

Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 12-0944.01 Michael Dohr x4347

**HOUSE BILL 12-1358**

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**HOUSE SPONSORSHIP**

**Massey and McCann,**

**SENATE SPONSORSHIP**

**(None),**

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**House Committees**  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING FUNDING ISSUES RELATED TO MEDICAL MARIJUANA, AND,**  
102 **IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

The bill transfers \$7.7 million from the medical marijuana program cash fund to the department of revenue for use in the medical marijuana licensing program for fiscal years 2011-12 through 2014-15. Of the \$7.7 million, \$2 million will be held in a reserve account that cannot be accessed until the first \$5.7 million is spent. If any portion of the \$2

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

million is needed for medical marijuana enforcement or licensure, the director of the state licensing authority shall send notice to the state comptroller before spending any of the money in the reserve account. The bill transfers \$2 million from the medical marijuana program cash fund to the department of public health and environment, division of prevention services, exclusively for prevention programs in the Tony Grampsas youth services program.

The state licensing authority shall collect both the application and licensing fee at the time of application and will refund the license fee if the applicant is denied a local license or withdraws the application.

The state licensing authority shall post a report on its web site by October 31, 2012, that shows the number of applications received, licenses granted, applications denied, applications withdrawn, and the results of enforcement efforts.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1. Legislative declaration.** The general assembly  
3 declares that it is transferring funds from the medical marijuana program  
4 cash fund to the department of revenue to ensure that compliance and  
5 enforcement measures related to medical marijuana and article 43.3 of  
6 title 12, Colorado Revised Statutes, can be implemented beginning July  
7 1, 2012. The general assembly expects that each municipal and county  
8 government that allows medical marijuana **businesses** within its  
9 jurisdiction will **begin licensing** medical marijuana businesses by July 1,  
10 2012. Based on the transfer of funds in this legislation, the medical  
11 marijuana enforcement division within the department of revenue will be  
12 able to act in a timely manner upon the applications of those businesses  
13 that receive local licenses and immediately enforce the state laws and  
14 regulations related to medical marijuana.

15           **SECTION 2.** In Colorado Revised Statutes, 25-1.5-106, **add** (17)  
16 (d) as follows:

17           **25-1.5-106. Medical marijuana program - powers and duties**

1 **of state health agency - rules - medical review board - medical**  
2 **marijuana program cash fund - created - repeal. (17) Cash fund -**  
3 **repeal. (d) (I) NOTWITHSTANDING ANY PROVISION OF PARAGRAPH (a) OF**

4 THIS SUBSECTION (17) TO THE CONTRARY, ON THE EFFECTIVE DATE OF THIS  
5 PARAGRAPH (d), THE STATE TREASURER SHALL DEDUCT SEVEN MILLION  
6 SEVEN HUNDRED THOUSAND DOLLARS FROM THE MEDICAL MARIJUANA  
7 PROGRAM CASH FUND AND TRANSFER SUCH SUM TO THE MEDICAL  
8 MARIJUANA LICENSE CASH FUND CREATED IN SECTION 12-43.3-501, C.R.S.  
9 THE GENERAL ASSEMBLY SHALL APPROPRIATE SUCH MONEYS TO THE  
10 DEPARTMENT OF REVENUE FOR THE DIRECT AND INDIRECT COSTS  
11 ASSOCIATED WITH IMPLEMENTING ARTICLE 43.3 OF TITLE 12, C.R.S., FOR  
12 FISCAL YEARS 2011-12 THROUGH 2014-15. OF THE SEVEN MILLION SEVEN  
13 HUNDRED THOUSAND DOLLARS TRANSFERRED, TWO MILLION DOLLARS  
14 SHALL BE HELD IN A RESERVE ACCOUNT AND MAY ONLY BE SPENT IF FIVE  
15 MILLION SEVEN HUNDRED THOUSAND DOLLARS IS EXPENDED BY JUNE 30,  
16 2013, AND THE MONEY IS NEEDED FOR MEDICAL MARIJUANA  
17 ENFORCEMENT AND LICENSING. IF THE STATE LICENSING AUTHORITY  
18 DETERMINES IT NEEDS TO SPEND ANY PORTION OF THE TWO MILLION  
19 DOLLARS HELD IN THE RESERVE ACCOUNT, THE DIRECTOR OF THE STATE  
20 LICENSING AUTHORITY SHALL SEND NOTICE TO THE COMPTROLLER  
21 STATING THE BASIS FOR USING THE MONEY IN THE RESERVE ACCOUNT AND  
22 IDENTIFYING THE EXPENDITURES FOR THE MONEY PRIOR TO SPENDING ANY  
23 MONEY FROM THE RESERVE ACCOUNT. ANY FUNDS OF THE SEVEN MILLION  
24 SEVEN HUNDRED THOUSAND DOLLARS TRANSFERRED PURSUANT TO THIS  
25 SUBPARAGRAPH (I) THAT REMAIN ON JULY 1, 2015, SHALL TRANSFER TO  
26 THE GENERAL FUND.

27 (II) NOTWITHSTANDING ANY PROVISION OF PARAGRAPH (a) OF THIS

1 SUBSECTION (17) TO THE CONTRARY, ON JULY 1, 2012, THE STATE  
2 TREASURER SHALL DEDUCT TWO MILLION DOLLARS FROM THE MEDICAL  
3 MARIJUANA PROGRAM CASH FUND AND TRANSFER SUCH SUM TO THE  
4 GENERAL FUND FOR APPROPRIATION TO THE DIVISION OF PREVENTION  
5 SERVICES IN THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT.  
6 THE MONEY SHALL BE USED EXCLUSIVELY FOR PREVENTION PROGRAMS IN  
7 THE TONY GRAMPSAS YOUTH SERVICES PROGRAM CREATED IN SECTION  
8 25-20.5-201, C.R.S.

9  
10 **SECTION 3.** In Colorado Revised Statutes, 12-43.3-202, **add** (3)  
11 as follows:

12 **12-43.3-202. Powers and duties of state licensing authority.**

13 (3) BY OCTOBER 31, 2012, THE STATE LICENSING AUTHORITY, IN  
14 CONSULTATION WITH EACH LOCAL LICENSING AUTHORITY FOR MEDICAL  
15 MARIJUANA SHALL PUBLISH A REPORT ON ITS WEB SITE THAT SHOWS:

16 (a) THE NUMBER OF APPLICATIONS RECEIVED ON OR BEFORE  
17 AUGUST 1, 2010, AND OF THOSE APPLICATIONS THE NUMBER OF LICENSES  
18 GRANTED, THE NUMBER OF APPLICATIONS DENIED, THE NUMBER OF  
19 APPLICATIONS PENDING, AND THE NUMBER OF APPLICATIONS WITHDRAWN;

20 (b) THE NUMBER OF APPLICATIONS RECEIVED JULY 1, 2012,  
21 THROUGH SEPTEMBER 30, 2012, AND OF THOSE APPLICATIONS THE  
22 NUMBER OF LICENSES GRANTED, THE NUMBER OF APPLICATIONS DENIED,  
23 THE NUMBER OF APPLICATIONS PENDING, AND THE NUMBER OF  
24 APPLICATIONS WITHDRAWN; AND

25 (c) THE TOTAL NUMBER OF INSPECTIONS OF MEDICAL MARIJUANA  
26 BUSINESSES LICENSED PURSUANT TO THIS ARTICLE THROUGH OCTOBER 1,  
27 2012, THE NUMBER OF THOSE BUSINESSES FOUND TO BE OUT OF

1 COMPLIANCE, AND, OF THOSE BUSINESSES OUT OF COMPLIANCE, THE  
2 NUMBER OF BUSINESSES THAT BECAME COMPLIANT AND THE NUMBER OF  
3 BUSINESSES WHOSE LICENSES WERE EITHER SUSPENDED OR REVOKED. THE  
4 REPORT SHALL INCLUDE OBJECTIVES FOR COMPLIANCE EFFORTS THROUGH  
5 JULY 1, 2013.

6 **SECTION 4.** In Colorado Revised Statutes, 12-43.3-305, **amend**  
7 (2) as follows:

8 **12-43.3-305. State licensing authority - application and**  
9 **issuance procedures.** (2) The state licensing authority shall not issue a  
10 state license pursuant to this section until ~~the local licensing authority has~~  
11 ~~approved the application for a local license and issued a local license as~~  
12 ~~provided for in sections 12-43.3-301 to 12-43.3-303~~ IT HAS COMPLETED  
13 EACH CRIMINAL HISTORY BACKGROUND CHECK ASSOCIATED WITH THE  
14 APPLICATION. IF THE STATE LICENSING AUTHORITY ISSUES THE APPLICANT  
15 A STATE LICENSE AND THE LOCAL LICENSING AUTHORITY SUBSEQUENTLY  
16 DENIES THE APPLICANT A LICENSE, THE STATE LICENSING AUTHORITY  
17 SHALL IMMEDIATELY RESCIND THE APPLICANT'S STATE LICENSE. THE  
18 STATE LICENSING AUTHORITY SHALL COLLECT THE APPLICATION AND  
19 LICENSING FEE FROM AN APPLICANT AT THE TIME OF APPLICATION, BUT  
20 SHALL REFUND THE LICENSING FEE IF THE APPLICANT'S LOCAL LICENSE IS  
21 NOT GRANTED OR IF THE APPLICANT WITHDRAWS THE APPLICATION BEFORE  
22 THE LOCAL LICENSING AUTHORITY ACTS UPON THE APPLICATION.

23 **SECTION 5. Appropriation.** (1) In addition to any other  
24 appropriation, there is hereby appropriated, out of any moneys in the  
25 medical marijuana program cash fund created in section 25-1.5-106 (16)  
26 (a), Colorado Revised Statutes, not otherwise appropriated, to the  
27 department of public health and environment, for the center for health and

1 environmental information, for the fiscal year beginning July 1, 2011, the  
2 sum of \$93,600, or so much thereof as may be necessary, for the  
3 implementation of this act.

4 (2) In addition to any other appropriation, there is hereby  
5 appropriated to the department of public safety, for the Colorado crime  
6 information center, for the fiscal year beginning July 1, 2011, the sum of  
7 \$93,600, or so much thereof as may be necessary. Said sum is from  
8 reappropriated funds received from the department of public health and  
9 environment out of the appropriation made in subsection (1) of this  
10 section.

11 **SECTION 6. Appropriation.** In addition to any other  
12 appropriation, there is hereby appropriated, out of any moneys in the  
13 general fund not otherwise appropriated, to the department of public  
14 health and environment, for the fiscal year beginning July 1, 2012, the  
15 sum of \$2,000,000, or so much thereof as may be necessary, for allocation  
16 to the Tony Grampsas youth services program related to the  
17 implementation of this act.

18 **SECTION 7. Safety clause.** The general assembly hereby finds,  
19 determines, and declares that this act is necessary for the immediate  
20 preservation of the public peace, health, and safety.