

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL  
REVISED FISCAL IMPACT**

(replaces fiscal note dated March 4, 2013)

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

**Date:** April 4, 2013  
**Bill Status:** House Appropriations  
**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 Expenditures	See State Expenditures section.	
FTE Position Change		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2013-2014:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

Under current law, the Medical Marijuana Enforcement Division (MMED) in the Department of Revenue (DOR) cannot issue a state license to a medical marijuana business (medical marijuana centers, optional premises cultivation operations, and medical marijuana-infused products manufacturers) until the local licensing authority has issued a local license. *As amended by the House Public Health Care and Human Services Committee*, this bill allows the MMED to issue a license to a medical marijuana business on the condition that the business receive its local license within 1 year. If a local licensing authority denies an application, the medical marijuana business' conditional state license is revoked. If the local licensing authority does not license a medical marijuana business within 1 year of the issuance of a state license, the conditional state license expires and cannot be renewed. These businesses will need to reapply for licensure.

Only medical marijuana businesses that were operating before July 1, 2010, and applied for licensure prior to the licensing moratorium that started after August 1, 2010, are permitted to operate with a conditional license. Medical marijuana businesses who applied, or will apply for licensure on or after July 1, 2012, when the moratorium on licensing was lifted, are not permitted to operate until both their state and local licenses are issued.

The bill removes a current requirement to provide lists of employees who are not substantially associated with the business operations to the MMED.

Finally, the bill requires that on or before October 31, 2013, DOR and each local licensing authority post on their respective websites 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**

To the extent that medical marijuana businesses have their conditional state licenses expire due to not receiving local approval within 1 year and have to reapply, revenue to the Medical Marijuana License Cash Fund will increase from new application fees. Application fees range from \$1,250 to \$18,000. If companies choose not to reapply, licensing fees will be reduced.

### **State Expenditures**

The bill is not expected to require an increase in expenditures. It does add a reporting requirement for DOR. Because the majority of data elements are already included in MMED's medical marijuana program reporting, this provision of the bill does not require new appropriations.

### **Local Government Impact**

To the extent that the bill prompts local licensing authorities to act on licenses within 1 year of the issuance of a conditional state license, local licensing authorities may be required to expend additional resources to address their workload. The fiscal note assumes that if the local licensing authorities do not act in time and state conditional licenses are allowed to expire, the local licensing authorities will also lose revenue from licenses. The bill also adds a reporting requirement for local licensing authorities. The fiscal note assumes that this will not significantly impact their workload.

### **Departments Contacted**

Human Services

Public Health and Environment

Revenue