

**UPDATED SUMMARY
HOUSE BILL 14-1398**

Second Regular Session - Sixty-ninth Colorado General Assembly

This summary applies to the reengrossed version of this bill as introduced in the second house. It does not reflect any amendments that may be subsequently adopted. This summary reflects only the main points of the legislation.

Because marijuana is illegal under federal law, financial institutions are reluctant to serve state-licensed marijuana businesses. These businesses therefore currently operate almost entirely on a cash-only basis, which raises their costs, increases the risk of crime, and impedes the state's ability to account for these businesses' revenues.

Section 1 of the bill enacts the "Marijuana Financial Services Cooperatives Act". Marijuana financial services cooperatives (referred to as "cannabis credit co-ops") are a type of financial services entity, membership in which is restricted to entities that are licensed to own or operate a marijuana business. Cannabis credit co-ops are subject to regulation by the state commissioner of financial services in a manner similar to that of credit unions, with the following differences:

- ! The commissioner has 60 days after the filing of an application for a charter to determine whether the application meets the applicable requirements;
- ! The incorporators of the co-op must provide the commissioner with written evidence of approval by the federal reserve bank for access by the co-op to the federal reserve system;
- ! The commissioner cannot allow more than 10 charters for cannabis credit co-ops to be outstanding at any one time *and cannot issue a charter until the commissioner files a report with the general assembly regarding conflicts with state law and the general assembly resolves the conflicts. The act is repealed on September 1, 2017, if no charters have been issued by August 1, 2017.*
- ! The commissioner must examine cannabis credit co-ops at least once every 6 months; and
- ! Once a member no longer owns or operates a licensed marijuana business, the member is no longer qualified to be a member of a co-op.

A cannabis credit co-op:

- ! Cannot refer to itself as a "credit union" or "bank";
- ! Does not need to acquire and maintain deposit insurance;
- ! Is subject to taxation; and
- ! Is specifically required to comply with federal requirements relating to marijuana businesses and their proceeds, *to conduct due diligence regarding its members' compliance with marijuana laws*, and to file reports with the commissioner regarding its ~~federal law~~ compliance. ~~and compliance with federal guidance.~~

Section 3 gives the court of appeals jurisdiction to review certain of the commissioner's actions. **Section 4** sunsets the regulation of cannabis credit co-ops on

September 1, 2020. **Section 5** *authorizes the use of the marijuana tax cash fund as start-up financing for the regulation of co-ops.* **Section 6** *appropriates \$233,427 and 2.5 FTE from the marijuana tax cash fund to implement the act.*

Italicized words indicate new material added to the original summary; dashes through words indicate deletions from the original summary.
Prepared by the Office of Legislative Legal Services.