

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0230
Prime Sponsor(s): Rep. McCann
 Sen. Newell

Date: March 4, 2013
Bill Status: House Public Health Care and
 Human Services
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING FUNDING ISSUES RELATED TO MEDICAL MARIJUANA.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue	See State Revenue section.	
State Transfers or Diversions Transfer from the Medical Marijuana Program Cash Fund to the General Fund	\$2.5 million	\$2.5 million
State Expenditures General Fund	\$2.5 million	\$2.5 million
FTE Position Change	0.5 FTE	0.5 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill transfers \$2.5 million from the Medical Marijuana Program Cash Fund in the Department of Public Health and Environment (CDPHE) upon the bill's effective date and each July 1 for the next 3 years to the General Fund for appropriation to the Department of Human Services (DHS). The money will fund comprehensive prevention efforts targeting marijuana and prescription drug abuse, including the Tony Grampsas Youth Services Program (TGYSP). The bill allows the Department of Revenue (DOR) to collect application and licensing fees from an applicant for a marijuana license at the time of application rather than after the applicant is approved at the local level. The DOR will refund the licensing fee if the applicant's local license is not granted or the applicant withdraws the application. Finally, the bill requires that on or before October 31, 2013, DOR post on its website a report that shows, for certain time periods, the number of medical marijuana applications received, licenses granted, applications denied, applications withdrawn, and the results of enforcement efforts.

State Revenue

Because this bill allows the DOR to collect the application and license fee at the time a marijuana business applies for a license rather than after the business has been licensed at the local level, DOR will be able to collect license revenue earlier than under current law. This does not increase the overall revenue received and is only applicable to new applications.

State Transfers

This bill transfers \$2.5 million from the Medical Marijuana Program Cash Fund in CDPHE to the General Fund for four fiscal years beginning on the effective date of the bill. Although the bill is effective before the end of FY 2012-13, the fiscal note assumes the funds transfer will be for appropriation in FY 2013-14.

State Expenditures

This bill provides 2.5 million and 0.5 FTE for expenditure per year for four years beginning in FY 2013-14. Detail of the expenditures, which are entirely within DHS, are shown in Table 1 and explained below.

Cost Components	FY 2013-14	FY 2014-15
Personal Services	\$31,692	\$31,692
FTE	0.5	0.5
Operating Expenses and Capital Outlay	2,827	475
Travel	9,904	9,904
Grant funding	2,455,577	2,457,929
TOTAL	\$2,500,000	\$2,500,000

Department of Human Services. This bill provides the DHS with \$2.5 million for expenditure per year and 0.5 FTE beginning in FY 2013-14 and ending in FY 2016-17. The DHS will fund grants to locally operated marijuana and prescription drug abuse treatment programs and prevention programs with funding provided in this bill. Because these programs will be located across the state, DHS staff will travel to those locations to provide technical assistance and to monitor the program operations. The DHS will also apply a portion of the funding to the TGYSP. House Bill 13-1117 transfers the TGYSP from the CDPHE to DHS effective July 1, 2013. If HB 13-1117 does not pass, the money allocated under this bill for TGYSP will remain at CDPHE.

Department of Public Health and Environment. CDPHE operates the medical marijuana patient registry. Although the bill reduces the balance of the Medical Marijuana Program Cash Fund in the CDPHE by a total of \$10 million over 4 years, it does not impact the operations of the registry.

Department of Revenue. The bill adds a reporting requirement for DOR. Because the majority of data elements are already included in DOR's medical marijuana program reporting, this provision of the bill does not require new appropriations.

Expenditures Not Included

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 summarized in Table 2.

Table 2. Expenditures Not Included Under HB 13-1238*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,366	\$3,366
Supplemental Employee Retirement Payments	1,945	2,201
TOTAL	\$5,311	\$5,567

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

State Appropriations

The Department of Human Services requires a General Fund appropriation of \$2.5 million in FY 2013-14.

Departments Contacted

Human Services

Public Health and Environment

Revenue