

Colorado Legislative Council Staff Fiscal Note

**LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0107
Prime Sponsor(s): Rep. Singer

Date: January 14, 2015
Bill Status: House Finance
Fiscal Analyst: Larson Silbaugh (303-866-4720)

BILL TOPIC: LOCAL GOVERNMENT RETAIL MARIJUANA TAXES

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, **recommended by the Marijuana Revenues Interim Committee**, clarifies that counties and statutory cities have the authority to levy a voter approved special sales tax on retail marijuana and gives them authority to levy a voter approved excise tax. The Department of Revenue would not collect, administer, or enforce the local 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 and statutory cities to levy sales or excise taxes on retail marijuana.

Voters have approved taxes on marijuana in four counties:

- a 3 percent sales tax on retail marijuana in Adams County;
- a 3.5 percent tax on retail marijuana in Pueblo County;
- a 5 percent excise tax on retail marijuana in Huerfano County; and
- a 4 percent sales tax on medical marijuana and medical marijuana paraphernalia in Park County.

In addition, several statutory cities collect taxes on retail marijuana.

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 local government imposing the tax.

Local Government Impact

This bill clarifies that counties and statutory cities 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 or statutory city. The jurisdiction levying the sales tax would be responsible for collecting, administering, and enforcing it.

In addition, the bill authorizes counties and statutory cities to levy a voter approved excise tax. The excise tax on retail marijuana would be collected on the first transfer of marijuana from a marijuana cultivation facility. The jurisdiction levying the excise tax would be responsible for collecting, administering, and enforcing it.

The bill has a conditional local government revenue and expenditure impact. A voter approved tax on marijuana and marijuana products will increase local government 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.

The bill applies to both previously approved taxes and voter approved taxes in the future.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. It applies to sales and excise taxes levied by a county or statutory city on or after January 1, 2014.

State and Local Government Contacts

Revenue	Counties	Municipalities
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