



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 25-268: CHANGES TO MONEY IN THE MARIJUANA TAX CASH FUND

Prime Sponsors:

Sen. Bridges; Kirkmeyer
Rep. Bird; Sirota

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Fiscal note status: This revised fiscal note reflects the rerevised bill. The bill was recommended by the Joint Budget Committee as part of the FY 2025-26 Long Bill budget package.

Summary Information

Overview. The bill adjusts certain expenditures from the Marijuana Tax Cash Fund and modifies the distribution of marijuana special sales tax revenue beginning in FY 2025-26.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Transfers and Diversions
- TABOR Refunds
- Local Government

Appropriations. For FY 2025-26, the bill includes a \$3 million reduction in appropriations from the Marijuana Tax Cash Fund to the Department of Higher Education.

Table 1
State Fiscal Impacts

| Type of Impact ¹ | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|-----------------------------|---------------------------|------------------------|
| State Revenue | \$0 | \$0 |
| State Expenditures | -\$22.5 million | -\$3.0 million |
| Transferred Funds | -\$19.5 million | \$0 |
| Diverted Funds | \$11.6 million | \$11.8 million |
| Change in TABOR Refunds | \$0 | \$0 |
| Change in State FTE | 0.0 FTE | 0.0 FTE |

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
State Expenditures**

| Fund Source | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|---|-----------------------------------|--------------------------------|
| Marijuana Tax Cash Fund | -\$3.0 million | -\$3.0 million |
| Capital Construction Assistance Fund (BEST program) | -\$20.0 million | \$0 |
| Marijuana Entrepreneur Fund | \$550,000 | \$0 |
| Distributions to Local Governments | \$0 | \$0 |
| Total Expenditures | -\$22.5 million | -\$3.0 million |
| Total FTE | 0.0 FTE | 0.0 FTE |

**Table 1B
State Transfers**

| Fund Source | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|---|-----------------------------------|--------------------------------|
| Marijuana Tax Cash Fund | \$19.5 million | \$0 |
| Capital Construction Assistance Fund (BEST program) | -\$20.0 million | \$0 |
| Marijuana Entrepreneur Fund | \$550,000 | \$0 |
| Net Transfer | \$0 | \$0 |

**Table 1C
State Diversions**

| Fund Source | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|------------------------------------|-----------------------------------|--------------------------------|
| Marijuana Tax Cash Fund | \$8.9 million | \$9.1 million |
| Marijuana Cash Fund | \$2.7 million | \$2.7 million |
| Distributions to Local Governments | -\$11.6 million | -\$11.8 million |
| General Fund | -\$3,288 | -\$3,347 |
| State Public School Fund | -\$3,377 | -\$3,437 |
| Net Transfer | \$0 | \$0 |

Summary of Legislation

The bill makes several changes to Marijuana Tax Cash Fund (MTCF) expenditures and marijuana revenue distributions.

The bill makes the following changes to appropriations and transfers from the MTCF:

- eliminates a \$3.0 million appropriation for the Medication-Assisted Treatment Expansion Pilot Program beginning in FY 2025-26;
- eliminates a \$20.0 million transfer from the MTCF to the Building Excellent Schools Today (BEST) Program schedule to occur on June 1, 2026; and
- creates a one-time \$550,000 transfer from the MTCF to the Marijuana Entrepreneur Fund on July 1, 2025.

Additionally, the bill modifies the distribution of marijuana special sales tax revenue. Under current law, 90 percent of special sales revenue is retained by the state and distributed to the MTCF, General Fund, and State Public School Fund, and 10 percent is distributed to local governments. The bill modifies these distributions by reducing the local share from 10 percent to 3.5 percent and increasing the MTCF and Marijuana Cash Fund distributions by a similar amount, and slightly adjusting the distributions to the General Fund and State Public School Fund.

Background and Assumptions

The current distribution of marijuana revenue is described in more detail in Legislative Council Staff's [Marijuana in the State Budget memo](#). The fiscal note assumes the [March 2025 LCS Forecast](#) for marijuana special sales tax revenue.

State Transfers and Diversions

The bill eliminates a one-time \$20.0 million transfer from the MTCF to the Capital Construction Assistance Fund for the BEST program and initiates a one-time \$550,000 transfer to the Marijuana Entrepreneur Fund in FY 2025-26. Additionally, the bill modifies the distribution of marijuana special sales tax revenue by the amounts shown in Table 1C above. This change in distribution will decrease the distribution to local governments by \$11.6 million in FY 2025-26, \$11.8 million in FY 2026-27 and future years, and increase funding to the state, primarily the MTCF and Marijuana Cash Fund, by the same amounts.

State Expenditures

The bill reduces state expenditures on net by \$22.5 million in FY 2025-26 and \$3.0 million in FY 2026-27 and ongoing. This includes an ongoing reduction in expenditures of \$3.0 million per year from the MTCF for the Medication-Assisted Treatment Expansion Pilot Program, a one-time \$20.0 million reduction in FY 2025-26 for spending on the BEST program, and a one-time \$550,000 transfer to the Marijuana Entrepreneur Fund. The Capital Construction Assistance Fund and the Marijuana Entrepreneur Fund are continuously appropriated, so the exact timing of the changes to these expenditures is not known.

Additionally, the bill is expected to increase workload in the Department of Revenue in FY 2024-25 only to make software changes to adjust distributions of marijuana special sales tax revenue to local governments. This work can be accomplished within existing appropriations.

Including all changes to transfers, diversions, and expenditures, the bill increases the amount of money available in the Marijuana Tax Cash Fund by \$31.4 million in FY 2025-26, \$12.1 million in FY 2026-27, and approximately \$12.0 million in future years. It also increases available money to spend or save in the Marijuana Cash Fund by \$2.7 million per year starting in FY 2025-26.

Local Government

The bill is expected to reduce distributions of marijuana special sales tax revenue to local governments by \$11.6 million in FY 2025-26, \$11.8 million in FY 2026-27, and similar amounts in future years, as shown in Table 1C above.

Effective Date

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

State Appropriations

For FY 2025-26, the bill includes a reduction in appropriations of \$3,000,000 from the Marijuana Tax Cash Fund to the Department of Higher Education.

State and Local Government Contacts

| | |
|------------------|------------------------------|
| Education | Joint Budget Committee Staff |
| Higher Education | Department of Revenue |

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).