

Premise: Colorado already receives more than enough money from tobacco and if licensing already complaint folks is such an urgent priority then redirecting existing resources should be something to look at to avoid the TABOR impact from HB 1001-

Funding solutions:

Option 1: Recognizes that state and state and local federal contractors already conduct over 6 thousand inspections on retailers each year in Colorado and the state reports to federal government compliance rates of over 92 % - So in lieu of spending 3 million a year for what is essentially a diminishing rate of return simply require that the sales tax license be amended for a tobacco endorsement - and tie penalties to the removal of the tobacco endorsement from the existing process.

- This would allow the state to remove a retailer's ability to sell products under the current fines fine structure and enhance compliance. (If that's the goal and not simply use the complaint retail community as a funding source for 3 million more dollars)
- It takes advantages of current efficiencies through the administrative processes

Option 2: Amendment 35 grantees have spent millions of dollars over the last years trying to get local governments to impose local licensing, ban our products and raise the age to 21, in Lieu of HB - 1033 last year (allows cities to do whatever they want to us) and with recent federal action - these people no longer need to spend money to do that.

- Because licensing retailers is such an "immediate and urgent policy priority" this is an appropriate use of Tabor Exempt amendment 35 funds and the money could be redirected from the use above to defer the budgetary impact from the state and defer costs on the retail community that vast of majority of which already play by the rules.

Option 3: Redirect 2 million dollars in money from the distribution outlined under 39 - 22-623 - TO DOR to defer the costs of the license – Amendment 35 grantees have been lobbying local governments for flavor bans and retailer licensing – In Denver for example effective July 1<sup>st</sup> our retail community will be writing checks for around \$700,000 in application and license fees. Despite garnering over 100 million dollars in the last decade apparently local governments were unable to conduct the amount of inspections required by the proponents of HB 1001, so they need additional money.

- Before 1033 passed last year the state incentivized locals for regulatory uniformity (around 10 million dollars a year.) Now that locals are going after our industry for something we are already doing seems like the state could redirect some of this money and let you all avoid the TABOR impact that the proponents of this bill are asking you to accept by assessing the retail community.