

JOINT BUDGET COMMITTEE BILL

SUMMARY OF H.B. 17-1345:

CONCERNING THE CONTINUATION OF THE CURRENT RETAIL MARIJUANA SALES TAX RATE.

Prime Sponsors: Representative Rankin and Senator Moreno

Bill Summary

Under current law, the retail marijuana “special” sales tax rate is scheduled to decrease from 10.0 percent to 8.0 percent on July 1, 2017. This bill maintains the existing 10.0 percent tax rate.

Fiscal Impact

Due to the scheduled decrease in the retail marijuana special sales tax rate, tax revenues are projected to decrease from \$90.9 million in FY 2016-17 to \$83.6 million in FY 2017-18 [see the top section of the table below]. This \$7.3 million reduction includes a \$1.1 million decrease in the portion that is distributed to local governments and a \$6.2 million decrease in the State’s share. The State’s share is transferred to the Marijuana Tax Cash Fund (MTCF), and under current law money in this fund may not be appropriated until the fiscal year following the one in which the revenues were collected¹. Thus, this revenue decrease will require decreases in appropriations from the MTCF in FY 2018-19.

By maintaining the existing 10.0 percent retail marijuana special sales tax rate, this bill increases revenues beginning July 1, 2017. For FY 2017-18, the associated revenues are projected to be \$20.9 million higher if this bill is passed, including \$3.1 million that is distributed to local governments and \$17.8 million that is transferred to the MTCF [see the bottom section of the table below].

RETAIL MARIJUANA SPECIAL SALES TAX REVENUES						
	ACTUALS			PROJECTIONS		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Current Law						
Total revenues ^a	\$11,496,980	\$42,117,798	\$67,640,940	\$90,917,536	\$83,613,582	\$92,614,838
State share	9,772,433	35,800,128	57,494,799	77,279,906	71,071,544	78,722,612
Local share	1,724,547	6,317,670	10,146,141	13,637,630	12,542,038	13,892,226
H.B. 17-1345						
Total revenues ^b	n/a	n/a	n/a	n/a	\$104,516,977	\$115,768,548
State share					88,839,430	98,403,265
Local share					15,677,547	17,365,283
Change Under H.B. 17-1345						
Total revenues	n/a	n/a	n/a	n/a	\$20,903,395	\$23,153,710
State share					17,767,886	19,680,653
Local share					3,135,509	3,473,057

a/ Special sales tax rate is 10.0 percent through June 30, 2017, and 8.0 percent effective July 1, 2017.

b/ Special sales tax rate of 10.0 percent continues for FY 2017-18 and subsequent fiscal years.

Sources: Department of Revenue and Legislative Council Staff March 2017 revenue forecast.

¹ Pursuant to Section 39-28.8-501 (2)(a)(I), C.R.S., there is one exception to this timing requirement. The General Assembly may appropriate money in this fund to the Department of Revenue for the fiscal year in which it was received to cover the direct and indirect costs associated with implementing the Colorado Medical Marijuana Code and the Colorado Retail Marijuana Code [Articles 43.3 and 43.4 of Title 12, C.R.S.].