

Second Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 12-0944.01 Michael Dohr x4347

HOUSE BILL 12-1358

HOUSE SPONSORSHIP

Massey and McCann,

SENATE SPONSORSHIP

Aguilar,

House Committees

Appropriations

Senate Committees

Health and Human Services

Finance

Appropriations

A BILL FOR AN ACT

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

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.

SENATE
Am ended 2nd Reading
May 8, 2012

HOUSE
3rd Reading Unam ended
May 7, 2012

HOUSE
Am ended 2nd Reading
May 4, 2012

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October 31, 2012, that shows the number of applications received, licenses granted, applications denied, applications withdrawn, and the results of enforcement efforts.

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

1 HOUSE OF REPRESENTATIVES AND SENATE FINANCE COMMITTEES, OR THEIR
2 SUCCESSOR COMMITTEES, BY JANUARY 31, 2013, REGARDING HOW IT HAS
3 SPENT THE MONEY TRANSFERRED PURSUANT TO SUB-SUBPARAGRAPH (A)
4 OF THIS SUBPARAGRAPH (I).

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

9 **12-43.3-202. Powers and duties of state licensing authority.**

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

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

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

22 (c) THE TOTAL NUMBER OF INSPECTIONS OF MEDICAL MARIJUANA
23 BUSINESSES LICENSED PURSUANT TO THIS ARTICLE THROUGH OCTOBER 1,
24 2012, THE NUMBER OF THOSE BUSINESSES FOUND TO BE OUT OF
25 COMPLIANCE, AND, OF THOSE BUSINESSES OUT OF COMPLIANCE, THE
26 NUMBER OF BUSINESSES THAT BECAME COMPLIANT AND THE NUMBER OF
27 BUSINESSES WHOSE LICENSES WERE EITHER SUSPENDED OR REVOKED. THE

1 REPORT SHALL INCLUDE OBJECTIVES FOR COMPLIANCE EFFORTS THROUGH
2 JULY 1, 2013.

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

5 **12-43.3-305. State licensing authority - application and**
6 **issuance procedures.** (2) The state licensing authority shall not issue a
7 state license pursuant to this section until ~~the local licensing authority has~~
8 ~~approved the application for a local license and issued a local license as~~
9 ~~provided for in sections 12-43.3-301 to 12-43.3-303~~ IT HAS COMPLETED
10 EACH CRIMINAL HISTORY BACKGROUND CHECK ASSOCIATED WITH THE
11 APPLICATION. IF THE STATE LICENSING AUTHORITY ISSUES THE APPLICANT
12 A STATE LICENSE AND THE LOCAL LICENSING AUTHORITY SUBSEQUENTLY
13 DENIES THE APPLICANT A LICENSE, THE STATE LICENSING AUTHORITY
14 SHALL IMMEDIATELY RESCIND THE APPLICANT'S STATE LICENSE. THE
15 STATE LICENSING AUTHORITY SHALL COLLECT THE APPLICATION AND
16 LICENSING FEE FROM AN APPLICANT AT THE TIME OF APPLICATION, BUT
17 SHALL REFUND THE LICENSING FEE IF THE APPLICANT'S LOCAL LICENSE IS
18 NOT GRANTED OR IF THE APPLICANT WITHDRAWS THE APPLICATION BEFORE
19 THE LOCAL LICENSING AUTHORITY ACTS UPON THE APPLICATION.

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