

COLORADO SCHOOL FINANCE PROJECT

Support Children - Support The Future

CSFP Briefing Document: Marijuana Excise Tax and BEST Grant Program

Colorado's Marijuana Excise Tax and BEST Grant Program

	Tax Rate	Medical Marijuana	Retail Marijuana	\$ to K-12 BEST Grant Program	FY13-14 \$ to BEST	FY14-15 \$ to BEST	FY 15-16 \$ to BEST	FY 16-17 \$ to BEST	FY 17-18 \$ to BEST	FY 18-19 \$ to BEST	FY 19-20 \$ to BEST	FY 20-21 \$ to BEST	FY 21-22 \$ to BEST	FY 22-23 \$ to BEST
State Sales Tax	2.9%	Yes	No	no										
Special Sales Tax	15.0%	no	Yes	no										
Excise Tax	15.5%	no	Yes	1st \$40M (annual)	\$3M	\$23.9M	\$80M*	\$40M	\$40M	\$40M	\$89.7M	\$120.3M	\$97.3 M	\$55.9M

* Includes initial \$40M and annual \$40M

BEST (Building Excellent Schools Today) Grant Program, established in 2008, competitive grant program for district, BOCES and charter school capital needs.

CDE's Statewide Facility Assessment State Report FY09-10: \$13.9B in need, 8,419 buildings in 178 school districts. Forecasted need by 2018: \$17.8B.

Data Source: Colorado Legislative Council & CDE

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- In 2012, **Amendment 64** passed in Colorado. It allows adults over 21 years of age to buy and use marijuana. It assessed an excise tax for school construction, through a grant program.
- In 2013 voters approved **Proposition AA**. This allowed for an excise tax *up to 15 percent* on unprocessed marijuana and a state sales tax *up to 15 percent* on retail marijuana sales. In addition to the general 2.9 percent sales tax.
- In 2018, the legislature passed **HB18-1070**. It stipulates that 90 percent of the **excise tax** revenue collected OR the first \$40 million, whichever is greater, is to be allocated to the Capital Construction Assistance Fund for the Building Excellent School Today (BEST) competitive grant program.
- Then ten percent of the state's 15 percent **sales tax** on retail marijuana will be distributed to local governments based on the percentage of retail sales within the city/county boundaries.
- The remaining 90 percent of the **sales tax** were allocated in FY2018-19 and beyond as follows:
 - 15.56 percent to the General Fund
 - 71.85 percent to the Marijuana Tax Cash Fund (MTCF)
 - 12.59 percent credited to the state Public School Fund and distributed to all districts accordingly
- In 2019, HB-1055 mandated that 100% of excise tax on retail marijuana must be collected for school construction.
- In Fiscal Year 2020-21, \$175.M came from Marijuana funding and \$120.3M went into the Public School Capital Construction Assistance Fund.
- From FY 2013-14 through FY 2020-21, a total of \$385.3 million from marijuana excise tax revenue has been credited to the PSCCAF and the Permanent Fund, including:
 - \$317.7 million to the Public School Capital Construction Assistance Fund
 - \$67.6 million to the Public School Permanent Fund
- In 2022, HB22-1341 was passed to permit the general assembly to appropriate money from the general fund for the same fiscal year in which was received.
 - It also delayed a portion of a transfer from the fund to the BEST fund.
 - This act transferred \$50M on June 1, 2022
- During the 2023 legislative session, SB23-220 was passed requiring the public school capital construction assistance board to allocate \$49.7M from public school capital construction assistance board cash grants to be used for projects that were more expensive due to inflation
 - This act transfers \$15M from the state education fund

** Above information from "Marijuana Tax Revenue and Education", Colorado Department of Education and Colorado General Assembly. Access 2022-23 info [here](#).