

SENATE COMMITTEE OF REFERENCE REPORT

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Chairman of Committee

March 16, 2017  
Date

Committee on Finance.

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

SB17-192 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend the Business, Labor, & Technology Committee Report, dated  
2 March 8, 2017, page 1, strike lines 3 through 24 and substitute the  
3 following:

4 **"SECTION 1.** In Colorado Revised Statutes, 12-43.3-202,  
5 **amend** (1)(a) as follows:

6 **12-43.3-202. Powers and duties of state licensing authority -**  
7 **rules.** (1) The state licensing authority shall:

8 (a) Grant or refuse state licenses for the cultivation, manufacture,  
9 distribution, and sale of medical marijuana as provided by law; suspend,  
10 fine, restrict, or revoke such licenses, WHETHER ACTIVE, EXPIRED, OR  
11 SURRENDERED, upon a violation of this ~~article~~ ARTICLE 43.3, or a rule  
12 promulgated pursuant to this ~~article~~ ARTICLE 43.3; and impose any penalty  
13 authorized by this ~~article~~ ARTICLE 43.3 or any rule promulgated pursuant  
14 to this ~~article~~ ARTICLE 43.3. The state licensing authority may take any  
15 action with respect to a registration pursuant to this ~~article~~ ARTICLE 43.3  
16 as it may with respect to a license pursuant to this ~~article~~ ARTICLE 43.3,  
17 in accordance with the procedures established pursuant to this ~~article~~  
18 ARTICLE 43.3."

19 Page 2, strike lines 1 through 37.

20 Page 3, line 2, after "AUTHORITY" insert "AND SUBJECT TO THE  
21 CONDITIONS", and strike "THE TRANSFER".

1 Page 3, strike lines 3 through 41.

2 Strike pages 4 through 6.

3 Page 7, strike lines 1 through 25.

4 Renumber succeeding sections accordingly.

5 Page 7, line 26, after "**amend**" insert "(2)(a),".

6 Page 7, line 27, strike "portion" and substitute "portion,".

7 Page 7, strike line 30 and substitute:

8 "**rules.** (2) The state licensing authority has the authority to:

9 (a) Grant or refuse state licenses for the cultivation, manufacture,  
10 distribution, sale, and testing of retail marijuana and retail marijuana  
11 products as provided by law; suspend, fine, restrict, or revoke such  
12 licenses, WHETHER ACTIVE, EXPIRED, OR SURRENDERED, upon a violation  
13 of this ~~article~~ ARTICLE 43.4 or any rule promulgated pursuant to this  
14 ~~article~~ ARTICLE 43.4; and impose any penalty authorized by this ~~article~~  
15 ARTICLE 43.4 or any rule promulgated pursuant to this ~~article~~ ARTICLE  
16 43.4. The state licensing authority may take any action with respect to a  
17 registration pursuant to this ~~article~~ ARTICLE 43.4 as it may with respect to  
18 a license pursuant to this ~~article~~ ARTICLE 43.4, in accordance with the  
19 procedures established pursuant to this ~~article~~ ARTICLE 43.4.

20 (3) (a) Rules promulgated pursuant to ~~paragraph (b) of~~  
21 ~~subsection~~".

22 Page 7, strike lines 34 through 36 and substitute:

23 "(XXI) ONE-TIME COMPLETE INVENTORY CONVERSION AND  
24 LICENSE SURRENDER.".

25 Page 7, strike lines 39 through 41 and substitute:

26 "**12-43.4-401. Classes of licenses.** (5) (a) A RETAIL MARIJUANA  
27 STORE, RETAIL MARIJUANA CULTIVATION FACILITY, OR RETAIL MARIJUANA  
28 PRODUCTS MANUFACTURER THAT LAWFULLY POSSESSES RETAIL  
29 MARIJUANA OR RETAIL MARIJUANA PRODUCTS MAY ENGAGE IN A ONE-TIME  
30 COMPLETE INVENTORY CONVERSION AND LICENSE SURRENDER UNDER THE  
31 FOLLOWING CONDITIONS:

32 (I) (A) THE RETAIL MARIJUANA LICENSEE PROVIDES WRITTEN

1 NOTICE TO THE STATE LICENSING AUTHORITY ON A FORM APPROVED BY  
2 AND IN A MANNER PRESCRIBED BY THE STATE LICENSING AUTHORITY. THE  
3 NOTICE MUST IDENTIFY EACH MEDICAL MARIJUANA CENTER, MEDICAL  
4 MARIJUANA-INFUSED PRODUCTS MANUFACTURER, OR MEDICAL  
5 MARIJUANA OPTIONAL PREMISES CULTIVATION OPERATION THAT WILL  
6 RECEIVE RETAIL MARIJUANA OR RETAIL MARIJUANA PRODUCTS AS A  
7 RESULT OF THE INVENTORY CONVERSION AND SHALL IDENTIFY THE RETAIL  
8 MARIJUANA OR RETAIL MARIJUANA PRODUCTS THAT WILL BE  
9 TRANSFERRED AS A RESULT OF THE INVENTORY CONVERSION.

10 (B) THE WRITTEN NOTICE MUST INCLUDE EVIDENCE THAT ANY  
11 APPLICABLE EXCISE TAX DUE PURSUANT TO ARTICLE 28.8 OF TITLE 39 HAS  
12 BEEN PAID; EXCEPT THAT, IN THE CASE OF A RETAIL MARIJUANA  
13 CULTIVATION FACILITY, ANY UNPAID APPLICABLE EXCISE TAX DUE  
14 PURSUANT TO ARTICLE 28.8 OF TITLE 39 SHALL BE PAID AT THE TIME OF  
15 TRANSFER FROM THE RETAIL MARIJUANA CULTIVATION FACILITY.

16 (II) THE RETAIL MARIJUANA LICENSEE SHALL HAVE ONE HUNDRED  
17 EIGHTY DAYS AFTER PROVIDING THE TRANSFER WRITTEN NOTICE TO THE  
18 STATE LICENSING AUTHORITY TO COMPLETE THE INVENTORY CONVERSION.  
19 ANY RETAIL MARIJUANA OR RETAIL MARIJUANA PRODUCT NOT  
20 TRANSFERRED AS PART OF AN INVENTORY CONVERSION WITHIN ONE  
21 HUNDRED EIGHTY DAYS FROM THE DATE OF THE WRITTEN NOTICE TO THE  
22 STATE LICENSING AUTHORITY SHALL BE DESTROYED IN ACCORDANCE WITH  
23 THE STATE LICENSING AUTHORITY'S RULES.

24 (III) THE RETAIL MARIJUANA LICENSEE'S LICENSE SHALL BE  
25 DEEMED SURRENDERED ONE HUNDRED EIGHTY DAYS DAYS FROM THE  
26 DATE OF THE WRITTEN NOTICE TO THE STATE LICENSING AUTHORITY.

27 (IV) UPON AN INVENTORY CONVERSION AND LICENSE SURRENDER  
28 IN COMPLIANCE WITH THIS SUBSECTION (5), THE RETAIL MARIJUANA OR  
29 RETAIL MARIJUANA PRODUCT TRANSFERRED SHALL BE DEEMED MEDICAL  
30 MARIJUANA OR MEDICAL MARIJUANA-INFUSED PRODUCTS.

31 (V) A MEDICAL MARIJUANA CENTER, MEDICAL  
32 MARIJUANA-INFUSED PRODUCTS MANUFACTURER, OR MEDICAL  
33 MARIJUANA OPTIONAL PREMISES CULTIVATION OPERATION RECEIVING  
34 RETAIL MARIJUANA OR RETAIL MARIJUANA PRODUCT PURSUANT TO THIS  
35 SECTION THAT CAUSES THE MEDICAL MARIJUANA LICENSEE TO EXCEED  
36 THE INVENTORY LIMITS PRESCRIBED BY ARTICLE 43.3 OF TITLE 12 SHALL  
37 FULLY COMPLY WITH THE INVENTORY LIMITS WITHIN SIX MONTHS FROM  
38 THE DATE THE INVENTORY CONVERSION IS COMPLETE.

39 (VI) A MEDICAL MARIJUANA CENTER, MEDICAL  
40 MARIJUANA-INFUSED PRODUCTS MANUFACTURER, OR MEDICAL  
41 MARIJUANA OPTIONAL PREMISES CULTIVATION OPERATION RECEIVING

1 RETAIL MARIJUANA OR RETAIL MARIJUANA PRODUCT PURSUANT TO THIS  
2 SUBSECTION (5) MAY ONLY RECEIVE RETAIL MARIJUANA OR RETAIL  
3 MARIJUANA PRODUCT IF IT IS LAWFUL FOR IT TO POSSESS THE  
4 CORRESPONDING TYPE OF MEDICAL MARIJUANA OR MEDICAL  
5 MARIJUANA-INFUSED PRODUCTS.

6 (b) (I) A RETAIL MARIJUANA STORE, RETAIL MARIJUANA  
7 CULTIVATION FACILITY, OR RETAIL MARIJUANA PRODUCTS  
8 MANUFACTURER LICENSE THAT IS SUBJECT TO A SUSPENSION IS NOT  
9 ELIGIBLE FOR AN INVENTORY CONVERSION AND LICENSE SURRENDER  
10 PURSUANT TO THIS SUBSECTION (5).

11 (II) RETAIL MARIJUANA OR RETAIL MARIJUANA PRODUCT SUBJECT  
12 TO ADMINISTRATIVE HOLD SHALL NOT BE SUBJECT TO AN INVENTORY  
13 CONVERSION."

14 Page 8, strike lines 1 through 15.

15 Page 8, line 39, strike "FACILITIES," and substitute "FACILITIES OR".

16 Page 8, line 40, strike "OR OTHER RETAIL MARIJUANA CULTIVATION  
17 FACILITIES,".

18 Page 9, strike lines 4 and 5 and substitute "RATE" MUST INCLUDE ONE OR  
19 MORE RATES THAT COVER UNPROCESSED MARIJUANA THAT IS ALLOCATED  
20 TO EXTRACTIONS, AND THE INITIAL RATES FOR THESE PRODUCT TYPES  
21 MUST".

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