



**COLORADO**  
**Department of Local Affairs**  
Division of Local Government

# Gray and Black Market Marijuana Enforcement Grant Colorado Revised Statute 24-32-119(4)

SMART ACT REPORT

November 1, 2021



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## **SMART ACT REPORT**

### **Gray and Black Market Marijuana Enforcement Grant Program**

#### **November 1, 2021**

Section 24-32-119 (4), of the Colorado Revised Statute (C.R.S) requires the Department of Local Affairs, Division of Local Government, provide an update regarding the effectiveness of the Gray & Black Market Marijuana Enforcement Grant program in the Department’s annual report as required by the “State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act” part 2 of article 7 of title 2. This document serves as a response to this reporting requirement.

### **Gray and Black Market Marijuana Enforcement Grant Program (GBMJ)**

#### **Program Launch and History**

In Colorado’s 2017 legislative session, House Bill 17-1221 created the Gray & Black Market Marijuana Enforcement grant program (GBMJ) in Colorado Revised Statute (C.R.S.) 24-32-119. The program gives grants to Colorado counties and municipalities with the purpose of providing financial assistance to local law enforcement and district attorneys for actual expenses related to investigation and prosecution of unlicensed marijuana cultivation or distribution operations. Until FY 20/21 approximately \$5.8 million was set aside for grant awards and unspent or unencumbered funds remained in the program for one additional year.

The inaugural appropriation in FY 2017-18 provided \$5.8 million to the Department for the grant program. In FY 2017-18, after extensive outreach and stakeholder engagement, only \$1.6 million in grant funding was requested and awarded: 32 applications of a possible 334 eligible entities.

Considering the large amount of funding available and the low level of request, the Department worked with the State Controller’s Office and interested stakeholders to change the distribution process from a reimbursement to a formula-based model, similar to that utilized by the Conservation Trust Fund program, also managed by DLG, reflecting the priorities of the original legislation. A major challenge of the old model was that it is difficult for law enforcement agencies to predict in advance their enforcement needs specific to illicit marijuana. Under the new model, local governments interested in receiving funds from the GBMJ Program may “opt-in” by submitting an application to receive funding and then later provide the Department with compliance information on how the funds were utilized for investigation and prosecution of unlicensed marijuana.

#### **Program Status and Modifications**

Despite low participation rates and the considerable reduction of funding for other priorities, stakeholder engagement conducted in April of 2021 and ongoing program usage indicates continued demand for the program. In collaboration with the Governor’s Office and the Colorado Bureau of Investigation (CBI), the program is modifying its outcomes reporting requirements to assist in improved evaluation of outputs and outcomes over the next three years. The program has also incorporated program caps and minimum awards to spread the dollars further and ensure grants are large enough to be of significant value. DOLA will continue to partner with CBI and the Governor’s Office to evaluate this program in the larger context of a comprehensive strategy to reduce illicit marijuana and associated criminal activity throughout Colorado.

#### **Program Awards**



The revised model was successful and in FY 2018/19, 38 eligible entities opted in, and all available funds, \$5,809,197, were awarded. At the end of the grant term, June 30, 2020, \$5,488,511 was expended on program projects, \$320,686 was deobligated and returned to the Marijuana Tax Cash Fund (MTCF).

In FY 2019/20, 34 eligible entities opted in and \$5,863,501 was awarded for grant projects. This grant cycle ended June 30, 2021, unspent funds in the amount of \$628,578 were returned to the MTCF. The funds returned were due to the impact of COVID-19 on the grantees' projects.

The appropriation for FY 2020/21 was reduced considerably by \$5M to \$950,674. Twenty-seven (27) applications were received from county and municipal governments opting in to the program. The awards for this grant cycle totaled \$777,216, and the grant period will end on June 30, 2022.

Finally, the appropriation for FY 21/22 remained at \$950,674, and the amount of the anticipated award is \$903,140. This grant period will end on May 30, 2023. Over the course of five fiscal years from FY 18 to FY 22, the program has provided over \$19M to 77 municipalities and counties for illicit marijuana enforcement activities.

### **Program Effectiveness**

The Statute requires that the SMART Act report discuss the effectiveness of the program. Consequently, the program staff has included in the final reporting requirements that all GBMJ grantees provide detail around the effectiveness of the program from their perspective as a recipient of these grant dollars.

With the legalization of some types of possession and use of marijuana, many believed that the black market would cease to exist or at least be dramatically reduced. However, grantees report that the marijuana black market has continued to thrive and local law enforcement is spending thousands of hours investigating and prosecuting activity related to the marijuana black market operations. The program grant funds help subsidize the costs associated with investigations and prosecution expenses.

With the help of GBMJ grant funds to meet the demand of controlling this ongoing illicit marijuana activity of cultivation and distribution operations, recipient cities and counties report they have been able to increase law enforcement activities in addressing these illegal operations, perform multi-county operations, safely conduct covert surveillance, increase the execution of search warrants, seize tens of thousands of marijuana plants, seize several thousands of pounds of refined marijuana, and shut down hundreds of illegal grows. The funds have made it possible to better outfit detectives and officers with much-needed equipment thereby reducing the hazards of illegal marijuana grow enforcement and dangerous criminal activities.

Prior to this grant program, the manpower, equipment and specialized training needed by local law enforcement, as well as additional staff hours required for prosecution by district attorneys' offices were cost-prohibitive. However, the resources provided through the GBMJ grant program have made it possible to proactively investigate illicit marijuana activities as well as support collaboration between law enforcement and district attorneys for prosecution of such activity. Rural communities state that without the grant funding they would not have been able to put the man-hours needed into illegal marijuana enforcement.

The effectiveness of this program, as reinforced by recipient local governments, is evident in the assistance it has afforded law enforcement in protecting their communities, in facilitating the construction of new investigative frameworks, and in ensuring the future probative value of cases currently being built. This is critical to both successful prosecution and aggressively creating a culture that communicates that this type of illegal activity will not be tolerated. The grant increased operational effectiveness as a result of the



additional funding for overtime support, special training, and equipment. Without the assistance of the program, grantees would not be able to sustain the effort of increased investigation and prosecution of unlicensed and illegal marijuana activities.

The items below are indicative of the types of expenses associated with investigating and prosecuting unlicensed marijuana cultivation or distribution operations conducted in violation of state law.

**Investigation:**

- PPE supplies and equipment, including filtered breathing apparatus which protects from dangerous mold spores and toxins while dismantling illegal marijuana grow sites. Other equipment purchased that helps support the safety of law enforcement officers are drones, cameras, tactical equipment, safety suits, and N95 masks.
- Personnel salaries, including overtime costs that support increased patrol and enforcement, GBMJ funds help to defray costs of personnel dedicated to the detection, surveillance, contact, reporting, and court time regarding illegal marijuana.
- Computers, IT equipment, digital intelligence supporting law enforcement in the field to access actionable intelligence at the scene.
- Training and education for law enforcement regarding drug cartels and culture, investigation, and testifying in court.
- Vehicles, trucks for on and off-road that can travel through bad weather in remote areas, ATVs, equipment trailers, drug incinerators to burn/destroy marijuana that is collected at illegal grow sites. Armored vehicles are utilized in defense against heavily armed individuals and hardened grow sites.

**Prosecution:**

- Financial assistance for district attorneys addressing and prosecuting unlicensed marijuana in violation of state law.
- Investigation and curtailment of underage possession and consumption.



**Table 1 - Program Outcomes 2020-2021 Reported by Grantees**

<b>MJ Cases/Seizures</b>	<b>MJ Pounds Seized</b>	<b>MJ Grows/Sites/Labs Dismantled</b>	<b>MJ Plants Seized</b>	<b>Number of Disruptions of Sale or Distribution of Illicit Activity</b>	<b>Arrests</b>	<b>Weapons Seized</b>
570	19,295.92	331	8,5774	252	221	197



**Exhibit A - Gray and Black Market Marijuana Enforcement Grant Program Awards**

FY 2020			FY 2021	
Grantee	Amount Awarded	Funds Returned	Grantee	Amount Awarded
Adams County	\$208,238.62		Adams County	\$24,481.00
Aurora, City of	\$767,016.79	\$10,082.15	Arapahoe County	\$23,873.00
Boulder County	\$95,722.68	\$81,112.68	Aurora, City of	\$92,601.00
Collbran, Town of	\$2,928.49		Canon City, City of	\$8,167.00
Colorado Springs, City of	\$976,770.52		Colorado Springs, City of	\$116,755.00
Conejos County	\$18,134.61		Custer County	\$1,842.00
Costilla County	\$11,379.16		Delta , City of	\$4,392.00
Custer County	\$14,464.46		Delta County	\$6,753.00
Delta County	\$56,870.37		Denver, City and County	\$177,544.00
Denver, City and County	\$1,469,062.69	\$397,915.21	Douglas County	\$48,676.00
Dinosaur, Town of	\$1,351.94		Durango, City of	\$9,264.00
Durango, City of	\$78,857.36	\$3,241.23	El Paso County	\$47,196.00
Eagle County	\$101,005.40	\$56,320.73	Elbert County	\$11,603.00
Edgewater, City of	\$11,334.66		Florence City of	\$1,926.00
El Paso County	\$388,631.14		Fort Collins, City of	\$41,564.00
Fort Collins, City of	\$345,227.17		Fremont County	\$12,366.00
Fremont County	\$106,514.86		Greeley, City of	\$26,526.00
Garfield County	\$100,725.69	\$43,085.67	La Animas County	\$2,690.00
Grand County	\$34,090.86		La Plata County	\$16,431.00
Grand Junction, City of	\$136,950.41	\$7,277.25	Mead, Town of	\$2,310.00
Lake County	\$20,842.72	\$4,342.72	Mesa County	\$35,734.00
Las Animas County	\$22,245.51		Montezuma County	\$7,355.00
Mesa County	\$294,633.35		Montrose County	\$9,713.00
Montezuma County	\$65,706.70	\$4,381.76	Montrose, City of	\$9,659.00
Montrose County	\$81,184.05		Pueblo, City of	\$27,432.00
Montrose, City of	\$81,455.28		Teller County	\$7,710.00
Palmer, Town of	\$5,742.56		Vail, Town of	\$2,653.00
Prowers County	\$11,735.16			
Pueblo County	\$228,774.08			
San Miguel County	\$13,816.04			
Silt, Town of	\$13,133.71			
Teller County	\$59,129.25	\$1,315.12		
Vail, Town of	\$23,249.93			
Yuma County	\$16,575.01	\$16,575.01		
<b>Total Awarded</b>	<b>\$5,863,501.23</b>	<b>\$625,649.53</b>	<b>Total Awarded</b>	<b>\$777,216.00</b>
<b>Percent of grant funds expended</b>		<b>89.33%</b>	<b>Grant term ends June 30, 2022</b>	