



Going Green

Quickly Implementing a Retail Marijuana Taxation Program

August 11, 2014 FTA Technology Conference Portland, Oregon



Meet the Panel

Panelist	Role
John Vecchiarelli	Senior Director of Taxation Colorado Department of Revenue
Paul Northrup	Deputy Director of Taxation Colorado Department of Revenue
Eric Deffenbaugh	Account Executive Fast Enterprises, LLC
Sarah Meyers	Project Manager Fast Enterprises, LLC

Agenda

Life with
legalized
marijuana

The legislation

Preparing the
community

Implementing
quickly

Where are we
now

Results

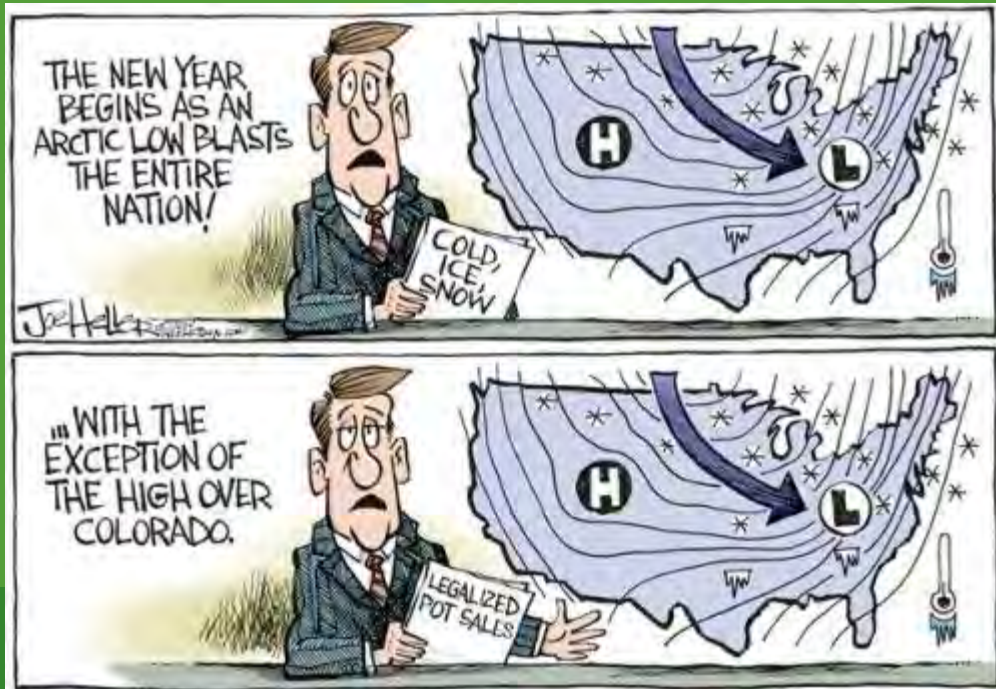
Lessons
learned

First, let the jokes begin



Yesterday, Colorado Governor John Hickenlooper signed an amendment that officially legalized marijuana in the state. Stoners took a moment to thank Governor Hickenlooper — then they spent a few hours just saying the word 'Hickenlooper.'

—Jimmy Fallon



This brings a whole new meaning to Super Bowl, now that both Denver and Seattle are in it.



Some fun names...

BEST BUDZ

CANNA
CANDIES

DENVER
KUSH CLUB

DENVERDAM

DISCREET
TREATS

MR GOOD
BUDZ

THE CANABIS
STATION

THE PURPLE
DRAGON

Life with retail marijuana

New Markets



Grow/Shop Tours



Maps



Marijuana Editor:
The Denver Post



Marijuana Infused Products

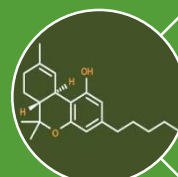
Lifestyle



Tourists



DWI



Potency



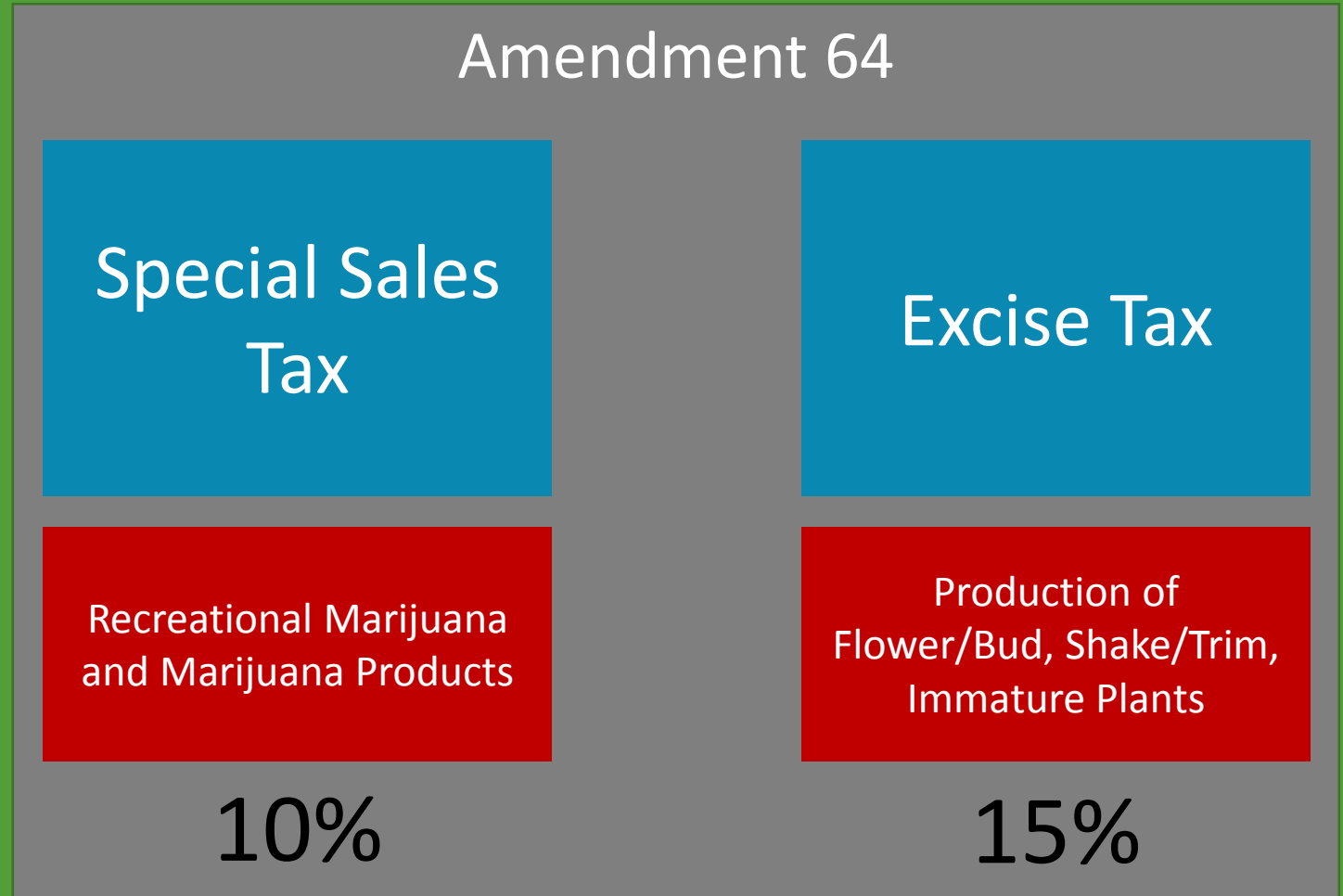
Availability

Colorado Marijuana Taxes

Sales Tax

"Normal" Sales Tax

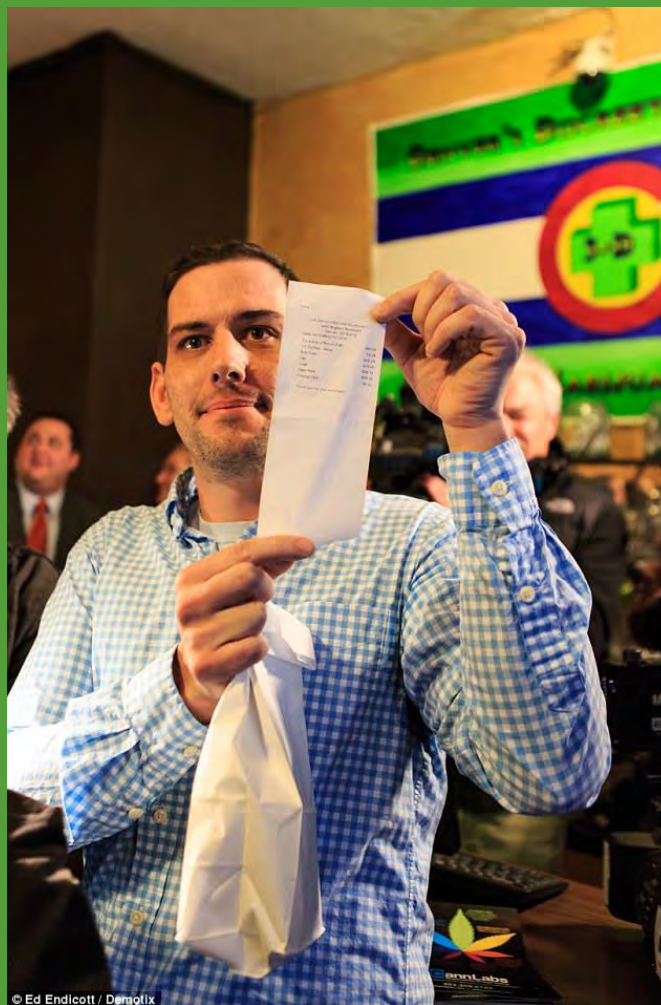
2.9%



Denver Kush Club Retail
2615 Welton Street
Denver, CO 80205
720-940-3586

Date: 01/01/2014 9:19 AM

Product	Quantity	Price
Island Sweet Skunk	7.00 g	102.91
Sour Diesel	7.00 g	93.55
Lambs Breath	7.00 g	102.91
Amnesia Caviar	7.00 g	90.82
\$26.42 Discount		(26.42)
\$0.46 Discount		(0.46)
Subtotal		363.21
Tax		76.73
Total		440.00
Credit Card		440.00
Change		0.00



© Ed Endicott / Demotix

Botanacare Recreation
11450 Cherokee St (Unit A-5), Northglenn

Qty	Name	Price
1	\$5 Bag	5.00
1	Lighter	2.00
1	Bag of Ties Great 305	45.00

Gross Total 53.00

Discount 0.00

Colorado Sales Tax 0.23

Adams County Sales Tax 0.06

Northglenn Sales Tax 0.32

Colorado Sales Tax 1.30

Northglenn Sales Tax 1.80

RTD 0.09

Adams Sales Tax 0.34

RTD Sales Tax 0.50

Colorado States Excl 4.50

Net Total 62.14

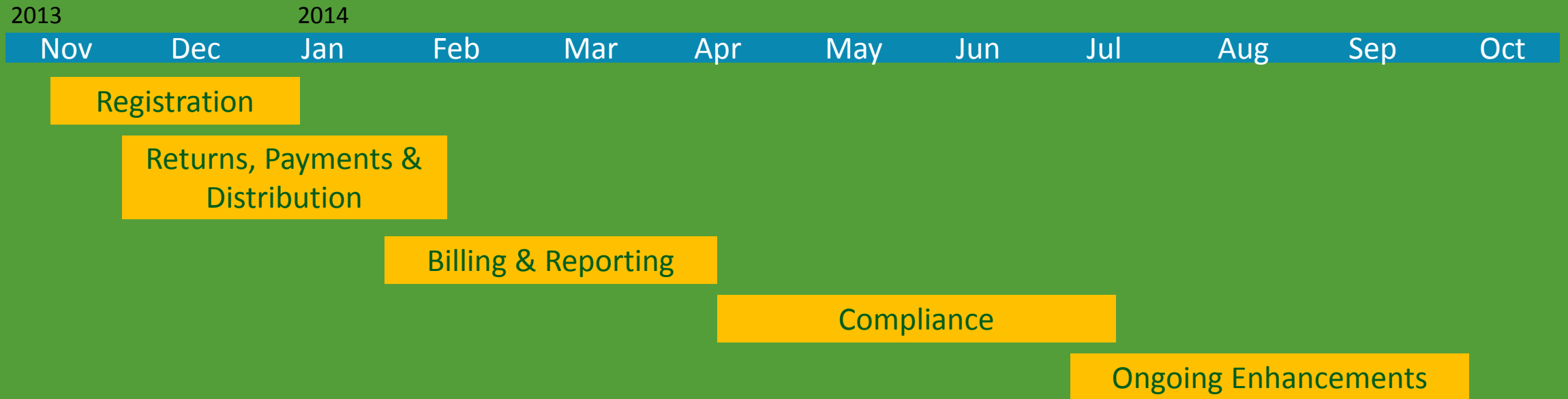
Payment Mode : Card

Card # : [REDACTED]

Amount Paid : 62.14



Implementation – Scope & Timeline





Getting to Retail

John Vecchiarelli | State of Colorado: Senior Director of Taxation



Getting to Retail

Medical Since
2000

Licensing

Marijuana
Enforcement
Unit

Constitutional
Amendment
64

Pre-Legislation
Task Force

Taxes

Amendment 64

Resident: 1oz

Non-Resident:
.25oz

Excise Tax:
15%

Special Sales
Tax: 10%

Medical/Retail
operating
together

City/County
Control

Amendment 64

November 5th, 2013

Legal
January 1, 2014

Tax collection began
immediately

One-time transfer
from medical
inventory
(tax free)

First returns due
February 20

Electronic Filing
Mandate

Partnership with Marijuana Enforcement

MED Director
on Steering
Committee

Experience with Industry

Familiar with current law

Represent interface needs

Utilized
existing
information

e-Blast Newsletters

Registration for Retail

Interface with
enforcement
registry

Link taxpayers to their
profile with Enforcement

Compliance/Fraud

Enrollment/Cancellation
Updates



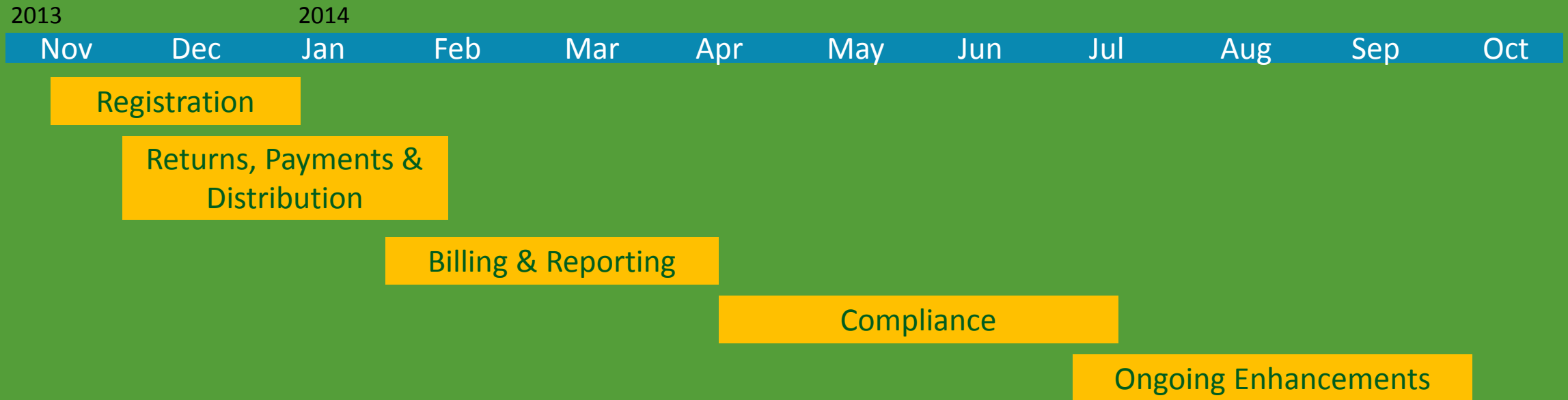


T(HC) minus 60 Days...

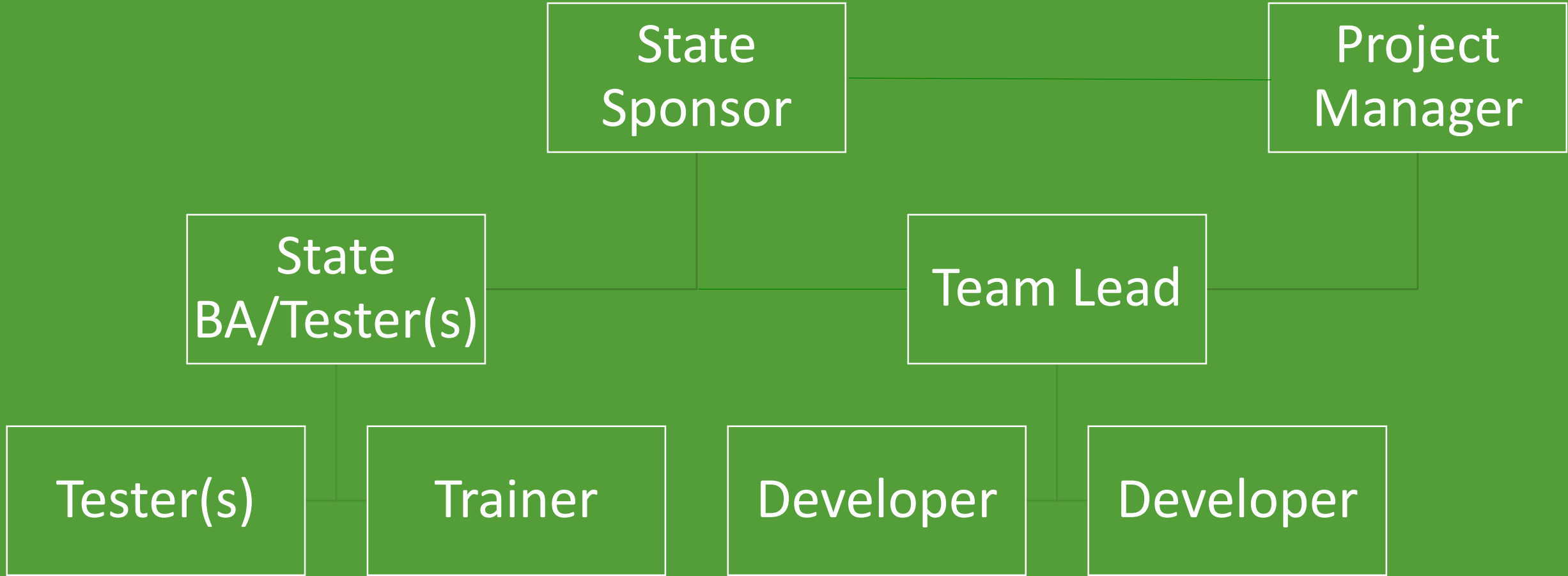
Sarah Meyers | Fast Enterprises Project Manager



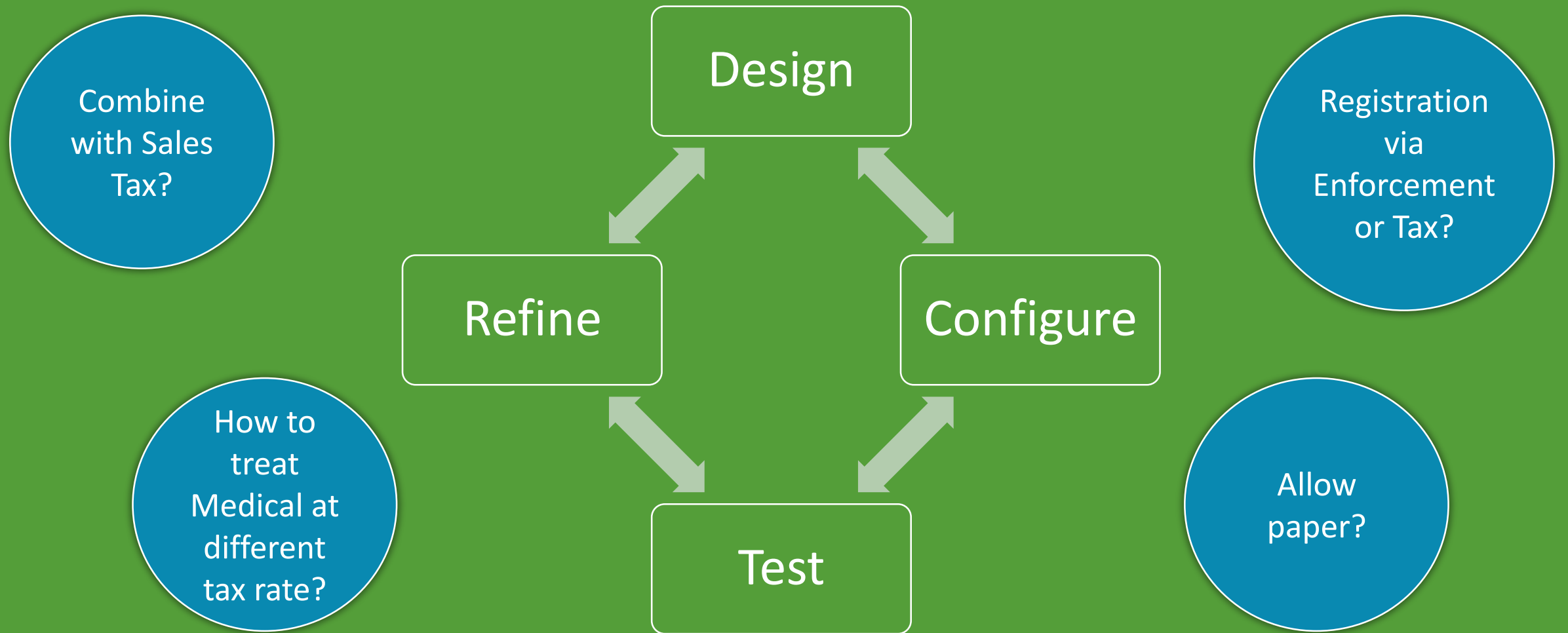
Implementation – Scope & Timeline



Team



Approach



Interfaces

Marijuana Enforcement Division

- Licensing and registration
- Coming soon: Business relationship information (e.g. partners, related business, etc.) will be an input to income tax discovery

METRC (formerly MITS)

- Full inventory tracking including excise and sales transaction information for audit selection, fraud and other compliance activity

Re-Use

Billing

Enforcement
(Collections)

Location codes
from Sales Tax

Existing taxpayer
notices

Taxpayer/Account
structure

Colorado Business
Express
(multi-agency
registration)

Revenue Accounting & Distribution

First 40 million dollars for school construction

State General fund gets remaining

Separate retail, medical, excise

Utilize automated distribution to State General Ledger

NACHA record types for Marijuana

Make Note!!





Ready...Set...Grow!

Paul Northrup | State of Colorado: Deputy Director of Taxation



Preparing the community

Industry representative sessions

Confusion about
tax on medical
vs. retail

What is excise
tax?

What returns to
file?

How to file?

When to file?

Targeted efforts

“Filing Hot Tips”
email blasts

Dedicated call
center lines

First month
personal follow
up for non-filers

In-person help
with electronic
filing

Call people who
made mistakes

Getting Started

Retail
transition
from Medical

Existing
registration
from MED

Automatic
registration

Sent new
accounts via
mail

Little to no
taxpayer
effort

Electronic Noticing

- Full mandate for electronic filing (exceptions allowed) means the department can be sure of non-filers
- Implemented “Courtesy Noticing”
 - Two days post due-date
 - 15 days before non-filer action is taken
- Electronic notices viewable online through Revenue Online
- Payment vouchers (coupons) added to Revenue Online (e-Services)



Results so far

YTD

- Licenses: 219 retail stores and 287 retail cultivations
- Returns: 3,592
- Collections: \$20M (through 2-Aug)

Improvements

- Increase in electronic sales tax filers
- Currently 100% electronic filing

Compliance

- Special marijuana sales & excise taxes very compliant in filing



Questions?

Thank you for participating!

