

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 15-1016.01 Michael Dohr x4347

SENATE BILL 15-263

SENATE SPONSORSHIP

Steadman and Holbert,

HOUSE SPONSORSHIP

(None),

Senate Committees

Business, Labor, & Technology

House Committees

A BILL FOR AN ACT

101 CONCERNING CREATION OF THE COLORADO MARIJUANA CONTROL
102 COMMISSION.

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/bills/summaries>.)

The bill creates the Colorado marijuana control commission (commission). The commission consists of 5 members appointed by the governor with the consent and approval of the senate. The commission members must include:

- ! A certified peace officer with at least 5 years' law enforcement experience;

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.

- ! An attorney with at least 5 years' regulatory law experience;
- ! An accountant with at least 5 years' experience in corporate finance;
- ! A business person with at least 5 years' management experience; and
- ! A person who is not employed in any of the 4 above industries.

Commission members are compensated \$100 per day spent on commission activities plus travel and reasonable expenses incurred in the course of their duties. Commission members must submit annual financial disclosures. The commission must hold at least one meeting per month.

The commission has the following powers and duties:

- ! To promulgate rules related to medical and retail marijuana;
- ! To conduct hearings on medical or retail marijuana statutory or rule violations;
- ! To arrange for background checks for licensing;
- ! To continuously study and investigate medical and retail marijuana to determine if there are defects in the regulatory scheme or abuses in the administration and operation of the state licensing authority and to make changes to the regulatory scheme; and
- ! To issue licenses to those involved in the medical or retail marijuana business and take disciplinary action on the issued licenses.

The commission's authority to promulgate rules, issue licenses, and take disciplinary action on licenses begins on July 1, 2016.

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

2 **SECTION 1.** In Colorado Revised Statutes, 12-43.3-201, **amend**
 3 (1) as follows:

4 **12-43.3-201. State licensing authority - creation.** (1) For the
 5 purpose of regulating and controlling the licensing of the cultivation,
 6 manufacture, distribution, and sale of medical marijuana and retail
 7 marijuana in this state, there is hereby created the state licensing
 8 authority, which shall be the executive director of the department of
 9 revenue or the deputy director of the department of revenue if the
 10 executive director so designates. ~~The state licensing authority shall adopt~~

1 ~~regulations regarding retail marijuana and retail marijuana products by~~
2 ~~July 1, 2013.~~ THE STATE LICENSING AUTHORITY, THE COLORADO
3 MARIJUANA CONTROL COMMISSION CREATED IN SECTION 12-43.3-203, AND
4 THE EXECUTIVE DIRECTOR OF THE STATE LICENSING AUTHORITY SHALL
5 EXERCISE THEIR RESPECTIVE POWERS AND PERFORM THEIR RESPECTIVE
6 DUTIES AND FUNCTIONS AS SPECIFIED IN THIS ARTICLE AND ARTICLE 43.4
7 OF THIS TITLE UNDER THE DEPARTMENT OF REVENUE AS IF THE SAME WERE
8 TRANSFERRED TO THE DEPARTMENT BY A **TYPE 2** TRANSFER, AS SUCH
9 TRANSFER IS DEFINED IN THE "ADMINISTRATIVE ORGANIZATION ACT OF
10 1968", ARTICLE 1 OF TITLE 24, C.R.S.; EXCEPT THAT THE COMMISSION
11 SHALL HAVE FULL AND EXCLUSIVE AUTHORITY TO PROMULGATE RULES
12 AND REGULATIONS RELATED TO MEDICAL MARIJUANA AND RETAIL
13 MARIJUANA WITHOUT ANY APPROVAL BY, OR DELEGATION OF AUTHORITY
14 FROM, THE DEPARTMENT OF REVENUE.

15 **SECTION 2.** In Colorado Revised Statutes, **repeal** 12-43.3-202
16 (1) (a), (1) (b), and (1) (c); and **repeal and relocate** 12-43.3-202 (2).

17 **SECTION 3.** In Colorado Revised Statutes, **add** section
18 12-43.3-203 as follows:

19 **12-43.3-203. Colorado marijuana control commission -**
20 **creation.** (1) THERE IS HEREBY CREATED, WITHIN THE STATE LICENSING
21 AUTHORITY, THE COLORADO MARIJUANA CONTROL COMMISSION. THE
22 COMMISSION SHALL CONSIST OF FIVE MEMBERS, ALL OF WHOM SHALL BE
23 CITIZENS OF THE UNITED STATES AND RESIDENTS OF THIS STATE WHO
24 HAVE BEEN RESIDENTS OF THE STATE FOR THE PAST FIVE YEARS. THE
25 MEMBERS SHALL BE APPOINTED BY THE GOVERNOR, WITH THE CONSENT
26 AND APPROVAL OF THE SENATE. THE GOVERNOR SHALL NOT APPOINT A
27 PERSON AS A MEMBER IF THE PERSON DISCHARGED A SENTENCE FOR A

1 CONVICTION OF A FELONY IN THE FIVE YEARS IMMEDIATELY PRECEDING
2 HIS OR HER APPOINTMENT OR IF THE PERSON DISCHARGED A SENTENCE FOR
3 A CONVICTION OF A FELONY PURSUANT TO ANY STATE OR FEDERAL LAW
4 REGARDING THE POSSESSION, DISTRIBUTION, MANUFACTURING,
5 CULTIVATION, OR USE OF A CONTROLLED SUBSTANCE IN THE TEN YEARS
6 IMMEDIATELY PRECEDING HIS OR HER APPOINTMENT OR FIVE YEARS FROM
7 MAY 28, 2013, WHICHEVER IS LONGER; EXCEPT THAT THE GOVERNOR MAY
8 APPOINT THE MEMBER IF THE MEMBER HAS A STATE FELONY CONVICTION
9 BASED ON POSSESSION OR USE OF MARIJUANA OR MARIJUANA
10 CONCENTRATE THAT WOULD NOT BE A FELONY IF THE PERSON WERE
11 CONVICTED OF THE OFFENSE ON THE DATE HE OR SHE WAS APPOINTED. NO
12 MORE THAN THREE OF THE FIVE MEMBERS SHALL BE MEMBERS OF THE
13 SAME POLITICAL PARTY AND EACH MEMBER SHALL BE FROM A
14 JURISDICTION THAT PERMITS THE SALE OF EITHER MEDICAL MARIJUANA,
15 RETAIL MARIJUANA, OR BOTH. AT THE FIRST MEETING OF EACH FISCAL
16 YEAR, A CHAIRMAN AND VICE-CHAIRMAN OF THE COMMISSION MUST BE
17 CHOSEN FROM THE MEMBERSHIP BY A MAJORITY OF THE MEMBERS.
18 MEMBERSHIP AND OPERATION OF THE COMMISSION MUST ADDITIONALLY
19 MEET THE FOLLOWING REQUIREMENTS:

20 (a) ONE MEMBER OF THE COMMISSION MUST BE A CERTIFIED PEACE
21 OFFICER WHO HAS AT LEAST FIVE YEARS' LAW ENFORCEMENT EXPERIENCE,
22 ONE MEMBER MUST BE AN ATTORNEY ADMITTED TO THE PRACTICE OF LAW
23 IN COLORADO FOR NOT LESS THAN FIVE YEARS WHO HAS EXPERIENCE IN
24 REGULATORY LAW, ONE MEMBER MUST BE A CERTIFIED PUBLIC
25 ACCOUNTANT OR PUBLIC ACCOUNTANT WHO HAS BEEN PRACTICING IN
26 COLORADO FOR AT LEAST FIVE YEARS AND WHO HAS A COMPREHENSIVE
27 KNOWLEDGE OF THE PRINCIPLES AND PRACTICES OF CORPORATE FINANCE,

1 ONE MEMBER MUST HAVE BEEN ENGAGED IN BUSINESS IN A
2 MANAGEMENT-LEVEL CAPACITY FOR AT LEAST FIVE YEARS, AND ONE
3 MEMBER MUST BE A REGISTERED ELECTOR OF THE STATE WHO IS NOT
4 EMPLOYED IN ANY PROFESSION OR INDUSTRY OTHERWISE DESCRIBED IN
5 THIS PARAGRAPH (a).

6 (b) INITIAL MEMBERS MUST BE APPOINTED TO THE COMMISSION BY
7 THE GOVERNOR AS FOLLOWS: ONE MEMBER TO SERVE UNTIL JULY 1, 2017;
8 ONE MEMBER TO SERVE UNTIL JULY 1, 2018; ONE MEMBER TO SERVE UNTIL
9 JULY 1, 2019; AND TWO MEMBERS TO SERVE UNTIL JULY 1, 2020. ALL
10 SUBSEQUENT APPOINTMENTS ARE FOR TERMS OF FOUR YEARS. A
11 COMMISSION MEMBER SHALL NOT SERVE MORE THAN TWO CONSECUTIVE
12 TERMS.

13 (c) ANY VACANCY ON THE COMMISSION MUST BE FILLED FOR THE
14 UNEXPIRED TERM IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT.
15 THE MEMBER APPOINTED TO FILL SUCH VACANCY MUST BE FROM THE
16 SAME CATEGORY DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (1)
17 AS THE MEMBER VACATING THE POSITION.

18 (d) ANY MEMBER OF THE COMMISSION MAY BE REMOVED BY THE
19 GOVERNOR AT ANY TIME.

20 (e) THE TERM OF ANY MEMBER OF THE COMMISSION WHO MISSES
21 MORE THAN TWO CONSECUTIVE REGULAR COMMISSION MEETINGS
22 WITHOUT GOOD CAUSE IS TERMINATED AND SUCH MEMBER'S SUCCESSOR
23 MUST BE APPOINTED IN THE MANNER PROVIDED FOR APPOINTMENTS UNDER
24 THIS SECTION.

25 (f) COMMISSION MEMBERS RECEIVE ONE HUNDRED DOLLARS FOR
26 EACH DAY SPENT CONDUCTING COMMISSION BUSINESS AS COMPENSATION
27 FOR THEIR SERVICES AND SHALL BE REIMBURSED FOR NECESSARY TRAVEL

1 AND OTHER REASONABLE EXPENSES INCURRED IN THE PERFORMANCE OF
2 THEIR OFFICIAL DUTIES. THE MAXIMUM ANNUAL COMPENSATION FOR EACH
3 MEMBER OF THE COMMISSION, INCLUDING REIMBURSEMENT FOR
4 NECESSARY TRAVEL AND OTHER REASONABLE EXPENSES INCURRED IN THE
5 PERFORMANCE OF THEIR OFFICIAL DUTIES, SHALL NOT EXCEED TEN
6 THOUSAND DOLLARS PER YEAR.

7 (g) PRIOR TO CONFIRMATION BY THE SENATE, EACH MEMBER
8 SHALL FILE WITH THE SECRETARY OF STATE A FINANCIAL DISCLOSURE
9 STATEMENT IN THE FORM REQUIRED AND PRESCRIBED BY THE EXECUTIVE
10 DIRECTOR. EACH MEMBER SHALL RENEW THE STATEMENT BY EACH
11 JANUARY 1 OF THE MEMBER'S TERM OF OFFICE.

12 (h) THE COMMISSION SHALL HOLD AT LEAST ONE MEETING EACH
13 MONTH AND ADDITIONAL MEETINGS AS MAY BE PRESCRIBED BY RULES OF
14 THE COMMISSION. IN ADDITION, SPECIAL MEETINGS MAY BE CALLED BY
15 THE CHAIRMAN, ANY TWO COMMISSION MEMBERS, OR THE EXECUTIVE
16 DIRECTOR, IF WRITTEN NOTIFICATION OF SUCH MEETING IS DELIVERED TO
17 EACH MEMBER AT LEAST SEVENTY-TWO HOURS PRIOR TO SUCH MEETING.
18 IN EMERGENCY SITUATIONS IN WHICH A MAJORITY OF THE COMMISSION
19 CERTIFIES THAT EXIGENCIES OF TIME REQUIRE THAT THE COMMISSION
20 MEET WITHOUT DELAY, THE REQUIREMENTS OF PUBLIC NOTICE AND OF
21 SEVENTY-TWO HOURS' ACTUAL ADVANCE WRITTEN NOTICE TO MEMBERS
22 MAY BE DISPENSED WITH AND COMMISSION MEMBERS, AS WELL AS THE
23 PUBLIC, MUST RECEIVE SUCH NOTICE AS IS REASONABLE UNDER THE
24 CIRCUMSTANCES.

25 (i) A MAJORITY OF THE COMMISSION SHALL CONSTITUTE A
26 QUORUM, BUT THE CONCURRENCE OF A MAJORITY OF THE MEMBERS
27 APPOINTED TO THE COMMISSION IS REQUIRED FOR ANY FINAL

1 DETERMINATION BY THE COMMISSION.

2 (j) THE COMMISSION SHALL KEEP A COMPLETE AND ACCURATE
3 RECORD OF ALL ITS MEETINGS.

4 **SECTION 4.** In Colorado Revised Statutes, **add with amended**
5 **and relocated provisions** 12-43.3-204 as follows:

6 **12-43.3-204. Commission - powers and duties related to**
7 **medical marijuana.** (1) IN ADDITION TO ANY OTHER POWERS AND DUTIES
8 SET FORTH IN THIS ARTICLE, THE COMMISSION SHALL HAVE THE
9 FOLLOWING POWERS AND DUTIES:

10 (a) (I) BEGINNING JULY 1, 2016, TO PROMULGATE SUCH RULES AND
11 REGULATIONS GOVERNING THE LICENSING, CONDUCTING, AND OPERATING
12 OF MEDICAL MARIJUANA AS IT DEEMS NECESSARY TO CARRY OUT THE
13 PURPOSES OF THIS ARTICLE. THE EXECUTIVE DIRECTOR SHALL PREPARE
14 AND SUBMIT TO THE COMMISSION WRITTEN RECOMMENDATIONS
15 CONCERNING PROPOSED RULES AND REGULATIONS FOR THIS PURPOSE.

16 (II) ALL RULES PROMULGATED BY THE STATE LICENSING
17 AUTHORITY PURSUANT TO SECTION 12-43.3-202 (1) (b) PRIOR TO ITS
18 REPEAL REMAIN IN EFFECT UNTIL REPEALED OR AMENDED BY RULES OF
19 THE COMMISSION.

20 (b) TO CONDUCT HEARINGS UPON COMPLAINTS CHARGING
21 VIOLATIONS OF THIS ARTICLE OR RULES AND REGULATIONS PROMULGATED
22 PURSUANT TO THIS ARTICLE AND TO CONDUCT SUCH OTHER HEARINGS AS
23 MAY BE REQUIRED BY RULES OF THE COMMISSION;

24 (c) TO HEAR AND DETERMINE AT A PUBLIC HEARING ANY
25 CONTESTED STATE LICENSE DENIAL AND ANY COMPLAINTS AGAINST A
26 LICENSEE AND TO ADMINISTER OATHS AND ISSUE SUBPOENAS TO REQUIRE
27 THE PRESENCE OF PERSONS AND THE PRODUCTION OF PAPERS, BOOKS, AND

1 RECORDS NECESSARY TO THE DETERMINATION OF ANY HEARING SO HELD,
2 ALL IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S. THE
3 COMMISSION MAY, AT ITS DISCRETION, DELEGATE TO THE DEPARTMENT OF
4 REVENUE HEARING OFFICERS THE AUTHORITY TO CONDUCT LICENSING,
5 DISCIPLINARY, AND RULE-MAKING HEARINGS UNDER SECTION 24-4-105,
6 C.R.S. WHEN CONDUCTING SUCH HEARINGS, THE HEARING OFFICERS
7 SHALL BE EMPLOYEES OF THE COMMISSION.

8 (d) TO ENTER INTO AGREEMENTS WITH THE COLORADO BUREAU OF
9 INVESTIGATION AND STATE AND LOCAL LAW ENFORCEMENT AGENCIES FOR
10 THE CONDUCT OF INVESTIGATION, IDENTIFICATION, OR REGISTRATION, OR
11 ANY COMBINATION THEREOF, OF LICENSED OPERATORS AND EMPLOYEES
12 IN LICENSED PREMISES OR IN PREMISES CONTAINING LICENSED PREMISES
13 IN ACCORDANCE WITH THE PROVISIONS OF THIS ARTICLE, WHICH CONDUCT
14 SHALL INCLUDE, BUT NOT BE LIMITED TO, PERFORMING BACKGROUND
15 INVESTIGATIONS AND CRIMINAL RECORDS CHECKS ON AN APPLICANT
16 APPLYING FOR LICENSURE PURSUANT TO THE PROVISIONS OF THIS ARTICLE
17 AND INVESTIGATING VIOLATIONS OF ANY PROVISION OF THIS ARTICLE OR
18 OF ANY RULE OR REGULATION PROMULGATED BY THE COMMISSION
19 PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (1) DISCOVERED AS A
20 RESULT OF SUCH INVESTIGATORY PROCESS OR DISCOVERED BY THE
21 DEPARTMENT OF REVENUE OR THE COMMISSION IN THE COURSE OF
22 CONDUCTING ITS BUSINESS. NOTHING IN THIS SECTION SHALL PREVENT OR
23 IMPAIR THE COLORADO BUREAU OF INVESTIGATION OR STATE OR LOCAL
24 LAW ENFORCEMENT AGENCIES FROM ENGAGING IN THE ACTIVITIES SET
25 FORTH IN THIS PARAGRAPH (d) ON THEIR OWN INITIATIVE.

26 (e) TO CONDUCT A CONTINUOUS STUDY AND INVESTIGATION OF
27 MEDICAL MARIJUANA THROUGHOUT THE STATE FOR THE PURPOSE OF

1 ASCERTAINING ANY DEFECTS IN THIS ARTICLE OR IN THE RULES AND
2 REGULATIONS PROMULGATED PURSUANT TO THIS ARTICLE IN ORDER TO
3 DISCOVER ANY ABUSES IN THE ADMINISTRATION AND OPERATION OF THE
4 DIVISION OR ANY VIOLATION OF THIS ARTICLE OR ANY RULE OR
5 REGULATION PROMULGATED PURSUANT TO THIS ARTICLE;

6 (f) TO FORMULATE AND RECOMMEND CHANGES TO THIS ARTICLE
7 OR ANY RULE OR REGULATION PROMULGATED PURSUANT TO THIS ARTICLE
8 FOR THE PURPOSE OF PREVENTING ABUSES AND VIOLATIONS OF THIS
9 ARTICLE OR ANY OF THE RULES OR REGULATIONS PROMULGATED
10 PURSUANT TO THIS ARTICLE, TO GUARD AGAINST THE USE OF THIS ARTICLE
11 OR ANY RULE OR REGULATION PROMULGATED PURSUANT TO THIS ARTICLE
12 AS A CLOAK FOR THE CONDUCTING OF ILLEGAL ACTIVITIES, AND TO
13 ENSURE THAT THIS ARTICLE OR ANY RULE OR REGULATION PROMULGATED
14 PURSUANT TO THIS ARTICLE SHALL BE IN SUCH FORM AND BE SO
15 ADMINISTERED AS TO SERVE THE TRUE PURPOSE AND INTENT OF THIS
16 ARTICLE;

17 (g) TO REPORT IMMEDIATELY TO THE GOVERNOR, THE ATTORNEY
18 GENERAL, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE
19 PRESIDENT OF THE SENATE, THE MINORITY LEADERS OF BOTH HOUSES, AND
20 SUCH OTHER STATE OFFICERS AS THE COMMISSION DEEMS APPROPRIATE
21 CONCERNING ANY LAWS WHICH IT DETERMINES REQUIRE IMMEDIATE
22 AMENDMENT TO PREVENT ABUSES AND VIOLATIONS OF THIS ARTICLE OR
23 ANY RULE OR REGULATION PROMULGATED PURSUANT TO THIS ARTICLE OR
24 TO REMEDY UNDESIRABLE CONDITIONS IN CONNECTION WITH THE
25 ADMINISTRATION OR THE OPERATION OF THE STATE LICENSING
26 AUTHORITY;

27 (h) TO REQUIRE SUCH SPECIAL REPORTS FROM THE DIRECTOR AS IT

1 CONSIDERS NECESSARY;

2 (i) BEGINNING JULY 1, 2016, TO ISSUE TEMPORARY OR PERMANENT
3 LICENSES TO THOSE INVOLVED IN THE OWNERSHIP OF, PARTICIPATION IN,
4 OR CONDUCT OF MEDICAL MARIJUANA OR RETAIL MARIJUANA;

5 (j) BEGINNING JULY 1, 2016, UPON COMPLAINT, OR UPON ITS OWN
6 MOTION, TO LEVY FINES AND TO SUSPEND OR REVOKE, LICENSES ISSUED
7 PURSUANT TO THIS ARTICLE OR ARTICLE 43.3 OF THIS TITLE;

8 (k) TO OBTAIN ALL INFORMATION FROM LICENSEES AND OTHER
9 PERSONS AND AGENCIES THAT THE COMMISSION DEEMS NECESSARY OR
10 DESIRABLE IN THE CONDUCT OF ITS BUSINESS;

11 (l) TO ISSUE SUBPOENAS FOR THE APPEARANCE OR PRODUCTION OF
12 PERSONS, RECORDS, AND THINGS IN CONNECTION WITH APPLICATIONS
13 BEFORE THE COMMISSION OR IN CONNECTION WITH DISCIPLINARY OR
14 CONTESTED CASES CONSIDERED BY THE COMMISSION;

15 (m) TO APPLY FOR INJUNCTIVE OR DECLARATORY RELIEF TO
16 ENFORCE THE PROVISIONS OF THIS ARTICLE AND ANY RULES
17 PROMULGATED PURSUANT TO THIS ARTICLE;

18 (n) TO INSPECT AND EXAMINE WITHOUT NOTICE ALL PREMISES
19 WHEREIN MEDICAL MARIJUANA IS CULTIVATED, MANUFACTURED, SOLD, OR
20 DISTRIBUTED, AND TO SUMMARILY SEIZE, REMOVE, AND IMPOUND,
21 WITHOUT NOTICE OR HEARING FROM SUCH PREMISES, ANY EQUIPMENT,
22 DEVICES, SUPPLIES, BOOKS, OR RECORDS FOR THE PURPOSE OF
23 EXAMINATION OR INSPECTION;

24 (o) TO ENTER INTO CONTRACTS WITH ANY GOVERNMENTAL ENTITY
25 TO CARRY OUT ITS DUTIES WITHOUT COMPLIANCE WITH THE PROVISIONS
26 OF THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24, C.R.S.
27 THE CONTRACTS OR FORMAL AGREEMENTS, OR BOTH, MUST BE BASED ON

1 PREESTABLISHED COMMISSION CRITERIA SPECIFYING MINIMUM LEVELS OF
2 COOPERATION AND CONDITIONS FOR PAYMENT.

3 (p) TO EXERCISE SUCH OTHER INCIDENTAL POWERS AS MAY BE
4 NECESSARY TO ENSURE THE SAFE AND ORDERLY REGULATION OF MEDICAL
5 MARIJUANA AND RETAIL MARIJUANA AND THE SECURE COLLECTION OF ALL
6 REVENUES, TAXES, AND LICENSE FEES;

7 (q) TO ESTABLISH INTERNAL CONTROL PROCEDURES FOR
8 LICENSEES, INCLUDING ACCOUNTING PROCEDURES, REPORTING
9 PROCEDURES, AND PERSONNEL POLICIES;

10 (r) TO ESTABLISH AND COLLECT FEES FOR PERFORMING
11 BACKGROUND CHECKS ON ALL APPLICANTS FOR LICENSES AND ON ALL
12 PERSONS WITH WHOM THE COMMISSION OR DIVISION MAY AGREE WITH OR
13 CONTRACT WITH FOR THE PROVIDING OF GOODS OR SERVICES, AS THE
14 COMMISSION DEEMS APPROPRIATE;

15 (s) TO DEMAND, AT ANY TIME WHEN BUSINESS IS BEING
16 CONDUCTED, ACCESS TO AND INSPECTION, EXAMINATION, PHOTOCOPYING,
17 AND AUDITING OF ALL PAPERS, BOOKS, AND RECORDS OF APPLICANTS AND
18 LICENSEES, ON THEIR PREMISES OR ELSEWHERE AS PRACTICABLE AND IN
19 THE PRESENCE OF THE LICENSEE OR HIS AGENT, PERTAINING TO THE GROSS
20 INCOME PRODUCED BY ANY MEDICAL MARIJUANA OR RETAIL MARIJUANA
21 ESTABLISHMENT; TO REQUIRE VERIFICATION OF INCOME, AND ALL OTHER
22 MATTERS AFFECTING THE ENFORCEMENT OF THE POLICIES OF THE
23 COMMISSION OR ANY PROVISION OF THIS ARTICLE; AND TO IMPOUND OR
24 REMOVE ALL PAPERS, BOOKS, AND RECORDS OF APPLICANTS AND
25 LICENSEES, WITHOUT HEARING, FOR INSPECTION OR EXAMINATION; AND

26 (t) TO PRESCRIBE VOLUNTARY ALTERNATIVE METHODS FOR THE
27 MAKING, FILING, SIGNING, SUBSCRIBING, VERIFYING, TRANSMITTING,

1 RECEIVING, OR STORING OF RETURNS OR OTHER DOCUMENTS.

2 (2) (a) [Formerly 12-43.3-202 (2)] Rules promulgated pursuant
3 to paragraph ~~(b)~~ (a) of subsection (1) of this section may include, but need
4 not be limited to, the following subjects:

5 (I) Compliance with, enforcement of, or violation of any provision
6 of this article, section 18-18-406.3 (7), C.R.S., or any rule issued pursuant
7 to this article, including procedures and grounds for denying, suspending,
8 fining, restricting, or revoking a state license issued pursuant to this
9 article;

10 (II) Specifications of duties of officers and employees of the state
11 licensing authority AND COMMISSION;

12 (III) Instructions for local licensing authorities and law
13 enforcement officers;

14 (IV) Requirements for inspections, investigations, searches,
15 seizures, forfeitures, and such additional activities as may become
16 necessary from time to time;

17 (V) Creation of a range of penalties for use by the ~~state licensing~~
18 ~~authority~~ COMMISSION;

19 (VI) Prohibition of misrepresentation and unfair practices;

20 (VII) Control of informational and product displays on licensed
21 premises;

22 (VIII) Development of individual identification cards for owners,
23 officers, managers, contractors, employees, and other support staff of
24 entities licensed pursuant to this article, including a fingerprint-based
25 criminal history record check as may be required by the ~~state licensing~~
26 ~~authority~~ COMMISSION prior to issuing a card;

27 (IX) Identification of state licensees and their owners, officers,

1 managers, and employees;

2 (X) Security requirements for any premises licensed pursuant to
3 this article, including, at a minimum, lighting, physical security, video,
4 alarm requirements, and other minimum procedures for internal control
5 as deemed necessary by the ~~state licensing authority~~ COMMISSION to
6 properly administer and enforce the provisions of this article, including
7 reporting requirements for changes, alterations, or modifications to the
8 premises;

9 (XI) Regulation of the storage of, warehouses for, and
10 transportation of medical marijuana;

11 (XII) Sanitary requirements for medical marijuana centers,
12 including but not limited to sanitary requirements for the preparation of
13 medical marijuana-infused products;

14 (XIII) The specification of acceptable forms of picture
15 identification that a medical marijuana center may accept when verifying
16 a sale;

17 (XIV) Labeling standards;

18 (XIV.5) Prohibiting the sale of medical marijuana and medical
19 marijuana-infused products unless the product is:

20 (A) Packaged in packaging meeting requirements established by
21 the state licensing authority similar to the federal "Poison Prevention
22 Packaging Act of 1970", 15 U.S.C. sec. 1471 et seq.; or

23 (B) Placed in an opaque and resealable exit package or container
24 at the point of sale prior to exiting the store, and the container or package
25 meets the requirements established by the ~~state licensing authority~~
26 COMMISSION.

27 (XV) Records to be kept by licensees and the required availability

1 of the records;

2 (XVI) State licensing procedures, including procedures for
3 renewals, reinstatements, initial licenses, and the payment of licensing
4 fees;

5 (XVII) The reporting and transmittal of monthly sales tax
6 payments by medical marijuana centers;

7 (XVIII) Authorization for the department of revenue to have
8 access to licensing information to ensure sales and income tax payment
9 and the effective administration of this article;

10 (XIX) Authorization for the department of revenue to issue
11 administrative citations and procedures for issuing, appealing, and
12 creating a citation violation list and schedule of penalties; and

13 (XX) Such other matters as are necessary for the fair, impartial,
14 stringent, and comprehensive administration of this article.

15 (b) Nothing in this article shall be construed as delegating to the
16 ~~state licensing authority~~ COMMISSION the power to fix prices for medical
17 marijuana.

18 (c) Nothing in this article shall be construed to limit a law
19 enforcement agency's ability to investigate unlawful activity in relation
20 to a medical marijuana center, optional premises cultivation operation, or
21 medical marijuana-infused products manufacturer. A law enforcement
22 agency shall have the authority to run a Colorado crime information
23 center criminal history record check of a primary caregiver, licensee, or
24 employee of a licensee during an investigation of unlawful activity related
25 to medical marijuana.

26 **SECTION 5.** In Colorado Revised Statutes, **amend** 12-43.4-201
27 as follows:

1 **12-43.4-201. State licensing authority.** For the purpose of
2 regulating and controlling the licensing of the cultivation, manufacture,
3 distribution, sale, and testing of retail marijuana and retail marijuana
4 products in this state, the state licensing authority created in section
5 12-43.3-201 AND THE COLORADO MARIJUANA CONTROL COMMISSION
6 CREATED IN SECTION 12-43.3-203 shall also have regulatory authority for
7 retail marijuana and retail marijuana products as permitted in section 16
8 of article XVIII of the state constitution and this article. THE COLORADO
9 MARIJUANA CONTROL COMMISSION CREATED IN SECTION 12-43.3-203
10 SHALL HAVE FULL AND EXCLUSIVE AUTHORITY TO PROMULGATE RULES
11 RELATED TO MEDICAL MARIJUANA.

12 **SECTION 6.** In Colorado Revised Statutes, **repeal** 12-43.4-202
13 (2) (a), (2) (b), and (2) (c); and **repeal and relocate** 12-43.4-202 (3) (b),
14 (3) (c), (3) (d), and (3) (e).

15 **SECTION 7.** In Colorado Revised Statutes, **add with amended**
16 **and relocated provisions** 12-43.4-203 as follows:

17 **12-43.4-203. Powers and duties of marijuana control**
18 **commission related to retail marijuana.** (1) IN ADDITION TO ANY
19 OTHER POWERS AND DUTIES SET FORTH IN THIS ARTICLE, THE COMMISSION
20 SHALL HAVE THE FOLLOWING POWERS AND DUTIES:

21 (a) (I) BEGINNING JULY 1, 2016, TO PROMULGATE SUCH RULES AND
22 REGULATIONS GOVERNING THE LICENSING, CONDUCTING, AND OPERATING
23 OF RETAIL MARIJUANA AS IT DEEMS NECESSARY TO CARRY OUT THE
24 PURPOSES OF THIS ARTICLE. THE EXECUTIVE DIRECTOR SHALL PREPARE
25 AND SUBMIT TO THE COMMISSION WRITTEN RECOMMENDATIONS
26 CONCERNING PROPOSED RULES AND REGULATIONS FOR THIS PURPOSE.

27 (II) ALL RULES PROMULGATED BY THE STATE LICENSING

1 AUTHORITY PURSUANT TO SECTION 12-43.4-202 PRIOR TO ITS REPEAL
2 REMAIN IN EFFECT UNTIL REPEALED OR AMENDED BY RULES OF THE
3 COMMISSION.

4 (b) TO CONDUCT HEARINGS UPON COMPLAINTS CHARGING
5 VIOLATIONS OF THIS ARTICLE OR RULES AND REGULATIONS PROMULGATED
6 PURSUANT TO THIS ARTICLE AND TO CONDUCT SUCH OTHER HEARINGS AS
7 MAY BE REQUIRED BY RULES OF THE COMMISSION;

8 (c) TO HEAR AND DETERMINE AT A PUBLIC HEARING ANY
9 CONTESTED STATE LICENSE DENIAL AND ANY COMPLAINTS AGAINST A
10 LICENSEE AND TO ADMINISTER OATHS AND ISSUE SUBPOENAS TO REQUIRE
11 THE PRESENCE OF PERSONS AND THE PRODUCTION OF PAPERS, BOOKS, AND
12 RECORDS NECESSARY TO THE DETERMINATION OF ANY HEARING SO HELD,
13 ALL IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S. THE
14 COMMISSION MAY, AT ITS DISCRETION, DELEGATE TO THE DEPARTMENT OF
15 REVENUE HEARING OFFICERS THE AUTHORITY TO CONDUCT LICENSING,
16 DISCIPLINARY, AND RULE-MAKING HEARINGS UNDER SECTION 24-4-105,
17 C.R.S. WHEN CONDUCTING SUCH HEARINGS, THE HEARING OFFICERS
18 SHALL BE EMPLOYEES OF THE COMMISSION.

19 (d) TO ENTER INTO AGREEMENTS WITH THE COLORADO BUREAU OF
20 INVESTIGATION AND STATE AND LOCAL LAW ENFORCEMENT AGENCIES FOR
21 THE CONDUCT OF INVESTIGATION, IDENTIFICATION, OR REGISTRATION, OR
22 ANY COMBINATION THEREOF, OF LICENSED OPERATORS AND EMPLOYEES
23 IN LICENSED PREMISES OR IN PREMISES CONTAINING LICENSED PREMISES
24 IN ACCORDANCE WITH THE PROVISIONS OF THIS ARTICLE, WHICH CONDUCT
25 SHALL INCLUDE, BUT NOT BE LIMITED TO, PERFORMING BACKGROUND
26 INVESTIGATIONS AND CRIMINAL RECORDS CHECKS ON AN APPLICANT
27 APPLYING FOR LICENSURE PURSUANT TO THE PROVISIONS OF THIS ARTICLE

1 AND INVESTIGATING VIOLATIONS OF ANY PROVISION OF THIS ARTICLE OR
2 OF ANY RULE OR REGULATION PROMULGATED BY THE COMMISSION
3 PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (1) DISCOVERED AS A
4 RESULT OF SUCH INVESTIGATORY PROCESS OR DISCOVERED BY THE
5 DEPARTMENT OF REVENUE OR THE COMMISSION IN THE COURSE OF
6 CONDUCTING ITS BUSINESS. NOTHING IN THIS SECTION SHALL PREVENT OR
7 IMPAIR THE COLORADO BUREAU OF INVESTIGATION OR STATE OR LOCAL
8 LAW ENFORCEMENT AGENCIES FROM ENGAGING IN THE ACTIVITIES SET
9 FORTH IN THIS PARAGRAPH (d) ON THEIR OWN INITIATIVE.

10 (e) TO CONDUCT A CONTINUOUS STUDY AND INVESTIGATION OF
11 RETAIL MARIJUANA THROUGHOUT THE STATE FOR THE PURPOSE OF
12 ASCERTAINING ANY DEFECTS IN THIS ARTICLE OR IN THE RULES AND
13 REGULATIONS PROMULGATED PURSUANT TO THIS ARTICLE IN ORDER TO
14 DISCOVER ANY ABUSES IN THE ADMINISTRATION AND OPERATION OF THE
15 DIVISION OR ANY VIOLATION OF THIS ARTICLE OR ANY RULE OR
16 REGULATION PROMULGATED PURSUANT TO THIS ARTICLE;

17 (f) TO FORMULATE AND RECOMMEND CHANGES TO THIS ARTICLE
18 OR ANY RULE OR REGULATION PROMULGATED PURSUANT TO THIS ARTICLE
19 FOR THE PURPOSE OF PREVENTING ABUSES AND VIOLATIONS OF THIS
20 ARTICLE OR ANY OF THE RULES OR REGULATIONS PROMULGATED
21 PURSUANT TO THIS ARTICLE, TO GUARD AGAINST THE USE OF THIS ARTICLE
22 OR ANY RULE OR REGULATION PROMULGATED PURSUANT TO THIS ARTICLE
23 AS A CLOAK FOR THE CONDUCTING OF ILLEGAL ACTIVITIES, AND TO
24 ENSURE THAT THIS ARTICLE OR ANY RULE OR REGULATION PROMULGATED
25 PURSUANT TO THIS ARTICLE SHALL BE IN SUCH FORM AND BE SO
26 ADMINISTERED AS TO SERVE THE TRUE PURPOSE AND INTENT OF THIS
27 ARTICLE;

1 (g) TO REPORT IMMEDIATELY TO THE GOVERNOR, THE ATTORNEY
2 GENERAL, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE
3 PRESIDENT OF THE SENATE, THE MINORITY LEADERS OF BOTH HOUSES, AND
4 SUCH OTHER STATE OFFICERS AS THE COMMISSION DEEMS APPROPRIATE
5 CONCERNING ANY LAWS WHICH IT DETERMINES REQUIRE IMMEDIATE
6 AMENDMENT TO PREVENT ABUSES AND VIOLATIONS OF THIS ARTICLE OR
7 ANY RULE PROMULGATED PURSUANT TO THIS ARTICLE OR TO REMEDY
8 UNDESIRABLE CONDITIONS IN CONNECTION WITH THE ADMINISTRATION OR
9 THE OPERATION OF THE STATE LICENSING AUTHORITY;

10 (h) TO REQUIRE SUCH SPECIAL REPORTS FROM THE DIRECTOR AS IT
11 CONSIDERS NECESSARY;

12 (i) BEGINNING JULY 1, 2016, TO ISSUE TEMPORARY OR PERMANENT
13 LICENSES TO THOSE INVOLVED IN THE OWNERSHIP OF, PARTICIPATION IN,
14 OR CONDUCT OF MEDICAL MARIJUANA OR RETAIL MARIJUANA;

15 (j) BEGINNING JULY 1, 2016, UPON COMPLAINT, OR UPON ITS OWN
16 MOTION, TO LEVY FINES AND TO SUSPEND OR REVOKE LICENSES ISSUED
17 PURSUANT TO THIS ARTICLE OR ARTICLE 43.3 OF THIS TITLE;

18 (k) TO OBTAIN ALL INFORMATION FROM LICENSEES AND OTHER
19 PERSONS AND AGENCIES THAT THE COMMISSION DEEMS NECESSARY OR
20 DESIRABLE IN THE CONDUCT OF ITS BUSINESS;

21 (l) TO ISSUE SUBPOENAS FOR THE APPEARANCE OR PRODUCTION OF
22 PERSONS, RECORDS, AND THINGS IN CONNECTION WITH APPLICATIONS
23 BEFORE THE COMMISSION OR IN CONNECTION WITH DISCIPLINARY OR
24 CONTESTED CASES CONSIDERED BY THE COMMISSION;

25 (m) TO APPLY FOR INJUNCTIVE OR DECLARATORY RELIEF TO
26 ENFORCE THE PROVISIONS OF THIS ARTICLE AND ANY RULES
27 PROMULGATED PURSUANT TO THIS ARTICLE;

1 (n) TO INSPECT AND EXAMINE WITHOUT NOTICE ALL PREMISES
2 WHEREIN RETAIL MARIJUANA IS CULTIVATED, MANUFACTURED, SOLD, OR
3 DISTRIBUTED AND TO SUMMARILY SEIZE, REMOVE, AND IMPOUND,
4 WITHOUT NOTICE OR HEARING FROM SUCH PREMISES, ANY EQUIPMENT,
5 DEVICES, SUPPLIES, BOOKS, OR RECORDS FOR THE PURPOSE OF
6 EXAMINATION OR INSPECTION;

7 (o) TO ENTER INTO CONTRACTS WITH ANY GOVERNMENTAL ENTITY
8 TO CARRY OUT ITS DUTIES WITHOUT COMPLIANCE WITH THE PROVISIONS
9 OF THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24, C.R.S.
10 THE CONTRACTS OR FORMAL AGREEMENTS, OR BOTH, MUST BE BASED ON
11 PREESTABLISHED COMMISSION CRITERIA SPECIFYING MINIMUM LEVELS OF
12 COOPERATION AND CONDITIONS FOR PAYMENT.

13 (p) TO EXERCISE SUCH OTHER INCIDENTAL POWERS AS MAY BE
14 NECESSARY TO ENSURE THE SAFE AND ORDERLY REGULATION OF MEDICAL
15 MARIJUANA AND RETAIL MARIJUANA AND THE SECURE COLLECTION OF ALL
16 REVENUES, TAXES, AND LICENSE FEES;

17 (q) TO ESTABLISH INTERNAL CONTROL PROCEDURES FOR
18 LICENSEES, INCLUDING ACCOUNTING PROCEDURES, REPORTING
19 PROCEDURES, AND PERSONNEL POLICIES;

20 (r) TO ESTABLISH AND COLLECT FEES FOR PERFORMING
21 BACKGROUND CHECKS ON ALL APPLICANTS FOR LICENSES AND ON ALL
22 PERSONS WITH WHOM THE COMMISSION OR DIVISION MAY AGREE WITH OR
23 CONTRACT WITH FOR THE PROVIDING OF GOODS OR SERVICES, AS THE
24 COMMISSION DEEMS APPROPRIATE;

25 (s) TO DEMAND, AT ANY TIME WHEN BUSINESS IS BEING
26 CONDUCTED, ACCESS TO AND INSPECTION, EXAMINATION, PHOTOCOPYING,
27 AND AUDITING OF ALL PAPERS, BOOKS, AND RECORDS OF APPLICANTS AND

1 LICENSEES, ON THEIR PREMISES OR ELSEWHERE AS PRACTICABLE AND IN
2 THE PRESENCE OF THE LICENSEE OR HIS AGENT, PERTAINING TO THE GROSS
3 INCOME PRODUCED BY ANY MEDICAL MARIJUANA OR RETAIL MARIJUANA
4 ESTABLISHMENT; TO REQUIRE VERIFICATION OF INCOME, AND ALL OTHER
5 MATTERS AFFECTING THE ENFORCEMENT OF THE POLICIES OF THE
6 COMMISSION OR ANY PROVISION OF THIS ARTICLE; AND TO IMPOUND OR
7 REMOVE ALL PAPERS, BOOKS, AND RECORDS OF APPLICANTS AND
8 LICENSEES, WITHOUT HEARING, FOR INSPECTION OR EXAMINATION; AND

9 (t) TO PRESCRIBE VOLUNTARY ALTERNATIVE METHODS FOR THE
10 MAKING, FILING, SIGNING, SUBSCRIBING, VERIFYING, TRANSMITTING,
11 RECEIVING, OR STORING OF RETURNS OR OTHER DOCUMENTS.

12 (2) (a) **[Formerly 12-43.4-202 (3) (a)]** Rules promulgated
13 pursuant to ~~paragraph (b) of subsection (2) of this section~~ SECTION
14 12-43.3-203 (1) (a), must include, but need not be limited to, the
15 following subjects:

16 (I) Procedures consistent with this article for the issuance,
17 renewal, suspension, and revocation of licenses to operate retail
18 marijuana establishments;

19 (II) Subject to the limitations contained in section 16 (5) (a) (II)
20 of article XVIII of the state constitution and consistent with this article,
21 a schedule of application, licensing, and renewal fees for retail marijuana
22 establishments;

23 (III) Qualifications for licensure under this article, including but
24 not limited to the requirement for a fingerprint-based criminal history
25 record check for all owners, officers, managers, contractors, employees,
26 and other support staff of entities licensed pursuant to this article;

27 (IV) (A) Establishing a marijuana and marijuana products

1 independent testing and certification program, within an implementation
2 time frame established by the department, requiring licensees to test
3 marijuana to ensure at a minimum that products sold for human
4 consumption do not contain contaminants that are injurious to health and
5 to ensure correct labeling.

6 (B) Testing shall include, but not be limited to, analysis for
7 residual solvents, poisons, or toxins; harmful chemicals; dangerous molds
8 or mildew; filth; and harmful microbials such as E. Coli or salmonella
9 and pesticides.

10 (C) In the event that test results indicate the presence of quantities
11 of any substance determined to be injurious to health, such products shall
12 be immediately quarantined and immediate notification to the marijuana
13 enforcement division shall be made. The adulterated product shall be
14 documented and properly destroyed.

15 (D) Testing shall also verify THC potency representations for
16 correct labeling.

17 (E) The agency shall determine an acceptable variance for potency
18 representations and procedures to address potency misrepresentations.

19 (F) The agency shall determine the protocols and frequency of
20 marijuana testing by licensees.

21 (G) The executive director of the department of public health and
22 environment shall provide to the ~~state licensing authority~~ COMMISSION
23 standards for licensing laboratories pursuant to the requirements as
24 outlined in sub-subparagraph (A) of this subparagraph (IV) for marijuana
25 and marijuana products.

26 (V) Security requirements for any premises licensed pursuant to
27 this article, including, at a minimum, lighting, physical security, video,

1 and alarm requirements, and other minimum procedures for internal
2 control as deemed necessary by the ~~state licensing authority~~ COMMISSION
3 to properly administer and enforce the provisions of this article, including
4 reporting requirements for changes, alterations, or modifications to the
5 premises;

6 (VI) Requirements to prevent the sale or diversion of retail
7 marijuana and retail marijuana products to persons under twenty-one
8 years of age;

9 (VII) Labeling requirements for retail marijuana and retail
10 marijuana products sold by a retail marijuana establishment that are at
11 least as stringent as imposed by section 25-4-1614 (3) (a), C.R.S., and
12 include but are not limited to:

13 (A) The license number of the retail marijuana cultivation license;

14 (B) The license number of the retail marijuana store;

15 (C) An identity statement and standardized graphic symbol;

16 (D) The batch number;

17 (E) A net weight statement;

18 (F) THC potency and the potency of such other cannabinoids or
19 other chemicals, including but not limited to CBD, as determined relevant
20 by the state licensing authority;

21 (G) A list of the nonorganic pesticides, fungicides, herbicides, and
22 solvents used during cultivation or production;

23 (H) A statement to the effect of: "This product contains marijuana
24 and was cultivated or produced without regulatory oversight for health,
25 safety, or efficacy, and there may be health risks associated with the
26 consumption of the product.";

27 (I) Warning labels;

- 1 (J) Solvents used in the extraction process;
- 2 (K) Amount of THC per serving and the number of servings per
3 package for marijuana products;
- 4 (L) A list of ingredients and possible allergens for retail marijuana
5 products;
- 6 (M) A recommended use by or expiration date for retail marijuana
7 products;
- 8 (N) A nutritional fact panel for edible marijuana products; and
- 9 (O) A universal symbol indicating the package contains
10 marijuana;
- 11 (VIII) Health and safety regulations and standards for the
12 manufacture of retail marijuana products and the cultivation of retail
13 marijuana;
- 14 (IX) Limitations on the display of retail marijuana and retail
15 marijuana products;
- 16 (X) Regulation of the storage of, warehouses for, and
17 transportation of retail marijuana and retail marijuana products;
- 18 (XI) Sanitary requirements for retail marijuana establishments,
19 including but not limited to sanitary requirements for the preparation of
20 retail marijuana products;
- 21 (XII) Records to be kept by licensees and the required availability
22 of the records;
- 23 (XIII) The reporting and transmittal of monthly sales tax payments
24 by retail marijuana stores and any applicable excise tax payments by retail
25 marijuana cultivation facilities;
- 26 (XIV) Authorization for the department of revenue to have access
27 to licensing information to ensure sales, excise, and income tax payment

1 and the effective administration of this article;

2 (XV) Compliance with, enforcement of, or violation of any
3 provision of this article, section 18-18-406.3 (7), C.R.S., or any rule
4 issued pursuant to this article, including procedures and grounds for
5 denying, suspending, fining, restricting, or revoking a state license issued
6 pursuant to this article; and

7 (XVI) Establishing a schedule of penalties and procedures for
8 issuing and appealing citations for violation of statutes and rules and
9 issuing administrative citations.

10 (b) [**Formerly 12-43.4-202 (3) (b)**] Rules promulgated pursuant
11 to ~~paragraph (b) of subsection (2) of this section~~ SECTION 12-43.3-203 (1)

12 (a) must also include the following subjects:

13 (I) Specifications of duties of officers and employees of the state
14 licensing authority;

15 (II) Instructions for local jurisdictions and law enforcement
16 officers;

17 (III) Requirements for inspections, investigations, searches,
18 seizures, forfeitures, and such additional activities as may become
19 necessary from time to time;

20 (IV) Prohibition of misrepresentation and unfair practices;

21 (V) Development of individual identification cards for owners,
22 officers, managers, contractors, employees, and other support staff of
23 entities licensed pursuant to this article, including a fingerprint-based
24 criminal history record check as may be required by the ~~state licensing~~
25 ~~authority~~ COMMISSION prior to issuing a card;

26 (VI) Identification of state licensees and their owners, officers,
27 managers, and employees;

1 (VII) The specification of acceptable forms of picture
2 identification that a retail marijuana store may accept when verifying a
3 sale, including but not limited to government-issued identification cards;

4 (VIII) State licensing procedures, including procedures for
5 renewals, reinstatements, initial licenses, and the payment of licensing
6 fees; and

7 (IX) Such other matters as are necessary for the fair, impartial,
8 stringent, and comprehensive administration of this article.

9 (c) [**Formerly 12-43.4-202 (3) (c)**] Rules promulgated pursuant
10 to ~~paragraph (b) of subsection (2) of this section~~ SECTION 12-43.3-203 (1)

11 (a) must also include the following subjects, and the ~~state licensing~~
12 ~~authority~~ COMMISSION may seek the assistance of the department of
13 public health and environment when necessary before promulgating the
14 rules:

15 (I) Signage, marketing, and advertising, including but not limited
16 to a prohibition on mass-market campaigns that have a high likelihood of
17 reaching persons under twenty-one years of age and other such rules that
18 may include:

19 (A) Allow packaging and accessory branding;

20 (B) A prohibition on health or physical benefit claims in
21 advertising, merchandising, and packaging;

22 (C) A prohibition on unsolicited pop-up advertising on the
23 internet;

24 (D) A prohibition on banner ads on mass-market web sites;

25 (E) A prohibition on opt-in marketing that does not permit an easy
26 and permanent opt-out feature; and

27 (F) A prohibition on marketing directed towards location-based

1 devices, including but not limited to cellular phones, unless the marketing
2 is a mobile device application installed on the device by the owner of the
3 device who is twenty-one years of age or older and includes a permanent
4 and easy opt-out feature;

5 (II) Requiring that magazines whose primary focus is marijuana
6 or marijuana businesses are only sold in retail marijuana stores or behind
7 the counter in establishments where persons under twenty-one years of
8 age are present;

9 (III) Prohibiting the sale of retail marijuana and retail marijuana
10 products unless:

11 (A) The product is packaged by the retail marijuana store or the
12 retail marijuana products manufacturer in packaging meeting
13 requirements established by the state licensing authority similar to the
14 federal "Poison Prevention Packaging Act of 1970", 15 U.S.C. sec. 1471
15 et seq.; or

16 (B) The product is placed in an opaque and resealable exit
17 package or container meeting requirements established by the state
18 licensing authority at the point of sale prior to exiting the store;

19 (IV) The safe and lawful transport of retail marijuana and retail
20 marijuana products between the licensed business and testing
21 laboratories;

22 (V) A standardized marijuana serving size amount for edible retail
23 marijuana products that does not contain more than ten milligrams of
24 active THC designed only to provide consumers with information about
25 the total number of servings of active THC in a particular retail marijuana
26 product, not as a limitation on the total amount of THC in any particular
27 item, labeling requirements regarding servings for edible retail marijuana

1 products, and limitations on the total amount of active THC in a sealed
2 internal package that is no more than one hundred milligrams of active
3 THC;

4 (VI) Labeling guidelines concerning the total content of THC per
5 unit of weight;

6 (VII) Prohibition or regulation of additives to any retail marijuana
7 product, including but not limited to those that are toxic, designed to
8 make the product more addictive, designed to make the product more
9 appealing to children, or misleading to consumers, but not including
10 common baking and cooking items; and

11 (VIII) Permission for a local fire department to conduct an annual
12 fire inspection of a retail marijuana cultivation facility.

13 (d) [**Formerly 12-43.4-202 (3) (d)**] Nothing in this article shall be
14 construed as delegating to the ~~state licensing authority~~ COMMISSION the
15 power to fix prices for retail marijuana.

16 (e) [**Formerly 12-43.4-202 (3) (e)**] Nothing in this article shall be
17 construed to limit a law enforcement agency's ability to investigate
18 unlawful activity in relation to a retail marijuana establishment. A law
19 enforcement agency shall have the authority to run a Colorado crime
20 information center criminal history record check of a licensee, or
21 employee of a licensee, during an investigation of unlawful activity
22 related to retail marijuana and retail marijuana products.

23 **SECTION 8.** In Colorado Revised Statutes, 12-43.3-104, **amend**
24 (1) and (14.5); and **add** (1.3) as follows:

25 **12-43.3-104. Definitions.** As used in this article, unless the
26 context otherwise requires:

27 (1) "~~Good cause~~", for purposes of ~~refusing or denying a license~~

1 ~~renewal, reinstatement, or initial license issuance, means: "COMMISSION"~~
2 MEANS THE COLORADO MARIJUANA CONTROL COMMISSION CREATED IN
3 SECTION 12-43.3-203.

4 ~~(a) The licensee or applicant has violated, does not meet, or has~~
5 ~~failed to comply with any of the terms, conditions, or provisions of this~~
6 ~~article, any rules promulgated pursuant to this article, or any supplemental~~
7 ~~local law, rules, or regulations;~~

8 ~~(b) The licensee or applicant has failed to comply with any special~~
9 ~~terms or conditions that were placed on its license pursuant to an order of~~
10 ~~the state or local licensing authority;~~

11 ~~(c) The licensed premises have been operated in a manner that~~
12 ~~adversely affects the public health or welfare or the safety of the~~
13 ~~immediate neighborhood in which the establishment is located.~~

14 (1.3) "GOOD CAUSE", FOR PURPOSES OF REFUSING OR DENYING A
15 LICENSE RENEWAL, REINSTATEMENT, OR INITIAL LICENSE ISSUANCE,
16 MEANS:

17 (a) THE LICENSEE OR APPLICANT HAS VIOLATED, DOES NOT MEET,
18 OR HAS FAILED TO COMPLY WITH ANY OF THE TERMS, CONDITIONS, OR
19 PROVISIONS OF THIS ARTICLE; ANY RULES PROMULGATED PURSUANT TO
20 THIS ARTICLE; OR ANY SUPPLEMENTAL LOCAL LAW, RULES, OR
21 REGULATIONS;

22 (b) THE LICENSEE OR APPLICANT HAS FAILED TO COMPLY WITH ANY
23 SPECIAL TERMS OR CONDITIONS THAT WERE PLACED ON ITS LICENSE
24 PURSUANT TO AN ORDER OF THE COMMISSION OR LOCAL LICENSING
25 AUTHORITY;

26 (c) THE LICENSED PREMISES HAVE BEEN OPERATED IN A MANNER
27 THAT ADVERSELY AFFECTS THE PUBLIC HEALTH OR WELFARE OR THE

1 SAFETY OF THE IMMEDIATE NEIGHBORHOOD IN WHICH THE
2 ESTABLISHMENT IS LOCATED.

3 (14.5) "Resealable" means that the package continues to function
4 with effectiveness specifications, which shall be established by the state
5 licensing authority similar to the federal "Poison Prevention Packaging
6 Act of 1970", 15 U.S.C. sec. 1471 et seq., for the number of openings and
7 closings customary for its size and contents, which shall be determined
8 by the ~~state licensing authority~~ COMMISSION.

9 **SECTION 9.** In Colorado Revised Statutes, **amend** 12-43.3-105
10 as follows:

11 **12-43.3-105. Limited access areas.** Subject to the provisions of
12 section 12-43.3-701, a limited access area shall be a building, room, or
13 other contiguous area upon the licensed premises where medical
14 marijuana is grown, cultivated, stored, weighed, displayed, packaged,
15 sold, or possessed for sale, under control of the licensee, with limited
16 access to only those persons licensed by the ~~state licensing authority~~
17 COMMISSION. All areas of ingress or egress to limited access areas shall
18 be clearly identified as such by a sign as designated by the state licensing
19 authority.

20 **SECTION 10.** In Colorado Revised Statutes, 12-43.3-303,
21 **amend** (5) as follows:

22 **12-43.3-303. Results of investigation - decision of authorities.**
23 (5) After approval of an application for conditional state licensure, the
24 ~~state licensing authority~~ COMMISSION shall notify the local licensing
25 authority of such approval. After approval of an application for local
26 licensure, the local licensing authority shall notify the ~~state licensing~~
27 ~~authority~~ COMMISSION of such approval, who shall investigate and either

1 approve or disapprove the application for state licensure.

2 **SECTION 11.** In Colorado Revised Statutes, 12-43.3-304,
3 **amend** (1) and (2) as follows:

4 **12-43.3-304. Medical marijuana license bond.** (1) Before the
5 ~~state licensing authority~~ COMMISSION issues a state license to an applicant,
6 the applicant shall procure and file with the state licensing authority
7 evidence of a good and sufficient bond in the amount of five thousand
8 dollars with corporate surety thereon duly licensed to do business with the
9 state, approved as to form by the attorney general of the state, and
10 conditioned that the applicant shall report and pay all sales and use taxes
11 due to the state, or for which the state is the collector or collecting agent,
12 in a timely manner, as provided in law.

13 (2) A corporate surety shall not be required to make payments to
14 the state claiming under such bond until a final determination of failure
15 to pay taxes due to the state has been made by the ~~state licensing authority~~
16 COMMISSION or a court of competent jurisdiction.

17 **SECTION 12.** In Colorado Revised Statutes, 12-43.3-305,
18 **amend** (1), (2), and (2.5) as follows:

19 **12-43.3-305. State licensing authority - application and**
20 **issuance procedures.** (1) Applications for a state license under the
21 provisions of this article shall be made to the state licensing authority on
22 forms prepared and furnished by the state licensing authority and shall set
23 forth such information as the ~~state licensing authority~~ COMMISSION may
24 require to enable the ~~state licensing authority~~ COMMISSION to determine
25 whether a state license should be granted. The information shall include
26 the name and address of the applicant, the names and addresses of the
27 officers, directors, or managers, and all other information deemed

1 necessary by the state licensing authority. Each application shall be
2 verified by the oath or affirmation of such person or persons as the state
3 licensing authority may prescribe.

4 (2) The ~~state licensing authority~~ COMMISSION shall issue a state
5 license to a medical marijuana center, an optional premises cultivation
6 operation, or a medical marijuana-infused products manufacturer pursuant
7 to this section upon satisfactory completion of the applicable criminal
8 history background check associated with the application, and the state
9 license is conditioned upon local licensing authority approval. A license
10 applicant is prohibited from operating a licensed medical marijuana
11 business without both state and local licensing authority approval. The
12 denial of an application by the local licensing authority shall be
13 considered as a basis for the ~~state licensing authority~~ COMMISSION to
14 revoke the state-issued license.

15 (2.5) An applicant that has been permitted to operate a medical
16 marijuana business under the provisions of section 12-43.3-103 (1) (b)
17 and has been issued a conditional license by the ~~state licensing authority~~
18 COMMISSION pursuant to subsection (2) of this section may continue to
19 operate the business while an application is pending with the local
20 licensing authority. If the local licensing authority denies the license
21 application, the medical marijuana business shall cease operations upon
22 receiving the denial. The denial of an application by the local licensing
23 authority shall be considered as a basis for the ~~state licensing authority~~
24 COMMISSION to revoke the state-issued license.

25 **SECTION 13.** In Colorado Revised Statutes, **amend** 12-43.3-306
26 as follows:

27 **12-43.3-306. Denial of application.** (1) The ~~state licensing~~

1 ~~authority~~ COMMISSION shall deny a state license if the premises on which
2 the applicant proposes to conduct its business does not meet the
3 requirements of this article or for reasons set forth in ~~section 12-43.3-104~~
4 ~~(1) (c)~~ SECTION 12-43.3-104 (1.3) (c) or 12-43.3-305, and the ~~state~~
5 ~~licensing authority~~ COMMISSION may deny a license for good cause as
6 defined by ~~section 12-43.3-104 (1) (a) or (1) (b)~~ SECTION 12-43.3-104
7 (1.3) (a) OR (1.3) (b).

8 (2) If the ~~state licensing authority~~ COMMISSION denies a state
9 license pursuant to subsection (1) of this section, the applicant shall be
10 entitled to a hearing pursuant to section 24-4-104 (9), C.R.S., and judicial
11 review pursuant to section 24-4-106, C.R.S. The ~~state licensing authority~~
12 COMMISSION shall provide written notice of the grounds for denial of the
13 state license to the applicant and to the local licensing authority at least
14 fifteen days prior to the hearing.

15 **SECTION 14.** In Colorado Revised Statutes, 12-43.3-307,
16 **amend** (1) (h) and (1) (m) as follows:

17 **12-43.3-307. Persons prohibited as licensees.** (1) A license
18 provided by this article shall not be issued to or held by:

19 (h) A person who has discharged a sentence in the five years
20 immediately preceding the application date for a conviction of a felony
21 or a person who at any time has been convicted of a felony pursuant to
22 any state or federal law regarding the possession, distribution,
23 manufacturing, cultivation, or use of a controlled substance; except that
24 the ~~licensing authority~~ COMMISSION may grant a license to an employee
25 if the employee has a state felony conviction based on possession or use
26 of a controlled substance that would not be a felony if the person were
27 convicted of the offense on the date he or she applied for licensure;

1 (m) An owner, as defined by rule of the ~~state licensing authority~~
2 COMMISSION, who has not been a resident of Colorado for at least two
3 years prior to the date of the owner's application.

4 **SECTION 15.** In Colorado Revised Statutes, 12-43.3-308,
5 **amend** (1) introductory portion and (1) (a) as follows:

6 **12-43.3-308. Restrictions for applications for new licenses.**

7 (1) The ~~state~~ COMMISSION or a local licensing authority shall not receive
8 or act upon an application for the issuance of a state or local license
9 pursuant to this article:

10 (a) If the application for a state or local license concerns a
11 particular location that is the same as or within one thousand feet of a
12 location for which, within the two years immediately preceding the date
13 of the application, the ~~state~~ COMMISSION or a local licensing authority
14 denied an application for the same class of license due to the nature of the
15 use or other concern related to the location;

16 **SECTION 16.** In Colorado Revised Statutes, 12-43.3-309,
17 **amend** (2) as follows:

18 **12-43.3-309. Transfer of ownership.** (2) For a transfer of
19 ownership, a license holder shall apply to the state and local licensing
20 authorities on forms prepared and furnished by the state licensing
21 authority. In determining whether to permit a transfer of ownership, the
22 ~~state~~ COMMISSION and local licensing authorities shall consider only the
23 requirements of this article, any rules promulgated by the ~~state licensing~~
24 ~~authority~~ COMMISSION, and any other local restrictions. The local
25 licensing authority may hold a hearing on the application for transfer of
26 ownership. The local licensing authority shall not hold a hearing pursuant
27 to this subsection (2) until the local licensing authority has posted a notice

1 of hearing in the manner described in section 12-43.3-302 (2) on the
2 licensed medical marijuana center premises for a period of ten days and
3 has provided notice of the hearing to the applicant at least ten days prior
4 to the hearing. Any transfer of ownership hearing by the ~~state licensing~~
5 ~~authority~~ COMMISSION shall be held in compliance with the requirements
6 specified in section 12-43.3-302.

7 **SECTION 17.** In Colorado Revised Statutes, 12-43.3-310,
8 **amend** (2), (3), (7), (9) (b), and (13) (b) as follows:

9 **12-43.3-310. Licensing in general.** (2) A medical marijuana
10 center, optional premises cultivation operation, or medical
11 marijuana-infused products manufacturer may not operate until it has
12 been licensed by the local licensing authority and the ~~state licensing~~
13 ~~authority~~ COMMISSION pursuant to this article. If the ~~state licensing~~
14 ~~authority~~ COMMISSION issues the applicant a state license and the local
15 licensing authority subsequently denies the applicant a license, the ~~state~~
16 ~~licensing authority~~ COMMISSION shall consider the local licensing
17 authority denial as a basis for the revocation of the state-issued license.
18 In connection with a license, the applicant shall provide a complete and
19 accurate list of all owners, officers, and employees who manage, own, or
20 are otherwise substantially associated with the operation and shall provide
21 a complete and accurate application as required by the state licensing
22 authority.

23 (3) A medical marijuana center, optional premises cultivation
24 operation, or medical marijuana-infused products manufacturer shall
25 notify the state licensing authority in writing within ten days after an
26 owner, officer, or manager ceases to work at, manage, own, or otherwise
27 be associated with the operation. The owner, officer, or manager shall

1 surrender to the state licensing authority any identification card that may
2 have been issued by the ~~state licensing authority~~ COMMISSION on or before
3 the date of the notification.

4 (7) Before granting a local or state license, the ~~respective~~
5 COMMISSION or licensing authority may consider, except where this article
6 specifically provides otherwise, the requirements of this article and any
7 rules promulgated pursuant to this article, and all other reasonable
8 restrictions that are or may be placed upon the licensee by the
9 COMMISSION OR LOCAL licensing authority. With respect to a second or
10 additional license for the same licensee or the same owner of another
11 licensed business pursuant to this article, ~~each~~ THE COMMISSION AND
12 LOCAL licensing authority shall consider the effect on competition of
13 granting or denying the additional licenses to such licensee and shall not
14 approve an application for a second or additional license that would have
15 the effect of restraining competition.

16 (9) (b) A local licensing authority shall not transfer location of or
17 renew a license to sell medical marijuana until the applicant for the
18 license provides verification that a license was issued and granted by the
19 ~~state licensing authority~~ COMMISSION for the previous license term. The
20 ~~state licensing authority~~ COMMISSION shall not transfer location of or
21 renew a state license until the applicant provides verification that a
22 license was issued and granted by the local licensing authority for the
23 previous license term.

24 (13) (b) In permitting a change of location, the ~~state~~ COMMISSION
25 and local licensing authorities shall consider all reasonable restrictions
26 that are or may be placed upon the new location by the governing board
27 or local licensing authority of the municipality, city and county, or county

1 and any such change in location shall be in accordance with all
2 requirements of this article and rules promulgated pursuant to this article.

3 **SECTION 18.** In Colorado Revised Statutes, **amend** 12-43.3-311
4 as follows:

5 **12-43.3-311. License renewal.** (1) Ninety days prior to the
6 expiration date of an existing license, the state licensing authority shall
7 notify the licensee of the expiration date by first class mail at the
8 licensee's address of record with the state licensing authority. A licensee
9 shall apply for the renewal of an existing license to the local licensing
10 authority not less than forty-five days and to the state licensing authority
11 not less than thirty days prior to the date of expiration. A local licensing
12 authority shall not accept an application for renewal of a license after the
13 date of expiration, except as provided in subsection (2) of this section.
14 ~~The state licensing authority~~ COMMISSION may extend the expiration date
15 of the license and accept a late application for renewal of a license
16 provided that the applicant has filed a timely renewal application with the
17 local licensing authority. All renewals filed with the local licensing
18 authority and subsequently approved by the local licensing authority shall
19 next be processed by the ~~state licensing authority~~ COMMISSION. The ~~state~~
20 COMMISSION or the local licensing authority, in its discretion, subject to
21 the requirements of this subsection (1) and subsection (2) of this section
22 and based upon reasonable grounds, may waive the forty-five-day or
23 thirty-day time requirements set forth in this subsection (1). The local
24 licensing authority may hold a hearing on the application for renewal only
25 if the licensee has had complaints filed against it, has a history of
26 violations, or there are allegations against the licensee that would
27 constitute good cause. The local licensing authority shall not hold a

1 renewal hearing provided for by this subsection (1) for a medical
2 marijuana center until it has posted a notice of hearing on the licensed
3 medical marijuana center premises in the manner described in section
4 12-43.3-302 (2) for a period of ten days and provided notice to the
5 applicant at least ten days prior to the hearing. The local licensing
6 authority may refuse to renew any license for good cause, subject to
7 judicial review.

8 (2) (a) Notwithstanding the provisions of subsection (1) of this
9 section, a licensee whose license has been expired for not more than
10 ninety days may file a late renewal application upon the payment of a
11 nonrefundable late application fee of five hundred dollars to the local
12 licensing authority. A licensee who files a late renewal application and
13 pays the requisite fees may continue to operate until both the ~~state~~
14 COMMISSION and local licensing authorities have taken final action to
15 approve or deny the licensee's late renewal application unless the ~~state~~
16 COMMISSION or local licensing authority summarily suspends the license
17 pursuant to article 4 of title 24, C.R.S., this article, and rules promulgated
18 pursuant to this article.

19 (b) The state and local licensing authorities may not accept a late
20 renewal application more than ninety days after the expiration of a
21 licensee's permanent annual license. A licensee whose permanent annual
22 license has been expired for more than ninety days shall not cultivate,
23 manufacture, distribute, or sell any medical marijuana until all required
24 licenses have been obtained.

25 (c) Notwithstanding the amount specified for the late application
26 fee in paragraph (a) of this subsection (2), the ~~state licensing authority~~
27 COMMISSION by rule or as otherwise provided by law may reduce the

1 amount of the fee if necessary pursuant to section 24-75-402 (3), C.R.S.,
2 by reducing the uncommitted reserves of the fund to which all or any
3 portion of the fee is credited. After the uncommitted reserves of the fund
4 are sufficiently reduced, the ~~state licensing authority~~ COMMISSION by rule
5 or as otherwise provided by law may increase the amount of the fee as
6 provided in section 24-75-402 (4), C.R.S.

7 **SECTION 19.** In Colorado Revised Statutes, **amend** 12-43.3-312
8 as follows:

9 **12-43.3-312. Inactive licenses.** The ~~state~~ COMMISSION or local
10 licensing authority, in its discretion, may revoke or elect not to renew any
11 license if it determines that the licensed premises have been inactive,
12 without good cause, for at least one year.

13 **SECTION 20.** In Colorado Revised Statutes, 12-43.3-313,
14 **amend** (1) and (2) as follows:

15 **12-43.3-313. Unlawful financial assistance.** (1) The ~~state~~
16 ~~licensing authority~~ COMMISSION, by rule and regulation, shall require a
17 complete disclosure of all persons having a direct or indirect financial
18 interest, and the extent of such interest, in each license issued under this
19 article.

20 (2) A person shall not have an unreported financial interest in a
21 license pursuant to this article unless that person has undergone a
22 fingerprint-based criminal history record check as provided for by the
23 ~~state licensing authority~~ COMMISSION in its rules; except that this
24 subsection (2) does not apply to banks or savings and loan associations
25 supervised and regulated by an agency of the state or federal government,
26 or to FHA-approved mortgagees, or to stockholders, directors, or officers
27 thereof.

1 **SECTION 21.** In Colorado Revised Statutes, 12-43.3-401,
2 **amend** (1) introductory portion and (1) (d) as follows:

3 **12-43.3-401. Classes of licenses.** (1) For the purpose of
4 regulating the cultivation, manufacture, distribution, and sale of medical
5 marijuana, the ~~state licensing authority~~ COMMISSION in its discretion, upon
6 application in the prescribed form made to it, may issue and grant to the
7 applicant a license from any of the following classes, subject to the
8 provisions and restrictions provided by this article:

9 (d) Occupational licenses and registrations for owners, managers,
10 operators, employees, contractors, and other support staff employed by,
11 working in, or having access to restricted areas of the licensed premises,
12 as determined by the ~~state licensing authority~~ COMMISSION. The ~~state~~
13 ~~licensing authority~~ COMMISSION may take any action with respect to a
14 registration pursuant to this article as it may with respect to a license
15 pursuant to this article, in accordance with the procedures established
16 pursuant to this article.

17 **SECTION 22.** In Colorado Revised Statutes, 12-43.3-402,
18 **amend** (3), (5.5), and (6) as follows:

19 **12-43.3-402. Medical marijuana center license.** (3) Every
20 person selling medical marijuana as provided for in this article shall sell
21 only medical marijuana grown in its medical marijuana optional premises
22 licensed pursuant to this article. In addition to medical marijuana, a
23 medical marijuana center may sell no more than six immature plants to a
24 patient; except that a medical marijuana center may sell more than six
25 immature plants, but may not exceed half the recommended plant count,
26 to a patient who has been recommended an expanded plant count by his
27 or her recommending physician. A medical marijuana center may sell

1 immature plants to a primary caregiver, another medical marijuana center,
2 or a medical marijuana-infused product manufacturer pursuant to rules
3 promulgated by the ~~state licensing authority~~ COMMISSION. The provisions
4 of this subsection (3) shall not apply to medical marijuana-infused
5 products.

6 (5.5) Transactions for the sale of medical marijuana or a medical
7 marijuana-infused product at a medical marijuana center may be
8 completed by using an automated machine that is in a restricted access
9 area of the center if the machine complies with the rules promulgated by
10 the ~~state licensing authority~~ COMMISSION regarding the transaction of sale
11 of product at a medical marijuana center and the transaction complies
12 with subsection (5) of this section.

13 (6) A medical marijuana center may provide a sample of its
14 products to a laboratory that has an occupational license from the ~~state~~
15 ~~licensing authority~~ COMMISSION for testing and research purposes. The
16 laboratory may develop, test, and produce medical marijuana-based
17 products. The laboratory may contract method or product development
18 with a licensed medical marijuana center or licensed medical marijuana
19 infused-product manufacturer. The ~~state licensing authority~~ COMMISSION
20 shall promulgate rules pursuant to its authority in ~~section 12-43.3-202 (1)~~
21 ~~(b)~~ SECTION 12-43.3-203 (2) (a) related to acceptable testing and research
22 practices, including but not limited to testing, standards, quality control
23 analysis, equipment certification and calibration, and chemical
24 identification and other substances used in bona fide research methods.
25 A laboratory that has an occupational license from the ~~state licensing~~
26 ~~authority~~ COMMISSION for testing purposes shall not have any interest in
27 a licensed medical marijuana center or a licensed medical

1 marijuana-infused products manufacturer.

2 **SECTION 23.** In Colorado Revised Statutes, 12-43.3-404,
3 **amend** (4) and (10) as follows:

4 **12-43.3-404. Medical marijuana-infused products**
5 **manufacturing license.** (4) All licensed premises on which medical
6 marijuana-infused products are manufactured shall meet the sanitary
7 standards for medical marijuana-infused product preparation promulgated
8 pursuant to ~~section 12-43.3-202 (2) (a) (XII)~~ SECTION 12-43.4-203 (2) (a)
9 (XII).

10 (10) A medical marijuana-infused products manufacturer may
11 provide a sample of its products to a laboratory that has an occupational
12 license from the ~~state licensing authority~~ COMMISSION for testing and
13 research purposes. The ~~state licensing authority~~ COMMISSION shall
14 promulgate rules pursuant to its authority in ~~section 12-43.3-202 (1) (b)~~
15 SECTION 12-43.4-203 (2) (a) related to acceptable testing and research
16 practices. A laboratory that has an occupational license from the ~~state~~
17 ~~licensing authority~~ COMMISSION for testing purposes shall not have any
18 interest in a licensed medical marijuana center or a licensed medical
19 marijuana-infused products manufacturer.

20 **SECTION 24.** In Colorado Revised Statutes, 12-43.3-501,
21 **amend** (3) (a) introductory portion, (3) (b), and (3) (d) as follows:

22 **12-43.3-501. Marijuana cash fund.** (3) (a) The ~~state licensing~~
23 ~~authority~~ COMMISSION shall establish fees for processing the following
24 types of applications, licenses, notices, or reports required to be submitted
25 to the state licensing authority:

26 (b) The amounts of such fees, when added to the other fees
27 transferred to the fund pursuant to this section, shall reflect the actual

1 direct and indirect costs of the COMMISSION AND state licensing authority
2 in the administration and enforcement of this article so that the fees avoid
3 exceeding the statutory limit on uncommitted reserves in administrative
4 agency cash funds as set forth in section 24-75-402 (3), C.R.S.

5 (d) At least annually, the ~~state licensing authority~~ COMMISSION
6 shall review the amounts of the fees and, if necessary, adjust the amounts
7 to reflect the direct and indirect costs of the state licensing authority.

8 **SECTION 25.** In Colorado Revised Statutes, 12-43.3-502,
9 **amend** (2) as follows:

10 **12-43.3-502. Fees - allocation.** (2) The expenditures of the
11 COMMISSION AND state licensing authority shall be paid out of
12 appropriations from the marijuana cash fund created in section
13 12-43.3-501.

14 **SECTION 26.** In Colorado Revised Statutes, 12-43.3-601,
15 **amend** (1), (2), (3) (a) introductory portion, (4), (5), and (6) as follows:

16 **12-43.3-601. Suspension - revocation - fines.** (1) In addition to
17 any other sanctions prescribed by this article or rules promulgated
18 pursuant to this article, the ~~state licensing authority~~ COMMISSION or a local
19 licensing authority has the power, on its own motion or on complaint,
20 after investigation and opportunity for a public hearing at which the
21 licensee shall be afforded an opportunity to be heard, to suspend or
22 revoke a license issued by the respective authority for a violation by the
23 licensee or by any of the agents or employees of the licensee of the
24 provisions of this article, or any of the rules promulgated pursuant to this
25 article, or of any of the terms, conditions, or provisions of the license
26 issued by the ~~state~~ COMMISSION or local licensing authority. The ~~state~~
27 ~~licensing authority~~ COMMISSION or a local licensing authority has the

1 power to administer oaths and issue subpoenas to require the presence of
2 persons and the production of papers, books, and records necessary to the
3 determination of a hearing that the ~~state~~ COMMISSION or local licensing
4 authority is authorized to conduct.

5 (2) The ~~state~~ COMMISSION or local licensing authority shall
6 provide notice of suspension, revocation, fine, or other sanction, as well
7 as the required notice of the hearing pursuant to subsection (1) of this
8 section, by mailing the same in writing to the licensee at the address
9 contained in the license. Except in the case of a summary suspension, a
10 suspension shall not be for a longer period than six months. If a license
11 is suspended or revoked, a part of the fees paid therefore shall not be
12 returned to the licensee. Any license or permit may be summarily
13 suspended by the ~~issuing~~ COMMISSION OR LOCAL licensing authority
14 without notice pending any prosecution, investigation, or public hearing
15 pursuant to the terms of section 24-4-104 (4), C.R.S. Nothing in this
16 section shall prevent the summary suspension of a license pursuant to
17 section 24-4-104 (4), C.R.S. Each patient registered with a medical
18 marijuana center that has had its license summarily suspended may
19 immediately transfer his or her primary center to another licensed medical
20 marijuana center.

21 (3) (a) Whenever a decision of the ~~state licensing authority~~
22 COMMISSION or a local licensing authority suspending a license for
23 fourteen days or less becomes final, the licensee may, before the operative
24 date of the suspension, petition for permission to pay a fine in lieu of
25 having the license suspended for all or part of the suspension period.
26 Upon the receipt of the petition, the ~~state~~ COMMISSION or local licensing
27 authority may, in its sole discretion, stay the proposed suspension and

1 cause any investigation to be made which it deems desirable and may, in
2 its sole discretion, grant the petition if the ~~state~~ COMMISSION or local
3 licensing authority is satisfied that:

4 (4) Upon payment of the fine pursuant to subsection (3) of this
5 section, the ~~state~~ COMMISSION or local licensing authority shall enter its
6 further order permanently staying the imposition of the suspension. If the
7 fine is paid to a local licensing authority, the governing body of the
8 authority shall cause the moneys to be paid into the general fund of the
9 local licensing authority. Fines paid to the state licensing authority
10 pursuant to subsection (3) of this section shall be transmitted to the state
11 treasurer, who shall credit the same to the medical marijuana license cash
12 fund created in section 12-43.3-501.

13 (5) In connection with a petition pursuant to subsection (3) of this
14 section, the authority of the ~~state~~ COMMISSION or local licensing authority
15 is limited to the granting of such stays as are necessary for the authority
16 to complete its investigation and make its findings and, if the
17 COMMISSION OR LOCAL LICENSING authority makes such findings, to the
18 granting of an order permanently staying the imposition of the entire
19 suspension or that portion of the suspension not otherwise conditionally
20 stayed.

21 (6) If the ~~state~~ COMMISSION or local licensing authority does not
22 make the findings required in paragraph (a) of subsection (3) of this
23 section and does not order the suspension permanently stayed, the
24 suspension shall go into effect on the operative date finally set by the state
25 or local licensing authority.

26 **SECTION 27.** In Colorado Revised Statutes, 12-43.3-602,
27 **amend** (4), (5), (6), and (7) as follows:

1 **12-43.3-602. Disposition of unauthorized marijuana or**
2 **marijuana-infused products and related materials.** (4) If the state
3 COMMISSION or local licensing authority issues a final agency order
4 imposing a disciplinary action against a licensee pursuant to section
5 12-43.3-601, then, in addition to any other remedies, the COMMISSION OR
6 LOCAL licensing authority's final agency order may specify that some or
7 all of the licensee's marijuana or marijuana-infused product is not medical
8 marijuana or a medical marijuana-infused product and is an illegal
9 controlled substance. The order may further specify that the licensee shall
10 lose any interest in any of the marijuana or marijuana-infused product
11 even if the marijuana or marijuana-infused product previously qualified
12 as medical marijuana or a medical marijuana-infused product. The final
13 agency order may direct the destruction of any such marijuana and
14 marijuana-infused products, except as provided in subsections (5) and (6)
15 of this section. The authorized destruction may include the incidental
16 destruction of any containers, equipment, supplies, and other property
17 associated with the marijuana or marijuana-infused product.

18 (5) Following the issuance of a final agency order by the
19 COMMISSION OR LOCAL licensing authority imposing a disciplinary action
20 against a licensee and ordering destruction authorized by subsection (4)
21 of this section, a licensee shall have fifteen days within which to file a
22 petition for stay of agency action with the district court. The action shall
23 be filed in the city and county of Denver, which shall be deemed to be the
24 residence of the ~~state licensing authority~~ COMMISSION for purposes of this
25 section. The licensee shall serve the petition in accordance with the rules
26 of civil procedure. The district court shall promptly rule upon the petition
27 and shall determine whether the licensee has a substantial likelihood of

1 success on judicial review so as to warrant delay of the destruction
2 authorized by subsection (4) of this section or whether other
3 circumstances, including but not limited to the need for preservation of
4 evidence, warrant delay of such destruction. If destruction is so delayed
5 pursuant to judicial order, the court shall issue an order setting forth terms
6 and conditions pursuant to which the licensee may maintain the marijuana
7 and marijuana-infused product pending judicial review, and prohibiting
8 the licensee from using or distributing the marijuana or marijuana-infused
9 product pending the review. The COMMISSION OR LOCAL licensing
10 authority shall not carry out the destruction authorized by subsection (4)
11 of this section until fifteen days have passed without the filing of a
12 petition for stay of agency action, or until the court has issued an order
13 denying stay of agency action pursuant to this subsection (5).

14 (6) The COMMISSION OR LOCAL licensing authority shall not carry
15 out the destruction authorized by subsection (4) of this section until it has
16 notified the district attorney for the judicial district in which the
17 marijuana is located to determine whether the marijuana or product
18 constitutes evidence in a criminal proceeding such that it should not be
19 destroyed, and until fifteen days have passed from the date of the issuance
20 of such notice.

21 (7) On or before January 1, 2012, the ~~state licensing authority~~
22 COMMISSION shall promulgate rules governing the implementation of this
23 section.

24 **SECTION 28.** In Colorado Revised Statutes, 12-43.3-701,
25 **amend** (1) and (2) as follows:

26 **12-43.3-701. Inspection procedures.** (1) Each licensee shall
27 keep a complete set of all records necessary to show fully the business

1 transactions of the licensee, all of which shall be open at all times during
2 business hours for the inspection and examination of the COMMISSION OR
3 state licensing authority or its duly authorized representatives. The
4 COMMISSION OR state licensing authority may require any licensee to
5 furnish such information as it considers necessary for the proper
6 administration of this article and may require an audit to be made of the
7 books of account and records on such occasions as it may consider
8 necessary by an auditor to be selected by the COMMISSION OR state
9 licensing authority who shall likewise have access to all books and
10 records of the licensee, and the expense thereof shall be paid by the
11 licensee.

12 (2) The licensed premises, including any places of storage where
13 medical marijuana is grown, stored, cultivated, sold, or dispensed, shall
14 be subject to inspection by the COMMISSION OR state or local licensing
15 authorities and their investigators, during all business hours and other
16 times of apparent activity, for the purpose of inspection or investigation.
17 For examination of any inventory or books and records required to be
18 kept by the licensees, access shall be required during business hours.
19 Where any part of the licensed premises consists of a locked area, upon
20 demand to the licensee, such area shall be made available for inspection
21 without delay, and, upon request by authorized representatives of the state
22 or local licensing authority, the licensee shall open the area for inspection.

23 **SECTION 29.** In Colorado Revised Statutes, **amend** 12-43.3-801
24 as follows:

25 **12-43.3-801. Judicial review.** Decisions by the ~~state licensing~~
26 ~~authority~~ COMMISSION or a local licensing authority shall be subject to
27 judicial review pursuant to section 24-4-106, C.R.S.

1 **SECTION 30.** In Colorado Revised Statutes, 12-43.3-1101,
2 **amend** (1), (2.5), and (3) as follows:

3 **12-43.3-1101. Responsible vendor program - standards -**
4 **designation - program.** (1) A person who wants to offer a responsible
5 medical or retail marijuana vendor server and seller training program
6 must submit an application to the ~~state licensing authority~~ COMMISSION
7 for approval, which program is referred to in this part 11 as an "approved
8 training program". The ~~state licensing authority~~ COMMISSION, in
9 consultation with the department of public health and environment, shall
10 approve the submitted program if the submitted program meets the
11 minimum criteria described in subsection (2) of this section. The
12 department of public health and environment shall review each submitted
13 program and shall provide the ~~state licensing authority~~ COMMISSION with
14 the department's analysis of whether the portions of the program related
15 to the department's oversight meet the minimum criteria described in this
16 section.

17 (2.5) When promulgating program standards pursuant to
18 subsection (2) of this section, the ~~state licensing authority~~ COMMISSION
19 shall consider input from other state agencies, local jurisdictions, the
20 medical and retail marijuana industry, and any other state or national
21 seller server program.

22 (3) A provider of an approved training program shall maintain its
23 training records at its principal place of business during the applicable
24 year and for the preceding three years, and the provider shall make the
25 records available for inspection by the COMMISSION OR LOCAL licensing
26 authority during normal business hours.

27 **SECTION 31.** In Colorado Revised Statutes, 12-43.3-1102,

1 **amend** (1) (a) and (3) as follows:

2 **12-43.3-1102. Responsible vendor - designation.** (1) (a) A
3 medical marijuana business licensed pursuant to this article or a retail
4 marijuana business licensed pursuant to article 43.4 of this title may
5 receive a responsible vendor designation from the program vendor after
6 successfully completing a responsible medical or retail marijuana vendor
7 server and seller training program approved by the ~~state licensing~~
8 ~~authority~~ COMMISSION. A responsible vendor designation is valid for two
9 years from the date of issuance.

10 (3) If THE COMMISSION OR a local ~~or state~~ licensing authority
11 initiates an administrative action against a licensee who has complied
12 with the requirements of this section and has been designated a
13 responsible vendor, the licensing authority shall consider the designation
14 as a mitigating factor when imposing sanctions or penalties on the
15 licensee.

16 **SECTION 32.** In Colorado Revised Statutes, 12-43.4-103,
17 **amend** (1), (12), (14), and (14.5); and **add** (1.5) as follows:

18 **12-43.4-103. Definitions.** As used in this article, unless the
19 context otherwise requires:

20 (1) ~~"Executive director" means the executive director of the~~
21 ~~department of revenue.~~ "COMMISSION" MEANS THE COLORADO
22 MARIJUANA CONTROL COMMISSION CREATED IN SECTION 12-43.3-203.

23 (1.5) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF
24 THE DEPARTMENT OF REVENUE.

25 (12) "Owner" means any person having a beneficial interest, as
26 defined by the ~~state licensing authority~~ COMMISSION, in a retail marijuana
27 establishment.

1 (14) "Premises" means a distinctly identified, as required by the
2 ~~state licensing authority~~ COMMISSION, and definite location, which may
3 include a building, a part of a building, a room, or any other definite
4 contiguous area.

5 (14.5) "Resealable" means that the package continues to function
6 with effectiveness specifications, which shall be established by the ~~state~~
7 ~~licensing authority~~ COMMISSION similar to the federal "Poison Prevention
8 Packaging Act of 1970", 15 U.S.C. sec. 1471 et seq., for the number of
9 openings and closings customary for its size and contents, which shall be
10 determined by the ~~state licensing authority~~ COMMISSION.

11 **SECTION 33.** In Colorado Revised Statutes, 12-43.4-104,
12 **amend** (2) (b) (I) and (6) (a) as follows:

13 **12-43.4-104. Applicability - retail marijuana - repeal.**

14 (2) (b) (I) The ~~state licensing authority~~ COMMISSION shall act upon an
15 application made pursuant to subsection (1) of this section no sooner than
16 forty-five days and no later than ninety days after the date of the
17 application. The ~~state licensing authority~~ COMMISSION shall process
18 applications in the order in which complete applications are received by
19 the state licensing authority.

20 (6) On or before April 1, 2014, and on or before April 1 each year
21 thereafter, the state licensing authority shall submit a report to the joint
22 budget committee and the finance committees of the senate and house of
23 representatives, or any successor committees, on:

24 (a) The progress that the ~~state licensing authority~~ COMMISSION is
25 making in processing licenses;

26 **SECTION 34.** In Colorado Revised Statutes, **amend** 12-43.4-105
27 as follows:

1 **12-43.4-105. Limited access areas.** Subject to the provisions of
2 section 12-43.4-701, a limited access area shall be a building, room, or
3 other contiguous area upon the licensed premises where retail marijuana
4 and retail marijuana products are cultivated, stored, weighed, packaged,
5 or tested, under control of the licensee, with limited access to only those
6 persons licensed by the ~~state licensing authority~~ COMMISSION. All areas
7 of ingress or egress to limited access areas shall be clearly identified as
8 such by a sign as designated by the state licensing authority.

9 **SECTION 35.** In Colorado Revised Statutes, 12-43.4-303,
10 **amend** (1) as follows:

11 **12-43.4-303. Retail marijuana license bond.** (1) Before the ~~state~~
12 ~~licensing authority~~ COMMISSION issues a state license to an applicant, the
13 applicant shall procure and file with the state licensing authority evidence
14 of a good and sufficient bond in the amount of five thousand dollars with
15 corporate surety thereon duly licensed to do business with the state,
16 approved as to form by the attorney general of the state, and conditioned
17 that the applicant shall report and pay all sales and use taxes due to the
18 state, or for which the state is the collector or collecting agent, in a timely
19 manner, as provided in law.

20 **SECTION 36.** In Colorado Revised Statutes, 12-43.4-304,
21 **amend** (1) as follows:

22 **12-43.4-304. State licensing authority - application and**
23 **issuance procedures.** (1) Applications for a state license under the
24 provisions of this article must be made to the state licensing authority on
25 forms prepared and furnished by the state licensing authority and must set
26 forth such information as the state licensing authority may require to
27 enable the ~~state licensing authority~~ COMMISSION to determine whether a

1 state license should be granted. The information must include the name
2 and address of the applicant and the names and addresses of the officers,
3 directors, or managers. Each application must be verified by the oath or
4 affirmation of such person or persons as the state licensing authority may
5 prescribe. The ~~state licensing authority~~ COMMISSION may issue a state
6 license to an applicant pursuant to this section upon completion of the
7 applicable criminal history background check associated with the
8 application, and the state license is conditioned upon local jurisdiction
9 approval. A license applicant is prohibited from operating a licensed retail
10 marijuana business without state and local jurisdiction approval. If the
11 applicant does not receive local jurisdiction approval within one year
12 from the date of ~~state licensing authority~~ COMMISSION approval, the state
13 license shall expire and may not be renewed. If an application is denied
14 by the local licensing authority, the ~~state licensing authority~~ COMMISSION
15 shall revoke the state-issued license.

16 **SECTION 37.** In Colorado Revised Statutes, 12-43.4-305,
17 **amend** (1) introductory portion and (2) as follows:

18 **12-43.4-305. Denial of application - definition.** (1) The ~~state~~
19 ~~licensing authority~~ COMMISSION shall deny a state license if the premises
20 on which the applicant proposes to conduct its business does not meet the
21 requirements of this article or for reasons set forth in section 12-43.4-304.
22 The ~~state licensing authority~~ COMMISSION may refuse or deny a license
23 renewal, reinstatement, or initial license issuance for good cause. For
24 purposes of this subsection (1), "good cause" means:

25 (2) If the ~~state licensing authority~~ COMMISSION denies a state
26 license pursuant to subsection (1) of this section, the applicant shall be
27 entitled to a hearing pursuant to section 24-4-104 (9), C.R.S., and judicial

1 review pursuant to section 24-4-106, C.R.S. The ~~state licensing authority~~
2 COMMISSION shall provide written notice of the grounds for denial of the
3 state license to the applicant and to the local jurisdiction at least fifteen
4 days prior to the hearing.

5 **SECTION 38.** In Colorado Revised Statutes, 12-43.4-306,
6 **amend** (1) (d), (1) (g) (II), and (1) (i) as follows:

7 **12-43.4-306. Persons prohibited as licensees - definitions.**

8 (1) A license provided by this article shall not be issued to or held by:

9 (d) A person financed in whole or in part by any other person
10 whose criminal history indicates he or she is not of good moral character
11 after considering the factors in section 24-5-101 (2), C.R.S., and
12 reputation satisfactory to the ~~respective~~ COMMISSION OR licensing
13 authority;

14 (g) A person who:

15 (II) Has discharged a sentence for a conviction of a felony
16 pursuant to any state or federal law regarding the possession, distribution,
17 manufacturing, cultivation, or use of a controlled substance in the ten
18 years immediately preceding his or her application date or five years from
19 May 28, 2013, whichever is longer; except that the COMMISSION OR
20 LOCAL licensing authority may grant a license to a person if the person
21 has a state felony conviction based on possession or use of marijuana or
22 marijuana concentrate that would not be a felony if the person were
23 convicted of the offense on the date he or she applied for licensure;

24 (i) A sheriff, deputy sheriff, police officer, or prosecuting officer,
25 or an officer or employee of the COMMISSION, state licensing authority, or
26 a local licensing authority;

27 **SECTION 39.** In Colorado Revised Statutes, 12-43.4-307,

1 **amend** (1) introductory portion and (1) (a) as follows:

2 **12-43.4-307. Restrictions for applications for new licenses.**

3 (1) The ~~state licensing authority~~ COMMISSION shall not approve an
4 application for the issuance of a state license pursuant to this article:

5 (a) If the application for the license concerns a particular location
6 that is the same as or within one thousand feet of a location for which,
7 within the two years immediately preceding the date of the application,
8 the ~~state licensing authority~~ COMMISSION denied an application for the
9 same class of license due to the nature of the use or other concern related
10 to the location; or

11 **SECTION 40.** In Colorado Revised Statutes, 12-43.4-308,
12 **amend** (2) as follows:

13 **12-43.4-308. Transfer of ownership.** (2) For a transfer of
14 ownership, a license holder shall apply to the state licensing authority on
15 forms prepared and furnished by the ~~state licensing authority~~
16 COMMISSION. Upon receipt of an application for transfer of ownership, the
17 ~~state licensing authority~~ COMMISSION shall submit, within seven days, a
18 copy of the application to the local jurisdiction to determine whether the
19 transfer complies with local restrictions on transfer of ownership. In
20 determining whether to permit a transfer of ownership, the ~~state licensing~~
21 ~~authority~~ COMMISSION shall consider only the requirements of this article,
22 any rules promulgated by the ~~state licensing authority~~ COMMISSION, and
23 any other local restrictions. The local jurisdiction may hold a hearing on
24 the application for transfer of ownership. The local jurisdiction shall not
25 hold a hearing pursuant to this subsection (2) until the local jurisdiction
26 has posted a notice of hearing in the manner described in section
27 12-43.4-302 (1) on the licensed premises for a period of ten days and has

1 provided notice of the hearing to the applicant at least ten days prior to
2 the hearing. Any transfer of ownership hearing by the ~~state licensing~~
3 ~~authority~~ COMMISSION shall be held in compliance with the requirements
4 specified in section 12-43.4-304.

5 **SECTION 41.** In Colorado Revised Statutes, 12-43.4-309,
6 **amend** (2), (3), and (6) as follows:

7 **12-43.4-309. Licensing in general.** (2) A retail marijuana
8 establishment may not operate until it is licensed by the ~~state licensing~~
9 ~~authority~~ COMMISSION pursuant to this article and approved by the local
10 jurisdiction. If an application is denied by the local licensing authority,
11 the ~~state licensing authority~~ COMMISSION shall revoke the state-issued
12 license. In connection with a license, the applicant shall provide a
13 complete and accurate application as required by the state licensing
14 authority.

15 (3) A retail marijuana establishment shall notify the state licensing
16 authority in writing of the name, address, and date of birth of an owner,
17 officer, or manager before the new owner, officer, or manager begins
18 managing, owning, or associating with the operation. The owner, officer,
19 manager, or employee must pass a fingerprint-based criminal history
20 record check as required by the ~~state licensing authority~~ COMMISSION and
21 obtain the required identification prior to being associated with,
22 managing, owning, or working at the operation.

23 (6) Before granting a state license, the ~~state licensing authority~~
24 COMMISSION may consider, except when this article specifically provides
25 otherwise, the requirements of this article and any rules promulgated
26 pursuant to this article, and all other reasonable restrictions that are or
27 may be placed upon the licensee by the licensing authority.

1 **SECTION 42.** In Colorado Revised Statutes, **amend** 12-43.4-310
2 as follows:

3 **12-43.4-310. License renewal.** (1) Ninety days prior to the
4 expiration date of an existing license, the state licensing authority shall
5 notify the licensee of the expiration date by first-class mail at the
6 licensee's address of record with the state licensing authority. A licensee
7 may apply for the renewal of an existing license to the state licensing
8 authority not less than thirty days prior to the date of expiration. Upon
9 receipt of an application for renewal of an existing license and any
10 applicable fees, the state licensing authority shall submit, within seven
11 days, a copy of the application to the local jurisdiction to determine
12 whether the application complies with all local restrictions on renewal of
13 licenses. The state licensing authority shall not accept an application for
14 renewal of a license after the date of expiration, except as provided in
15 subsection (2) of this section. ~~The state licensing authority~~ COMMISSION
16 may extend the expiration date of the license and accept a late application
17 for renewal of a license if the applicant has filed a timely renewal
18 application with the local licensing authority. ~~The state~~ COMMISSION or
19 the local licensing authority, in its discretion, subject to the requirements
20 of this subsection (1) and subsection (2) of this section and based upon
21 reasonable grounds, may waive the thirty-day time requirements set forth
22 in this subsection (1).

23 (2) (a) Notwithstanding the provisions of subsection (1) of this
24 section, a licensee whose license has been expired for not more than
25 ninety days may file a late renewal application upon the payment of a
26 nonrefundable late application fee of five hundred dollars to the state
27 licensing authority. A licensee who files a late renewal application and

1 pays the requisite fees may continue to operate until the ~~state licensing~~
2 ~~authority~~ COMMISSION takes final action to approve or deny the licensee's
3 late renewal application unless the ~~state licensing authority~~ COMMISSION
4 summarily suspends the license pursuant to article 4 of title 24, C.R.S.,
5 this article, and rules promulgated pursuant to this article.

6 (b) The ~~state licensing authority~~ COMMISSION may
7 administratively continue the license and accept a later application for
8 renewal of a license at the discretion of the ~~state licensing authority~~
9 COMMISSION.

10 (c) Notwithstanding the amount specified for the late application
11 fee in paragraph (a) of this subsection (2), the ~~state licensing authority~~
12 COMMISSION by rule or as otherwise provided by law may reduce the
13 amount of the fee if necessary pursuant to section 24-75-402 (3), C.R.S.,
14 by reducing the uncommitted reserves of the fund to which all or any
15 portion of the fee is credited. After the uncommitted reserves of the fund
16 are sufficiently reduced, the ~~state licensing authority~~ COMMISSION, by rule
17 or as otherwise provided by law, may increase the amount of the fee as
18 provided in section 24-75-402 (4), C.R.S.

19 **SECTION 43.** In Colorado Revised Statutes, **amend** 12-43.4-311
20 as follows:

21 **12-43.4-311. Inactive licenses.** The ~~state licensing authority~~
22 COMMISSION, in its discretion, may revoke or elect not to renew any
23 license if it determines that the licensed premises have been inactive,
24 without good cause, for at least one year.

25 **SECTION 44.** In Colorado Revised Statutes, 12-43.4-312,
26 **amend** (1) as follows:

27 **12-43.4-312. Unlawful financial assistance.** (1) The ~~state~~

1 ~~licensing authority~~ COMMISSION shall require a complete disclosure of all
2 persons having a direct or indirect financial interest, and the extent of
3 such interest, in each license issued under this article.

4 **SECTION 45.** In Colorado Revised Statutes, 12-43.4-401,
5 **amend** (1) introductory portion, (1) (e), and (2) (b) (II) as follows:

6 **12-43.4-401. Classes of licenses.** (1) For the purpose of
7 regulating the cultivation, manufacture, distribution, sale, and testing of
8 retail marijuana and retail marijuana products, the ~~state licensing~~
9 ~~authority~~ COMMISSION in its discretion, upon receipt of an application in
10 the prescribed form, may issue and grant to the applicant a license from
11 any of the following classes, subject to the provisions and restrictions
12 provided by this article:

13 (e) Occupational licenses and registrations for owners, managers,
14 operators, employees, contractors, and other support staff employed by,
15 working in, or having access to restricted areas of the licensed premises,
16 as determined by the ~~state licensing authority~~ COMMISSION. The ~~state~~
17 ~~licensing authority~~ COMMISSION may take any action with respect to a
18 registration pursuant to this article as it may with respect to a license
19 pursuant to this article, in accordance with the procedures established
20 pursuant to this article.

21 (2) (b) (II) For a dual medical marijuana center and a retail
22 marijuana store that only sells medical marijuana to persons twenty-one
23 years of age or older, the ~~state licensing authority must~~ COMMISSION
24 SHALL adopt rules concerning the licensed premises including but not
25 limited to whether to allow single entrances and exits and virtual
26 separation of inventory.

27 **SECTION 46.** In Colorado Revised Statutes, 12-43.4-402,

1 **amend** (2) (a), (3) (a) (III), (4), (5), and (8) as follows:

2 **12-43.4-402. Retail marijuana store license - definitions.**

3 (2) (a) Notwithstanding the provisions of this section, a retail marijuana
4 store licensee may also sell retail marijuana products that are prepackaged
5 and labeled as required by rules of the ~~state licensing authority~~
6 COMMISSION pursuant to ~~section 12-43.4-202~~ SECTION 12-43.4-203.

7 (3) (a) (III) As used in this paragraph (a), "equivalent in retail
8 marijuana products" has the same meaning as established by the ~~state~~
9 ~~licensing authority~~ COMMISSION by rule pursuant to section 12-43.4-202
10 (3) (a.5).

11 (4) A retail marijuana store may provide, except as required by
12 ~~section 12-43.4-202 (3) (a) (IV)~~ SECTION 12-43.4-203 (2) (a) (IV), a
13 sample of its products to a facility that has a marijuana testing facility
14 license from the ~~state licensing authority~~ COMMISSION for testing and
15 research purposes. A retail marijuana store shall maintain a record of
16 what was provided to the testing facility, the identity of the testing
17 facility, and the results of the testing.

18 (5) All retail marijuana and retail marijuana products sold at a
19 licensed retail marijuana store shall be packaged and labeled as required
20 by rules of the ~~state licensing authority~~ COMMISSION pursuant to ~~section~~
21 ~~12-43.4-202~~ SECTION 12-43.3-203.

22 (8) The premises of a licensed retail marijuana store is the only
23 place where an automatic dispensing machine that contains retail
24 marijuana or retail marijuana products may be located. If a licensed retail
25 marijuana store uses an automatic dispensing machine that contains retail
26 marijuana and retail marijuana products, it must comply with the
27 regulations promulgated by the ~~state licensing authority~~ COMMISSION for

1 its use.

2 **SECTION 47.** In Colorado Revised Statutes, 12-43.4-403,
3 **amend** (3) and (5) as follows:

4 **12-43.4-403. Retail marijuana cultivation facility license.** (3) A
5 retail marijuana cultivation facility shall remit any applicable excise tax
6 due in accordance with article 28.8 of title 39, C.R.S., based on the
7 average wholesale prices set by the ~~state licensing authority~~ COMMISSION.

8 (5) A retail marijuana cultivation facility may provide, except as
9 required by ~~section 12-43.4-202 (3) (a) (IV)~~ SECTION 12-43.4-203 (2) (a)
10 (IV), a sample of its products to a facility that has a marijuana testing
11 facility license from the ~~state licensing authority~~ COMMISSION for testing
12 and research purposes. A retail marijuana cultivation facility shall
13 maintain a record of what was provided to the testing facility, the identity
14 of the testing facility, and the testing results.

15 **SECTION 48.** In Colorado Revised Statutes, 12-43.4-404,
16 **amend** (2), (3), (6), and (8) as follows:

17 **12-43.4-404. Retail marijuana products manufacturing**
18 **license.** (2) Retail marijuana products shall be prepared on a licensed
19 premises that is used exclusively for the manufacture and preparation of
20 retail marijuana or retail marijuana products and using equipment that is
21 used exclusively for the manufacture and preparation of retail marijuana
22 products; except that, if permitted by the local jurisdiction, a retail
23 marijuana products manufacturing licensee may share the same premises
24 as a medical marijuana-infused products manufacturing licensee so long
25 as a virtual or physical separation of inventory is maintained pursuant to
26 rule of the ~~state licensing authority~~ COMMISSION.

27 (3) All licensed premises on which retail marijuana products are

1 manufactured shall meet the sanitary standards for retail marijuana
2 product preparation promulgated pursuant to ~~section 12-43.4-202 (3) (a)~~
3 ~~(XI)~~ SECTION 12-43.4-203 (2) (a) (XI).

4 (6) A retail marijuana products manufacturer may provide, except
5 as required by ~~section 12-43.4-202 (3) (a) (IV)~~ SECTION 12-43.4-203 (2)
6 (a) (IV), a sample of its products to a facility that has a retail marijuana
7 testing facility license from the ~~state licensing authority~~ COMMISSION for
8 testing and research purposes. A retail marijuana products manufacturer
9 shall maintain a record of what was provided to the testing facility, the
10 identity of the testing facility, and the results of the testing.

11 (8) A licensed retail marijuana products manufacturer shall
12 package and label each product manufactured as required by rules of the
13 ~~state licensing authority~~ COMMISSION pursuant to ~~section 12-43.4-202~~
14 SECTION 12-43.4-203.

15 **SECTION 49.** In Colorado Revised Statutes, 12-43.4-405,
16 **amend** (2) and (3) as follows:

17 **12-43.4-405. Retail marijuana testing facility license - rules.**

18 (2) The ~~state licensing authority~~ COMMISSION shall promulgate rules
19 pursuant to its authority in ~~section 12-43.4-202 (1) (b)~~ SECTION
20 12-43.4-203 (2) (a) related to acceptable testing and research practices,
21 including but not limited to testing, standards, quality control analysis,
22 equipment certification and calibration, and chemical identification and
23 other substances used in bona fide research methods.

24 (3) A person who has an interest in a retail marijuana testing
25 facility license from the ~~state licensing authority~~ COMMISSION for testing
26 purposes shall not have any interest in a licensed medical marijuana
27 center, a licensed optional premises cultivation operation, a licensed

1 medical marijuana-infused products manufacturer, a licensed retail
2 marijuana store, a licensed retail marijuana cultivation facility, or a
3 licensed retail marijuana products manufacturer. A person that has an
4 interest in a licensed medical marijuana center, a licensed optional
5 premises cultivation operation, a licensed medical marijuana-infused
6 products manufacturer, a licensed retail marijuana store, a licensed retail
7 marijuana cultivation facility, or a licensed retail marijuana products
8 manufacturer shall not have an interest in a facility that has a retail
9 marijuana testing facility license.

10 **SECTION 50.** In Colorado Revised Statutes, 12-43.4-601,
11 **amend** (1), (2), (3) (a) introductory portion, (4), (5), (6), and (7) as
12 follows:

13 **12-43.4-601. Suspension - revocation - fines.** (1) In addition to
14 any other sanctions prescribed by this article or rules promulgated
15 pursuant to this article, the ~~state licensing authority~~ COMMISSION has the
16 power, on its own motion or on complaint, after investigation and
17 opportunity for a public hearing at which the licensee must be afforded
18 an opportunity to be heard, to fine a licensee or to suspend or revoke a
19 license issued by the ~~authority~~ COMMISSION for a violation by the licensee
20 or by any of the agents or employees of the licensee of the provisions of
21 this article, or any of the rules promulgated pursuant to this article, or of
22 any of the terms, conditions, or provisions of the license issued by the
23 ~~state licensing authority~~ COMMISSION. The ~~state licensing authority~~
24 COMMISSION has the power to administer oaths and issue subpoenas to
25 require the presence of persons and the production of papers, books, and
26 records necessary to the determination of a hearing that the state authority
27 is authorized to conduct.

1 (2) The ~~state licensing authority~~ COMMISSION shall provide notice
2 of suspension, revocation, fine, or other sanction, as well as the required
3 notice of the hearing pursuant to subsection (1) of this section, by mailing
4 the same in writing to the licensee at the address contained in the license
5 and, if different, at the last address furnished to the authority by the
6 licensee. Except in the case of a summary suspension, a suspension shall
7 not be for a period longer than six months. If a license is suspended or
8 revoked, a part of the fees paid therefor shall not be returned to the
9 licensee. Any license may be summarily suspended by the ~~state licensing~~
10 ~~authority~~ COMMISSION without notice pending any prosecution,
11 investigation, or public hearing pursuant to the terms of section 24-4-104
12 (4), C.R.S. Nothing in this section shall prevent the summary suspension
13 of a license pursuant to section 24-4-104 (4), C.R.S.

14 (3) (a) Whenever a decision of the ~~state licensing authority~~
15 COMMISSION suspending a license for fourteen days or less becomes final,
16 the licensee may, before the operative date of the suspension, petition for
17 permission to pay a fine in lieu of having the license suspended for all or
18 part of the suspension period. Upon the receipt of the petition, the ~~state~~
19 ~~authority~~ COMMISSION may, in its sole discretion, stay the proposed
20 suspension and cause any investigation to be made which it deems
21 desirable and may, in its sole discretion, grant the petition if the ~~state~~
22 ~~licensing authority~~ COMMISSION is satisfied that:

23 (4) Upon payment of the fine pursuant to subsection (3) of this
24 section, the ~~state licensing authority~~ COMMISSION shall enter its further
25 order permanently staying the imposition of the suspension. Fines paid to
26 the state licensing authority pursuant to subsection (3) of this section shall
27 be transmitted to the state treasurer, who shall credit the same to the

1 marijuana cash fund created in section 12-43.3-501.

2 (5) In connection with a petition pursuant to subsection (3) of this
3 section, the authority of the ~~state licensing authority~~ COMMISSION is
4 limited to the granting of such stays as are necessary for the ~~authority~~
5 COMMISSION to complete its investigation and make its findings and, if
6 the ~~authority~~ COMMISSION makes such findings, to the granting of an
7 order permanently staying the imposition of the entire suspension or that
8 portion of the suspension not otherwise conditionally stayed.

9 (6) If the ~~state licensing authority~~ COMMISSION does not make the
10 findings required in paragraph (a) of subsection (3) of this section and
11 does not order the suspension permanently stayed, the suspension shall go
12 into effect on the operative date finally set by the ~~state licensing authority~~
13 COMMISSION.

14 (7) No later than January 15 of each year, the ~~state licensing~~
15 ~~authority~~ COMMISSION shall compile a report of the preceding year's
16 actions in which fines, suspensions, or revocations were imposed by the
17 state licensing authority. The ~~state licensing authority~~ COMMISSION shall
18 file one copy of the report with the chief clerk of the house of
19 representatives, one copy with the secretary of the senate, and six copies
20 in the joint legislative library.

21 **SECTION 51.** In Colorado Revised Statutes, 12-43.4-602,
22 **amend** (4), (5), (6), and (7) as follows:

23 **12-43.4-602. Disposition of unauthorized marijuana or**
24 **marijuana products and related materials - rules.** (4) If the ~~state~~
25 ~~licensing authority~~ COMMISSION issues a final agency order imposing a
26 disciplinary action against a licensee pursuant to section 12-43.4-601,
27 then, in addition to any other remedies, the ~~licensing authority's~~

1 COMMISSION'S final agency order may specify that some or all of the
2 licensee's marijuana or marijuana product is not retail marijuana or a
3 retail marijuana product and is an illegal controlled substance. The order
4 may further specify that the licensee shall lose any interest in any of the
5 marijuana or marijuana product even if the marijuana or marijuana
6 product previously qualified as retail marijuana or a retail marijuana
7 product. The final agency order may direct the destruction of any such
8 marijuana and marijuana products, except as provided in subsections (5)
9 and (6) of this section. The authorized destruction may include the
10 incidental destruction of any containers, equipment, supplies, and other
11 property associated with the marijuana or marijuana product.

12 (5) Following the issuance of a final agency order by the ~~state~~
13 ~~licensing authority~~ COMMISSION against a licensee and ordering
14 destruction authorized by subsection (4) of this section, a licensee shall
15 have fifteen days within which to file a petition for stay of agency action
16 with the district court. The action shall be filed in the city and county of
17 Denver, which shall be deemed to be the residence of the ~~state licensing~~
18 ~~authority~~ COMMISSION for purposes of this section. The licensee shall
19 serve the petition in accordance with the Colorado rules of civil
20 procedure. The district court shall promptly rule upon the petition and
21 determine whether the licensee has a substantial likelihood of success on
22 judicial review so as to warrant delay of the destruction authorized by
23 subsection (4) of this section or whether other circumstances, including
24 but not limited to the need for preservation of evidence, warrant delay of
25 such destruction. If destruction is so delayed pursuant to judicial order,
26 the court shall issue an order setting forth terms and conditions pursuant
27 to which the licensee may maintain the retail marijuana and retail

1 marijuana product pending judicial review and prohibiting the licensee
2 from using or distributing the retail marijuana or retail marijuana product
3 pending the review. The ~~licensing authority~~ COMMISSION shall not carry
4 out the destruction authorized by subsection (4) of this section until
5 fifteen days have passed without the filing of a petition for stay of agency
6 action or until the court has issued an order denying stay of agency action
7 pursuant to this subsection (5).

8 (6) A district attorney shall notify the ~~state licensing authority~~
9 COMMISSION if it begins investigating a retail marijuana establishment. If
10 the ~~state licensing authority~~ COMMISSION has received notification from
11 a district attorney that an investigation is being conducted, the ~~state~~
12 ~~licensing authority~~ COMMISSION shall not destroy any marijuana or
13 marijuana products from the retail marijuana establishment until the
14 destruction is approved by the district attorney.

15 (7) On or before January 1, 2014, the ~~state licensing authority~~
16 COMMISSION shall promulgate rules governing the implementation of this
17 section.

18 **SECTION 52.** In Colorado Revised Statutes, 12-43.4-701,
19 **amend** (1) as follows:

20 **12-43.4-701. Inspection procedures.** (1) Each licensee shall
21 keep a complete set of all records necessary to show fully the business
22 transactions of the licensee, all of which shall be open at all times during
23 business hours for the inspection and examination by the COMMISSION OR
24 state licensing authority or its duly authorized representatives. The
25 COMMISSION OR state licensing authority may require any licensee to
26 furnish such information as it considers necessary for the proper
27 administration of this article and may require an audit to be made of the

1 books of account and records on such occasions as it may consider
2 necessary by an auditor to be selected by the COMMISSION OR state
3 licensing authority who shall likewise have access to all books and
4 records of the licensee, and the expense thereof shall be paid by the
5 licensee.

6 **SECTION 53.** In Colorado Revised Statutes, **amend** 12-43.4-801
7 as follows:

8 **12-43.4-801. Judicial review.** Decisions by the ~~state licensing~~
9 ~~authority~~ COMMISSION are subject to judicial review pursuant to section
10 24-4-106, C.R.S.

11 **SECTION 54.** In Colorado Revised Statutes, 12-43.4-901,
12 **amend** (5) (a) as follows:

13 **12-43.4-901. Unlawful acts - exceptions - repeal.**
14 (5) (a) Notwithstanding the provisions of part 2 of article 14 of title 25,
15 C.R.S., no person shall form a business or nonprofit, including but not
16 limited to a sole proprietorship, corporation, or other business enterprise,
17 with the purpose or intent, in whole or in part, of transporting, cultivating,
18 processing, transferring, or distributing marijuana or marijuana products
19 without prior approval of the ~~state licensing authority~~ COMMISSION and
20 the local jurisdiction.

21 **SECTION 55. Effective date.** Sections 1 and 2 and 4 through 54
22 of this act take effect on July 1, 2016.

23 **SECTION 56. Safety clause.** The general assembly hereby finds,
24 determines, and declares that this act is necessary for the immediate
25 preservation of the public peace, health, and safety.