

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 18-1167.01 Jennifer Berman x3286

SENATE BILL 18-235

SENATE SPONSORSHIP

Coram,

HOUSE SPONSORSHIP

Arndt,

Senate Committees

Agriculture, Natural Resources, & Energy

House Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF THE COLORADO INDUSTRIAL HEMP
102 RESEARCH AND DEVELOPMENT AUTHORITY.

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>.)

Section 2 of the bill creates the Colorado industrial hemp research and development authority (authority) to develop, fund, and promote educational, research, and development programs and collaborative efforts concerning industrial hemp. In furtherance of its purpose, the authority is directed to apply for federal funding from the national institution of food and agriculture (NIFA) in the United States department

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.

of agriculture for industrial hemp education, research, and extension programs and projects. In seeking a competitive grant from NIFA, the authority is directed to seek designation as a center of excellence to obtain priority in NIFA's competitive grant application process.

Section 1 authorizes the commissioner of agriculture to distribute money to the authority from the industrial hemp research grant fund for use by the authority to match federal or private money received by the authority for use in funding industrial hemp education, research, or development projects or programs supported by the authority.

Sections 3 to 12 make conforming amendments.

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

2 **SECTION 1.** In Colorado Revised Statutes, 35-61-104.5, **amend**
3 (2) as follows:

4 **35-61-104.5. Research - certified seed program - fees.** (2) In
5 addition to the fees collected pursuant to section 35-61-106, the
6 commissioner may collect an additional fee, established by the committee,
7 from each registrant for the purpose of funding industrial hemp research
8 and certification programs, including by making grants to institutions of
9 higher education as specified in subsection (1) of this section, AND FOR
10 THE PURPOSE OF DISTRIBUTING MONEY TO THE COLORADO INDUSTRIAL
11 HEMP RESEARCH AND DEVELOPMENT AUTHORITY CREATED IN SECTION
12 35-61-203 FOR USE AS STATE MATCHING FUNDS IN ACCORDANCE WITH
13 SECTIONS 35-61-204 AND 35-61-205. THE COMMISSIONER SHALL NOT
14 DISTRIBUTE ANY MONEY TO THE AUTHORITY FOR USE AS STATE MATCHING
15 FUNDS FOR A PROJECT OR PROGRAM UNLESS THE COMMISSIONER RECEIVES
16 WRITTEN CONFIRMATION FROM A FINANCIAL OFFICER OF ONE OF THE
17 INSTITUTIONS OF HIGHER EDUCATION THAT, PURSUANT TO SECTION
18 35-61-203 (2)(a)(II), IS REPRESENTED ON THE AUTHORITY'S BOARD OF
19 DIRECTORS THAT FEDERAL OR PRIVATE FUNDING FOR THE PROJECT OR
20 PROGRAM HAS BEEN RECEIVED IN AN AMOUNT EQUAL TO OR GREATER

1 THAN THE AMOUNT OF THE STATE MATCHING FUNDS BEING SOUGHT. The
2 fees collected shall be deposited in the industrial hemp research grant
3 fund created in section 35-61-106 (3). The department may solicit, apply
4 for, and accept ~~moneys~~ MONEY from other sources for the grant program.

5 **SECTION 2.** In Colorado Revised Statutes, **add** part 2 to article
6 61 of title 35 as follows:

7 **PART 2**
8 **COLORADO INDUSTRIAL HEMP RESEARCH**
9 **AND DEVELOPMENT AUTHORITY**

10 **35-61-201. Legislative declaration.** (1) THE GENERAL ASSEMBLY
11 FINDS, DETERMINES, AND DECLARES THAT:

12 (a) THE CONTINUED AND INCREASED PRODUCTION AND EFFICIENT
13 USE OF INDUSTRIAL HEMP WILL PLAY A CENTRAL ROLE IN THE FUTURE OF
14 THIS STATE AND THE NATION AS A WHOLE;

15 (b) THE DEVELOPMENT, PRODUCTION, AND EFFICIENT USE OF
16 INDUSTRIAL HEMP WILL:

17 (I) ADVANCE THE SECURITY, ECONOMIC WELL-BEING, AND PUBLIC
18 AND ENVIRONMENTAL HEALTH OF THIS STATE; AND

19 (II) CONTRIBUTE TO THE AGRICULTURAL INDEPENDENCE OF OUR
20 NATION; AND

21 (c) THE CREATION OF THE AUTHORITY AND THE EXPENDITURE OF
22 PUBLIC MONEY FOR THE AUTHORITY WILL SERVE VALID PUBLIC PURPOSES
23 AND ARE EXPRESSLY DECLARED TO BE IN THE PUBLIC INTEREST.

24 **35-61-202. Definitions.** IN ADDITION TO THE DEFINITIONS IN
25 SECTION 35-61-101, AS USED IN THIS PART 2, UNLESS THE CONTEXT
26 OTHERWISE REQUIRES:

27 (1) "AUTHORITY" MEANS THE COLORADO INDUSTRIAL HEMP

1 RESEARCH AND DEVELOPMENT AUTHORITY CREATED IN SECTION
2 35-61-203.

3 (2) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE
4 AUTHORITY.

5 (3) "CENTER OF EXCELLENCE" MEANS A CENTER OF EXCELLENCE
6 FOR FOOD AND AGRICULTURAL RESEARCH, EDUCATION, AND EXTENSION,
7 AS DESIGNATED BY NIFA PURSUANT TO SECTION 7214 OF THE FEDERAL
8 ACT AND 7 CFR 3430.16.

9 (4) "FEDERAL ACT" MEANS THE "AGRICULTURAL ACT OF 2014",
10 PUB.L. 113-79, AS AMENDED.

11 (5) "NIFA" MEANS THE NATIONAL INSTITUTE OF FOOD AND
12 AGRICULTURE IN THE UNITED STATES DEPARTMENT OF AGRICULTURE.

13 **35-61-203. Colorado industrial hemp research and**
14 **development authority - creation - board of directors.** (1) THERE IS
15 HEREBY CREATED THE COLORADO INDUSTRIAL HEMP RESEARCH AND
16 DEVELOPMENT AUTHORITY. THE AUTHORITY IS A BODY CORPORATE AND
17 AN ECONOMIC DEVELOPMENT SUBDIVISION OF THE STATE. THE AUTHORITY
18 IS NOT AN AGENCY OF STATE GOVERNMENT; HOWEVER, THE AUTHORITY
19 MAY COLLABORATE AS NEEDED WITH THE DEPARTMENT TO FULFILL THE
20 OBJECTIVES SET FORTH IN THIS PART 2.

21 (2) (a) THE AUTHORITY'S POWERS ARE VESTED IN A BOARD OF
22 DIRECTORS CONSISTING OF:

23 (I) THREE MEMBERS JOINTLY APPOINTED BY THE CHAIRS OF THE
24 AGRICULTURE, LIVESTOCK, AND NATURAL RESOURCES COMMITTEE IN THE
25 HOUSE OF REPRESENTATIVES AND THE AGRICULTURE, NATURAL
26 RESOURCES, AND ENERGY COMMITTEE IN THE SENATE, OR THEIR
27 SUCCESSOR COMMITTEES, AS RECOMMENDED BY THE INDUSTRIAL HEMP

1 COMMITTEE; AND

2 (II) THE FOLLOWING FOUR MEMBERS:

3 (A) A REPRESENTATIVE OF THE DEPARTMENT, AS APPOINTED BY
4 THE COMMISSIONER;

5 (B) A REPRESENTATIVE OF THE COLORADO STATE UNIVERSITY
6 SYSTEM, AS APPOINTED BY ITS BOARD OF GOVERNORS;

7 (C) A REPRESENTATIVE OF THE UNIVERSITY OF COLORADO AT
8 BOULDER, AS APPOINTED BY ITS BOARD OF REGENTS; AND

9 (D) A REPRESENTATIVE OF A NATIONWIDE OR STATEWIDE
10 NONPROFIT INDUSTRIAL HEMP RESEARCH AND DEVELOPMENT
11 ORGANIZATION THAT IS JOINTLY CHOSEN BY THE COMMITTEE CHAIRS
12 DESCRIBED IN SUBSECTION (2)(a)(I) OF THIS SECTION, AS APPOINTED BY
13 THE ORGANIZATION'S BOARD OF DIRECTORS.

14 (b) (I) OF THE INITIAL BOARD MEMBERS, THE FOUR MEMBERS
15 APPOINTED PURSUANT TO SUBSECTION (2)(a)(II) OF THIS SECTION SERVE
16 FOR FOUR-YEAR TERMS AND THE THREE MEMBERS APPOINTED PURSUANT
17 TO SUBSECTION (2)(a)(I) OF THIS SECTION SERVE FOR TWO-YEAR TERMS.
18 ALL SUBSEQUENT TERMS ARE FOUR-YEAR TERMS. BOARD MEMBERS MAY
19 BE REAPPOINTED.

20 (II) UNLESS EXTENUATING CIRCUMSTANCES SUCH AS ILLNESS OR
21 DEATH REQUIRE OTHERWISE, EACH DIRECTOR HOLDS OFFICE UNTIL HIS OR
22 HER SUCCESSOR IS APPOINTED.

23 (III) THE PERSON OR PERSONS THAT APPOINTED A BOARD MEMBER
24 PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION MAY REMOVE THE
25 BOARD MEMBER FOR CAUSE AFTER A PUBLIC HEARING AND MAY SUSPEND
26 THE BOARD MEMBER PENDING COMPLETION OF THE HEARING. IF A MEMBER
27 VACATES HIS OR HER SEAT ON THE BOARD DURING THE TERM FOR WHICH

1 THE MEMBER WAS APPOINTED, THE APPOINTING AUTHORITY SHALL FILL
2 THE RESULTING VACANCY BY APPOINTING A MEMBER FOR THE REMAINDER
3 OF THAT TERM.

4 (IV) AT THE FIRST MEETING OF THE BOARD, THE BOARD MEMBERS
5 SHALL ELECT A CHAIR, VICE-CHAIR, SECRETARY, AND TREASURER. THE
6 SECRETARY AND TREASURER NEED NOT BE BOARD MEMBERS AND THE
7 SAME INDIVIDUAL MAY SERVE BOTH ROLES SIMULTANEOUSLY. FROM TIME
8 TO TIME, THE POWERS OF THE BOARD MAY BE VESTED IN THE BOARD'S
9 OFFICERS. FOUR MEMBERS OF THE BOARD CONSTITUTE A QUORUM OF THE
10 BOARD. A VACANCY IN THE MEMBERSHIP OF THE BOARD DOES NOT IMPAIR
11 THE RIGHT OF A QUORUM OF THE MEMBERS OF THE BOARD TO EXERCISE
12 ALL OF THE POWERS AND PERFORM ALL OF THE DUTIES OF THE BOARD.

13 (V) IF THE BOARD DETERMINES THAT THE AUTHORITY HAS
14 SUFFICIENT FINANCIAL RESOURCES:

15 (A) EACH MEMBER OF THE BOARD NOT OTHERWISE IN FULL-TIME
16 EMPLOYMENT OF THE STATE OR A STATE OFFICIAL IS ENTITLED TO RECEIVE
17 A PER DIEM OF FIFTY DOLLARS FOR EACH DAY ACTUALLY AND
18 NECESSARILY SPENT IN THE DISCHARGE OF THE MEMBER'S OFFICIAL DUTIES
19 ON THE BOARD; AND

20 (B) EACH MEMBER IS ENTITLED TO RECEIVE REIMBURSEMENT FOR
21 TRAVEL AND OTHER NECESSARY EXPENSES ACTUALLY INCURRED IN THE
22 PERFORMANCE OF HIS OR HER OFFICIAL DUTIES ON THE BOARD.

23 **35-61-204. Powers and duties of authority.** (1) EXCEPT AS
24 OTHERWISE LIMITED UNDER THIS PART 2, THE AUTHORITY, ACTING
25 THROUGH THE BOARD AND ITS OFFICERS, HAS THE DUTIES, PRIVILEGES,
26 IMMUNITIES, RIGHTS, LIABILITIES, AND DISABILITIES OF A BODY
27 CORPORATE AND POLITICAL SUBDIVISION OF THE STATE AND HAS THE

1 POWER:

2 (a) TO SUE AND BE SUED;

3 (b) TO HAVE AN OFFICIAL SEAL AND TO ALTER THE OFFICIAL SEAL
4 AT THE DISCRETION OF THE BOARD;

5 (c) TO MAKE AND ALTER BYLAWS FOR ITS ORGANIZATION AND
6 INTERNAL MANAGEMENT AND FOR THE CONDUCT OF ITS AFFAIRS;

7 (d) TO MAINTAIN AN OFFICE AT A PLACE WITHIN THE STATE AS THE
8 AUTHORITY MAY DETERMINE; HOWEVER, THE AUTHORITY SHALL NOT
9 CONSTRUCT A HEADQUARTERS OR OTHER BUILDING FOR ITS OWN USE;

10 (e) TO ACQUIRE, HOLD, USE, AND DISPOSE OF ITS INCOME,
11 REVENUE, AND MONEY;

12 (f) TO MAKE AND ENTER INTO ALL CONTRACTS, LEASES, AND
13 AGREEMENTS, INCLUDING INTERGOVERNMENTAL AGREEMENTS, THAT ARE
14 NECESSARY OR INCIDENTAL TO THE PERFORMANCE OF ITS DUTIES AND THE
15 EXERCISE OF ITS POWERS UNDER THIS PART 2;

16 (g) TO RECEIVE AND EXPEND GIFTS, GRANTS, AND DONATIONS;

17 (h) TO DEPOSIT ANY MONEY OF THE AUTHORITY IN A BANKING
18 INSTITUTION WITHIN OR OUTSIDE OF THE STATE;

19 (i) TO FIX THE TIME AND PLACE AT WHICH ITS REGULAR AND
20 SPECIAL MEETINGS ARE HELD;

21 (j) TO CARRY OUT ITS PURPOSES AND EXERCISE THE POWERS
22 GRANTED THE AUTHORITY IN THIS PART 2; AND

23 (k) TO DISBURSE, FOR THE FUNDING OF INDUSTRIAL HEMP
24 EDUCATION, RESEARCH, OR DEVELOPMENT PROJECTS OR PROGRAMS
25 SUPPORTED BY THE AUTHORITY, STATE MATCHING FUNDS DISTRIBUTED TO
26 THE AUTHORITY FROM THE INDUSTRIAL HEMP RESEARCH GRANT FUND
27 PURSUANT TO SECTION 35-61-104.5 (2), FEDERAL MONEY AWARDED TO

1 THE AUTHORITY, AND PRIVATE DONATIONS RECEIVED BY THE AUTHORITY.

2 (2) IN ADDITION TO THE AUTHORITY'S POWERS LISTED IN
3 SUBSECTION (1) OF THIS SECTION, THE AUTHORITY MAY ALSO:

4 (a) PROMOTE THE ACTIVITIES OF THE BOARD AND ANY AFFILIATED
5 PARTIES ENGAGED IN ACTIVITIES AUTHORIZED UNDER THIS PART 2 AND
6 PURSUANT TO SECTION 7606 OF THE FEDERAL ACT AUTHORIZING
7 INDUSTRIAL HEMP RESEARCH AND PILOT PROGRAMS;

8 (b) APPLY FOR FEDERAL MONEY TO WHICH THE AUTHORITY WOULD
9 BE ELIGIBLE AND, AS CONSISTENT WITH THE TERMS OF THE FEDERAL
10 MONEY RECEIVED, DISBURSE ANY FEDERAL MONEY RECEIVED TO
11 INDUSTRIAL HEMP EDUCATION, RESEARCH, OR DEVELOPMENT PROJECTS OR
12 PROGRAMS;

13 (c) FOR NEW TECHNOLOGIES DEVELOPED BY THE PRIVATE SECTOR
14 WITH FUNDING ISSUED BY THE AUTHORITY, PROMOTE THE RAPID TRANSFER
15 OF THE TECHNOLOGY TO ATTRACT AND PROMOTE INDUSTRIAL HEMP
16 BUSINESS IN COLORADO;

17 (d) IN COLLABORATION WITH STAKEHOLDERS, DEVELOP
18 EDUCATIONAL AND RESEARCH PROGRAMS FOR ONE OR MORE COLORADO
19 INSTITUTIONS OF HIGHER EDUCATION TO PROVIDE A PIPELINE FOR
20 HIGH-TECHNOLOGY EMPLOYMENT OPPORTUNITIES FOR COLORADO
21 STUDENTS AND RESIDENTS;

22 (e) DEVELOP A REGIONAL CLEARINGHOUSE FOR INDUSTRIAL HEMP
23 INFORMATION AND RESEARCH TO BE MADE AVAILABLE TO THE GENERAL
24 PUBLIC AND TO ENGINEERING, ARCHITECTURAL, ENERGY, NUTRITIONAL,
25 HEALTH, AND AGRICULTURAL PROFESSIONALS; AND

26 (f) SUPPORT DEVELOPMENT OF PUBLIC-PRIVATE PARTNERSHIPS
27 CONCERNING INDUSTRIAL HEMP, INCLUDING PARTNERSHIPS TO FUND ANY

1 JOINT INSTITUTE OR OTHER ENTITY FORMED FOR THE COLLABORATIVE
2 PURSUIT OF INDUSTRIAL HEMP RESEARCH, ECONOMIC DEVELOPMENT, OR
3 DATA COLLECTION. SUCH ENTITY MAY BE FORMED IN COLLABORATION
4 WITH THE DEPARTMENT, THE COLORADO STATE UNIVERSITY SYSTEM, THE
5 UNIVERSITY OF COLORADO AT BOULDER, OR OTHER ACCREDITED
6 INSTITUTIONS REGULATED BY THE DEPARTMENT OF EDUCATION.

7 **35-61-205. Center of excellence.** (1) AS PART OF THE
8 AUTHORITY'S MISSION TO PROMOTE AND FUND INDUSTRIAL HEMP
9 EDUCATION, RESEARCH, AND DEVELOPMENT, THE AUTHORITY SHALL
10 APPLY FOR ONE OR MORE COMPETITIVE GRANTS FROM NIFA. WHEN
11 APPLYING FOR A NIFA COMPETITIVE GRANT, THE AUTHORITY SHALL SEEK
12 CENTER OF EXCELLENCE DESIGNATION FROM NIFA, WHICH DESIGNATION
13 WOULD GIVE THE AUTHORITY PRIORITY IN THE COMPETITIVE GRANT
14 APPLICATION PROCESS.

15 (2) TO FACILITATE DESIGNATION AS A CENTER OF EXCELLENCE
16 PURSUANT TO SUBSECTION (1) OF THIS SECTION, THE AUTHORITY SHALL
17 ENDEAVOR TO MEET THE CRITERIA ESTABLISHED BY NIFA BY RULE,
18 UNDER 7 CFR 3430.17, CONCERNING THE STANDARDS FOR DESIGNATION
19 AS A CENTER OF EXCELLENCE, INCLUDING, WITH REGARD TO INDUSTRIAL
20 HEMP PROGRAMS AND PROJECTS ENGAGED IN OR PROMOTED BY THE
21 AUTHORITY, IMPLEMENTING MEASURES TO:

- 22 (a) REDUCE DUPLICATION OF EFFORTS;
- 23 (b) LEVERAGE AVAILABLE RESOURCES THROUGH USE OF
24 PUBLIC-PRIVATE PARTNERSHIPS;
- 25 (c) ENGAGE IN TEACHING INITIATIVES TO INCREASE AWARENESS OF
26 PROGRAMS;
- 27 (d) INCREASE ECONOMIC RETURNS TO RURAL COMMUNITIES; AND

1 (e) WHEN PRACTICABLE, IMPROVE TEACHING CAPACITY AND
2 INFRASTRUCTURE AT COLLEGES AND UNIVERSITIES.

3 **35-61-206. Reporting.** (1) NOTWITHSTANDING SECTION 24-1-136
4 (11)(a)(I), ON OR BEFORE SEPTEMBER 1, 2019, AND ON OR BEFORE EACH
5 SEPTEMBER 1 THEREAFTER, THE AUTHORITY SHALL SUBMIT A REPORT TO
6 THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT CREATED IN SECTION
7 24-48.5-101 AND TO THE AGRICULTURE, LIVESTOCK, AND NATURAL
8 RESOURCES COMMITTEE IN THE HOUSE OF REPRESENTATIVES AND THE
9 AGRICULTURE, NATURAL RESOURCES, AND ENERGY COMMITTEE IN THE
10 SENATE, OR THEIR SUCCESSOR COMMITTEES.

11 (2) THE ANNUAL REPORT MUST CONTAIN A SUMMARY OF THE
12 ACTIVITIES THAT THE AUTHORITY FUNDED WITHIN THE PRECEDING TWELVE
13 MONTHS AND MUST INCLUDE:

14 (a) A DESCRIPTION OF EACH PROJECT THAT RECEIVED MONEY
15 UNDER THIS PART 2, INCLUDING INFORMATION ABOUT THE AMOUNT OF
16 MONEY RECEIVED AND THE PRINCIPAL INDIVIDUALS OR ENTITIES INVOLVED
17 IN THE PROJECT;

18 (b) THE TOTAL AMOUNT OF MONEY THAT THE AUTHORITY
19 ALLOCATED FOR ALL PROJECTS;

20 (c) FOR EACH PROJECT FUNDED BY THE AUTHORITY, THE PROGRESS
21 ACHIEVED BY THE PROJECT TO DATE, INCLUDING INFORMATION ABOUT
22 INTELLECTUAL PROPERTY, LICENSING AND COMMERCIALIZATION
23 ACTIVITIES, AND OTHER ECONOMIC BENEFITS OF THE PROJECT TO THE
24 STATE; AND

25 (d) THE TOTAL AMOUNT OF FEDERAL AND PRIVATE MONEY
26 RECEIVED BY PROJECTS THAT ARE ALSO FUNDED BY THE AUTHORITY.

27 **SECTION 3.** In Colorado Revised Statutes, 12-43.4-405, **amend**

1 (1) as follows:

2 **12-43.4-405. Retail marijuana testing facility license - rules.**

3 (1) A retail marijuana testing facility license may be issued to a person
4 who performs testing and research on retail marijuana and industrial
5 hemp as regulated by PART 1 OF article 61 of title 35. ~~C.R.S.~~ The facility
6 may develop and test retail marijuana products and industrial hemp as
7 regulated by PART 1 OF article 61 of title 35. ~~C.R.S.~~ Prior to performing
8 testing on industrial hemp, a facility shall verify that the person
9 requesting the testing has received a registration from the commissioner
10 as required by section 35-61-104. ~~C.R.S.~~

11 **SECTION 4.** In Colorado Revised Statutes, 35-61-102, **amend**
12 (2) as follows:

13 **35-61-102. Industrial hemp - permitted growth by registered**
14 **persons.** (2) Notwithstanding any other provision of law, a person
15 registered pursuant to section 35-61-104 is not subject to any civil or
16 criminal actions for engaging in the activities described in subsection (1)
17 of this section if the person is acting in compliance with this ~~article~~ PART
18 1.

19 **SECTION 5.** In Colorado Revised Statutes, 35-61-103, **amend**
20 (3) as follows:

21 **35-61-103. Industrial hemp committee - appointments - duties**
22 **- coordination with department.** (3) The committee shall assist the
23 department in determining the qualifications and other criteria a person
24 must satisfy to qualify for registration under this ~~article~~ PART 1. The
25 committee shall assist the department in the development of a seed
26 certification program.

27 **SECTION 6.** In Colorado Revised Statutes, 35-61-104, **amend**

1 (2) and (5) as follows:

2 **35-61-104. Registration - cultivation of industrial hemp -**
3 **research and development growth - rules.** (2) If a person applies for
4 registration in accordance with subsection (1) of this section and the
5 commissioner determines that the person has satisfied the requirements
6 for registration pursuant to this ~~article~~ PART 1, the commissioner shall
7 issue a registration to the person.

8 (5) The commissioner shall adopt rules by March 1, 2014, and as
9 necessary thereafter to implement the registration program and to
10 implement and administer this ~~article~~ PART 1.

11 **SECTION 7.** In Colorado Revised Statutes, 35-61-105, **amend**
12 (1) introductory portion as follows:

13 **35-61-105. Report of growth and sales activities - verification**
14 **of crop content - testing - waiver of concentration limits - rules.**
15 (1) At least annually and more often as required by the commissioner, a
16 person who obtains a registration under this ~~article~~ PART 1 to engage in
17 industrial hemp cultivation for commercial purposes shall file with the
18 department a report that includes the following information:

19 **SECTION 8.** In Colorado Revised Statutes, **amend** 35-61-105.5
20 as follows:

21 **35-61-105.5. Testing laboratories.** If a person registered pursuant
22 to this ~~article~~ PART 1 wants a licensed retail marijuana testing facility to
23 perform testing on the industrial hemp that the registrant is cultivating,
24 that person shall use a radio frequency identification-based inventory
25 tracking system approved by the commissioner for a sample of the
26 registrant's industrial hemp crop. The commissioner shall only approve
27 an inventory tracking system if that system is compatible with the state

1 licensing authority's seed-to-sale tracking system required pursuant to
2 section 12-43.4-202 (1). ~~C.R.S.~~ A licensed retail testing facility shall
3 provide the test results to the registrant and the commissioner. All test
4 results ~~shall~~ MUST be considered confidential business information. This
5 section shall not be construed to prevent the use of the tracking system for
6 other purposes.

7 **SECTION 9.** In Colorado Revised Statutes, 35-61-106, **amend**
8 (1) and (2) as follows:

9 **35-61-106. Industrial hemp registration program cash fund -**
10 **industrial hemp research grant cash fund - fees.** (1) There is hereby
11 created in the state treasury the industrial hemp registration program cash
12 fund, referred to in this ~~article~~ PART 1 as the "fund". The fund consists of
13 fees collected by the commissioner pursuant to subsection (2) of this
14 section and any general fund ~~moneys~~ MONEY appropriated to the fund by
15 the general assembly. The ~~moneys~~ MONEY in the fund ~~are~~ IS subject to
16 annual appropriation by the general assembly to the department for the
17 direct and indirect costs associated with implementing this ~~article~~ PART
18 1.

19 (2) The commissioner shall collect a fee from persons applying for
20 a registration pursuant to this ~~article~~ PART 1. The commissioner shall set
21 a fee schedule based on the size and use of the land area on which the
22 person will conduct industrial hemp operations and shall set the fee
23 schedule at a level sufficient to generate the amount of ~~moneys~~ MONEY
24 necessary to cover the department's direct and indirect costs in
25 implementing this ~~article~~ PART 1. The commissioner shall transmit the
26 fees collected pursuant to this section to the state treasurer for deposit in
27 the fund.

1 **SECTION 10.** In Colorado Revised Statutes, 35-61-107, **amend**
2 (1)(a), (1)(b), (2), (3), and (6) as follows:

3 **35-61-107. Violations - penalties - denial of registration -**
4 **application.** (1) The commissioner may deny, revoke, or suspend a
5 registration if the applicant or registrant:

6 (a) Violates any provision of this ~~article~~ PART 1 or rules adopted
7 pursuant to this ~~article~~ PART 1;

8 (b) Engages in fraud or deception in the procurement of or attempt
9 to procure a registration under this ~~article~~ PART 1 or provides false
10 information on a registration application; or

11 (2) The commissioner may impose a civil penalty, not to exceed
12 two thousand five hundred dollars per violation, on any person who
13 violates this ~~article~~ PART 1 or any rule adopted under this ~~article~~ PART 1.

14 (3) The commissioner shall not impose a penalty against a person
15 alleged to have violated this ~~article~~ PART 1 or a rule adopted under this
16 ~~article~~ PART 1 until the commissioner has notified the person of the charge
17 and has given the person an opportunity for a hearing pursuant to article
18 4 of title 24. ~~C.R.S.~~

19 (6) Notwithstanding any other provision of this ~~article-61~~ PART 1,
20 for up to three years after the effective date of the suspension, revocation,
21 or relinquishment of a registration, the commissioner may deny an
22 application for registration if:

23 (a) The applicant is an individual who was previously listed as
24 participating in an entity pursuant to section 35-61-104 and that
25 individual or entity was subjected to discipline under this ~~article-61~~ PART
26 1; or

27 (b) The applicant is an entity that lists an individual as

1 participating in the entity pursuant to section 35-61-104 and the
2 individual was previously listed as a participating person in an entity that
3 was subjected to discipline under this ~~article 61~~ PART 1.

4 **SECTION 11.** In Colorado Revised Statutes, 35-61-108, **amend**
5 (2) as follows:

6 **35-61-108. Exportation of industrial hemp - processing, sale,**
7 **and distribution - rules.** (2) Notwithstanding any other provision of
8 law, a person engaged in processing, selling, transporting, possessing, or
9 otherwise distributing industrial hemp cultivated by a person registered
10 under this ~~article~~ PART 1, or selling industrial hemp products produced
11 therefrom, is not subject to any civil or criminal actions under Colorado
12 law for engaging in such activities. The department may promulgate rules
13 to require approved shipping documentation for the transportation of
14 hemp.

15 **SECTION 12.** In Colorado Revised Statutes, 35-61-109, **amend**
16 (1) introductory portion as follows:

17 **35-61-109. Repeal of part.** (1) This ~~article~~ PART 1 is repealed if
18 one of the following occurs:

19 **SECTION 13. Effective date.** This act takes effect September 1,
20 2018.

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