

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 12-0944  
**Prime Sponsor(s):** Rep. Massey; McCann

**Date:** May 1, 2012  
**Bill Status:** House Appropriations  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**TITLE:** CONCERNING FUNDING ISSUES RELATED TO MEDICAL MARIJUANA.

Fiscal Impact Summary	FY 2011-12 (Current Year)	FY 2012- 2013	FY 2013- 2014
<b>State Revenue</b> Cash Funds Medical Marijuana License Cash Fund		Reduction. See State Revenue section.	
<b>State Transfers or Diversions</b> Transfer (or Diversion) from the Medical Marijuana Program Cash Fund to the Medical Marijuana License Cash Fund to the General Fund to the Department of Public Safety*	\$7,700,000 2,000,000 93,600		
<b>State Expenditures</b> General Fund Cash Funds Medical Marijuana Cash Fund*	\$2,000,000 93,600		
<b>FTE Position Change</b>			
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.			
<b>Appropriation Summary for FY 2012-2013:</b> See State Appropriations section.			
<b>Local Government Impact:</b> None.			

\* *The fiscal note assumes that the funding will actually be reappropriated to the DPS from the Medical Marijuana Program Cash Fund.*

**Summary of Legislation**

This bill makes three transfers from the Medical Marijuana Program Cash Fund. The first is \$7,700,000 to the Medical Marijuana License Cash Fund in the Department of Revenue (DOR). Of this, \$2,000,000 must be held in a reserve account to be spent only if \$5,700,000 are expended by June 30, 2013, and the money is required for medical marijuana enforcement and licensing. The director of the state licensing authority must notify the Comptroller of the basis for using the money prior to spending money from the reserve account. Any funds remaining on July 1, 2015, will transfer to the General Fund.

The second transfer is \$2,000,000 to the Colorado Department of Public Health and Environment (CDPHE) for the Tony Grampas Youth Services Program. The third transfer is \$93,600 for the Department of Public Safety (DPS) for personal services and operating expenses related to coordination of the medical marijuana data in the Colorado Crime Information Center (CCIC).

The bill requires that the state licensing authority collect the application and licensing fee from an applicant at the time of application but must refund the fee if the applicant's local license is not granted or if the applicant withdraws the application before the local licensing authority acts upon the application. Finally, the bill requires that by October 31, 2012, the state licensing authority in consultation with the Colorado Bureau of Investigation and each local licensing authority for medical marijuana must publish a report on its website that shows specific information about applications, inspections, compliance and enforcement.

### **State Transfers**

This bill transfers a total of \$9,793,600 from the Medical Marijuana Program Cash Fund to three different state agencies. The first transfer is \$7,700,000 to the Medical Marijuana License Cash Fund in the DOR. The second is \$2,000,000 to the General Fund for the CDPHE. The third is \$93,600 to the DPS. The transfer to DPS is not technically workable so the fiscal note assumes the funding will instead be reappropriated to the DPS.

### **State Revenue**

The bill requires the Medical Marijuana Enforcement Division in DOR to refund license fees if an applicant is denied a local license or withdraws the application. This will result in a reduction in revenue to the Medical Marijuana License Cash Fund but this amount cannot be determined.

### **State Expenditures**

This bill makes funding available for various programs related to medical marijuana. These are detailed below.

***Medical Marijuana Enforcement Division in the DOR*** - will apply \$5,700,000 to support the direct and indirect costs of the division appropriated for FY 2011-12 through FY 2014-15. An additional \$2,000,000 will be held in reserve until the initial funding is expended. The bill requires the division to refund license fees if an applicant is denied a local license or withdraws the application. The workload increase due to the refund process can be addressed within existing resources.

*Tony Grampas Youth Services Program in CDPHE* - will distribute \$2,000,000 in grants for FY 2011-12 to local organizations that target youth and their families with programs designed to reduce youth crime and violence as well as programs that prevent or reduce child abuse and neglect.

*CCIC, DPS* - will expend \$93,600 on developing the interface between the CCIC at the Colorado Bureau of Investigation, the CDPHE and the DOR as required by House Bill 10-1284. The fiscal note assumes an amendment will be offered to reappropriate the funds from the Medical Marijuana Program Cash Fund to DPS.

### **State Appropriations**

For FY 2011-12, the following appropriations are required:

CDPHE - \$2,000,000 from the General Fund;  
CDPHE - \$94,600 from the Medical Marijuana Program Fund; and  
DPS - \$94,600, reappropriated funds.

### **Departments Contacted**

Health and Human Services  
Public Safety

Public Health and Environment  
Revenue