A BILL FOR AN ACT

CONCERNING THE DEVELOPMENT OF MARIJUANA CERTIFICATION TECHNOLOGY.

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 allows the institute of cannabis research at Colorado state university - Pueblo (institute) to develop marijuana certification technology (technology). The technology must include an agent that is applied to a marijuana plant or marijuana product and then scanned by a device. The scan, at a minimum, would indicate whether the marijuana was legally cultivated, manufactured, or sold by a licensed marijuana
business. The institute may select a vendor to develop the technology. After the technology is developed, the state licensing authority must be satisfied that the technology provides an effective means of certifying marijuana. After the state licensing authority determines the technology is effective, it may promulgate rules that require the technology to be used by licensed marijuana businesses. The technology that scans the marijuana must be made available to law enforcement and the department of revenue.

The bill clarifies that the gray and black market marijuana enforcement grant program could award grants to law enforcement agencies to purchase the marijuana scanning technology.

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

SECTION 1. Legislative declaration. (1) The general assembly finds and declares that the inability of state marijuana regulators and law enforcement agencies to positively distinguish between legal and illegal marijuana compromises public safety, state revenue, the economic health of the legal marijuana industry, and the ability of law enforcement to deter the sale and distribution of illegal marijuana.

(2) The general assembly further finds and declares that identifying legal marijuana in Colorado and distinguishing it from illegal marijuana after the point of sale is difficult. New technologies to positively certify legally produced marijuana will benefit Colorado by increasing the ability of law enforcement agencies to properly enforce Colorado marijuana laws, which in turn will enhance the regulated marijuana market by differentiating between legal and illegal marijuana and protect state revenue from unregulated marijuana sales. Research and development integrated by Colorado state university - Pueblo, the institute of cannabis research, and other academic, government, and commercial partners should develop and demonstrate technological solutions to:

(a) Certify that marijuana products produced and sold in Colorado
under the supervision of the department of revenue are legal and can be
proved to be legal after the point of sale;

(b) Insert unique and traceable identifiers into or onto legal
traceable identifiers into or onto legal
medical and retail marijuana that can be detected by regulators and law
enforcement agencies and to distinguish whether it is medical or retail
marijuana;

(c) Assure that any traceable identifiers are safe for human
consumption according to standards approved by the department of public
health and environment;

(d) Code traceable identifiers into secure digital records using
distributed ledger technologies that, in compliance with federal guidelines
and industry best practices, will be accessible by law enforcement
agencies or the department of revenue and be inaccessible to any agency
or individual without the permission of the department of revenue; and

(e) Provide secure scanning technologies to law enforcement
agencies and the department of revenue that can detect these identifiers
and determine whether medical and retail marijuana has been
pre-certified as legal.

SECTION 2. In Colorado Revised Statutes, add 23-31.5-113 as
follows:

23-31.5-113. Institute of cannabis research - marijuana
certification project - rules. (1) The Institute of Cannabis Research
at Colorado State University - Pueblo, referred to in this
section as the "Institute", may, within ninety days after the
effective date of this section, use existing state procurement
practices to develop and demonstrate marijuana certification
technology. The Institute may consult with the national
INSTITUTE OF STANDARDS AND TECHNOLOGY.

(2) The marijuana certification technology must include two components: an agent applied to marijuana plants or marijuana products and a device capable of scanning the agent. The agent must be applied to a marijuana plant or a marijuana product and then scanned by a device that at a minimum would indicate whether the medical or retail marijuana plant or medical marijuana-infused product or retail marijuana product was legally cultivated, manufactured, or sold. Any agents used as traceable identifiers must be safe for human consumption according to standards approved by the Department of Public Health and Environment. The applied agent must contain identifiers that are traceable using distributed ledger technology to store records that can distinguish whether the marijuana is legal medical or retail marijuana. The marijuana scanning technology must be accessible to law enforcement agencies and the Department of Revenue. The Institute may determine whether the marijuana certification technology should be nanotechnology; isotopic, chemical, or biological identifiers; other available technology; or a combination of any technologies.

(3) The Institute may select a vendor to develop the marijuana scanning technology.

(4) Technology developers should consider whether research and development licensing from the Department of Regulatory Agencies is appropriate or necessary for these tasks.

(5) (a) After the marijuana certification technology is
DEVELOPED, THE MARIJUANA STATE LICENSING AUTHORITY IN THE DEPARTMENT OF REVENUE MUST BE SATISFIED THAT THE TECHNOLOGY PROVIDES AN EFFECTIVE MEANS OF CERTIFYING AND IDENTIFYING LEGAL MARIJUANA. AFTER THE STATE LICENSING AUTHORITY DETERMINES THAT THE MARIJUANA CERTIFICATION TECHNOLOGY IS EFFECTIVE, IT MAY AUTHORIZE PRODUCTION OF THE OPERATIONAL CERTIFICATION AND SCANNING SYSTEM BEYOND THE INITIAL DEMONSTRATION. IF THAT PRODUCTION IS AUTHORIZED, THE STATE LICENSING AUTHORITY MAY PROMULGATE RULES, PURSUANT TO SECTIONS 12-43.3-202 (4) AND 12-43.4-202 (3.5), WITHIN NINETY DAYS, REQUIRING LICENSEES TO USE THE TECHNOLOGY ON MEDICAL AND RETAIL MARIJUANA, MEDICAL MARIJUANA-INFUSED PRODUCTS, AND RETAIL MARIJUANA PRODUCTS AT ONE OR MORE STAGES OF CULTIVATION, MANUFACTURE, WHOLESALE OPERATIONS, OR RETAIL SALE.

(b) AFTER THE MARIJUANA STATE LICENSING AUTHORITY PROMULGATES THE RULES AUTHORIZED BY THIS SECTION, THE MARIJUANA SCANNING TECHNOLOGY MAY BE MADE AVAILABLE TO LAW ENFORCEMENT AGENCIES AND THE DEPARTMENT OF REVENUE FOR PURCHASE, AND THE MARIJUANA STATE LICENSING AUTHORITY MAY MAKE THE DATA IT COLLECTS AVAILABLE TO THE DEPARTMENT OF REVENUE AND LAW ENFORCEMENT AGENCIES AT NO COST.

SECTION 3. In Colorado Revised Statutes, 12-43.3-202, add (4) as follows:

12-43.3-202. Powers and duties of state licensing authority - rules. (4) THE STATE LICENSING AUTHORITY MAY PROMULGATE RULES REGARDING THE MARIJUANA CERTIFICATION TECHNOLOGY DEVELOPED PURSUANT TO SECTION 23-31.5-113 AFTER DETERMINING THAT THE
TECHNOLOGY WORKS PURSUANT TO SECTION 23-31.5-113 (5)(a). THE RULES MAY REQUIRE AN ENTITY LICENSED PURSUANT TO THIS ARTICLE 43.3 THAT CULTIVATES MEDICAL MARIJUANA OR MANUFACTURES A MEDICAL MARIJUANA-INFUSED PRODUCT TO APPLY THE AGENT TO THE MEDICAL MARIJUANA OR THE MEDICAL MARIJUANA-INFUSED PRODUCT PRIOR TO A SALE OR TRANSFER TO A MEDICAL MARIJUANA CENTER.

SECTION 4. In Colorado Revised Statutes, 12-43.4-202, add (3.5) as follows:

12-43.4-202. Powers and duties of state licensing authority - rules. (3.5) THE STATE LICENSING AUTHORITY MAY PROMULGATE RULES REGARDING THE MARIJUANA CERTIFICATION TECHNOLOGY DEVELOPED PURSUANT TO SECTION 23-31.5-113 AFTER DETERMINING THAT THE TECHNOLOGY WORKS PURSUANT TO SECTION 23-31.5-113 (5)(a). THE RULES MAY REQUIRE AN ENTITY LICENSED PURSUANT TO THIS ARTICLE 43.4 THAT CULTIVATES RETAIL MARIJUANA OR MANUFACTURES A RETAIL MARIJUANA PRODUCT TO APPLY THE AGENT TO THE RETAIL MARIJUANA OR THE RETAIL MARIJUANA PRODUCT PRIOR TO A SALE OR TRANSFER TO A RETAIL MARIJUANA STORE.

SECTION 5. In Colorado Revised Statutes, 24-32-119, amend (1)(c)(III) and (1)(c)(IV); and add (1)(c)(V) as follows:

24-32-119. Gray and black market marijuana enforcement grant program - report - definition. (1) (c) Grants awarded by the executive director of the department of local affairs pursuant to this subsection (1) shall be prioritized to:

(III) Provide necessary financial assistance to local law enforcement agencies and district attorneys in the investigation and prosecution of organized crime involved in unlicensed marijuana...
cultivation or distribution operations conducted in violation of state law; or

(IV) Provide necessary financial assistance to local law enforcement agencies and district attorneys in the investigation and prosecution of unlicensed marijuana cultivation or distribution operations that divert marijuana outside of Colorado; or

(V) PROVIDE FINANCIAL ASSISTANCE TO LAW ENFORCEMENT AGENCIES TO PURCHASE THE MARIJUANA SCANNING TECHNOLOGY DEVELOPED PURSUANT TO SECTION 23-31.5-113.

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