

FINANCIAL IMPACT ESTIMATING CONFERENCE

SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT: USE OF MARIJUANA FOR DEBILITATING MEDICAL CONDITIONS (15-01)

The amendment allows the use of medical marijuana for certain specified debilitating medical conditions, and other debilitating medical conditions of the same kind or class as or comparable to the specified conditions, for which a physician believes that the medical use of marijuana would likely outweigh the potential health risks for the patient. The amendment also establishes a process for the sale of medical marijuana to qualifying patients and designated caregivers. Based on information provided through public workshops and staff research, the Financial Impact Estimating Conference expects the amendment to have the following financial effects:

- Based on Colorado's experience, the Department of Health estimates that it will incur \$2.7 million in annual costs for its regulatory responsibilities, upon full implementation. These costs may be offset by fees charged to the medical marijuana industry and users. However, the imposition of fees may require further action by the Legislature.
- The Department of Business and Professional Regulation, the Agency for Health Care Administration, the Department of Children and Families and the Department of Agriculture and Consumer Services do not expect the amendment to significantly affect their regulatory functions. Any regulatory impacts that occur will likely be offset by fees charged to the affected industries.
- The Department of Highway Safety and Motor Vehicles, the Department of Law Enforcement, the Police Chiefs Association, and the Sheriffs Association expect additional law enforcement costs based on the experience of other states with similar laws. The magnitude of such costs cannot be determined.
- Local governments were unable to quantify the amendment's impact, if any, on the services they provide.
- The Conference determined that medical marijuana is tangible personal property. Therefore, its purchase is subject to sales and use tax, unless a specific exemption exists.
- Based on the testimony from affected state agencies, the Conference determined that medical marijuana is currently not classified and likely will not be classified as a common household remedy entitled to a sales tax exemption.
- Based on information provided by the Department of Revenue and the Department of Agriculture and Consumer Services, the Conference determined that the applicability of agricultural-related exemptions to the sale or production of medical marijuana is uncertain. Should the exemptions apply, the direct sale or dispensation of medical marijuana in its raw form by the grower or cultivator to an end-user or designated caregiver would be exempt. This uncertainty also applies to exemptions for items used in the production of medical marijuana such as power farm equipment, fertilizer and pesticides.
- The increase in sales tax revenues to state and local governments cannot be determined precisely because too many unknowns affect the amount of taxable sales, but the increase will be substantial. For example, assuming Florida's medical marijuana consumption mirrors Colorado's experience, annual state and local government sales tax revenues could increase by an estimated \$67 million after taking into account lawful consumption of medical marijuana currently authorized in Florida.
- The impact on property taxes, either positive or negative, cannot be determined.