



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Initiative 58

Fiscal Summary

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LCS TITLE: ACCESS TO NATURAL MEDICINE

Fiscal Summary of Initiative 58

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at www.ColoradoBlueBook.com. This fiscal summary identifies the following impact.

State revenue. Under Initiative 58, state revenue will increase by about \$6.0 million per year in FY 2024-25 and FY 2025-26, and \$4.0 million per year in future years. This revenue is from licensing fees charged to regulated entities including healing centers and facilitators that dispense, and provide services relating to, psilocybin and other substances classified as natural medicines under the measure. The exact increase in revenue will depend on the fee amount and the number of license applications submitted. It is expected that revenue will be set at a level to cover the costs of the program when fully implemented, and it is further assumed that fees in the first two years will be higher to generate the necessary revenue to pay back the anticipated advance received from the General Fund.

State expenditures. In the first two years (FY 2022-23 and FY 2023-24), the Department of Regulatory Agencies (DORA) will have costs of approximately \$1.5 million to \$3.0 million per year to establish program rules, support the Natural Medicine Advisory Board, and issue initial licenses prior to the start of the new regulatory program created by the measure. The measure requires an advance from the General Fund to establish the regulatory program. Starting in FY 2024-25, DORA will have costs of approximately \$4.0 million per year when regulation of the cultivation, manufacture, testing, storage, transfer, transport, purchase and sale, use, and provision of services relating to psilocybin and psilocyn is fully implemented. Actual expenditures will depend on the number of regulated entities participating in this industry. To the extent that Initiative 58 reduces the number of persons convicted of crimes related to controlled substances that become regulated under the measure, costs in the criminal justice system will be reduced by a minimal amount. Lastly, in FY 2024-25 and FY 2025-26, DORA will be required to make payments using fee revenue to repay any advance from the General Fund received to cover costs in the first two years.

Local government impact. Local government workload and expenditures will increase to the extent local governments issue additional regulations on the operation of healing centers in their jurisdiction. County jail costs may be minimally reduced to the extent fewer persons are held in jails for offenses relating to controlled substances that become legal and regulated under the measure.

Economic impacts. Initiative 58 may increase the number of jobs and economic activity from providing access to psilocybin and other substances classified as natural medicines. However, spending on the permitted forms of natural medicine under the measure may shift spending away from other sectors of the economy or health care system, which could reduce economic activity in other areas.