

SENATE COMMITTEE OF REFERENCE REPORT

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Chairman of Committee

February 17, 2016

Date

Committee on Business, Labor, & Technology.

After consideration on the merits, the Committee recommends the following:

SB16-040 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill page 2, line 3, strike "(12.3)" and substitute "(12.3)  
2 and (12.4)".

3 Page 2, after line 11, insert:

4 "(12.4) "Permitted economic interest" means ~~any unsecured~~  
5 ~~convertible debt instrument, option agreement, warrant, or any other right~~  
6 ~~to obtain an ownership interest when the holder of such interest is a~~  
7 ~~natural person who is a lawful United States resident and whose right to~~  
8 ~~convert into an ownership interest is contingent on the holder qualifying~~  
9 ~~and obtaining a license as an owner under this article; or such other~~  
10 ~~agreements as may be permitted by rule of the state licensing authority~~ A  
11 NON-CONTROLLING DIRECT EQUITY INTEREST, A SECURED AGREEMENT,  
12 WARRANT, OR ANY OTHER RIGHT TO BECOME AN OWNER THAT IS HELD BY  
13 A PERSON OR ANY OTHER AGREEMENT AUTHORIZED BY RULE BY THE STATE  
14 LICENSING AUTHORITY. EACH NATURAL PERSON HOLDING A PERMITTED  
15 ECONOMIC INTEREST MUST BE A LAWFUL UNITED STATES RESIDENT AND  
16 MUST BE ABLE TO QUALIFY AS AN OWNER, EXCEPT FOR THE RESIDENCY  
17 REQUIREMENTS IN SECTION 12-43.3-307.5 AND EXCEPT THAT, WHEN A  
18 PERMITTED ECONOMIC INTEREST IS OR IS HELD BY A PARTNERSHIP,  
19 ASSOCIATION, COMPANY, CORPORATION THAT IS NOT A PUBLICLY TRADED  
20 CORPORATION, LIMITED LIABILITY COMPANY, OR ORGANIZATION, EACH  
21 BENEFICIAL OWNER MUST BE A LAWFUL UNITED STATES RESIDENT AND

1 MUST BE ABLE TO QUALIFY AS AN OWNER, OTHER THAN THE RESIDENCY  
2 REQUIREMENTS IN SECTION 12-43.3-307.5, UNDER THIS ARTICLE.

3 **SECTION 2.** In Colorado Revised Statutes, 12-43.3-201, **add** (6)  
4 as follows:

5 **12-43.3-201. State licensing authority - creation.** (6) THE STATE  
6 LICENSING AUTHORITY MAY UTILIZE NO-COST PROCUREMENT CONTRACTS  
7 FOR THE PRECERTIFICATION OF NONRESIDENT OWNERS DURING THE  
8 BACKGROUND INVESTIGATION PROCESS UNDER THIS ARTICLE AND ARTICLE  
9 43.4 OF THIS TITLE."

10 Renumber succeeding sections accordingly.

11 Page 3, line 5, after "12-43.3-307," insert "**amend** (1) (a);".

12 Page 3, after line 8 insert:

13 "(a) A person until the ~~annual~~ fee therefore has been paid;".

14 Page 3, strike line 25, and substitute "DOCUMENTS AND AS SWORN TO BY  
15 AT LEAST ONE COLORADO RESIDENT OWNER WHO HAS BEEN A COLORADO  
16 RESIDENT FOR AT LEAST TWO YEARS WITH MANAGERIAL AUTHORITY ON  
17 FORMS PROMULGATED BY THE LICENSING AUTHORITY, AND ~~all officers and~~  
18 ~~managers and~~ employees of a medical".

19 Page 4, line 3, strike "AND" and substitute "OR".

20 Page 4, after line 7 insert:

21 **"SECTION 7.** In Colorado Revised Statutes, 12-43.3-305, **add**  
22 (4) as follows:

23 **12-43.3-305. State licensing authority - application and**  
24 **issuance procedures.** (4) A LICENSE ISSUED PURSUANT TO THIS ARTICLE  
25 IS VALID FOR THREE YEARS.

26 **SECTION 8.** In Colorado Revised Statutes, 12-43.3-311, **amend**  
27 (2) (b); **add** (1.5) as follows:

28 **12-43.3-311. License renewal.** (1.5) NOTWITHSTANDING THE  
29 PROVISIONS OF SECTION 12-43.3-307 (2) (c), IF A LICENSEE, WHEN  
30 APPLYING FOR RENEWAL, PROVIDES CERTIFICATION THAT THERE ARE NO  
31 CHANGED CIRCUMSTANCES AFFECTING LICENSURE SINCE THE INITIAL  
32 APPLICATION OR LAST RENEWAL OR PROVIDES DETAILS REGARDING ANY

1 CHANGED CIRCUMSTANCES, THE STATE LICENSING AUTHORITY MAY  
2 REQUIRE A LICENSEE TO SUBMIT A NEW BACKGROUND CHECK, INCLUDING  
3 A FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK, DURING THE  
4 RENEWAL PROCESS.

5 (2) (b) The state and local licensing authorities may not accept a  
6 late renewal application more than ninety days after the expiration of a  
7 licensee's permanent ~~annual~~ license. A licensee whose permanent ~~annual~~  
8 license has been expired for more than ninety days shall not cultivate,  
9 manufacture, distribute, or sell any medical marijuana until all required  
10 licenses have been obtained."

11 Renumber succeeding sections accordingly.

12 Page 4, line 9, strike "(12)" and substitute "(12) and (12.4)".

13 Page 4, after line 18 insert:

14 "(12.4) "Permitted economic interest" means ~~any unsecured~~  
15 ~~convertible debt instrument, option agreement, warrant, or any other right~~  
16 ~~to obtain an ownership interest when the holder of such interest is a~~  
17 ~~natural person who is a lawful United States resident and whose right to~~  
18 ~~convert into an ownership interest is contingent on the holder qualifying~~  
19 ~~and obtaining a license as an owner under this article or such other~~  
20 ~~agreements as may be permitted by rule by the state licensing authority~~ A  
21 NON-CONTROLLING DIRECT EQUITY INTEREST, A SECURED AGREEMENT,  
22 WARRANT, OR ANY OTHER RIGHT TO BECOME AN OWNER THAT IS HELD BY  
23 A PERSON OR ANY OTHER AGREEMENT AUTHORIZED BY RULE BY THE STATE  
24 LICENSING AUTHORITY. EACH NATURAL PERSON HOLDING A PERMITTED  
25 ECONOMIC INTEREST MUST BE A LAWFUL UNITED STATES RESIDENT AND  
26 MUST BE ABLE TO QUALIFY AS AN OWNER, EXCEPT FOR THE RESIDENCY  
27 REQUIREMENTS IN SECTION 12-43.4-306.5 AND EXCEPT THAT, WHEN A  
28 PERMITTED ECONOMIC INTEREST IS OR IS HELD BY A PARTNERSHIP,  
29 ASSOCIATION, COMPANY, CORPORATION THAT IS NOT A PUBLICLY TRADED  
30 CORPORATION, LIMITED LIABILITY COMPANY, OR ORGANIZATION, EACH  
31 BENEFICIAL OWNER MUST BE A LAWFUL UNITED STATES RESIDENT AND  
32 MUST BE ABLE TO QUALIFY AS AN OWNER, OTHER THAN THE RESIDENCY  
33 REQUIREMENTS IN SECTION 12-43.4-306.5, UNDER THIS ARTICLE."

34 Page 5, line 8, after "12-43.4-306," insert "**amend** (1) (a);".

1 Page 5, after line 11 insert:

2 "(a) A person until the ~~annual~~ fee therefor has been paid;"

3 Page 5, strike line 27, and substitute "DOCUMENTS AND AS SWORN TO BY  
4 AT LEAST ONE COLORADO RESIDENT OWNER WHO HAS BEEN A COLORADO  
5 RESIDENT FOR AT LEAST TWO YEARS WITH MANAGERIAL AUTHORITY ON  
6 FORMS PROMULGATED BY THE LICENSING AUTHORITY, AND all ~~officers,~~  
7 ~~managers,~~ and employees of a retail".

8 Page 6, line 3, strike "AND" and substitute "OR".

9 Page 6, after line 8 insert:

10 "SECTION 14. In Colorado Revised Statutes, 12-43.4-304, add  
11 (3) as follows:

12 **12-43.4-304. State licensing authority - application and**  
13 **issuance procedures.** (3) A LICENSE ISSUED PURSUANT TO THIS ARTICLE  
14 IS VALID FOR THREE YEARS.

15 **SECTION 15.** In Colorado Revised Statutes, 12-43.4-310, add  
16 (1.5) as follows:

17 **12-43.4-310. License renewal.** (1.5) IF A LICENSEE, WHEN  
18 APPLYING FOR RENEWAL, PROVIDES CERTIFICATION THAT THERE ARE NO  
19 CHANGED CIRCUMSTANCES AFFECTING LICENSURE SINCE THE INITIAL  
20 APPLICATION OR LAST RENEWAL OR PROVIDES DETAILS REGARDING ANY  
21 CHANGED CIRCUMSTANCES, THE STATE LICENSING AUTHORITY MAY NOT  
22 REQUIRE A LICENSEE TO SUBMIT A NEW BACKGROUND CHECK, INCLUDING  
23 A FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK, DURING THE  
24 RENEWAL PROCESS."

25 Renumber succeeding sections accordingly.

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