

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

REENGROSSED

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

LLS NO. 18-1218.01 Michael Dohr x4347

HOUSE BILL 18-1389

HOUSE SPONSORSHIP

Gray and Van Winkle,

SENATE SPONSORSHIP

Neville T.,

House Committees

Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING AUTHORIZATION FOR ISSUANCE OF A CENTRALIZED**
102 **MARIJUANA DISTRIBUTION PERMIT.**

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://leg.colorado.gov>.)

The bill creates a centralized distribution permit to an optional premises cultivation facility or retail marijuana cultivation facility authorizing temporary storage on its licensed premises of marijuana concentrate or marijuana products for the sole purpose of transfer to the permit holder's respective commonly owned medical marijuana centers or retail marijuana stores.

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

HOUSE
3rd Reading Unamended
April 25, 2018

HOUSE
Amended 2nd Reading
April 24, 2018

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

2 **SECTION 1.** In Colorado Revised Statutes, 12-43.3-202, **add**
3 (2)(a)(XXIII) as follows:

4 **12-43.3-202. Powers and duties of state licensing authority -**
5 **rules.** (2) (a) Rules promulgated pursuant to subsection (1)(b) of this
6 section may include, but need not be limited to, the following subjects:

7 (XXIII) REQUIREMENTS FOR A CENTRALIZED DISTRIBUTION
8 PERMIT FOR OPTIONAL PREMISES CULTIVATION FACILITIES ISSUED
9 PURSUANT TO SECTION 12-43.3-403 (4), INCLUDING BUT NOT LIMITED TO
10 PERMIT APPLICATION REQUIREMENTS AND PRIVILEGES AND RESTRICTIONS
11 OF A CENTRALIZED DISTRIBUTION PERMIT.

12 **SECTION 2.** In Colorado Revised Statutes, 12-43.3-403, **add** (4)
13 as follows:

14 **12-43.3-403. Optional premises cultivation license - definition.**

15 (4) (a) THE STATE LICENSING AUTHORITY MAY ISSUE A CENTRALIZED
16 DISTRIBUTION PERMIT TO AN OPTIONAL PREMISES CULTIVATION FACILITY
17 AUTHORIZING TEMPORARY STORAGE ON ITS LICENSED PREMISES OF
18 MEDICAL MARIJUANA CONCENTRATE AND MEDICAL MARIJUANA-INFUSED
19 PRODUCTS RECEIVED FROM A MEDICAL MARIJUANA-INFUSED PRODUCTS
20 MANUFACTURER FOR THE SOLE PURPOSE OF TRANSFER TO THE PERMIT
21 HOLDER'S COMMONLY OWNED MEDICAL MARIJUANA CENTERS. PRIOR TO
22 OPERATING A CENTRALIZED DISTRIBUTION FACILITY, AN OPTIONAL
23 PREMISES CULTIVATION FACILITY LICENSED PURSUANT TO THIS SECTION
24 SHALL, AT THE TIME OF APPLICATION TO THE STATE LICENSING
25 AUTHORITY, SEND A COPY OF THE APPLICATION OR SUPPLEMENTAL
26 APPLICATION FOR A CENTRALIZED DISTRIBUTION PERMIT TO THE LOCAL

1 LICENSING AUTHORITY IN THE JURISDICTION IN WHICH THE CENTRALIZED
2 DISTRIBUTION PERMIT IS PROPOSED. THE STATE LICENSING AUTHORITY
3 SHALL NOTIFY THE LOCAL LICENSING AUTHORITY OF ITS DECISION
4 REGARDING THE CENTRALIZED DISTRIBUTION PERMIT.

5 (b) AN OPTIONAL PREMISES CULTIVATION FACILITY SHALL NOT
6 STORE MEDICAL MARIJUANA CONCENTRATE OR MEDICAL
7 MARIJUANA-INFUSED PRODUCTS PURSUANT TO A CENTRALIZED
8 DISTRIBUTION PERMIT FOR MORE THAN NINETY DAYS.

9 (c) AN OPTIONAL PREMISES CULTIVATION FACILITY SHALL NOT
10 ACCEPT ANY MEDICAL MARIJUANA CONCENTRATE OR MEDICAL
11 MARIJUANA-INFUSED PRODUCTS PURSUANT TO A CENTRALIZED
12 DISTRIBUTION PERMIT UNLESS THE MEDICAL MARIJUANA CONCENTRATE
13 AND MEDICAL MARIJUANA-INFUSED PRODUCTS ARE PACKAGED AND
14 LABELED FOR SALE TO A CONSUMER AS REQUIRED BY RULES
15 PROMULGATED BY THE STATE LICENSING AUTHORITY PURSUANT TO
16 SECTION 12-43.3-202.

17 (d) ALL MEDICAL MARIJUANA CONCENTRATE AND MEDICAL
18 MARIJUANA-INFUSED PRODUCTS STORED AND PREPARED FOR TRANSPORT
19 ON AN OPTIONAL PREMISES CULTIVATION FACILITY'S LICENSED PREMISES
20 PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT MUST ONLY BE
21 TRANSFERRED TO AN OPTIONAL PREMISES CULTIVATION FACILITY
22 LICENSEE'S COMMONLY OWNED MEDICAL MARIJUANA CENTERS. ALL
23 TRANSFERS OF MEDICAL MARIJUANA CONCENTRATE AND MEDICAL
24 MARIJUANA-INFUSED PRODUCTS BY AN OPTIONAL PREMISES CULTIVATION
25 FACILITY PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT ARE
26 WITHOUT CONSIDERATION.

27 (e) ALL SECURITY AND SURVEILLANCE REQUIREMENTS THAT APPLY

1 TO AN OPTIONAL PREMISES CULTIVATION FACILITY APPLY TO ACTIVITIES
2 CONDUCTED PURSUANT TO THE PRIVILEGES OF A CENTRALIZED
3 DISTRIBUTION PERMIT.

4 (f) AN OPTIONAL PREMISES CULTIVATION FACILITY SHALL TRACK
5 ALL MEDICAL MARIJUANA CONCENTRATE AND MEDICAL
6 MARIJUANA-INFUSED PRODUCTS POSSESSED PURSUANT TO A CENTRALIZED
7 DISTRIBUTION PERMIT IN THE SEED-TO-SALE TRACKING SYSTEM FROM THE
8 POINT IT IS RECEIVED FROM A MEDICAL MARIJUANA-INFUSED PRODUCTS
9 MANUFACTURER TO THE POINT OF TRANSFER TO AN OPTIONAL PREMISES
10 CULTIVATION FACILITY LICENSEE'S COMMONLY OWNED MEDICAL
11 MARIJUANA CENTERS.

12 (g) FOR PURPOSES OF THIS SECTION ONLY, "COMMONLY OWNED"
13 MEANS LICENSES THAT HAVE AN OWNERSHIP STRUCTURE WITH AT LEAST
14 ONE NATURAL PERSON WITH A MINIMUM OF FIVE PERCENT OWNERSHIP IN
15 EACH LICENSE.

16 **SECTION 3.** In Colorado Revised Statutes, 12-43.4-202, **add**
17 (3)(a)(XXI) as follows:

18 **12-43.4-202. Powers and duties of state licensing authority -**
19 **rules.** (3) (a) Rules promulgated pursuant to subsection (2)(b) of this
20 section must include, but need not be limited to, the following subjects:

21 (XXI) REQUIREMENTS FOR A CENTRALIZED DISTRIBUTION PERMIT
22 FOR RETAIL MARIJUANA CULTIVATION FACILITIES ISSUED PURSUANT TO
23 SECTION 12-43.4-403 (7), INCLUDING BUT NOT LIMITED TO PERMIT
24 APPLICATION REQUIREMENTS AND PRIVILEGES AND RESTRICTIONS OF A
25 CENTRALIZED DISTRIBUTION PERMIT.

26 **SECTION 4.** In Colorado Revised Statutes, 12-43.4-403, **add** (7)
27 as follows:

1 **12-43.4-403. Retail marijuana cultivation facility license -**

2 **definition.** (7) (a) THE STATE LICENSING AUTHORITY MAY ISSUE A
3 CENTRALIZED DISTRIBUTION PERMIT TO A RETAIL MARIJUANA
4 CULTIVATION FACILITY AUTHORIZING TEMPORARY STORAGE ON ITS
5 LICENSED PREMISES OF RETAIL MARIJUANA CONCENTRATE AND RETAIL
6 MARIJUANA PRODUCTS RECEIVED FROM A RETAIL MARIJUANA
7 ESTABLISHMENT FOR THE SOLE PURPOSE OF TRANSFER TO THE PERMIT
8 HOLDER'S COMMONLY OWNED RETAIL MARIJUANA STORES. PRIOR TO
9 OPERATING A CENTRALIZED DISTRIBUTION FACILITY, A RETAIL MARIJUANA
10 CULTIVATION FACILITY LICENSED PURSUANT TO THIS SECTION SHALL, AT
11 THE TIME OF APPLICATION TO THE STATE LICENSING AUTHORITY, SEND A
12 COPY OF THE APPLICATION OR SUPPLEMENTAL APPLICATION FOR A
13 CENTRALIZED DISTRIBUTION PERMIT TO THE LOCAL JURISDICTION IN WHICH
14 THE CENTRALIZED DISTRIBUTION PERMIT IS PROPOSED. THE STATE
15 LICENSING AUTHORITY SHALL NOTIFY THE LOCAL JURISDICTION OF ITS
16 DECISION REGARDING THE CENTRALIZED DISTRIBUTION PERMIT.

17 (b) A RETAIL MARIJUANA CULTIVATION FACILITY SHALL NOT
18 STORE RETAIL MARIJUANA CONCENTRATE OR RETAIL MARIJUANA
19 PRODUCTS PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT FOR MORE
20 THAN NINETY DAYS.

21 (c) A RETAIL MARIJUANA CULTIVATION FACILITY SHALL NOT
22 ACCEPT ANY RETAIL MARIJUANA CONCENTRATE OR RETAIL MARIJUANA
23 PRODUCTS PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT UNLESS
24 THE RETAIL MARIJUANA CONCENTRATE AND RETAIL MARIJUANA PRODUCTS
25 ARE PACKAGED AND LABELED FOR SALE TO A CONSUMER AS REQUIRED BY
26 RULES PROMULGATED BY THE STATE LICENSING AUTHORITY PURSUANT TO
27 SECTION 12-43.4-202.

1 (d) ALL RETAIL MARIJUANA CONCENTRATE AND RETAIL
2 MARIJUANA PRODUCTS STORED AND PREPARED FOR TRANSPORT ON A
3 RETAIL MARIJUANA CULTIVATION FACILITY'S LICENSED PREMISES
4 PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT MUST ONLY BE
5 TRANSFERRED TO A RETAIL MARIJUANA CULTIVATION FACILITY LICENSEE'S
6 COMMONLY OWNED RETAIL MARIJUANA STORES. ALL TRANSFERS OF
7 RETAIL MARIJUANA CONCENTRATE AND RETAIL MARIJUANA PRODUCTS BY
8 A RETAIL MARIJUANA CULTIVATION FACILITY PURSUANT TO A
9 CENTRALIZED DISTRIBUTION PERMIT ARE WITHOUT CONSIDERATION.

10 (e) ALL SECURITY AND SURVEILLANCE REQUIREMENTS THAT APPLY
11 TO A RETAIL MARIJUANA CULTIVATION FACILITY APPLY TO ACTIVITIES
12 CONDUCTED PURSUANT TO THE PRIVILEGES OF A CENTRALIZED
13 DISTRIBUTION PERMIT.

14 (f) A RETAIL MARIJUANA CULTIVATION FACILITY SHALL TRACK ALL
15 RETAIL MARIJUANA CONCENTRATE AND RETAIL MARIJUANA PRODUCTS
16 POSSESSED PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT IN THE
17 SEED-TO-SALE TRACKING SYSTEM FROM THE POINT IT IS RECEIVED FROM
18 A RETAIL MARIJUANA ESTABLISHMENT TO THE POINT OF TRANSFER TO A
19 RETAIL MARIJUANA CULTIVATION FACILITY LICENSEE'S COMMONLY OWNED
20 RETAIL MARIJUANA STORES.

21 (g) FOR PURPOSES OF THIS SECTION ONLY, "COMMONLY OWNED"
22 MEANS LICENSES THAT HAVE AN OWNERSHIP STRUCTURE WITH AT LEAST
23 ONE NATURAL PERSON WITH A MINIMUM OF FIVE PERCENT OWNERSHIP IN
24 EACH LICENSE.

25 **SECTION 5.** In Colorado Revised Statutes, 12-43.4-404, **amend**
26 (1)(b) as follows:

27 **12-43.4-404. Retail marijuana products manufacturing**

1 **license.** (1) (b) A retail marijuana products manufacturer may cultivate
2 its own retail marijuana if it obtains a retail marijuana cultivation facility
3 license, or it may purchase retail marijuana from a licensed retail
4 marijuana cultivation facility. A retail marijuana products manufacturer
5 shall track all of its retail marijuana from the point it is either transferred
6 from its retail marijuana cultivation facility or the point when it is
7 delivered to the retail marijuana products manufacturer from a licensed
8 retail marijuana cultivation facility to the point of transfer to a licensed
9 retail marijuana store, A LICENSED RETAIL MARIJUANA PRODUCTS
10 MANUFACTURER, A RETAIL MARIJUANA TESTING FACILITY, OR A LICENSED
11 RETAIL MARIJUANA CULTIVATION FACILITY WITH A CENTRALIZED
12 DISTRIBUTION PERMIT PURSUANT TO SECTION 12-43.4-403 (7).

13 **SECTION 6. Safety clause.** The general assembly hereby finds,
14 determines, and declares that this act is necessary for the immediate
15 preservation of the public peace, health, and safety.