

Colorado Legislative Council Staff Fiscal Note

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 15-0106  
**Prime Sponsor(s):** Sen. Aguilar  
 Rep. Singer

**Date:** February 13, 2015  
**Bill Status:** Senate Health & Human Services  
**Fiscal Analyst:** Lauren Schreier (303-866-3523)

**BILL TOPIC:** MEDICAL MARIJUANA

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
<b>State Revenue</b>		
<b>State Expenditures</b>	<b>\$337,343</b>	<b>\$51,533</b>
Cash Funds	320,229	43,778
Centrally Appropriated Costs**	17,114	7,755
<b>FTE Position Change</b>	1.4 FTE	0.5 FTE
<b>Appropriation Required:</b> \$320,229 - Department of Public Health and Environment (FY 2015-16)		

\* This summary shows changes from current law under the bill for each fiscal year.

\*\* These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

**Summary of Legislation**

The bill, **recommended by the Marijuana Revenues Interim Committee**, makes several changes to the regulation of medical marijuana in Colorado. The bill requires the Colorado Medical Board within the Department of Regulatory Agencies (DORA) to adopt rules and establish guidelines for physicians making medical marijuana recommendations for patients suffering from severe pain. The bill also requires the Department of Public Health and Environment (DPHE) to establish guidelines for primary caregivers to help provide informed consent to medical marijuana patients. Informed consent will include information that the products cultivated or produced may contain contaminants and unverified tetrahydrocannabinol (THC) levels.

The bill specifies that primary caregivers must register with the DPHE and the Marijuana Enforcement Division within the Department of Revenue (DOR). Primary caregivers must provide the location of any cultivation operation and the number of plants that the caregiver is authorized to cultivate to the DPHE and the DOR. Primary caregivers must update their registration information within 10 days after any changes. If a primary caregiver fails to register within 10 days of being informed by the DPHE to register, the DPHE and the DOR will prohibit that primary caregiver from ever legally registering and the individual may be subject to criminal offenses. In the event that a primary caregiver is charged with the failure to register, law enforcement agencies are not civilly liable for the loss or destruction of any medical marijuana plants under the primary caregiver.

The bill also requires the DPHE to issue primary caregiver registry cards to each registered primary caregiver. Individuals licensed as a medical marijuana or retail marijuana business may not register as primary caregivers. The bill also permits the DPHE and the DOR to share the minimum necessary information permissible under the federal Health Insurance Portability and Accountability Act of 1996 to verify that the medical marijuana patient does not have more than

one primary caregiver or both a primary caregiver and a medical marijuana center cultivating marijuana on their behalf at any given time. Primary caregivers may not cultivate more than six plants for each patient registered with the caregiver at any given time. Under the bill, the DPHE is responsible for verifying any medically necessary extended plant counts.

The bill also allows for moneys in the Marijuana Tax Cash Fund to be used to fund the implementation of any bills approved by the Marijuana Revenues Interim Committee.

### **State Expenditures**

The bill will increase workload in some state agencies. In the DPHE the bill increases expenditures by \$337,343 and 1.4 FTE in FY 2015-16 and \$51,533 and 0.5 FTE in FY 2016-17. These costs, outlined in Table 1, are described below.

<b>Table 1. Expenditures Under SB 15-014</b>		
<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Personal Services	\$75,701	\$43,303
FTE	1.4 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	\$6,033	\$475
IT Contract Services	\$107,120	
Medical Marijuana Registry Database Enhancement	\$131,375	
Centrally Appropriated Costs*	\$17,114	\$7,755
<b>TOTAL</b>	<b>\$337,343</b>	<b>\$51,533</b>

\* Centrally appropriated costs are not included in the bill's appropriation.

**Staff support.** The bill requires \$75,701 and 1.4 FTE in the DPHE in FY 2015-16 and \$43,303 and 0.5 FTE in FY 2016-17. The staff will be responsible for data entry, updating caregiver information into the new registry, producing caregiver identification cards, and updating caregiver entries into the database. DPHE staff will also be responsible for verifying all medically necessary extended plant counts. The DPHE requires a physician at 0.5 FTE who will be responsible for reviewing all medically necessary documentation related to extended plant counts and, making a determination on plant counts, if necessary, on behalf of the DPHE.

**Medical marijuana registry enhancements.** To meet the requirements of the bill, the DPHE will update their medical marijuana registry system. Currently, the DPHE is in the process of creating a new medical marijuana registry system. In order to capture primary caregiver data, the DPHE will need \$131,345 to make changes to the module. These costs are based on similar enhancements that have been prepared for the registry. The DPHE will also need approximately \$107,120 contract hours with the Office of Information Technology (OIT). The OIT staff will consult with the DPHE on program system design, design a temporary database, communicate changes with third party vendors, and ensure smooth implementation of the new medical marijuana registry.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$11,247	\$4,049
Supplemental Employee Retirement Payments	\$5,867	\$3,706
<b>TOTAL</b>	<b>\$17,114</b>	<b>\$7,755</b>

\*More information is available at: <http://colorado.gov/fiscalnotes>

**Department of Revenue (DOR).** The bill increases workload in the DOR by a minimal amount. The DOR will need to coordinate data sharing and collection efforts with the DPHE to ensure that a patient does not have multiple entities growing marijuana on their behalf at any given time. The bill may also impact medical and retail marijuana businesses regulated by the DOR. The bill requires verification that a licensed primary caregiver is not also a part of a registered medical or retail marijuana business. This may increase workload in the DOR to process new registrations and exchange data with the DPHE. Finally, the bill permits legislation approved by the Marijuana Revenues Interim Committee to be funded by the Marijuana Tax Cash Fund. The DOR administers the Marijuana Tax Cash Fund and will be responsible for reappropriating any funds.

**Department of Regulatory Agencies (DORA).** The bill will increase workload in the DORA by a minimal amount. The Colorado Medical Board within the DORA will adopt rules and guidelines for physicians making medical marijuana recommendations to patients. The DORA will conduct some rulemaking and outreach to communicate the changes with licensed physicians. However, any workload increase is anticipated to be minimal and can be accomplished within existing appropriations.

### **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

### **State Appropriations**

In FY 2015-16 the bill requires an appropriation of \$320,229 and 1.4 FTE from the Medical Marijuana Registry Cash Fund to the Department of Public Health and Environment. Of this amount, \$107,120 will be reappropriated to the Office of Information Technology.

### **State and Local Government Contacts**

Public Health and Environment  
Revenue

Regulatory Agencies  
Counties