

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE RECOMMENDATIONS MADE IN THE PUBLIC PROCESS FOR THE PURPOSE OF IMPLEMENTING CERTAIN STATE TAXES ON RETAIL MARIJUANA LEGALIZED BY SECTION 16 OF ARTICLE XVIII OF THE COLORADO CONSTITUTION, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Representative Singer
Senator Jahn

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Date Prepared: May 3, 2013

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 05/02/13.

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

New Information/Technical Issues

Department of Revenue: Joint Budget Committee staff calculations include various updates and technical adjustments to amounts in the Legislative Council Staff Revised Fiscal Note. The amounts required are \$61,455 higher for FY 2013-14 and \$26,694 higher for FY 2014-15 compared to the Revised Fiscal Note. The primary differences are related to additional one-time costs for temporary staff in FY 2013-14 and vehicle costs in FY 2014-15 which were inadvertently omitted from the Revised Fiscal Note. Legislative Council Staff concurs with these revisions. The updated figures are shown in the tables below.

Department of Revenue - FY 2013-14				
	Personal Services	Operating Expenses	Total	FTE
Executive Director's Office				
Personal Services and Operating Expenses	\$78,155	\$14,221	\$92,376	1.5
Vehicle Lease	0	9,956	9,956	
Taxation Business Group				
CITA Annual Maintenance and Support (computer programming)	0	3,400,000	3,400,000	
Taxation and Compliance	491,259	85,437	576,696	8.3
Taxpayer Service Division	149,457	17,605	167,062	1.7
TOTAL	\$718,871	\$3,527,219	\$4,246,090	11.5

Department of Revenue - FY 2014-15				
	Personal Services	Operating Expenses	Total	FTE
Executive Director's Office				
Personal Services and Operating Expenses	\$104,149	\$8,680	\$112,829	2.0
Vehicle Lease	0	19,913	19,913	
Taxation Business Group				
CITA Annual Maintenance and Support (computer programming)	0	0	0	
Taxation and Compliance	982,518	15,675	998,193	16.5
Taxpayer Service Division	145,886	3,230	149,116	3.4
TOTAL	\$1,232,553	\$47,498	\$1,280,051	21.9

Department of Corrections: Pursuant to this bill, failure to pay sales and excise tax on the sale of retail marijuana is a class 5 felony. Based on historical trends, the Department of Corrections expects to admit one new offender every five years with the proposed legislation at a total five-year cost of \$35,803. Pursuant to Section 2-2-703, C.R.S., a statutory five-year appropriation is required. This is reflected as an FY 2014-15 external capacity placement at a cost of \$20,816 General Fund and an FY 2015-16 part-year placement at a cost of \$14,987. Legislative Council Staff concurs with this analysis.

Committee Report

The Finance Committee Report (05/03/13) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.003	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill includes an appropriation clause that provides:

- \$20,816 General Fund to the Department of Corrections for FY 2014-15 [statutory appropriation]
- \$4,113,952 and 11.5 FTE from the Marijuana Cash Fund to the Department of Revenue for FY 2013-14.

Description of Amendments in This Packet

J.003 Staff has prepared amendment **J.003** (attached) to change the existing clause to appropriate:

- \$20,816 General Fund to the Department of Corrections for FY 2014-15 **and** \$14,987 General Fund to the Department of Corrections for FY 2015-16 [statutory appropriation]
- \$4,246,090 and 11.5 FTE from the Marijuana Cash Fund to the Department of Revenue for FY 2013-14.

These appropriations only become effective if the voters approve the ballot question regarding the imposition of a retail marijuana sales and excise tax.

Points to Consider

None.