

STATE and LOCAL FISCAL IMPACT

Drafting Number: LLS 12B-2018**Prime Sponsor(s):** Rep. McCann**Date:** May 14, 2012**Bill Status:** House SVMA**Fiscal Analyst:** Clare Pramuk (303-866-2677)**TITLE:** CONCERNING FUNDING ISSUES RELATED TO MEDICAL MARIJUANA.

Fiscal Impact Summary	FY 2011-12 (Current Year)	FY 2012-13	FY 2013-14
State Revenue Cash Funds Medical Marijuana License Cash Fund		Reduction. See State Revenue section.	
State Transfers or Diversions Transfer from the Medical Marijuana Program Cash Fund to the Medical Marijuana License Cash Fund	\$7.7 million		
State Expenditures			
FTE Position Change			
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2012-2013: None required.			
Local Government Impact: See Local Government Impact section.			

Summary of Legislation

This bill transfers \$7.7 million from the Medical Marijuana Program Cash Fund to the Medical Marijuana License Cash Fund in the Department of Revenue (DOR). Of this, \$2.0 million must be held in a reserve account to be spent only if \$5.7 million 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 bill requires that the state licensing authority collect the application and licensing fee from a medical marijuana business 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 the state licensing authority in consultation with the Colorado Bureau of Investigation and each local licensing authority for medical marijuana, to publish a report on its website that shows specific information about applications, inspections, compliance and enforcement by October 31, 2012.

State Transfers

This bill transfers \$7.7 million from the Medical Marijuana Program Cash to the Medical Marijuana License Cash Fund in the DOR in FY 2011-12.

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

The Medical Marijuana Enforcement Division in the DOR will use \$5.7 million of the transferred funds to support its direct and indirect costs for FY 2011-12 through FY 2014-15. An additional \$2.0 million 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 and reporting process can be addressed within existing resources.

Local Government Impact

By October 31, 2012, local licensing authorities are required to provide information to the state licensing authority about applications, inspections, compliance and enforcement. This is expected to be addressed within existing resources.

Departments Contacted

Public Health and Environment

Public Safety

Revenue