

SENATE COMMITTEE OF REFERENCE REPORT

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Chairman of Committee

March 8, 2017

Date

Committee on Business, Labor, & Technology.

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 Finance with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and  
2 substitute the following:

3 "SECTION 1. In Colorado Revised Statutes, 12-43.3-202, **amend**  
4 (2)(a) introductory portion, (2)(a)(XVIII.6), (2)(a)(XX), and (2)(a)(XXI);  
5 and **add** (2)(a)(XXII) as follows:

6 **12-43.3-202. Powers and duties of state licensing authority -**  
7 **rules.** (2) (a) Rules promulgated pursuant to ~~paragraph (b) of subsection~~  
8 ~~(†) SUBSECTION (1)(b) of this section~~ may include, but need not be limited  
9 to, the following subjects:

10 (XVIII.6) Medical marijuana transporter licensed businesses,  
11 including requirements for drivers, including obtaining and maintaining  
12 a valid Colorado driver's license; insurance requirements; acceptable time  
13 frames for transport, storage, and delivery; requirements for transport  
14 vehicles; REQUIREMENTS FOR DELIVERIES TO PRIVATE RESIDENCES; and  
15 requirements for licensed premises;

16 (XX) Such other matters as are necessary for the fair, impartial,  
17 stringent, and comprehensive administration of this ~~article~~, and ARTICLE  
18 43.3;

19 (XXI) The parameters and qualifications of an indirect beneficial  
20 interest owner and a qualified limited passive investor; AND

21 (XXII) MEDICAL MARIJUANA DELIVERY AS DESCRIBED IN SECTION  
22 12-43.3-402 (10), INCLUDING:

23 (A) QUALIFICATIONS AND ELIGIBILITY REQUIREMENTS FOR  
24 MEDICAL MARIJUANA CENTERS AND MEDICAL MARIJUANA TRANSPORTERS

1 APPLYING FOR A DELIVERY PERMIT;

2 (B) TRAINING REQUIREMENTS FOR PERSONNEL OF MEDICAL  
3 MARIJUANA CENTERS AND MEDICAL MARIJUANA TRANSPORTERS THAT  
4 HOLD A DELIVERY PERMIT WHO WILL DELIVER MEDICAL MARIJUANA OR  
5 MEDICAL MARIJUANA-INFUSED PRODUCTS PURSUANT TO THIS SECTION;

6 (C) PROCEDURES FOR PROOF OF MEDICAL MARIJUANA REGISTRY  
7 AND AGE IDENTIFICATION AND VERIFICATION;

8 (D) DELIVERY VEHICLE REQUIREMENTS, INCLUDING BUT NOT  
9 LIMITED TO REQUIREMENTS FOR LOCATION AND VEHICLE TRACKING,  
10 SECURITY, AND SURVEILLANCE;

11 (E) SECURITY REQUIREMENTS, INCLUDING BUT NOT LIMITED TO  
12 REQUIREMENTS FOR AREAS WHERE DELIVERY ORDERS ARE PROCESSED,  
13 STORED, WEIGHED, PACKAGED, PREPARED, TAGGED, TRANSPORTED,  
14 TRANSFERRED, AND DELIVERED, AND OTHER MINIMUM PROCEDURES FOR  
15 INTERNAL CONTROL AS DEEMED NECESSARY BY THE STATE LICENSING  
16 AUTHORITY TO PROPERLY ADMINISTER AND ENFORCE THE PROVISIONS OF  
17 THIS ARTICLE 43.3;

18 (F) RECORD-KEEPING REQUIREMENTS;

19 (G) LIMITS ON THE AMOUNTS OF MEDICAL MARIJUANA AND  
20 MEDICAL MARIJUANA-INFUSED PRODUCTS THAT MAY BE CARRIED IN A  
21 DELIVERY VEHICLE;

22 (H) PRACTICES AND PROCEDURES TO ENSURE THAT THE MEDICAL  
23 MARIJUANA AND MEDICAL MARIJUANA-INFUSED PRODUCTS DELIVERED  
24 PURSUANT TO THIS SECTION ARE SUBJECT TO THE MEDICAL MARIJUANA  
25 CENTER'S INVENTORY;

26 (I) INVENTORY TRACKING SYSTEM REQUIREMENTS, INCLUDING BUT  
27 NOT LIMITED TO REQUIREMENTS THAT MEDICAL MARIJUANA AND MEDICAL  
28 MARIJUANA-INFUSED PRODUCTS ARE TRACKED FROM THE POINT THAT  
29 THEY ARE TRANSFERRED FROM A MEDICAL MARIJUANA CENTER TO THE  
30 POINT OF DELIVERY AT A PRIVATE RESIDENCE AND BETWEEN PRIVATE  
31 RESIDENCES, AND REQUIREMENTS FOR USE OF AN INVENTORY TRACKING  
32 SYSTEM-GENERATED DELIVERY MANIFEST FOR EACH DELIVERY ORDER;

33 (J) PACKAGING REQUIREMENTS FOR MEDICAL MARIJUANA AND  
34 MEDICAL MARIJUANA-INFUSED PRODUCTS DELIVERED BY A MEDICAL  
35 MARIJUANA CENTER AND MEDICAL MARIJUANA TRANSPORTER; AND

36 (K) HEALTH AND SAFETY REQUIREMENTS FOR DELIVERY OF  
37 MEDICAL MARIJUANA AND MEDICAL MARIJUANA-INFUSED PRODUCTS.

38 **SECTION 2.** In Colorado Revised Statutes, 12-43.3-401, **add** (4)  
39 as follows:

40 **12-43.3-401. Classes of licenses.** (4) A MEDICAL MARIJUANA  
41 LICENSEE MAY ACCEPT A TRANSFER OF RETAIL MARIJUANA OR RETAIL

1 MARIJUANA PRODUCTS FROM A RETAIL MARIJUANA LICENSEE AUTHORIZED  
2 PURSUANT TO THE AUTHORITY IN SECTION 12-43.4-401 (5). THE TRANSFER  
3 MUST BE COMPLETED WITHIN SIX MONTHS AFTER THE DATE THE TRANSFER  
4 WAS APPROVED.

5 **SECTION 3.** In Colorado Revised Statutes, 12-43.3-402, **add**  
6 (10) as follows:

7 **12-43.3-402. Medical marijuana center license - rules - repeal.**

8 (10)(a) THERE IS AUTHORIZED A MEDICAL MARIJUANA DELIVERY PERMIT  
9 TO A MEDICAL MARIJUANA CENTER LICENSE AND A MEDICAL MARIJUANA  
10 TRANSPORTER LICENSE AUTHORIZING THE HOLDER TO DELIVER MEDICAL  
11 MARIJUANA AND MEDICAL MARIJUANA-INFUSED PRODUCTS TO A  
12 REGISTERED MEDICAL MARIJUANA CARDHOLDER EIGHTEEN YEARS OF AGE  
13 OR OLDER, OR TO A CARD HOLDER'S PARENT OR GUARDIAN WHO IS  
14 TWENTY-ONE YEARS OF AGE OR OLDER AT A PRIVATE RESIDENCE. A  
15 MEDICAL MARIJUANA CENTER MUST USE AN EMPLOYEE OR CONTRACT  
16 WITH A LICENSED MEDICAL MARIJUANA TRANSPORTER WITH A DELIVERY  
17 PERMIT TO MAKE THE DELIVERIES. A MEDICAL MARIJUANA TRANSPORTER  
18 WITH A DELIVERY PERMIT MAY DELIVER MEDICAL MARIJUANA AND  
19 MEDICAL MARIJUANA-INFUSED PRODUCTS ONLY ON BEHALF OF A MEDICAL  
20 MARIJUANA CENTER WITH A DELIVERY PERMIT AND IS SUBJECT TO THE  
21 SAME REQUIREMENTS AS A CENTER WITH A DELIVERY PERMIT.

22 (b) A MEDICAL MARIJUANA DELIVERY PERMIT IS VALID FOR ONE  
23 YEAR AND MAY BE RENEWED ANNUALLY UPON RENEWAL OF THE MEDICAL  
24 MARIJUANA CENTER LICENSE AND MEDICAL MARIJUANA TRANSPORTER  
25 LICENSE.

26 (c) THE STATE LICENSING AUTHORITY MAY ISSUE A DELIVERY  
27 PERMIT TO A QUALIFIED APPLICANT, AS DETERMINED BY THE STATE  
28 LICENSING AUTHORITY, THAT HOLDS A MEDICAL MARIJUANA CENTER  
29 LICENSE OR MEDICAL MARIJUANA TRANSPORTER LICENSE ISSUED  
30 PURSUANT TO THIS ARTICLE 43.3. THE STATE LICENSING AUTHORITY HAS  
31 DISCRETION IN DETERMINING WHETHER AN APPLICANT IS QUALIFIED TO  
32 RECEIVE A DELIVERY PERMIT. A DELIVERY PERMIT ISSUED BY THE STATE  
33 LICENSING AUTHORITY IS DEEMED A REVOCABLE PRIVILEGE OF A MEDICAL  
34 MARIJUANA CENTER OR MEDICAL MARIJUANA TRANSPORTER.

35 (d) (I) THE STATE LICENSING AUTHORITY SHALL ESTABLISH BY  
36 RULE AN APPLICATION FEE AND ANNUAL RENEWAL FEE FOR THE DELIVERY  
37 PERMIT.

38 (II) THE AMOUNT OF THE FEE MUST REFLECT THE EXPECTED COSTS  
39 OF ADMINISTERING THE PERMIT AND MAY BE ADJUSTED BY THE STATE  
40 LICENSING AUTHORITY TO REFLECT THE PERMIT'S ACTUAL DIRECT AND  
41 INDIRECT COSTS.

1 (e) (I) EACH DELIVERY PERMIT ISSUED TO A MEDICAL MARIJUANA  
2 CENTER PURSUANT TO THIS SECTION APPLIES TO ONLY ONE LICENSED  
3 MEDICAL MARIJUANA CENTER.

4 (II) IF A PERSON OR ENTITY THAT APPLIES FOR A DELIVERY PERMIT  
5 HOLDS MORE THAN ONE MEDICAL MARIJUANA CENTER LICENSE, A  
6 SEPARATE DELIVERY PERMIT IS REQUIRED FOR EACH LICENSED MEDICAL  
7 MARIJUANA CENTER FROM WHICH THE PERSON OR ENTITY WISHES TO  
8 CONDUCT THE DELIVERY OF MEDICAL MARIJUANA AND MEDICAL  
9 MARIJUANA-INFUSED PRODUCTS; EXCEPT THAT, IF THE MEDICAL  
10 MARIJUANA CENTERS ARE IDENTICALLY OWNED, AS DEFINED BY THE STATE  
11 LICENSING AUTHORITY FOR PURPOSES OF THIS SECTION, THEN ONLY ONE  
12 DELIVERY PERMIT IS REQUIRED.

13 (f) (I) A MEDICAL MARIJUANA CENTER WITH A DELIVERY PERMIT  
14 MAY DELIVER MEDICAL MARIJUANA AND MEDICAL MARIJUANA-INFUSED  
15 PRODUCTS ONLY TO A PERSON WHO PLACED THE ORDER AND WHO:

16 (A) IS A CURRENT REGISTRANT OF THE MEDICAL MARIJUANA  
17 PATIENT REGISTRY AND IS EIGHTEEN YEARS OF AGE OR OLDER OR THE  
18 PARENT OR GUARDIAN, WHO IS TWENTY-ONE YEARS OF AGE OR OLDER, OF  
19 A MINOR WHO IS A CURRENT REGISTRANT;

20 (B) HAS DESIGNATED THE MEDICAL MARIJUANA CENTER AS THE  
21 PERSON'S PRIMARY MEDICAL MARIJUANA CENTER;

22 (C) RECEIVES THE DELIVERY PURSUANT TO RULES; AND

23 (D) POSSESSES AN ACCEPTABLE FORM OF IDENTIFICATION.

24 (II) ANY PERSON DELIVERING MEDICAL MARIJUANA OR MEDICAL  
25 MARIJUANA-INFUSED PRODUCTS MUST POSSESS A VALID OCCUPATIONAL  
26 LICENSE AND BE A CURRENT EMPLOYEE OF THE LICENSED MEDICAL  
27 MARIJUANA CENTER WITH A VALID DELIVERY PERMIT OR MEDICAL  
28 MARIJUANA TRANSPORTER WITH A VALID DELIVERY PERMIT AND MUST  
29 HAVE UNDERGONE TRAINING REGARDING PROOF OF AGE IDENTIFICATION  
30 AND VERIFICATION, INCLUDING ALL FORMS OF IDENTIFICATION THAT ARE  
31 DEEMED ACCEPTABLE BY THE STATE LICENSING AUTHORITY, AND ANY  
32 OTHER TRAINING REQUIRED BY THE STATE LICENSING AUTHORITY.

33 (g) (I) IN ACCORDANCE WITH THIS SUBSECTION (10) AND RULES  
34 ADOPTED TO IMPLEMENT THIS SUBSECTION (10), A LICENSED MEDICAL  
35 MARIJUANA CENTER WITH A DELIVERY PERMIT MAY:

36 (A) RECEIVE AN ORDER OVER THE TELEPHONE OR INTERNET BY  
37 THE REGISTERED MEDICAL MARIJUANA PATIENT OR THE PARENT OR  
38 GUARDIAN OF A MINOR WHO IS A CURRENT REGISTRANT OF THE MEDICAL  
39 MARIJUANA PATIENT REGISTRY FOR THE PURCHASE AND DELIVERY OF  
40 MEDICAL MARIJUANA OR MEDICAL MARIJUANA-INFUSED PRODUCTS NOT IN  
41 EXCESS OF THE AMOUNTS ESTABLISHED BY THE STATE LICENSING

1 AUTHORITY FOR MEDICAL MARIJUANA OR ITS EQUIVALENT IN MEDICAL  
2 MARIJUANA CONCENTRATE, OR FOR MEDICAL MARIJUANA-INFUSED  
3 PRODUCTS, PER ORDER;

4 (B) DELIVER MEDICAL MARIJUANA AND MEDICAL  
5 MARIJUANA-INFUSED PRODUCTS NOT IN EXCESS OF THE AMOUNTS  
6 ESTABLISHED BY THE STATE LICENSING AUTHORITY;

7 (C) PROCESS EACH ORDER FOR MEDICAL MARIJUANA OR MEDICAL  
8 MARIJUANA-INFUSED PRODUCTS FOR DELIVERY, WHICH IS LIMITED TO  
9 ELECTRONIC TRANSACTIONS ONLY, THAT WILL OCCUR AND BE COMPLETED  
10 AT THE LICENSED MEDICAL MARIJUANA CENTER AND BE INCLUDED IN THAT  
11 DAY'S POINT-OF-SALE REPORTING;

12 (D) DELIVER ONLY TO A PERSON AT THE ADDRESS REGISTERED IN  
13 THE MEDICAL MARIJUANA PATIENT REGISTRY;

14 (E) DELIVER NO MORE THAN ONCE PER DAY TO THE SAME PERSON  
15 OR SAME PRIVATE RESIDENTIAL ADDRESS;

16 (F) DELIVER MEDICAL MARIJUANA OR MEDICAL  
17 MARIJUANA-INFUSED PRODUCTS ONLY BY A MOTOR VEHICLE THAT  
18 COMPLIES WITH THIS SECTION AND THE RULES PROMULGATED PURSUANT  
19 TO THIS SECTION; AND

20 (G) CONTRACT WITH A MEDICAL MARIJUANA TRANSPORTER WITH  
21 A DELIVERY PERMIT TO DELIVER MEDICAL MARIJUANA OR MEDICAL  
22 MARIJUANA-INFUSED PRODUCTS PURSUANT TO THIS SECTION.

23 (II) THE STATE LICENSING AUTHORITY SHALL PROMULGATE RULES  
24 REGARDING THE PERMITTED HOURS OF DELIVERY.

25 (h) (I) A PERSON PLACING AN ORDER FOR THE PURCHASE AND  
26 DELIVERY OF MEDICAL MARIJUANA OR MEDICAL MARIJUANA-INFUSED  
27 PRODUCTS IN ACCORDANCE WITH THIS SECTION MUST BE A CURRENT  
28 REGISTRANT OF THE MEDICAL MARIJUANA PATIENT REGISTRY, OR THE  
29 PARENT OR GUARDIAN OF A MINOR WHO IS A CURRENT REGISTRANT, WITH  
30 VALID IDENTIFICATION AS DEFINED BY THE STATE LICENSING AUTHORITY,  
31 AND WHO HAS REGISTERED THE MEDICAL MARIJUANA CENTER AS THE  
32 PATIENT'S PRIMARY CENTER. THE REGISTERED PATIENT OR PARENT OR  
33 GUARDIAN OF A MINOR WHO IS A REGISTERED PATIENT MUST ALLOW THE  
34 MEDICAL MARIJUANA CENTER OR MEDICAL MARIJUANA TRANSPORTER  
35 DELIVERY PERSON TO INSPECT HIS OR HER MEDICAL MARIJUANA REGISTRY  
36 CARD AND VALID IDENTIFICATION FOR PROOF OF AGE.

37 (II) AT THE TIME OF THE ORDER, THE MEDICAL MARIJUANA CENTER  
38 SHALL CONFIRM THE VALIDITY OF THE PERSON'S MEDICAL MARIJUANA  
39 REGISTRY IDENTIFICATION NUMBER AND ADDRESS AS REQUIRED BY THE  
40 STATE LICENSING AUTHORITY. PRIOR TO TRANSFERRING POSSESSION OF  
41 THE ORDER TO A PERSON, THE MEDICAL MARIJUANA CENTER OR MEDICAL

1 MARIJUANA TRANSPORTER DELIVERY PERSON SHALL CONFIRM THE  
2 PERSON'S IDENTIFICATION, THE PERSON'S POSSESSION OF THE MEDICAL  
3 MARIJUANA REGISTRY CARD THAT MATCHES THE MEDICAL MARIJUANA  
4 REGISTRY NUMBER, AND THE ADDRESS PROVIDED WITH THE ORDER AT THE  
5 POINT OF DELIVERY.

6 (III) A MEDICAL MARIJUANA CENTER AND MEDICAL MARIJUANA  
7 TRANSPORTER DELIVERY PERSON SHALL NOT MODIFY ORDERS OF MEDICAL  
8 MARIJUANA OR MEDICAL MARIJUANA-INFUSED PRODUCTS AFTER SUCH  
9 ORDERS HAVE BEEN PLACED.

10 (IV) THE STATE LICENSING AUTHORITY SHALL PROMULGATE RULES  
11 REGARDING VIDEO SURVEILLANCE REQUIREMENTS FOR AREAS WHERE  
12 ORDERS ARE STORED, WEIGHED, PACKAGED, PREPARED, TAGGED,  
13 TRANSPORTED, TRANSFERRED, AND DELIVERED.

14 (V) INVENTORY TRACKING, TRANSPORTATION, AND PACKAGING  
15 AND LABELING REQUIREMENTS REQUIRED BY THIS ARTICLE 43.3 OR RULES  
16 PROMULGATED BY THE STATE LICENSING AUTHORITY APPLY TO THE  
17 DELIVERY OF MEDICAL MARIJUANA AND MEDICAL MARIJUANA-INFUSED  
18 PRODUCTS TO REGISTERED PATIENTS OR TO THE PARENTS OR LEGAL  
19 GUARDIANS OF REGISTERED PATIENTS.

20 (VI) A VEHICLE DELIVERING MEDICAL MARIJUANA AND MEDICAL  
21 MARIJUANA-INFUSED PRODUCTS IS DEEMED AN EXTENSION OF THE  
22 MEDICAL MARIJUANA CENTER'S LICENSED PREMISES AND IS THEREFORE  
23 SUBJECT TO THE SAME OR SIMILAR REQUIREMENTS APPLIED TO A MEDICAL  
24 MARIJUANA CENTER'S LICENSED PREMISES.

25 (i) IT IS NOT A VIOLATION OF ANY PROVISION OF STATE, CIVIL, OR  
26 CRIMINAL LAW FOR A MEDICAL MARIJUANA CENTER WITH A VALID  
27 DELIVERY PERMIT, OR ITS PERSONNEL OR A MEDICAL MARIJUANA  
28 TRANSPORTER WITH A VALID DELIVERY PERMIT, OR ITS PERSONNEL WHO  
29 ARE TRAINED IN ACCORDANCE WITH RULES ADOPTED PURSUANT TO THIS  
30 SECTION, TO POSSESS, TRANSPORT, AND DELIVER MEDICAL MARIJUANA  
31 AND MEDICAL MARIJUANA-INFUSED PRODUCTS PURSUANT TO A DELIVERY  
32 PERMIT IN AMOUNTS THAT DO NOT EXCEED AMOUNTS ESTABLISHED BY THE  
33 STATE LICENSING AUTHORITY.

34 (j) NOTWITHSTANDING ANY PROVISIONS OF THIS SECTION,  
35 DELIVERY OF MEDICAL MARIJUANA OR MEDICAL MARIJUANA-INFUSED  
36 PRODUCTS IS NOT PERMITTED IN ANY MUNICIPALITY, COUNTY, OR CITY  
37 AND COUNTY THAT HAS PROHIBITED THE OPERATION OF MEDICAL  
38 MARIJUANA CENTERS, OPTIONAL PREMISES CULTIVATION OPERATIONS,  
39 AND MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURERS'  
40 LICENSES IN ACCORDANCE WITH THE AUTHORITY GRANTED IN THIS  
41 ARTICLE 43.3 UNLESS THE MUNICIPALITY, COUNTY, OR CITY AND COUNTY,

1 BY EITHER A MAJORITY OF THE REGISTERED ELECTORS OF THE  
2 MUNICIPALITY, COUNTY, OR CITY AND COUNTY VOTING AT A REGULAR  
3 ELECTION OR SPECIAL ELECTION CALLED IN ACCORDANCE WITH THE  
4 "COLORADO MUNICIPAL ELECTION CODE OF 1965", ARTICLE 10 OF TITLE  
5 31, OR THE "UNIFORM ELECTION CODE OF 1992", ARTICLES 1 TO 13 OF  
6 TITLE 1, AS APPLICABLE, OR A MAJORITY OF THE MEMBERS OF THE  
7 GOVERNING BOARD FOR THE MUNICIPALITY, COUNTY, OR CITY AND  
8 COUNTY, VOTE TO ALLOW THE DELIVERY OF MEDICAL MARIJUANA OR  
9 MEDICAL MARIJUANA-INFUSED PRODUCTS TO PRIVATE RESIDENCES  
10 PURSUANT TO THIS SECTION;

11 (k) (I) THE STATE LICENSING AUTHORITY SHALL BEGIN ISSUING  
12 DELIVERY PERMITS ON JULY 1, 2018.

13 (II) THIS SUBSECTION (10) IS REPEALED, EFFECTIVE JULY 1, 2020.

14 **SECTION 4.** In Colorado Revised Statutes, 12-43.3-406, **amend**  
15 (1)(a) as follows:

16 **12-43.3-406. Medical marijuana transporter license.** (1) (a) A  
17 medical marijuana transporter license may be issued to a person to  
18 provide logistics, distribution, DELIVERY TO A PRIVATE RESIDENCE ON  
19 BEHALF OF A MEDICAL MARIJUANA CENTER PURSUANT TO SECTION  
20 12-43.3-402 (10), and storage of medical marijuana and medical  
21 marijuana-infused products. Notwithstanding any other provisions of law,  
22 a medical marijuana transporter license is valid for two years, but cannot  
23 be transferred with a change of ownership. A licensed medical marijuana  
24 transporter is responsible for the medical marijuana and medical  
25 marijuana-infused products once it takes control of the product.

26 **SECTION 5.** In Colorado Revised Statutes, 12-43.4-202, **amend**  
27 (3)(a) introductory portion and (3)(a)(XIX); and **add** (3)(a)(XXI) as  
28 follows:

29 **12-43.4-202. Powers and duties of state licensing authority -**  
30 **rules.** (3) (a) Rules promulgated pursuant to ~~paragraph (b) of subsection~~  
31 ~~(2)~~ SUBSECTION (2)(b) of this section must include, but need not be  
32 limited to, the following subjects:

33 (XIX) Nonescorted visitors in limited access areas; ~~and~~

34 (XXI) ONE-TIME TRANSFERS OF RETAIL MARIJUANA OR RETAIL  
35 MARIJUANA PRODUCTS FROM A RETAIL MARIJUANA LICENSEE TO A  
36 MEDICAL MARIJUANA LICENSEE PURSUANT TO SECTION 12-43.4-401 (5).

37 **SECTION 6.** In Colorado Revised Statutes, 12-43.4-401, **add** (5)  
38 as follows:

39 **12-43.4-401. Classes of licenses.** (5) (a) A RETAIL MARIJUANA  
40 LICENSEE IN GOOD STANDING MAY COMPLETE A ONE-TIME TRANSFER OF  
41 RETAIL MARIJUANA OR RETAIL MARIJUANA PRODUCTS TO A MEDICAL

1 MARIJUANA LICENSEE OR LICENSEES IN GOOD STANDING BASED ON ONE OF  
2 THE FOLLOWING DEMONSTRATED BUSINESS NEEDS:

3 (I) LOSS OR THREATENED LOSS OF A RETAIL MARIJUANA LICENSE  
4 NOT ASSOCIATED WITH WRONGDOING BY THE RETAIL MARIJUANA  
5 LICENSEE;

6 (II) INABILITY TO OPERATE A RETAIL MARIJUANA FACILITY DUE TO  
7 LOCAL, REGIONAL, STATE, OR NATIONAL LAW ENFORCEMENT ACTIVITY  
8 NOT ASSOCIATED WITH A LICENSEE'S VIOLATION OF STATE OR LOCAL LAW;  
9 OR

10 (III) ANOTHER COMPELLING BUSINESS NEED UNRELATED TO A  
11 LICENSEE'S VIOLATION OF STATE OR LOCAL LAW, AS DETERMINED BY THE  
12 STATE LICENSING AUTHORITY.

13 (b) IF GRANTED, THE TRANSFER AUTHORIZED BY THIS SUBSECTION  
14 (5) MUST BE COMPLETED WITHIN SIX MONTHS OF THE DATE THE TRANSFER  
15 WAS APPROVED.

16 **SECTION 7.** In Colorado Revised Statutes, 39-28.8-101, **amend**  
17 the introductory portion and (1); and **add** (1.5) and (2.5) as follows:

18 **39-28.8-101. Definitions.** Unless the context otherwise requires,  
19 any terms not defined in this ~~article shall~~ ARTICLE 28.8 have the meanings  
20 set forth in article 26 of this ~~title~~ TITLE 39. As used in this ~~article~~ ARTICLE  
21 28.8, unless the context otherwise requires:

22 (1) ~~"Average market rate" means the average price, as determined~~  
23 ~~by the department on a biannual basis in six-month intervals, of all~~  
24 ~~unprocessed retail marijuana that is sold or transferred from retail~~  
25 ~~marijuana cultivation facilities in the state to retail marijuana product~~  
26 ~~manufacturing facilities, retail marijuana stores, or other retail marijuana~~  
27 ~~cultivation facilities. An "average market rate" may be based on the~~  
28 ~~purchaser or transferee of unprocessed retail marijuana or on the nature~~  
29 ~~of the unprocessed retail marijuana that is sold or transferred~~ "AFFILIATED  
30 MARIJUANA BUSINESS LICENSEES" MEANS MARIJUANA BUSINESS LICENSEES  
31 THAT ARE OWNED OR CONTROLLED BY THE SAME OR RELATED INTERESTS,  
32 WHERE "RELATED INTERESTS" INCLUDES INDIVIDUALS WHO ARE RELATED  
33 BY BLOOD OR MARRIAGE OR ENTITIES THAT ARE DIRECTLY OR INDIRECTLY  
34 CONTROLLED BY AN ENTITY OR INDIVIDUAL OR RELATED INDIVIDUALS.

35 (1.5) "AVERAGE MARKET RATE" MEANS THE AVERAGE PRICE, AS  
36 DETERMINED BY THE DEPARTMENT ON A QUARTERLY BASIS, OF ALL  
37 UNPROCESSED RETAIL MARIJUANA THAT IS SOLD OR TRANSFERRED FROM  
38 RETAIL MARIJUANA CULTIVATION FACILITIES IN THE STATE TO RETAIL  
39 MARIJUANA PRODUCT MANUFACTURING FACILITIES, RETAIL MARIJUANA  
40 STORES, OR OTHER RETAIL MARIJUANA CULTIVATION FACILITIES, LESS  
41 TAXES PAID ON THE SALES OR TRANSFERS. AN "AVERAGE MARKET RATE"



1 MAY BE BASED ON THE PURCHASER OR TRANSFEREE OF UNPROCESSED  
2 RETAIL MARIJUANA OR ON THE NATURE OF THE UNPROCESSED RETAIL  
3 MARIJUANA THAT IS SOLD OR TRANSFERRED. THE "AVERAGE MARKET  
4 RATE" MUST INCLUDE A TIER THAT COVERS UNPROCESSED MARIJUANA  
5 THAT IS ALLOCATED TO EXTRACTIONS, AND THE RATE FOR THAT TIER MUST  
6 BE LOWER THAN THE RATE FOR UNPROCESSED MARIJUANA THAT IS  
7 ALLOCATED FOR DIRECT SALE TO CONSUMERS.

8 (2.5) "CONTRACT PRICE" MEANS THE INVOICE PRICE CHARGED BY  
9 A RETAIL MARIJUANA CULTIVATION FACILITY TO EACH LICENSED  
10 PURCHASER FOR EACH SALE OR TRANSFER OF UNPROCESSED RETAIL  
11 MARIJUANA, EXCLUSIVE OF ANY TAX THAT IS INCLUDED IN THE WRITTEN  
12 INVOICE PRICE, AND EXCLUSIVE OF ANY DISCOUNT OR OTHER REDUCTION.  
13 IN THE CASE OF MULTIPLE INVOICES REFLECTING MULTIPLE PRICES FOR THE  
14 SAME TRANSACTION, "CONTRACT PRICE" IS THE HIGHEST SUCH PRICE.

15 **SECTION 8.** In Colorado Revised Statutes, 39-28.8-302, **amend**  
16 (1)(a)(I) as follows:

17 **39-28.8-302. Retail marijuana - excise tax levied at first**  
18 **transfer from retail marijuana cultivation facility - tax rate.**  
19 (1) (a) (I) ~~Beginning January 1, 2014,~~ Except as otherwise provided in  
20 ~~subparagraph (H) of this paragraph (a) and paragraph (b) of this~~  
21 ~~subsection (1)~~ SUBSECTION (1)(b) OF THIS SECTION, there is levied and  
22 shall be collected, in addition to the sales tax imposed pursuant to part 1  
23 of article 26 of this ~~title~~ TITLE 39 and part 2 of this ~~article~~ ARTICLE 28.8,  
24 a tax on the first sale or transfer of unprocessed retail marijuana by a  
25 retail marijuana cultivation facility, at a rate of fifteen percent of the  
26 average market rate of the unprocessed retail marijuana IF THE  
27 TRANSACTION IS BETWEEN AFFILIATED RETAIL MARIJUANA BUSINESS  
28 LICENSEES. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (1)(b) OF  
29 THIS SECTION, THERE IS LEVIED AND SHALL BE COLLECTED, IN ADDITION  
30 TO THE SALES TAX IMPOSED PURSUANT TO PART 1 OF ARTICLE 26 OF THIS  
31 TITLE 39 AND PART 2 OF THIS ARTICLE 28.8, A TAX ON THE FIRST SALE OR  
32 TRANSFER OF UNPROCESSED RETAIL MARIJUANA BY A RETAIL MARIJUANA  
33 CULTIVATION FACILITY, AT A RATE OF FIFTEEN PERCENT OF THE CONTRACT  
34 PRICE FOR UNPROCESSED RETAIL MARIJUANA IF THE TRANSACTION IS  
35 BETWEEN UNAFFILIATED RETAIL MARIJUANA BUSINESS LICENSEES. The tax  
36 shall be imposed at the time when the retail marijuana cultivation facility  
37 first sells or transfers unprocessed retail marijuana from the retail  
38 marijuana cultivation facility to a retail marijuana product manufacturing  
39 facility OR a retail marijuana store. ~~or another retail marijuana cultivation~~  
40 ~~facility.~~

41 **SECTION 9.** In Colorado Revised Statutes, 29-2-114, **amend**

1 (1)(a) and (2)(a) as follows:

2 **29-2-114. Retail marijuana excise tax - county - municipality**  
3 **- election.** (1) (a) In addition to any sales tax imposed pursuant to section  
4 29-2-103 and articles 26 and 28.8 of title 39, ~~C.R.S.~~, and in addition to  
5 the excise tax imposed pursuant to article 28.8 of title 39, ~~C.R.S.~~, each  
6 county in the state is authorized to levy, collect, and enforce a county  
7 excise tax on the first sale or transfer of unprocessed retail marijuana by  
8 a retail marijuana cultivation facility authorized by the county; except that  
9 a county is not authorized to levy, collect, and enforce a county excise tax  
10 on the first sale or transfer of unprocessed retail marijuana by a retail  
11 marijuana cultivation facility pursuant to this subsection (1) within any  
12 municipality that levies such an excise tax pursuant to subsection (2) of  
13 this section. The tax shall be imposed at the time when the retail  
14 marijuana cultivation facility first sells or transfers unprocessed retail  
15 marijuana from the retail marijuana cultivation facility to a retail  
16 marijuana product manufacturing facility OR a retail marijuana store. ~~or~~  
17 ~~another retail marijuana cultivation facility.~~ The tax rate imposed  
18 pursuant to this ~~paragraph (a)~~ shall SUBSECTION (1)(a) MAY not exceed  
19 five percent of the average market rate, as determined by the department  
20 of revenue pursuant to section 39-28.8-101 (1), ~~C.R.S.~~, of the  
21 unprocessed retail marijuana.

22 (2) (a) In addition to any sales tax imposed pursuant to section  
23 29-2-102 and articles 26 and 28.8 of title 39, ~~C.R.S.~~, and in addition to  
24 the excise tax imposed pursuant to article 28.8 of title 39, ~~C.R.S.~~, each  
25 municipality in the state is authorized to levy, collect, and enforce a  
26 municipal excise tax on the first sale or transfer of unprocessed retail  
27 marijuana by a retail marijuana cultivation facility. The tax shall be  
28 imposed at the time when the retail marijuana cultivation facility first  
29 sells or transfers unprocessed retail marijuana from the retail marijuana  
30 cultivation facility to a retail marijuana product manufacturing facility OR  
31 a retail marijuana store. ~~or another retail marijuana cultivation facility.~~  
32 The tax rate imposed by any statutory municipality pursuant to this  
33 ~~paragraph (a)~~ shall SUBSECTION (2)(a) MAY not exceed five percent of the  
34 average market rate, as determined by the department of revenue pursuant  
35 to section 39-28.8-101 (1), ~~C.R.S.~~, of the unprocessed retail marijuana.

36 **SECTION 10.** In Colorado Revised Statutes, 32-1-1004, **amend**  
37 (10)(a) and (10)(b) as follows:

38 **32-1-1004. Metropolitan districts - additional powers and**  
39 **duties.** (10) (a) In addition to the excise tax imposed pursuant to article  
40 28.8 of title 39, ~~C.R.S.~~, a metropolitan district with boundaries entirely  
41 within the unincorporated area of a county is authorized to levy, collect,

1 and enforce a metropolitan district excise tax on the first sale or transfer  
2 of unprocessed retail marijuana by a retail marijuana cultivation facility.  
3 The tax shall be imposed at the time when the retail marijuana cultivation  
4 facility first sells or transfers unprocessed retail marijuana from the retail  
5 marijuana cultivation facility to a retail marijuana product manufacturing  
6 facility OR a retail marijuana store. ~~or another retail marijuana cultivation~~  
7 ~~facility.~~

8 (b) If the boundaries of a metropolitan district are within a county  
9 that imposes an additional excise tax on the first sale or transfer of  
10 unprocessed retail marijuana by a retail marijuana cultivation facility  
11 pursuant to section 29-2-114, ~~C.R.S.~~, the excise tax rate imposed by the  
12 metropolitan district pursuant to this subsection (10) shall not exceed such  
13 tax rate imposed by the county. In no event shall the tax rate imposed  
14 pursuant to this subsection (10) exceed five percent of the average market  
15 rate, as determined by the department of revenue pursuant to section  
16 39-28.8-101 (1), ~~C.R.S.~~, of the unprocessed retail marijuana.

17 **SECTION 11. Act subject to petition - effective date.** This act  
18 takes effect at 12:01 a.m. on the day following the expiration of the  
19 ninety-day period after final adjournment of the general assembly (August  
20 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a  
21 referendum petition is filed pursuant to section 1 (3) of article V of the  
22 state constitution against this act or an item, section, or part of this act  
23 within such period, then the act, item, section, or part will not take effect  
24 unless approved by the people at the general election to be held in  
25 November 2018 and, in such case, will take effect on the date of the  
26 official declaration of the vote thereon by the governor."

\*\* \*\* \*\* \*\* \*\*