



Where Does the Marijuana Money Go?

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COLORADO
Office of State Planning
& Budgeting

A Brief History

Medical Marijuana Legalized

2000

Citizen's initiative; Approved by voters as a constitutional amendment (A-20).



Medical Marijuana Regulated and Commercialized

2010

Medical Marijuana Code enacted. Licenses businesses and creates new regulations.



Retail Marijuana Legalized

2012

Citizen's initiative; Approved by voters as a constitutional amendment (A-64). Called for regulation.



Retail Marijuana Taxes Authorized

2013

Referred measure (Proposition AA) approved by voters, adding an excise (wholesale) tax and a special sales tax. Retail marijuana code enacted.



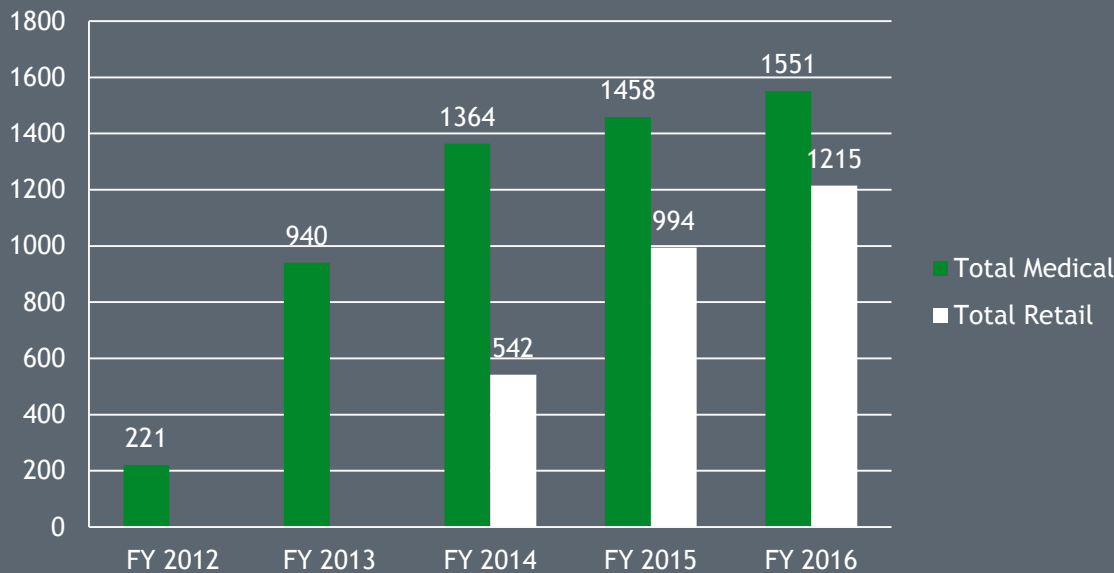
Retail Marijuana Sales Begin

2014

Licenses were first limited to existing medical dispensaries. New businesses could seek licensure in July, starting sales in October.

Industry Size and Growth

Total Marijuana Business Licenses

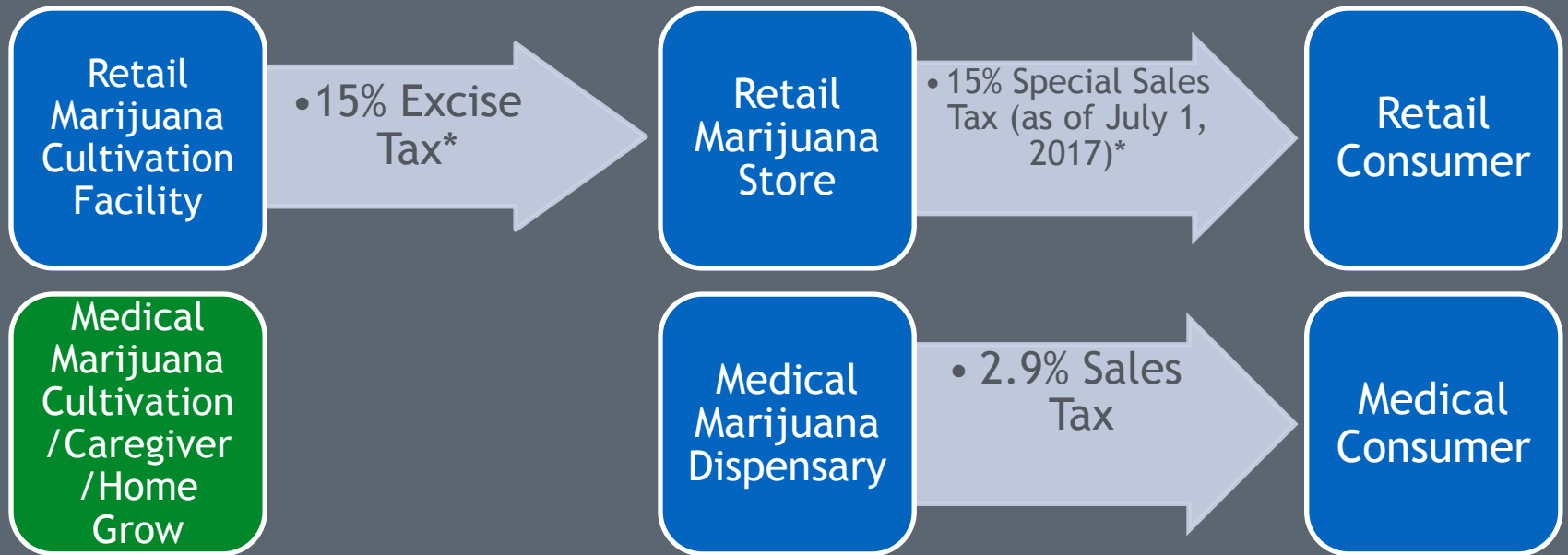


Number of Licensed Marijuana Businesses as of August 1, 2017		
Type	Medical	Retail
Centers	507	498
Cultivations	759	701
Infused Product Manufacturers	255	225
Testing Facilities	14	13
Operators	4	5
Transporters	1	1
Total	1,540	1,491

Around 30 different licenses and 75 different fee types

Where do the taxes come from?

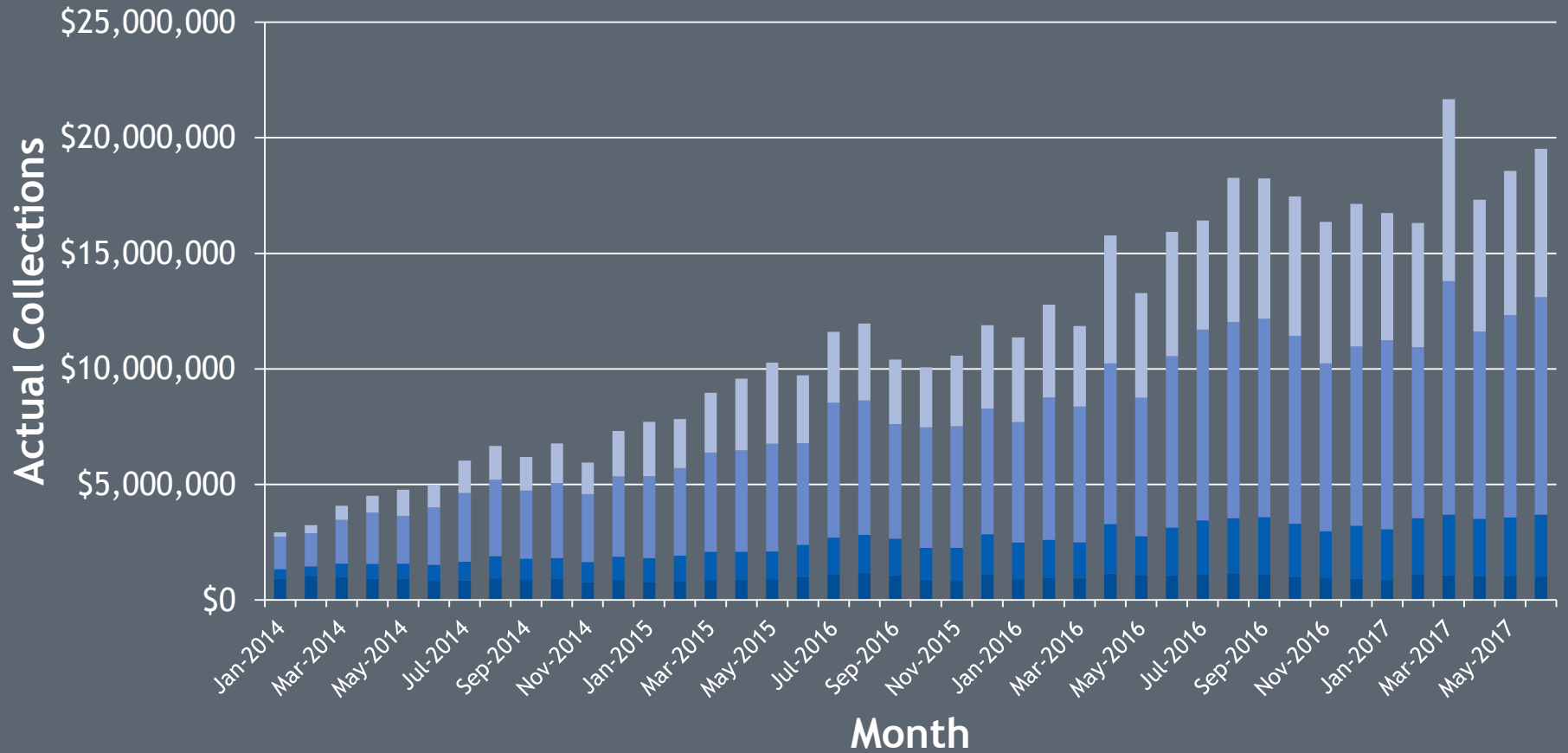
Medical and Retail Marijuana State Tax Structures



**Additional varied local excise and sales taxes*

Retail and Medical Marijuana Taxes - By Month of Sales

- Medical 2.9% Sales Tax
- Retail 2.9% Sales Tax
- Retail 10% Special Sales Tax
- Retail 15% Excise Tax

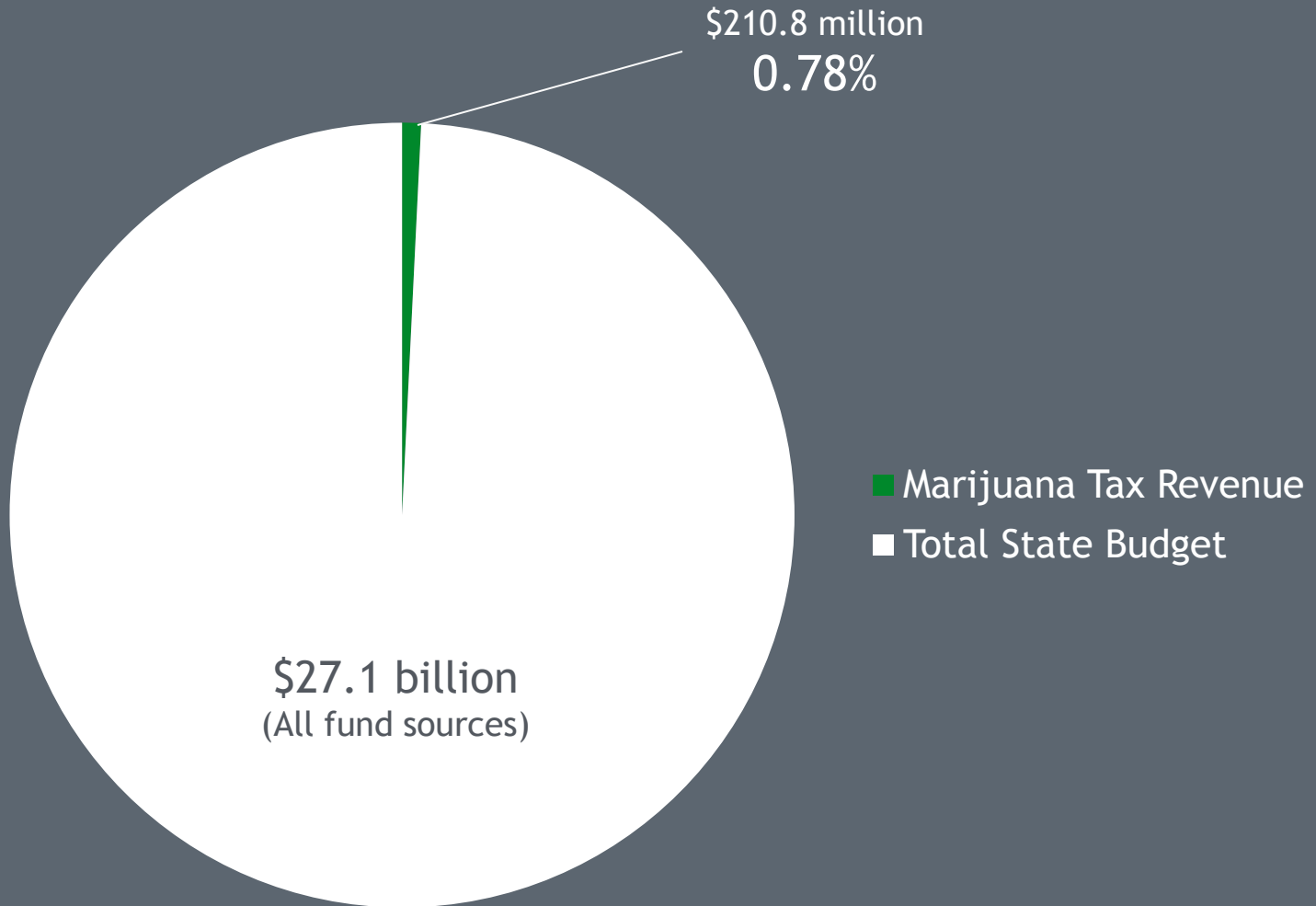


How much does Colorado collect?

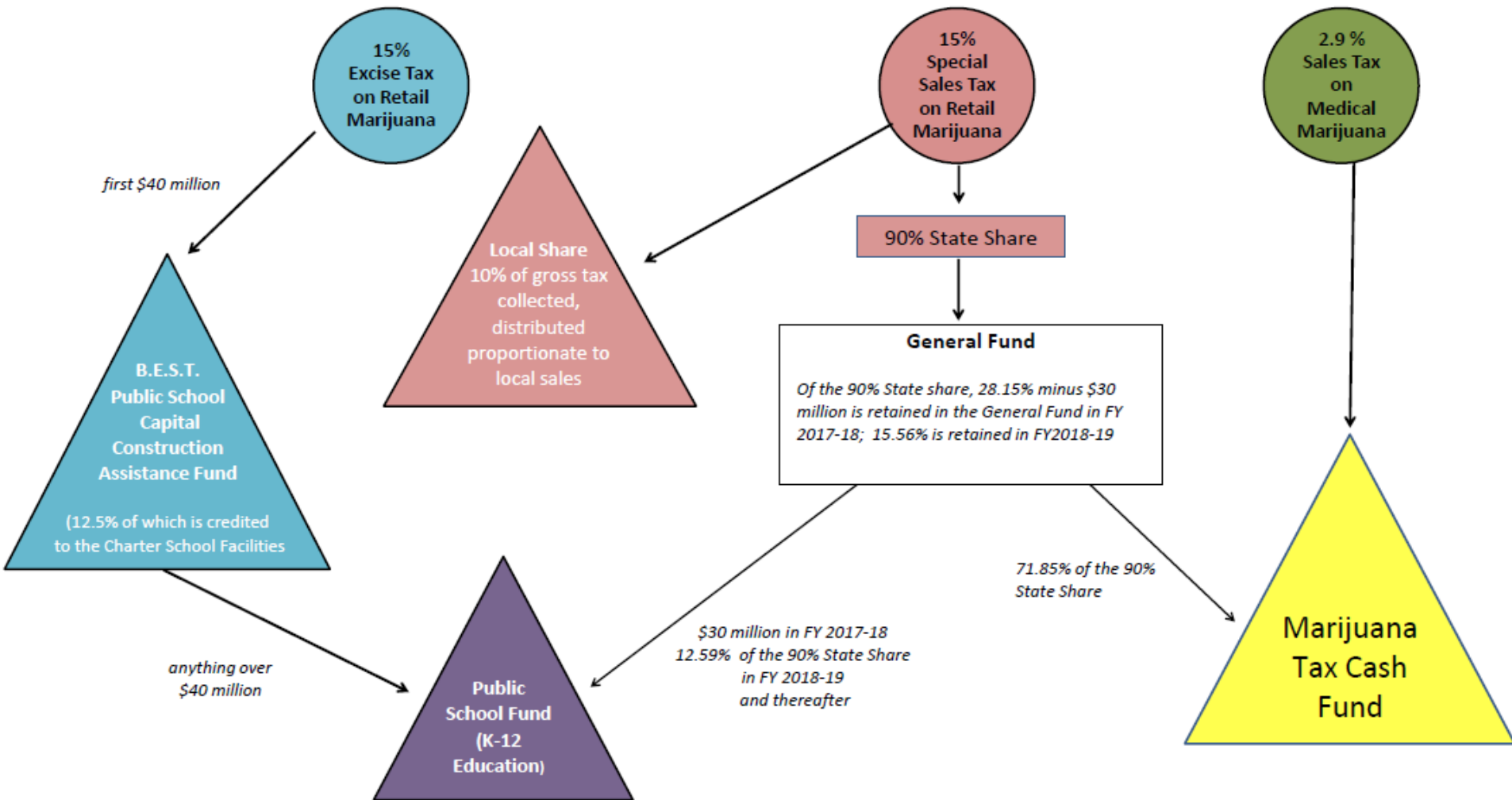
Marijuana Tax Revenue

Revenue Source	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-8 Projection
Medical 2.9%	10,409,340	12,150,625	12,453,612	12,608,883
Excise 15%	23,995,775	42,630,840	71,799,831	86,307,012
Retail 2.9%	11,816,410	19,410,952	28,088,963	-
Retail 10%-15%	42,017,798	67,094,523	98,470,666	182,242,682
Total all Tax Revenue	88,239,323	141,286,940	210,813,072	281,158,577

FY 2016-17 Total State Budget



Marijuana Tax Revenue Flowchart



Marijuana Excise Tax School Capital Construction

15% Excise
Tax on
Retail
Marijuana

first \$40 million

B.E.S.T.
Public School
Capital
Construction
Assistance Fund

(12.5% of which is
for Charter Schools)

Each year, the first \$40 million collected from the retail marijuana excise tax goes to the Public School Capital Construction fund to help meet part of an estimated \$18 billion dollar need for Colorado's schools. From there, it goes to a program called Building Excellent Schools Today, or BEST.

Marijuana revenue is not the only fund source for BEST- in fact, even if every dollar collected from cannabis sales went to BEST, it would still require additional funding to meet the needs of the state's schools.

The BEST grant program prioritizes health, safety and security issues such as asbestos removal, new roofs, building code violations, and poor indoor air quality. BEST grants are competitive, awarded annually and in most cases must be supplemented with local matching funds.

***Dedicated in the Constitution - voters approved in 2013 with "Proposition AA"**

Marijuana Excise Tax Public School Fund

Anything more than \$40 million collected in excise tax each year is deposited in the Public School Fund. This fund is established in the constitution. The interest earned on the revenue in this fund can be used for the maintenance of schools. It supports the state share of districts' "total program" funding.

In FY 2015-16, about \$2.3 million was added to this fund from marijuana excise tax. For FY 2016-17, it is expected to be about \$32 million.

In FY 2015-16, the interest earned on the Public School Fund (from all sources - not just marijuana) provided a total of \$56.7 million to schools.

anything over
\$40 million



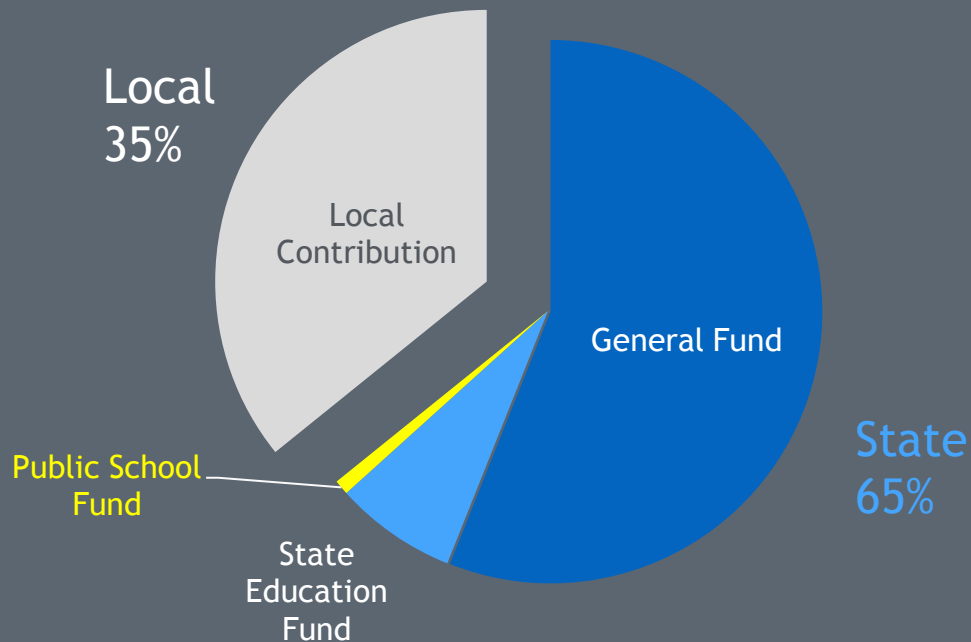
Public
School Fund
(K-12
Education)

*Authorized in statute (state law)

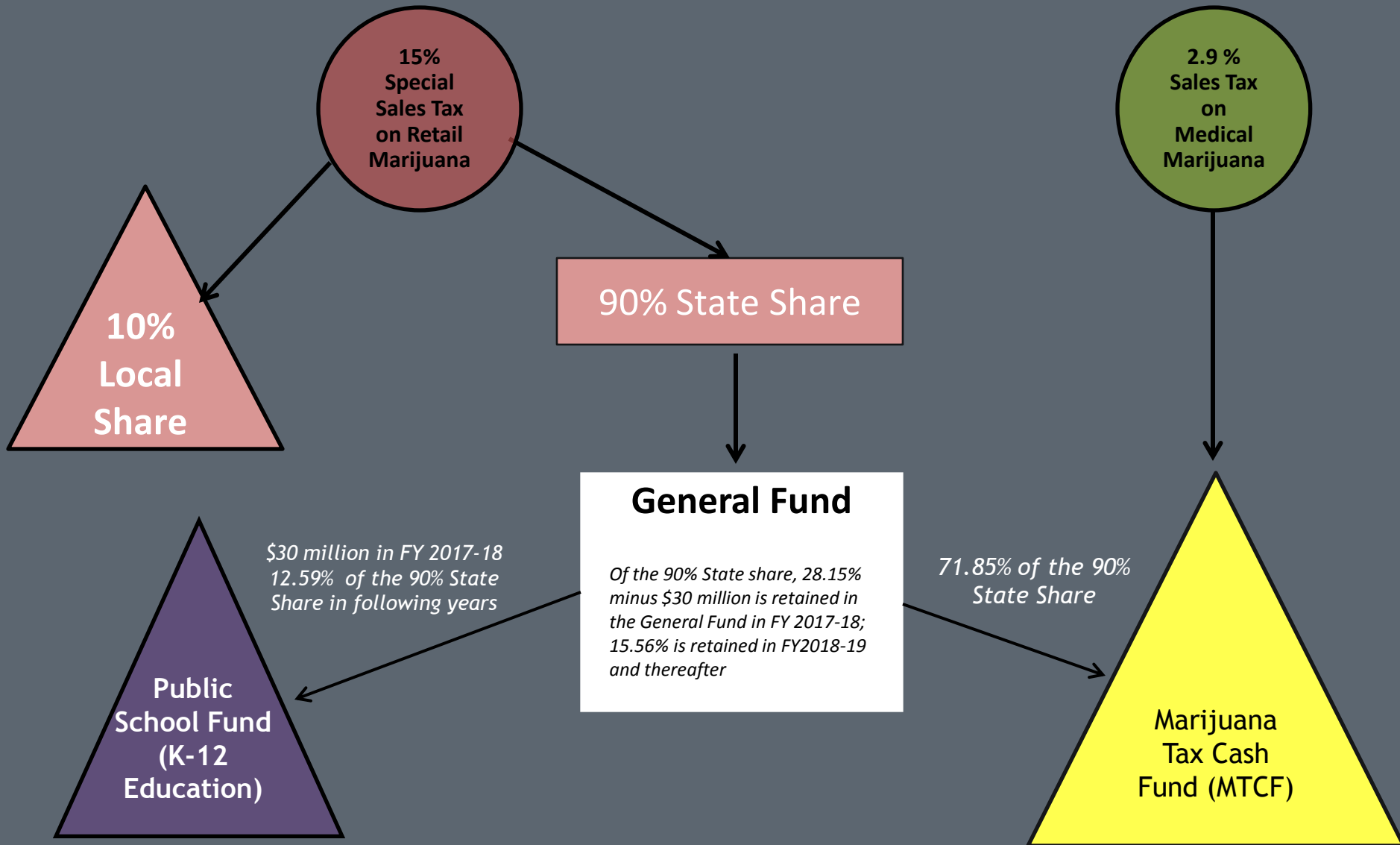
Sources of Funding for K-12 School Finance

In FY 2016-17, total funding for school finance was \$6.4 billion, with the state contribution at \$4.1 billion, or 65 percent of the total, and the local contribution at \$2.3 billion, or 35 percent of the total.

General Fund makes up the majority of the state contribution. In the same year, it was \$3.6 billion, or 87.3% of the state contribution. The State Education Fund contributed \$467 million, or 11.3%, and the **Public School Fund contributed \$56.7 million**, or 1.4% of the state contribution. When you look at the total budget for schools, marijuana excise taxes contribute only a very small portion.



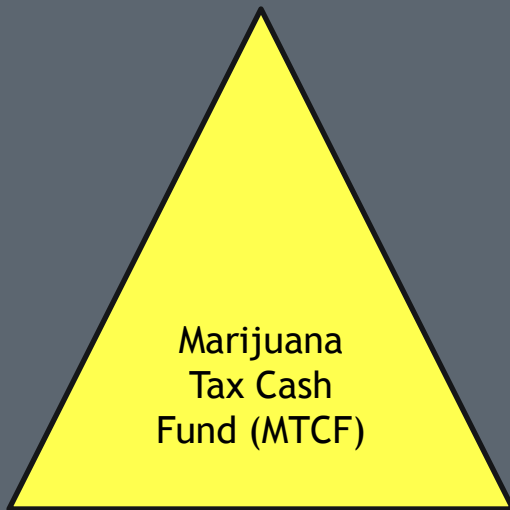
Marijuana Sales Tax



What do we spend it on?

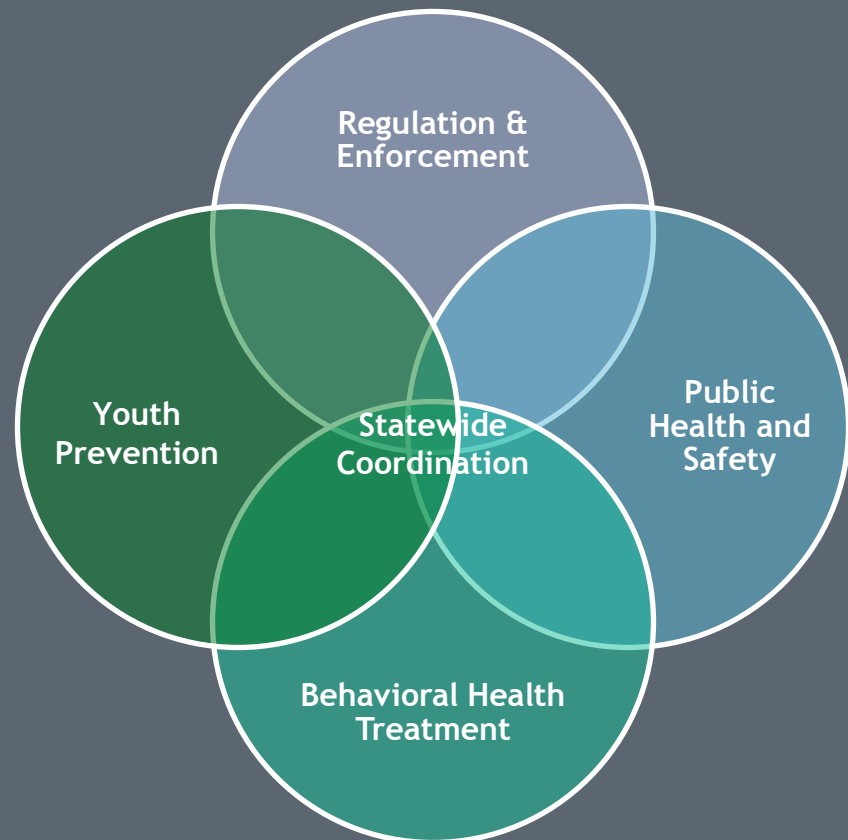
Marijuana-Related Programming

Overarching Goals for Marijuana Tax Cash Fund

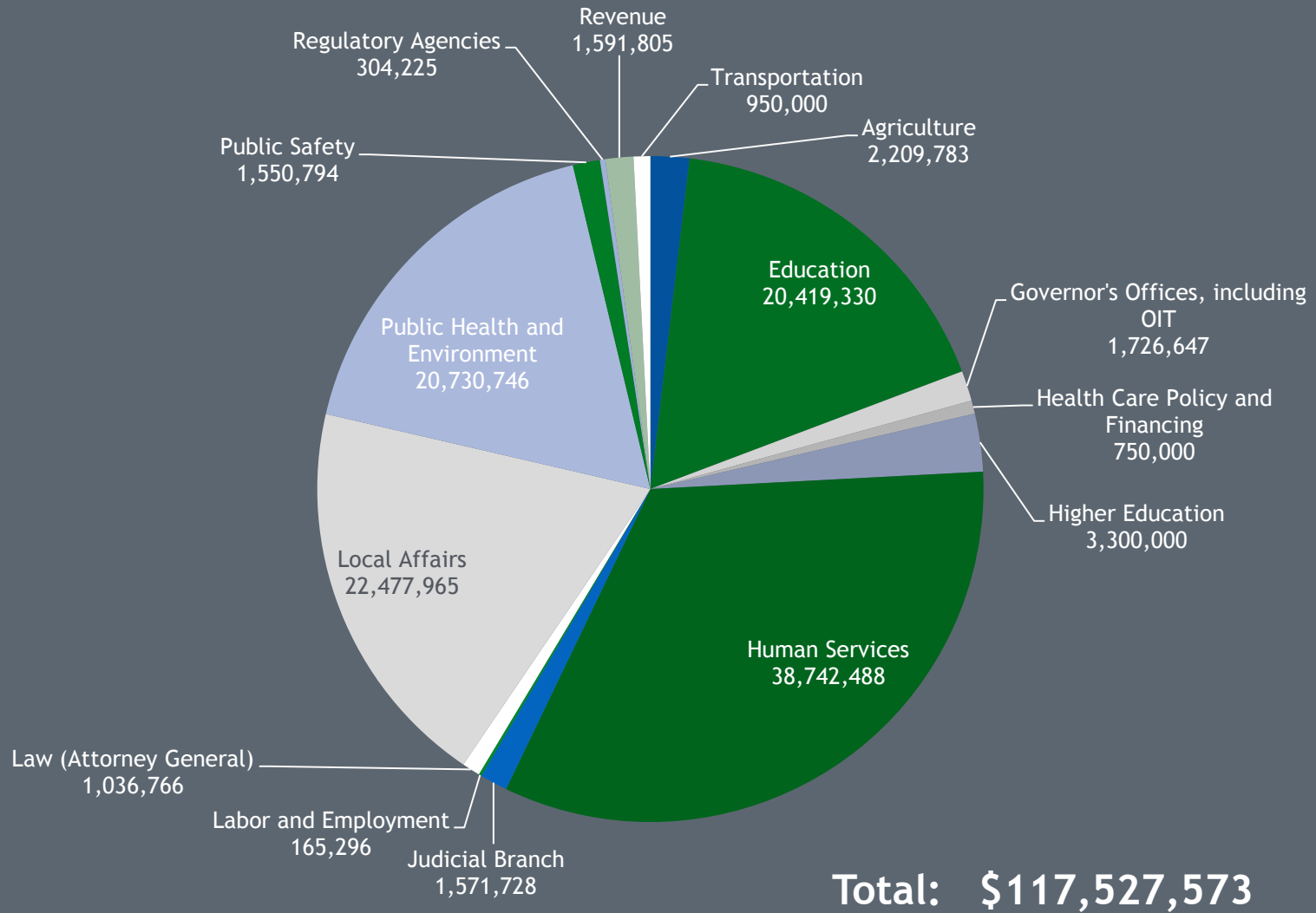


FY 2016-17: \$124 .2 million

FY 2017-18: \$130.5 million



Marijuana Tax Cash Fund F Y 2017-18 Budget By State Department



What do we spend it on?

Regulation and Enforcement

Department of Revenue

- Marijuana Enforcement Division, \$8.9 million and 87.6 FTE (separate funding source from fees)
- Taxation Group, \$1.2 million

Department of Agriculture

- \$2.2 million and 12.0 FTE
- Hemp and Seed Certification
- Pesticide Control

Department of Local Affairs

- \$6 million in Grants to Law Enforcement Agencies for Unauthorized “Gray Market” Grows

Regulatory Agencies

- \$360,000 for enforcement of Medical Board complaints

Statewide Coordination - Governor’s Office

- Approx. \$100,000 and 2.0 FTE



What do we spend it on?

Public Health and Safety

- Marijuana Public Education Campaign (\$4.6 million)
- Local Public Health Agencies (\$1.7 million)
- Marijuana Impaired Driving Campaign (\$1 million)
- Healthy Kids Colorado Survey (\$745,000)
- Epidemiological Surveillance (\$300,000)
- Laboratory Certification (\$1.3 million)
- Poison Control (\$60,000)
- Law Enforcement Training (\$1.8 million)
- Public Safety Intelligence Support (\$60,000)
- Local Government Retail Marijuana Impact Grant Program (\$1 million)

What do we spend it on?

Youth Prevention

- School Health Professionals (\$12 million)
- Substance Abuse Prevention Grants for Local Communities (\$9 million)
- School Bullying Prevention Grants (\$2 million)
- Dropout Prevention and Student Reengagement Grants (\$2 million)
- Tony Grampas Youth Services Program (\$2.4 million)
- Juvenile Diversion Programs (\$400,000 for early diversion in Judicial Districts and \$2 million for deeper criminal justice involvement)

What do we spend it on?

Behavioral Health/Substance Abuse Treatment

- Offender Services/Jail-based treatment (\$7.5 million)
- Adult co-occurring disorder treatment (\$3 million)
- Community Substance Use Disorder Treatment (\$12 million)
- Mental Health Crisis Response System (\$4 million)
- Adult Diversion Programs (\$5.5 million)
- Permanent Supportive Housing and Rapid Re-housing (\$15.3 million)
- Screening, Brief Intervention and Referral to Treatment (\$750,000)
- Substance Use Disorder Treatment in State Hospitals (\$560,000)

Contact Information



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