



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 18-1280

REVISED FISCAL NOTE

(replaces fiscal note dated March 23, 2018)

Drafting Number: LLS 18-1033
Prime Sponsors: Rep. Melton

Date: March 27, 2018
Bill Status: House Finance
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Bill Topic: COURT APPOINTEES FOR MARIJUANA BUSINESSES

**Summary of
Fiscal Impact:** State Revenue TABOR Refund
 State Expenditure Local Government
 State Transfer Statutory Public Entity

This bill creates requirements for court-appointed receivers of licensed marijuana businesses. It will increase state revenue and expenditures on an ongoing basis.

**Appropriation
Summary:** For FY 2018-19, the bill requires an appropriation of \$28,950 to the Department of Revenue.

**Fiscal Note
Status:** The revised fiscal note reflects the introduced bill, and has been updated to include new information from the Department of Revenue.

Table 1
State Fiscal Impacts Under HB 18-1280

		FY 2018-19	FY 2019-20
Revenue	Cash Funds	\$26,185	\$26,185
Expenditures	Cash Funds	\$28,950	\$14,918
Transfers		-	-
TABOR Refund	Cash Funds	\$26,185	\$26,185

Summary of Legislation

Current law does not directly address requirements for court-appointed receiverships or similar situations related to a person taking possession of, operating, managing, or controlling a licensed marijuana business. This bill requires an individual to first certify to the appointing court that he or she is not prohibited from holding a marijuana license before being appointed a receiver of a marijuana business. Once appointed, the receiver must notify the Marijuana Enforcement Division (MED) of the appointment. The MED is required to issue a temporary registration to the appointee, which may be subject to administrative action if the appointee fails to comply with state marijuana laws or regulations. The MED may promulgate rules to address registration requirements.

State Revenue

Beginning in FY 2018-19, the bill will increase state cash fund revenue from fees by an estimated \$26,185 per year to the Marijuana Cash Fund in the Department of Revenue (DOR).

Fee impact on court-appointed receivers of marijuana businesses. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 2 below identifies the fee impact of this bill. Most of these fee amounts reflect current fees charged by the MED. These fee amounts may change during annual fee setting based on actual workload and projected applicants; this estimate is for illustration purposes only.

Table 2
Fee Impact on Court-appointed Receivers of Marijuana Businesses

Fiscal Year	Type of Fee	Fee	Number Affected	Total Fee Impact
FY 18-19	Beneficial Owner Pre-suitability	\$5,000	4	\$20,000
	Criminal Background Checks	\$46.35	4	\$185
	Temporary Appointee Registration	\$1,500	4	\$6,000
		FY 2018-19 Total		\$26,185
FY 19-20	Beneficial Owner Pre-suitability	\$5,000	4	\$20,000
	Criminal Background Checks	\$46.35	4	\$185
	Temporary Appointee Registration	\$1,500	4	\$6,000
		FY 2019-20 Total		\$26,185

Judicial fees. State cash fund revenue credited to the Judicial Department may also increase for any civil cases filed due to violations. This amount has not been estimated.

TABOR Refund

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the

amount of money available in the General Fund for the budget will decrease by an identical amount. State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

State expenditures from the Marijuana Cash Fund will increase by about \$29,000 in FY 2018-19 and about \$15,000 in FY 2019-20 and each year thereafter for the MED in the Department of Revenue. These costs are displayed in Table 3 and described below. The bill will also create a minimal workload increase for the Judicial Department.

Table 3
Expenditures Under HB 18-1280

	FY 2018-19	FY 2019-20
Department of Revenue		
Legal Services	\$14,918	\$14,918
Computer Programming	\$14,032	-
Total	\$28,950	\$14,918

Marijuana Enforcement Division. In FY 2018-19, the bill requires computer programming for the GenTax and My License Office (MyLO) systems, for a total of \$14,032. This amount assumes 40 hours of work on the GenTax system at \$250 per hour, and 36 hours of work on the MyLO system at \$112 per hour. The fiscal note assumes this work will be done in FY 2018-19.

The fiscal note assumes there will be about four court-appointed receivers of marijuana businesses per year, based on recent trends, and that at least one per year will require the MED to take administrative action related to a failure to comply with a state law or regulation. This will require legal services estimated at 140 hours per year, at an annual cost of \$14,918 beginning in FY 2018-19.

Finally, MED workload will increase in to create and process the new registration type. Because the number of licensees is expected to be minimal, this does not require an increase in appropriations.

Judicial Department. The Judicial Department will be required to ensure a potential appointee of a marijuana business certifies to the court that he or she is not prohibited from being issued a marijuana business license. The state district courts may also see a minimal increase in violations as a result of a new registration type. These workload increases are expected to be minimal and no change in appropriations is required.

Effective Date

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

State Appropriations

In FY 2018-19, the bill requires an appropriation of \$28,950 to the Department of Revenue from the Marijuana Cash Fund. Of this amount, \$14,918 should be reappropriated to the Department of Law with an allocation of 0.1 FTE.

State and Local Government Contacts

Counties	Judicial	Law
Municipalities	Revenue	