

Background

Under current law, recreational marijuana is tested for potency, homogeneity, and contaminants. If a retail marijuana facility's cultivation or manufacturing process is validated, meaning that the process is proven capable of consistently producing marijuana, marijuana concentrate, or a marijuana product that passes contaminant tests, additional testing is not required unless the facility makes a material change to the process. Testing is optional for medical marijuana.

Industrial hemp is regulated by the Department of Agriculture (DOA). Industrial hemp cannot contain a THC concentration of 0.3 percent on a dry weight basis. While the DOA has the means to test plants for THC concentration as part of its inspection process, testing facilities regulated by the DOR are not permitted to test industrial hemp samples.

State Revenue

As noted in Technical or Mechanical Defects section, the bill creates a new license type, but does not provide the MED with the authority to issue the new license. As a result, the bill has no licensing revenue.

State Expenditures

The bill increases expenditures for the DPHE by \$83,851 and 1.1 FTE in FY 2015-16 and \$74,893 and 1.1 FTE in FY 2016-17 and thereafter, from the Marijuana Tax Cash Fund. These costs are listed in Table 1 and explained below.

Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$55,491	\$55,491
FTE	1.1	1.1
Operating Expenses and Capital Outlay Costs	15,230	5,824
Centrally Appropriated Costs*	13,130	13,578
TOTAL	\$83,851	\$74,893

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

Assumptions. This analysis assumes that the bill will be implemented July 1, 2015.

Department of Public Health and Environment. The DPHE will hire a physical research scientist and an administrative assistant who, with other DPHE staff, will conduct a stakeholder process. Staff will then establish the reference library and collect, review and maintain laboratory testing methodology. Costs include travel expenses of \$4,874 for the physical research scientist to attend training required for testing certifications.

Marijuana Enforcement Division, DOR. As noted in Technical or Mechanical Defects section, the bill does not provide the MED with the authority to issue the medical marijuana testing facility license, so the fiscal note assumes there are no expenditures or workload associated with implementation for the MED.

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.

Table 2. Centrally Appropriated Costs Under 15-1283*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$8,829	\$8,829
Supplemental Employee Retirement Payments	4,301	4,749
TOTAL	\$13,130	\$13,578

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

Technical or Mechanical Defects

The bill creates a medical marijuana testing facility license without providing the MED with the authority to issue such a license. The fiscal note, therefore, assumes this will not be implemented.

Effective Date

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

State Appropriations

For FY 2015-16, the Department of Public Health and Environment requires an appropriation of \$70,721 from the Marijuana Tax Cash Fund, and an allocation for 1.1 FTE.

State and Local Government Contacts

Agriculture

Public Health and Environment

Revenue