

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 15-0188.02 Michael Dohr x4347

SENATE BILL 15-115

SENATE SPONSORSHIP

Hill, Holbert

HOUSE SPONSORSHIP

Pabon,

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE SUNSET REVIEW OF THE MEDICAL MARIJUANA**
102 **PROGRAMS.**

Bill Summary

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

Sunset Process - Senate Finance Committee. The medical marijuana code is set to sunset in 2015. The bill extends the code until 2019.

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

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

SENATE
3rd Reading Unamended
February 19, 2015

SENATE
Amended 2nd Reading
February 18, 2015

1 **SECTION 1.** In Colorado Revised Statutes, 12-43.3-1001, **amend**
2 (1) as follows:

3 **12-43.3-1001. Sunset review - article repeal.** (1) This article is
4 repealed, effective ~~July 1, 2015~~ SEPTEMBER 1, 2019.

5 **SECTION 2.** In Colorado Revised Statutes, 24-34-104, **repeal**
6 (46) (n); and **add** (50.5) (m) and (50.5) (n) as follows:

7 **24-34-104. General assembly review of regulatory agencies and**
8 **functions for termination, continuation, or reestablishment.** (46) The
9 following agencies, functions, or both shall terminate on July 1, 2015:

10 (n) ~~The regulation of persons licensed pursuant to article 43.3 of~~
11 ~~title 12, C.R.S.~~

12 (50.5) The following agencies, functions, or both, terminate on
13 September 1, 2019:

14 (m) THE REGULATION OF PERSONS LICENSED PURSUANT TO
15 ARTICLE 43.3 OF TITLE 12, C.R.S.

16 (n) THE MEDICAL MARIJUANA PROGRAM CREATED IN SECTION
17 25-1.5-106, C.R.S.

18 **SECTION 3.** In Colorado Revised Statutes, 12-43.3-104, **amend**
19 **(16)** as follows:

20 **12-43.3-104. Definitions.** As used in this article, unless the context
21 otherwise requires:

22 (16) "State licensing authority" means the authority created for the
23 purpose of regulating and controlling the licensing of the cultivation,
24 manufacture, distribution, and sale of medical AND RETAIL marijuana in
25 this state, pursuant to section 12-43.3-201.

26 **SECTION 4.** In Colorado Revised Statutes, **amend** 12-43.3-105
27 as follows:

1 **12-43.3-105. Limited access areas.** Subject to the provisions of
2 section 12-43.3-701, a limited access area shall be a building, room, or
3 other contiguous area upon the licensed premises where medical
4 marijuana is grown, cultivated, stored, weighed, displayed, packaged,
5 sold, or possessed for sale, under control of the licensee, with ACCESS
6 limited access to only those persons licensed by the state licensing
7 authority AND THOSE VISITORS ESCORTED BY A PERSON LICENSED BY THE
8 STATE LICENSING AUTHORITY. All areas of ingress or egress to limited
9 access areas shall be clearly identified as such by a sign as designated by
10 the state licensing authority.

11 **SECTION 5.** In Colorado Revised Statutes, 12-43.3-202, **amend**
12 (1) (d), (1) (f), and (1) (g); **repeal** (3); and **add** (1) (h) as follows:

13 **12-43.3-202. Powers and duties of state licensing authority -**
14 **rules.** (1) The state licensing authority shall:

15 (d) Maintain the confidentiality of reports or other information
16 obtained from a MEDICAL OR RETAIL licensee ~~showing the sales volume~~
17 ~~or quantity of medical marijuana sold~~ CONTAINING ANY INDIVIDUALIZED
18 DATA, INFORMATION, OR RECORDS RELATED TO THE LICENSEE OR ITS
19 OPERATION, INCLUDING SALES INFORMATION, FINANCIAL RECORDS, TAX
20 RETURNS, CREDIT REPORTS, CULTIVATION INFORMATION, TESTING
21 RESULTS, AND SECURITY INFORMATION AND PLANS, or revealing any
22 patient information, or any other records that are exempt from public
23 inspection pursuant to state law. Such reports or other information may be
24 used only for a purpose authorized by this article, ARTICLE 43.4 OF THIS
25 TITLE, or for any other state or local law enforcement purpose. Any
26 information released related to patients may be used only for a purpose
27 authorized by this article, ARTICLE 43.4 OF THIS TITLE, or to verify that a

1 person who presented a registry identification card to a state or local law
2 enforcement official is lawfully in possession of such card.

3 (f) Prepare and transmit annually, in the form and manner
4 prescribed by the heads of the principal departments pursuant to section
5 24-1-136, C.R.S., a report accounting to the governor for the efficient
6 discharge of all responsibilities assigned by law or directive to the state
7 licensing authority; and

8 (g) In recognition of the potential medicinal value of medical
9 marijuana, make a request by January 1, 2012, to the federal drug
10 enforcement administration to consider rescheduling, for pharmaceutical
11 purposes, medical marijuana from a schedule I controlled substance to a
12 schedule II controlled substance; AND

13 (h) DEVELOP AND MAINTAIN A SEED-TO-SALE TRACKING SYSTEM
14 THAT TRACKS MEDICAL MARIJUANA FROM EITHER THE SEED OR IMMATURE
15 PLANT STAGE UNTIL THE MEDICAL MARIJUANA OR MEDICAL
16 MARIJUANA-INFUSED PRODUCT IS SOLD TO A CUSTOMER AT A MEDICAL
17 MARIJUANA CENTER TO ENSURE THAT NO MEDICAL MARIJUANA GROWN OR
18 PROCESSED BY A MEDICAL MARIJUANA ESTABLISHMENT IS SOLD OR
19 OTHERWISE TRANSFERRED EXCEPT BY A MEDICAL MARIJUANA CENTER.

20 (3) By October 31, 2013, the state licensing authority shall publish
21 a report on its web site that shows:

22 (a) The number of applications received on or before August 1,
23 2010, and, of those applications, the number of licenses granted, the
24 number of applications denied, the number of applications pending, and
25 the number of applications withdrawn; and

26 (b) The number of applications received July 1, 2012, through
27 September 30, 2013, and, of those applications, the number of licenses

1 granted, the number of applications denied, the number of applications
2 pending, and the number of applications withdrawn.

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

5 **12-43.3-303. Results of investigation - decision of authorities.**

6 (4) After approval of an application, neither the state nor local licensing
7 authority shall NOT issue a local license until the building in which the
8 business to be conducted is ready for occupancy with such furniture,
9 fixtures, and equipment in place as are necessary to comply with the
10 applicable provisions of this article, and then only after the state or local
11 licensing authority has inspected the premises to determine that the
12 applicant has complied with the architect's drawing and the plot plan and
13 detailed sketch for the interior of the building submitted with the
14 application.

15 **SECTION 7.** In Colorado Revised Statutes, 12-43.3-307, **amend**
16 **(1) (g) and (1) (h); and add (1) (g.5)** 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 (g) A person licensed pursuant to this article who, during a period
20 of licensure, or who, at the time of application, has failed to:

21 (I) Provide a surety bond or file any tax return with a taxing
22 agency RELATED TO A MEDICAL MARIJUANA BUSINESS OR RETAIL
23 MARIJUANA ESTABLISHMENT;

24 (II) Pay any taxes, interest, or penalties due RELATED TO A
25 MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA ESTABLISHMENT;

26 (III) Pay any judgments due to a government agency;

27 (IV) Stay out of default on a government-issued student loan;

1 (V) Pay child support; or

2 (VI) Remedy an outstanding delinquency for taxes owed, an
3 outstanding delinquency for judgments owed to a government agency, or
4 an outstanding delinquency for child support;

5 (g.5) A PERSON WHO FAILS TO MEET QUALIFICATIONS FOR
6 LICENSURE THAT DIRECTLY AND DEMONSTRABLY RELATE TO THE
7 OPERATION OF A MEDICAL MARIJUANA ESTABLISHMENT;

8 (h) (I) A person who has discharged a sentence in the five years
9 immediately preceding the application date for a conviction of a felony or
10 a person who at any time has been convicted of a felony pursuant to any
11 state or federal law regarding the possession, distribution, manufacturing,
12 cultivation, or use of a controlled substance; except that the licensing
13 authority may grant a license to an employee if the employee has a state
14 felony conviction based on possession or use of a controlled substance
15 that would not be a felony if the person were convicted of the offense on
16 the date he or she applied for licensure; A PERSON WHO HAS DISCHARGED
17 A SENTENCE FOR A CONVICTION OF A FELONY IN THE FIVE YEARS
18 IMMEDIATELY PRECEDING HIS OR HER APPLICATION DATE; OR

19 (II) A PERSON WHO HAS DISCHARGED A SENTENCE FOR A
20 CONVICTION OF A FELONY PURSUANT TO ANY STATE OR FEDERAL LAW
21 REGARDING THE POSSESSION, DISTRIBUTION, MANUFACTURING,
22 CULTIVATION, OR USE OF A CONTROLLED SUBSTANCE IN THE TEN YEARS
23 IMMEDIATELY PRECEDING HIS OR HER APPLICATION DATE OR FIVE YEARS
24 FROM MAY 28, 2013, WHICHEVER IS LONGER; EXCEPT THAT THE LICENSING
25 AUTHORITY MAY GRANT A LICENSE TO A PERSON IF THE PERSON HAS A
26 STATE FELONY CONVICTION BASED ON POSSESSION OR USE OF MARIJUANA
27 OR MARIJUANA CONCENTRATE THAT WOULD NOT BE A FELONY IF THE

1 PERSON WERE CONVICTED OF THE OFFENSE ON THE DATE HE OR SHE
2 APPLIED FOR LICENSURE;

3 **SECTION 8.** In Colorado Revised Statutes, 12-43.3-311, amend
4 (1) 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 licensee's
8 address of record with the state licensing authority. A licensee shall apply
9 for the renewal of an existing license to the local licensing authority not
10 less than forty-five days and to the state licensing authority not less than
11 thirty days prior to the date of expiration. A local licensing authority shall
12 not accept an application for renewal of a license after the date of
13 expiration, except as provided in subsection (2) of this section. The state
14 licensing authority may extend the expiration date of the license and
15 accept a late application for renewal of a license provided that the
16 applicant has filed a timely renewal application with the local licensing
17 authority. All renewals filed with the local licensing authority and
18 subsequently approved by the local licensing authority shall next be
19 processed by the state licensing authority. ~~The state or the local licensing~~
20 ~~authority, in its discretion, subject to the requirements of this subsection~~
21 ~~(1) and subsection (2) of this section and based upon reasonable grounds,~~
22 ~~may waive the forty-five-day or thirty-day time requirements set forth in~~
23 ~~this subsection (1). THE STATE LICENSING AUTHORITY MAY~~
24 ~~ADMINISTRATIVELY CONTINUE THE LICENSE AND ACCEPT A LATER~~
25 ~~APPLICATION FOR RENEWAL OF A LICENSE AT THE DISCRETION OF THE~~
26 ~~STATE LICENSING AUTHORITY. The local licensing authority may hold a~~
27 ~~hearing on the application for renewal only if the licensee has had~~

1 complaints filed against it, has a history of violations, or there are
2 allegations against the licensee that would constitute good cause. The
3 local licensing authority shall not hold a renewal hearing provided for by
4 this subsection (1) for a medical marijuana center until it has posted a
5 notice of hearing on the licensed medical marijuana center premises in the
6 manner described in section 12-43.3-302 (2) for a period of ten days and
7 provided notice to the applicant at least ten days prior to the hearing. The
8 local licensing authority may refuse to renew any license for good cause,
9 subject to judicial review.

10 **SECTION 9.** In Colorado Revised Statutes, 12-43.3-402, **amend**
11 **(1) as follows:**

12 **12-43.3-402. Medical marijuana center license.** (1) (a) A
13 medical marijuana center license shall be issued only to a person selling
14 medical marijuana pursuant to the terms and conditions of this article.

15 (b) THE MEDICAL MARIJUANA CENTER SHALL TRACK ALL OF ITS
16 MEDICAL MARIJUANA AND MEDICAL MARIJUANA-INFUSED PRODUCTS FROM
17 THE POINT THAT THEY ARE TRANSFERRED FROM A MEDICAL MARIJUANA
18 OPTIONAL PREMISES CULTIVATION FACILITY OR MEDICAL
19 MARIJUANA-INFUSED PRODUCTS MANUFACTURER TO THE POINT OF SALE.

20 **SECTION 10.** In Colorado Revised Statutes, 12-43.3-403, **amend**
21 **(2); and add (3) as follows:**

22 **12-43.3-403. Optional premises cultivation license.** (2) Optional
23 premises cultivation licenses may be combined in a common area solely
24 for the purposes of growing and cultivating medical marijuana and used
25 to provide medical marijuana to more than one licensed medical marijuana
26 center or licensed medical marijuana-infused product manufacturer so
27 long as the holder of the optional premise cultivation license is also a

1 common owner of each licensed medical marijuana center or licensed
2 medical marijuana-infused product manufacturer to which medical
3 marijuana is provided. In accordance with promulgated rules relating to
4 plant and product tracking requirements, each optional premises
5 cultivation licensee shall supply medical marijuana only to its associated
6 licensed medical marijuana centers or licensed medical marijuana-infused
7 product manufacturers; EXCEPT THAT AN OPTIONAL PREMISES
8 CULTIVATION LICENSEE ASSOCIATED WITH A LICENSED MEDICAL
9 MARIJUANA CENTER MAY TRANSPORT MEDICAL MARIJUANA DIRECTLY TO
10 ANY OTHER LICENSED MEDICAL MARIJUANA CENTER FOR A TRANSACTION
11 PURSUANT TO SECTION 12-43.3-402 (4) OR A LICENSED MEDICAL
12 MARIJUANA-INFUSED PRODUCTS MANUFACTURER FOR A TRANSACTION
13 PURSUANT TO SECTION 12-43.3-404 (3) IF THERE IS A CORRESPONDING
14 DOCUMENTED POINT-OF-SALE TRANSACTION PRIOR TO TRANSPORTING THE
15 MEDICAL MARIJUANA FROM THE OPTIONAL PREMISES CULTIVATION
16 PREMISES TO THE LICENSED MEDICAL MARIJUANA CENTER OR LICENSED
17 MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER.

18 (3) A MEDICAL MARIJUANA OPTIONAL PREMISES CULTIVATION
19 FACILITY SHALL TRACK THE MARIJUANA IT CULTIVATES FROM SEED OR
20 IMMATURE PLANT TO WHOLESALE TRANSFER.

21 **SECTION 11.** In Colorado Revised Statutes, 12-43.3-404, **amend**
22 **(1); and add (11) as follows:**

23 **12-43.3-404. Medical marijuana-infused products**
24 **manufacturing license - rules.** (1) (a) A medical marijuana-infused
25 products manufacturing license may be issued to a person who
26 manufactures medical marijuana-infused products, pursuant to the terms
27 and conditions of this article.

1 (b) A MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER
2 MAY CULTIVATE ITS OWN MEDICAL MARIJUANA IF IT OBTAINS A MEDICAL
3 MARIJUANA OPTIONAL PREMISES CULTIVATION FACILITY LICENSE, OR IT
4 MAY PURCHASE MEDICAL MARIJUANA FROM A LICENSED MEDICAL
5 MARIJUANA CENTER PURSUANT TO SUBSECTION (3) OF THIS SECTION. A
6 MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER SHALL TRACK
7 ALL OF ITS MEDICAL MARIJUANA FROM THE POINT IT IS EITHER
8 TRANSFERRED FROM ITS MEDICAL MARIJUANA OPTIONAL PREMISES
9 CULTIVATION FACILITY OR THE POINT WHEN IT IS DELIVERED TO THE
10 MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER FROM A
11 LICENSED MEDICAL MARIJUANA CENTER OR A LICENSED MEDICAL
12 MARIJUANA OPTIONAL PREMISES CULTIVATION FACILITY TO THE POINT OF
13 TRANSFER TO A LICENSED MEDICAL MARIJUANA CENTER.

14 (11) A MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER
15 SHALL NOT:

16 (a) ADD ANY MEDICAL MARIJUANA TO A FOOD PRODUCT WHERE
17 THE MANUFACTURER OF THE FOOD PRODUCT HOLDS A TRADEMARK TO THE
18 FOOD PRODUCT'S NAME; EXCEPT THAT A MANUFACTURER MAY USE A
19 TRADEMARKED FOOD PRODUCT IF THE MANUFACTURER USES THE PRODUCT
20 AS A COMPONENT OR AS PART OF A RECIPE AND WHERE THE MEDICAL
21 MARIJUANA-INFUSED PRODUCTS MANUFACTURER DOES NOT STATE OR
22 ADVERTISE TO THE CONSUMER THAT THE FINAL MEDICAL
23 MARIJUANA-INFUSED PRODUCT CONTAINS A TRADEMARKED FOOD
24 PRODUCT;

25 (b) INTENTIONALLY OR KNOWINGLY LABEL OR PACKAGE A
26 MEDICAL MARIJUANA-INFUSED PRODUCT IN A MANNER THAT WOULD CAUSE
27 A REASONABLE CONSUMER CONFUSION AS TO WHETHER THE MEDICAL

1 MARIJUANA-INFUSED PRODUCT WAS A TRADEMARKED FOOD PRODUCT; OR
2 (c) LABEL OR PACKAGE A MEDICAL MARIJUANA-INFUSED PRODUCT
3 IN A MANNER THAT VIOLATES ANY FEDERAL TRADEMARK LAW OR
4 REGULATION.

5 **SECTION 12.** In Colorado Revised Statutes, 12-43.3-601, **amend**
6 **(4) as follows:**

7 **12-43.3-601. Suspension - revocation - fines.** (4) Upon payment
8 of the fine pursuant to subsection (3) of this section, the state or local
9 licensing authority shall enter its further order permanently staying the
10 imposition of the suspension. If the fine is paid to a local licensing
11 authority, the governing body of the authority shall cause the moneys to
12 be paid into the general fund of the local licensing authority. Fines paid
13 to the state licensing authority pursuant to subsection (3) of this section
14 shall be transmitted to the state treasurer, who shall credit the same to the
15 medical marijuana license cash fund created in section 12-43.3-501.

16 **SECTION 13.** In Colorado Revised Statutes, 12-43.3-602, **amend**
17 **(6) as follows:**

18 **12-43.3-602. Disposition of unauthorized marijuana or**
19 **marijuana-infused products and related materials.** (6) The licensing
20 authority shall not carry out the destruction authorized by subsection (4)
21 of this section until it has notified the district attorney for the judicial
22 district in which the marijuana is located to determine whether the
23 marijuana or product constitutes evidence in a criminal proceeding such
24 that it should not be destroyed, and until fifteen days have passed from the
25 date of the issuance of such notice. A DISTRICT ATTORNEY SHALL NOTIFY
26 THE STATE LICENSING AUTHORITY IF HE OR SHE BEGINS INVESTIGATING A
27 MEDICAL MARIJUANA ESTABLISHMENT. IF THE STATE LICENSING

1 AUTHORITY HAS RECEIVED NOTIFICATION FROM A DISTRICT ATTORNEY
2 THAT AN INVESTIGATION IS BEING CONDUCTED, THE STATE LICENSING
3 AUTHORITY SHALL NOT DESTROY ANY MEDICAL MARIJUANA OR MEDICAL
4 MARIJUANA-INFUSED PRODUCTS FROM THE MEDICAL MARIJUANA
5 ESTABLISHMENT UNTIL THE DESTRUCTION IS APPROVED BY THE DISTRICT
6 ATTORNEY.

7 **SECTION 14.** In Colorado Revised Statutes, 12-43.3-901, **amend**
8 **(4) (1) as follows:**

9 **12-43.3-901. Unlawful acts - exceptions.** (4) It is unlawful for
10 **any person licensed to sell medical marijuana pursuant to this article:**

11 **(1) To sell, serve, or distribute medical marijuana at any time other**
12 **than between the hours of 8 a.m. and 7 p.m. Monday through Sunday**
13 **UNLESS THE LOCAL LICENSING AUTHORITY ESTABLISHES ADDITIONAL**
14 **HOURS THAT DO NOT EXCEED THE HOURS AUTHORIZED FOR RETAIL**
15 **MARIJUANA STORES;**

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

18 **25-1.5-106. Medical marijuana program - powers and duties**
19 **of state health agency - rules - medical review board - medical**
20 **marijuana program cash fund - subaccount - created - repeal.** (18)

21 **(a) This section is repealed, effective July SEPTEMBER 1, 2019.**

22 **(b) PRIOR TO THE REPEAL OF THIS SECTION, THE DEPARTMENT OF**
23 **REGULATORY AGENCIES SHALL CONDUCT A SUNSET REVIEW AS DESCRIBED**
24 **IN SECTION 24-34-104 (8), C.R.S.**

25 **SECTION 16.** In Colorado Revised Statutes, 12-43.3-201, **add (4)**
26 **and (5) as follows:**

27 **12-43.3-201. State licensing authority - creation.** (4) A STATE

1 LICENSING AUTHORITY EMPLOYEE SHALL NOT WORK IN THE MARIJUANA
2 INDUSTRY, OR REPRESENT THE MARIJUANA INDUSTRY, FOR A PERIOD OF SIX
3 MONTHS FOLLOWING HIS OR HER LAST DAY OF EMPLOYMENT WITH THE
4 STATE LICENSING AUTHORITY.

5 (5) ANY PERSON WHO DISCLOSES CONFIDENTIAL RECORDS OR
6 INFORMATION IN VIOLATION OF THE PROVISIONS OF THIS ARTICLE COMMITS
7 A CLASS 1 MISDEMEANOR AND SHALL BE PUNISHED AS PROVIDED IN
8 SECTION 18-1.3-501, C.R.S. ANY CRIMINAL PROSECUTION PURSUANT TO
9 THE PROVISIONS OF THIS SECTION MUST BE BROUGHT WITHIN FIVE YEARS
10 FROM THE DATE THE VIOLATION OCCURRED.

11 **SECTION 17. Safety clause.** The general assembly hereby finds,
12 determines, and declares that this act is necessary for the immediate
13 preservation of the public peace, health, and safety.