

Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

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.

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 million is needed for medical marijuana enforcement or licensure, the director of the state licensing authority shall send notice to the state

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.*

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 Grampas 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October 31, 2012, that shows the number of applications received, licenses granted, applications denied, applications withdrawn, and the results of enforcement efforts.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 within its jurisdiction will  
9 license medical marijuana businesses by July 1, 2012. Based on the  
10 transfer of funds in this legislation, the medical marijuana enforcement  
11 division within the department of revenue will be able to act in a timely  
12 manner upon the applications of those businesses that receive local  
13 licenses and immediately enforce the state laws and regulations related to  
14 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**  
18 **of state health agency - rules - medical review board - medical**  
19 **marijuana program cash fund - created - repeal. (17) Cash fund -**

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

25           (II) NOTWITHSTANDING ANY PROVISION OF PARAGRAPH (a) OF THIS  
26    SUBSECTION (17) TO THE CONTRARY, ON THE EFFECTIVE DATE OF THIS  
27    PARAGRAPH (d), THE STATE TREASURER SHALL DEDUCT TWO MILLION

1 DOLLARS FROM THE MEDICAL MARIJUANA PROGRAM CASH FUND AND  
2 TRANSFER SUCH SUM TO THE GENERAL FUND FOR APPROPRIATION TO THE  
3 DIVISION OF PREVENTION SERVICES IN THE DEPARTMENT OF PUBLIC  
4 HEALTH AND ENVIRONMENT. THE MONEY SHALL BE USED EXCLUSIVELY  
5 FOR PREVENTION PROGRAMS IN THE TONY GRAMPSAS YOUTH SERVICES  
6 PROGRAM CREATED IN SECTION 25-20.5-201, C.R.S.

7 (III) NOTWITHSTANDING ANY PROVISION OF PARAGRAPH (a) OF  
8 THIS SUBSECTION (17) TO THE CONTRARY, ON THE EFFECTIVE DATE OF THIS  
9 PARAGRAPH (d), THE STATE TREASURER SHALL DEDUCT NINETY-THREE  
10 THOUSAND SIX HUNDRED DOLLARS FROM THE MEDICAL MARIJUANA  
11 PROGRAM CASH FUND AND TRANSFER SUCH SUM TO THE THE DEPARTMENT  
12 OF PUBLIC SAFETY FOR USE FOR PERSONAL SERVICES AND OPERATING  
13 EXPENSES RELATED TO COORDINATION OF THE MEDICAL MARIJUANA DATA  
14 IN THE COLORADO CRIME INFORMATION CENTER.

15 **SECTION 3.** In Colorado Revised Statutes, 12-43.3-202, **add** (3)  
16 as follows:

17 **12-43.3-202. Powers and duties of state licensing authority.**

18 (3) BY OCTOBER 31, 2012, THE STATE LICENSING AUTHORITY, IN  
19 CONSULTATION WITH THE COLORADO BUREAU OF INVESTIGATION AND  
20 EACH LOCAL LICENSING AUTHORITY FOR MEDICAL MARIJUANA SHALL  
21 PUBLISH A REPORT ON ITS WEB SITE THAT SHOWS:

22 (a) THE NUMBER OF APPLICATIONS RECEIVED ON OR BEFORE  
23 AUGUST 1, 2010, AND OF THOSE APPLICATIONS THE NUMBER OF LICENSES  
24 GRANTED, THE NUMBER OF APPLICATIONS DENIED, THE NUMBER OF  
25 APPLICATIONS PENDING, AND THE NUMBER OF APPLICATIONS WITHDRAWN;

26 (b) THE NUMBER OF APPLICATIONS RECEIVED JULY 1, 2012,  
27 THROUGH SEPTEMBER 30, 2012, AND OF THOSE APPLICATIONS THE

1 NUMBER OF LICENSES GRANTED, THE NUMBER OF APPLICATIONS DENIED,  
2 THE NUMBER OF APPLICATIONS PENDING, AND THE NUMBER OF  
3 APPLICATIONS WITHDRAWN; AND

4 (c) THE TOTAL NUMBER OF INSPECTIONS OF MEDICAL MARIJUANA  
5 BUSINESSES LICENSED PURSUANT TO THIS ARTICLE THROUGH OCTOBER 1,  
6 2012, THE NUMBER OF THOSE BUSINESSES FOUND TO BE OUT OF  
7 COMPLIANCE, AND, OF THOSE BUSINESSES OUT OF COMPLIANCE, THE  
8 NUMBER OF BUSINESSES THAT BECAME COMPLIANT AND THE NUMBER OF  
9 BUSINESSES WHOSE LICENSES WERE EITHER SUSPENDED OR REVOKED. THE  
10 REPORT SHALL INCLUDE OBJECTIVES FOR COMPLIANCE EFFORTS THROUGH  
11 JULY 1, 2013.

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

14 **12-43.3-305. State licensing authority - application and**  
15 **issuance procedures.** (2) The state licensing authority shall not issue a  
16 state license pursuant to this section until the local licensing authority has  
17 approved the application for a local license and issued a local license as  
18 provided for in sections 12-43.3-301 to 12-43.3-303. THE STATE  
19 LICENSING AUTHORITY SHALL COLLECT THE APPLICATION AND LICENSING  
20 FEE FROM AN APPLICANT AT THE TIME OF APPLICATION, BUT SHALL  
21 REFUND THE LICENSING FEE IF THE APPLICANT'S LOCAL LICENSE IS NOT  
22 GRANTED OR IF THE APPLICANT WITHDRAWS THE APPLICATION BEFORE THE  
23 LOCAL LICENSING AUTHORITY ACTS UPON THE APPLICATION.

24 **SECTION 5. Safety clause.** The general assembly hereby finds,  
25 determines, and declares that this act is necessary for the immediate  
26 preservation of the public peace, health, and safety.