

**JBC STAFF FISCAL ANALYSIS  
HOUSE 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.

Prime Sponsors: Representative Singer

JBC Analyst: David Meng

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Date Prepared: April 25, 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 04/25/13.

	<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

*New Information/Technical Issues*

Department of Revenue: Joint Budget Committee staff calculations differ slightly from Legislative Council Staff's with respect to the appropriation required for the Department of Revenue. The amounts required, based upon the Joint Budget Committee staff calculations, are \$31,079 lower and are detailed in the table below.

<b>Department of Revenue</b>	<b>Personal Services</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>FTE</b>
<b>Executive Director's Office</b>				
Personal Services and Operating Expenses	\$ 78,155	\$ 15,260	\$ 93,415	1.5
Vehicle Lease		19,913	19,913	
<b>Taxation Business Group</b>				
CITA Annual Maintenance and Support (computer programming)		3,400,000	3,400,000	
Taxation and Compliance	469,818	46,637	516,455	8.3
Taxpayer Service Division	72,944	11,225	84,169	1.7
<b>TOTAL</b>	<b>\$ 620,917</b>	<b>\$ 3,493,035</b>	<b>\$ 4,113,952</b>	<b>11.5</b>

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. Pursuant to

## HB13-1318

## JBC Staff Analysis

Section 2-2-703, C.R.S., a statutory five-year appropriation is required. This note reflects the assumption that one additional offender will be committed and will serve one year in FY 2014-15 in an external capacity placement at a cost of \$20,816 General Fund. Legislative Council Staff concurs with this analysis.

### *Amendment Adopted*

The Finance Committee report increases the share of revenue from the retail marijuana sales tax that is directed to local governments to 15 percent (from 10 percent), and reduces the state's share to 85 percent (from 90 percent). The resulting projected state transfers, with this change, are shown below. Legislative Council Staff concurs with this analysis.

State Transfers	FY 2013-14	FY 2014-15
Transfers from General Fund to:	<u>\$22,231,407</u>	<u>\$44,460,813</u>
Marijuana Cash Fund	18,896,846	37,791,691
Local Jurisdictions	3,334,561	6,669,122

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

Amendment	Description
J.001	Staff-prepared appropriation amendment

### Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

### Description of Amendments in This Packet

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating:

- \$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.

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.