

Colorado Legislative Council Staff Fiscal Note

**LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0202	Date: January 13, 2015
Prime Sponsor(s): Sen. Hodge	Bill Status: Senate Local Government
Rep. Priola; Moreno	Fiscal Analyst: Larson Silbaugh (303-866-4720)

BILL TOPIC: COUNTY AUTH TO LEVY RETAIL MARIJUANA SALES TAX

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures		
FTE Position Change		
Appropriation Required: None.		

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

Summary of Legislation

This bill clarifies that counties have the authority to levy a voter approved special sales tax on retail marijuana. The Department of Revenue would not collect, administer, or enforce the county taxes on retail marijuana.

Background

In 2013, voters passed Proposition AA, which allowed the state to levy a 10 percent sales tax and a 15 percent excise tax on retail marijuana. Home-rule cities also have the authority to levy voter approved taxes on retail and medical marijuana. Proposition AA was silent on the authority of counties to levy sales taxes on retail marijuana.

Voters have approved sales taxes on retail marijuana in two counties:

- a 3 percent sales tax on retail marijuana in Adams County; and
- a 3.5 percent tax on retail marijuana in Pueblo County.

The Department of Revenue collects, administers, and enforces the sales tax on tangible personal property on behalf of counties and statutory cities. However, the bill requires voter approved taxes on retail marijuana to be administered by the county imposing the tax.

Local Government Impact

This bill clarifies that counties have the authority to levy a voter approved sales tax on retail marijuana and retail marijuana products. This tax would be in addition to sales taxes already imposed on all tangible personal property by the county. The jurisdiction levying the sales tax would be responsible for collecting, administering, and enforcing it.

In the first ten months of retail marijuana sales, Pueblo County collected about \$430,000 from its 3.5 percent tax on retail marijuana. The tax in Adams County does not go into effect until July 1, 2015. It is not clear what happens to these taxes if the bill does not pass.

The bill has a conditional local government revenue and expenditure impact. A voter approved tax on marijuana and marijuana products will increase county revenue and administrative costs. This impact is not estimated because it is dependent on local voter approval of new taxes, the tax rates, marijuana sales, and costs to administer and collect the tax.

Effective Date

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

State and Local Government Contacts

Revenue	Counties	Municipalities
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