PARAGRAPH (a) OF THIS SUBSECTION (2) UNTIL THE
2 PROPOSAL HAS BEEN REFERRED TO AND APPROVED BY THE ELIGIBLE
3 ELECTORS OF THE MUNICIPALITY IN ACCORDANCE WITH THE PROVISIONS
4 OF ARTICLE 10 OF TITLE 31, C.R.S. ANY PROPOSAL FOR THE LEVY OF AN
5 EXCISE TAX IN ACCORDANCE WITH PARAGRAPH (a) OF THIS SUBSECTION (2)
6 MAY BE SUBMITTED TO THE ELIGIBLE ELECTORS OF THE MUNICIPALITY ON
7 THE DATE OF THE STATE GENERAL ELECTION, ON THE FIRST TUESDAY IN
8 NOVEMBER OF AN ODD-NUMBERED YEAR, OR ON THE DATE OF A
9 MUNICIPAL BIENNIAL ELECTION. ANY ELECTION ON THE PROPOSAL SHALL
10 BE CONDUCTED BY THE CLERK OF THE MUNICIPALITY IN ACCORDANCE
11 WITH THE "COLORADO MUNICIPAL ELECTION CODE OF 1965", ARTICLE 10
12 OF TITLE 31, C.R.S.

13 (3) ANY EXCISE TAX IMPOSED BY A COUNTY OR MUNICIPALITY
14 PURSUANT TO THIS SECTION SHALL NOT BE COLLECTED, ADMINISTERED, OR
15 ENFORCED BY THE DEPARTMENT OF REVENUE, BUT SHALL INSTEAD BE
16 COLLECTED, ADMINISTERED, AND ENFORCED BY THE COUNTY OR
17 MUNICIPALITY IMPOSING THE TAX.

18 (4) A COUNTY OR MUNICIPALITY IN WHICH THE ELIGIBLE ELECTORS
19 HAVE APPROVED AN EXCISE TAX PURSUANT TO THIS SECTION MAY CREDIT
20 THE REVENUES COLLECTED FROM THE TAX TO THE GENERAL FUND OF THE
21 COUNTY OR MUNICIPALITY OR TO ANY SPECIAL FUND CREATED IN THE
22 COUNTY OR MUNICIPALITY'S TREASURY. THE GOVERNING BODY OF A
23 COUNTY OR MUNICIPALITY MAY USE THE REVENUES COLLECTED FROM THE
24 TAX IMPOSED PURSUANT TO THIS SECTION FOR ANY PURPOSE AS
25 DETERMINED BY THE GOVERNING BODY OR THE ELECTORS OF THE COUNTY
26 OR MUNICIPALITY, AS APPLICABLE.

27 (5) THE PROVISIONS OF THIS SECTION SHALL NOT BE CONSTRUED

1 TO INVALIDATE THE PRESUMED LEGALITY OF ANY COUNTY OR MUNICIPAL
2 EXCISE TAX IMPOSED ON THE FIRST SALE OR TRANSFER OF UNPROCESSED
3 RETAIL MARIJUANA BY A RETAIL MARIJUANA CULTIVATION FACILITY THAT
4 IS IN ADDITION TO ANY EXCISE TAX IMPOSED PURSUANT TO ARTICLE 28.8
5 OF TITLE 39, C.R.S., AND THAT WAS APPROVED BY THE ELIGIBLE ELECTORS
6 OF THE COUNTY OR MUNICIPALITY PRIOR TO THE EFFECTIVE DATE OF THIS
7 SUBSECTION (5).

8 **SECTION 2. Applicability.** This act applies to retail marijuana
9 sales and excise taxes levied by a county or municipality on or after
10 January 1, 2014.

11 **SECTION 3. Safety clause.** The general assembly hereby finds,
12 determines, and declares that this act is necessary for the immediate
13 preservation of the public peace, health, and safety.

State Representative
DANIEL R. PABON
Colorado State Capitol
200 East Colfax Avenue, Room 271
Denver, Colorado 80203
Capitol: 303-866-2954
E-mail: dan.pabon.house@state.co.us



ASSISTANT MAJORITY LEADER

Member:
Appropriations Committee
Finance Committee
Legislative Council Committee

COLORADO
HOUSE OF REPRESENTATIVES
STATE CAPITOL
DENVER
80203

To: Legislative Council

Requested by: Representative Dan Pabon

Subject: Request for interim study committee regarding Use of Recreational Marijuana Sales Tax Revenues

Date: April 24, 2014

I hereby request in writing that an interim study committee be formed to study during the interim between the 2014 and 2015 legislative sessions. The interim study committee would be named the "Use of Recreational Marijuana Sales Tax Revenues interim study committee."

The scope of the policy issues to be studied are an evaluation and recommendations regarding the appropriate use of sales tax revenue generated by recreational marijuana sales in Colorado. The committee shall examine, at a minimum:

1. the appropriation and prioritization of sales tax revenue;
2. the impact of the retail sale of marijuana on underage use, substance abuse, and prevention measures; and,
3. best practices and evidence-based programs for addressing marijuana related impacts.

The interim study committee would need to meet no more than **6** times to study the issues.

The interim study committee should consist of **6** members of the General Assembly selected as follows:

- **3** members of the Senate, with **2** appointed by the President of the Senate, and **1** appointed by the minority leader of the Senate.
- **3** members of the House of Representatives, with **2** appointed by the Speaker of the House of Representatives, and **1** appointed by the minority leader of the House of Representatives

Nonlegislative members will have a role in the interim study committee. The following **15** entities have critical knowledge and experience in the issues to be discussed and decided upon and need to participate in the conversation:

1. Executive Director of the Colorado Department of Human Services, or his/her designee.
2. Executive Director of the Colorado Department of Public Health & Environment, or his/her designee.
3. Executive Director of the Colorado Department of Health Care Policy and Financing, or his/her designee.
4. Chair of the Colorado Criminal & Juvenile Justice Commission or his/her designee.
5. The State Director of Marijuana Coordination, or his/her designee.
6. Executive Director of the Colorado District Attorney's Council, or his/her designee.
7. The Colorado State Public Defender, or his/her designee.
8. A representative of a statewide association of counties, as appointed by the Speaker of the House of Representatives.
9. A representative of a statewide association of towns and cities, as appointed by the President of the Senate.
10. A representative of a residential treatment center, as appointed by the Speaker of the House of Representatives.
11. A provider of substance use prevention services, as appointed by the President of the Senate.
12. A hospital services provider, as appointed by the Speaker of the House of Representatives.
13. A member of law enforcement, as appointed by the President of the Senate.
14. A representative of the K-12 community, as appointed by the minority leader of the House of Representatives.
15. A representative of the higher education community, as appointed by the minority leader of the Senate.

A task force is not necessary to assist the interim study committee in studying the scope of policy issues described above.

The interim study committee will need **2** bills to address the issues it studies.

Additional Information Related to the Interim Study Committee Request

The Colorado Department of Revenue and the Colorado Department of Public Safety may be called upon to provide assistance or information to the interim study committee.

The interim study committee will conduct no meetings outside of the State Capitol.

Thank you for your consideration of this request.

Respectfully,

A handwritten signature in blue ink, appearing to read "Daniel R. Pabon". The signature is fluid and cursive, with the first name "Daniel" being the most prominent part.

Representative Dan Pabon