

**First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO**

REVISED

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

LLS NO. 13-0230.01 Michael Dohr x4347

HOUSE BILL 13-1238

HOUSE SPONSORSHIP

McCann,

SENATE SPONSORSHIP

Newell,

House Committees

Public Health Care & Human Services
Appropriations

Senate Committees

Finance

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 \$2.5 million from the medical marijuana program cash fund to the department of human services for marijuana and prescription drug abuse treatment each year for the next 4 years. A portion of that money shall fund prevention programs in the Tony Gramscas youth services program.

The state licensing authority shall collect both the application and licensing fees at the time of application and will refund the licensing fee

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
Amended 2nd Reading
May 3, 2013

HOUSE
3rd Reading Unamended
April 19, 2013

HOUSE
Amended 2nd Reading
April 17, 2013

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October 31, 2013, that shows the number of applications received, licenses granted, applications denied, applications withdrawn, and the results of enforcement efforts.

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

SECTION 1. In Colorado Revised Statutes, 12-43.3-202, **add** (3) as follows:

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

(3) BY OCTOBER 31, 2013, THE STATE LICENSING AUTHORITY SHALL PUBLISH A REPORT ON ITS WEB SITE THAT SHOWS:

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LICENSES GRANTED, THE NUMBER OF APPLICATIONS DENIED, THE NUMBER OF APPLICATIONS PENDING, AND THE NUMBER OF APPLICATIONS WITHDRAWN; AND

(b) THE NUMBER OF APPLICATIONS RECEIVED JULY 1, 2012, THROUGH SEPTEMBER 30, 2013, AND, OF THOSE APPLICATIONS, THE NUMBER OF LICENSES GRANTED, THE NUMBER OF APPLICATIONS DENIED, THE NUMBER OF APPLICATIONS PENDING, AND THE NUMBER OF APPLICATIONS WITHDRAWN.

SECTION 2. In Colorado Revised Statutes, 12-43.3-305, **amend** (2); and **add** (2.5) as follows:

12-43.3-305. State licensing authority - application and issuance procedures. (2) The state licensing authority shall ~~not~~ issue a state license TO A MEDICAL MARIJUANA CENTER, AN OPTIONAL PREMISES CULTIVATION OPERATION, OR A MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER pursuant to this section ~~until the local licensing authority~~

1 ~~has approved the application for a local license and issued a local license~~
2 ~~as provided for in sections 12-43.3-301 to 12-43.3-303~~ UPON
3 SATISFACTORY COMPLETION OF THE APPLICABLE CRIMINAL HISTORY
4 BACKGROUND CHECK ASSOCIATED WITH THE APPLICATION, AND THE STATE
5 LICENSE IS CONDITIONED UPON LOCAL LICENSING AUTHORITY APPROVAL.
6 A LICENSE APPLICANT IS PROHIBITED FROM OPERATING A LICENSED
7 MEDICAL MARIJUANA BUSINESS WITHOUT BOTH STATE AND LOCAL
8 LICENSING AUTHORITY APPROVAL. THE DENIAL OF AN APPLICATION BY THE
9 LOCAL LICENSING AUTHORITY SHALL BE CONSIDERED AS A BASIS FOR THE
10 STATE LICENSING AUTHORITY TO REVOKE THE STATE-ISSUED LICENSE.

11 (2.5) AN APPLICANT THAT HAS BEEN PERMITTED TO OPERATE A
12 MEDICAL MARIJUANA BUSINESS UNDER THE PROVISIONS OF SECTION
13 12-43.3-103 (1) (b) AND HAS BEEN ISSUED A CONDITIONAL LICENSE BY THE
14 STATE LICENSING AUTHORITY PURSUANT TO SUBSECTION (2) OF THIS
15 SECTION MAY CONTINUE TO OPERATE THE BUSINESS WHILE AN
16 APPLICATION IS PENDING WITH THE LOCAL LICENSING AUTHORITY. IF THE
17 LOCAL LICENSING AUTHORITY DENIES THE LICENSE APPLICATION, THE
18 MEDICAL MARIJUANA BUSINESS SHALL CEASE OPERATIONS UPON
19 RECEIVING THE DENIAL. THE DENIAL OF AN APPLICATION BY THE LOCAL
20 LICENSING AUTHORITY SHALL BE CONSIDERED AS A BASIS FOR THE STATE
21 LICENSING AUTHORITY TO REVOKE THE STATE-ISSUED LICENSE.

22 **SECTION 3.** In Colorado Revised Statutes, 12-43.3-310, **amend**
23 (2), (3), (4), (6), (9) (b), and (12) as follows:

24 **12-43.3-310. Licensing in general.** (2) A medical marijuana
25 center, optional premises cultivation operation, or medical
26 marijuana-infused products manufacturer may not operate until it has
27 been licensed by the local licensing authority and the state licensing

1 authority pursuant to this article. IF THE STATE LICENSING AUTHORITY
2 ISSUES THE APPLICANT A STATE LICENSE AND THE LOCAL LICENSING
3 AUTHORITY SUBSEQUENTLY DENIES THE APPLICANT A LICENSE, THE STATE
4 LICENSING AUTHORITY SHALL CONSIDER THE LOCAL LICENSING
5 AUTHORITY DENIAL AS A BASIS FOR THE REVOCATION OF THE
6 STATE-ISSUED LICENSE. In connection with a license, the applicant shall
7 provide a complete and accurate list of all owners, officers, and
8 employees who ~~work at~~, manage, own, or are otherwise SUBSTANTIALLY
9 associated with the operation and shall provide a complete and accurate
10 application as required by the state licensing authority.

11 (3) A medical marijuana center, optional premises cultivation
12 operation, or medical marijuana-infused products manufacturer shall
13 notify the state licensing authority in writing within ten days after an
14 owner, officer, or ~~employee~~ MANAGER ceases to work at, manage, own,
15 or otherwise be associated with the operation. The owner, officer, or
16 ~~employee~~ MANAGER shall surrender ~~his or her~~ TO THE STATE LICENSING
17 AUTHORITY ANY identification card ~~to~~ THAT MAY HAVE BEEN ISSUED BY
18 the state licensing authority on or before the date of the notification.

19 (4) A medical marijuana center, optional premises cultivation
20 operation, or medical marijuana-infused products manufacturer shall
21 notify the state licensing authority in writing of the name, address, and
22 date of birth of an owner, officer, OR manager or ~~employee~~ before the
23 new owner, officer, or ~~employee~~, MANAGER begins ~~working at~~, managing,
24 owning, or ~~being associated~~ ASSOCIATING with the operation. ~~The~~ ANY
25 owner, officer, manager or employee shall pass a fingerprint-based
26 criminal history record check as required by the state licensing authority
27 and obtain the required identification prior to being associated with,

1 managing, owning, or working at the operation.

2 (6) All officers AND managers and employees of a medical
3 marijuana center, optional premises cultivation operation, or medical
4 marijuana-infused products manufacturer shall be residents of Colorado
5 upon the date of their license application. An owner shall meet the
6 residency requirements in section 12-43.3-307 (1) (m). ~~A local licensing~~
7 ~~authority shall not issue a license provided for in this article until that~~
8 ~~share of the license application fee due to the state has been received by~~
9 ~~the department of revenue.~~ All licenses granted pursuant to this article
10 shall be valid for a period not to exceed two years after the date of
11 issuance unless revoked or suspended pursuant to this article or the rules
12 promulgated pursuant to this article.

13 (9) (b) A local licensing authority shall not transfer location of or
14 renew a license to sell medical marijuana until the applicant for the
15 license ~~produces~~ PROVIDES VERIFICATION THAT a license WAS issued and
16 granted by the state licensing authority ~~covering the whole period for~~
17 ~~which a license or license renewal is sought~~ FOR THE PREVIOUS LICENSE
18 TERM. THE STATE LICENSING AUTHORITY SHALL NOT TRANSFER LOCATION
19 OF OR RENEW A STATE LICENSE UNTIL THE APPLICANT PROVIDES
20 VERIFICATION THAT A LICENSE WAS ISSUED AND GRANTED BY THE LOCAL
21 LICENSING AUTHORITY FOR THE PREVIOUS LICENSE TERM.

22 (12) Each licensee shall manage the licensed premises himself or
23 herself or employ a separate and distinct manager on the premises and
24 shall report the name of the manager to the state and local licensing
25 authorities. The licensee shall report any change in manager to the state
26 and local licensing authorities ~~thirty days~~ prior to the change pursuant to
27 ~~section 12-43.3-309~~ SUBSECTION (4) OF THIS SECTION.

1 **SECTION 4. In Colorado Revised Statutes, 12-43.3-301, amend**
2 (3) and (4) as follows:

3 **12-43.3-301. Local licensing authority - applications - licenses.**

4 (3) An application for a license specified in subsection (1) of this section
5 shall be filed with the STATE LICENSING AUTHORITY AND THE appropriate
6 local licensing authority on forms provided by the state licensing
7 authority and shall contain such information as the state licensing
8 authority may require and any forms as the local licensing authority may
9 require. Each application shall be verified by the oath or affirmation of
10 the persons prescribed by the state licensing authority.

11 (4) An applicant shall file, at the time of application for a local
12 license, plans and specifications for the interior of the building if the
13 building to be occupied is in existence at the time. If the building is not
14 in existence, the applicant shall file a plot plan and a detailed sketch for
15 the interior and submit an architect's drawing of the building to be
16 constructed. In its discretion, the local or state licensing authority may
17 impose additional requirements necessary for the approval of the
18 application.

19 **SECTION 5. In Colorado Revised Statutes, 12-43.3-302, amend**
20 (5) as follows:

21 **12-43.3-302. Public hearing notice - posting and publication.**

22 (5) (a) A local licensing authority, or a license applicant with local
23 licensing authority approval, may request that the state licensing authority
24 conduct a concurrent review of a new license application prior to the local
25 licensing authority's final approval of the license application. Local
26 licensing authorities who permit a concurrent review will continue to
27 independently review the applicant's license application.

1 **(b) When conducting a concurrent ITS application review, the state**
2 **licensing authority may advise the local licensing authority of any items**
3 **that it finds that could result in the denial of the license application. Upon**
4 **correction of the noted discrepancies, if the correction is permitted by the**
5 **state licensing authority, the state licensing authority shall notify the local**
6 **licensing authority of its conditional approval of the license application**
7 **subject to the final approval by the local licensing authority**
8 **AMENDMENTS. The state licensing authority shall then issue the**
9 **applicant's state license upon receiving evidence of final approval by the**
10 **local licensing authority WHICH SHALL REMAIN CONDITIONED UPON LOCAL**
11 **AUTHORITY APPROVAL.**

12 **(c) All applications submitted for concurrent review shall be**
13 **accompanied by all applicable state AND LOCAL license and application**
14 **fees. Any applications that are later denied or withdrawn may allow for**
15 **a refund of license fees only. All application fees provided by an**
16 **applicant shall be retained by the respective licensing authority.**

17 **SECTION 6. In Colorado Revised Statutes, 12-43.3-303, amend**
18 **(4) and (5) as follows:**

19 **12-43.3-303. Results of investigation - decision of authorities.**

20 **(4) After approval of an application, a NEITHER THE STATE NOR local**
21 **licensing authority shall not issue a local license until the building in**
22 **which the business to be conducted is ready for occupancy with such**
23 **furniture, fixtures, and equipment in place as are necessary to comply**
24 **with the applicable provisions of this article, and then only after the**
25 **STATE OR local licensing authority has inspected the premises to**
26 **determine that the applicant has complied with the architect's drawing and**
27 **the plot plan and detailed sketch for the interior of the building submitted**

1 with the application.

2 (5) AFTER APPROVAL OF AN APPLICATION FOR CONDITIONAL STATE
3 LICENSURE, THE STATE LICENSING AUTHORITY SHALL NOTIFY THE LOCAL
4 LICENSING AUTHORITY OF SUCH APPROVAL. After approval of an
5 application for local licensure, the local licensing authority shall notify
6 the state licensing authority of such approval, who shall investigate and
7 either approve or disapprove the application for state licensure.

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