

First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

REENGROSSED

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

LLS NO. 23-0365.01 Yelana Love x2295

HOUSE BILL 23-1021

HOUSE SPONSORSHIP

Snyder and Weinberg, Armagost, Bird, Duran, Frizell, Hartsook, Jodeh, Marshall

SENATE SPONSORSHIP

Van Winkle and Cutter,

House Committees

Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE STATE LICENSING AUTHORITY'S ABILITY TO ACT**
102 **REGARDING THE MOVEMENT OF MARIJUANA IN CERTAIN**
103 **CIRCUMSTANCES TO PROTECT THE PUBLIC.**

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 authorizes the executive director of the department of revenue (state licensing authority) to:

- Issue an administrative hold on the movement of medical or retail marijuana pending an investigation;

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

HOUSE
3rd Reading Unamended
February 3, 2023

HOUSE
Amended 2nd Reading
February 2, 2023

- Embargo medical or retail marijuana when the state licensing authority finds objective and reasonable grounds to believe that the health, safety, or welfare of the public imperatively requires emergency action; and
- Order the destruction of embargoed medical or retail marijuana after notice and opportunity for a hearing.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 44-10-207 as
3 follows:

4 **44-10-207. Authority to seize and destroy marijuana - public**
5 **health, safety, and welfare.** (1) (a) THE STATE LICENSING AUTHORITY OR
6 THE STATE LICENSING AUTHORITY'S DESIGNEE MAY ISSUE AN
7 ADMINISTRATIVE HOLD ON THE MOVEMENT OF MEDICAL OR RETAIL
8 MARIJUANA TO PREVENT THE DESTRUCTION OF EVIDENCE, DIVERSION, OR
9 OTHER THREAT TO PUBLIC SAFETY PENDING AN INVESTIGATION OF AN
10 ALLEGED VIOLATION OF THIS ARTICLE 10 OR RULES PROMULGATED
11 PURSUANT TO THIS ARTICLE 10.

12 (b) AN ADMINISTRATIVE HOLD ISSUED PURSUANT TO SUBSECTION
13 (1)(a) OF THIS SECTION MAY BE LIFTED BY ORDER OF THE STATE LICENSING
14 AUTHORITY OR THE STATE LICENSING AUTHORITY'S DESIGNEE, BY
15 AGREEMENT BETWEEN THE STATE LICENSING AUTHORITY AND THE
16 LICENSEE SUBJECT TO THE HOLD, OR IN ACCORDANCE WITH RULES THAT
17 THE STATE LICENSING AUTHORITY PROMULGATES PURSUANT TO SECTION
18 44-10-203 (2)(h).

19 (2) (a) THE STATE LICENSING AUTHORITY OR THE STATE LICENSING
20 AUTHORITY'S DESIGNEE MAY EMBARGO MEDICAL OR RETAIL MARIJUANA
21 WHEN THE STATE LICENSING AUTHORITY FINDS OBJECTIVE AND
22 REASONABLE GROUNDS TO BELIEVE THAT THE HEALTH, SAFETY, OR

1 WELFARE OF THE PUBLIC IMPERATIVELY REQUIRES EMERGENCY ACTION.

2 (b) (I) THE STATE LICENSING AUTHORITY MAY ORDER THE
3 DESTRUCTION OF MEDICAL OR RETAIL MARIJUANA SUBJECT TO AN
4 EMBARGO AFTER NOTICE AND OPPORTUNITY FOR A HEARING BEFORE THE
5 STATE LICENSING AUTHORITY OR, IF DELEGATED BY THE STATE LICENSING
6 AUTHORITY, A DEPARTMENT HEARING OFFICER. A HEARING HELD
7 PURSUANT TO THIS SUBSECTION (2)(b) MUST BE HELD IN ACCORDANCE
8 WITH SECTION 24-4-105.

9 (II) IF MEDICAL OR RETAIL MARIJUANA IS ORDERED DESTROYED
10 PURSUANT TO THIS SUBSECTION (2)(b), THE LICENSEE IS RESPONSIBLE FOR
11 COMPLETING THE DESTRUCTION IN COORDINATION WITH THE STATE
12 LICENSING AUTHORITY AND IN ACCORDANCE WITH THIS ARTICLE 10 AND
13 RULES PROMULGATED PURSUANT TO THIS ARTICLE 10.

14 (III) THE LICENSEE IS RESPONSIBLE FOR ALL EXPENSES RELATED TO
15 THE EMBARGO AND DESTRUCTION OF MEDICAL OR RETAIL MARIJUANA
16 ORDERED PURSUANT TO THIS SUBSECTION (2)(b).

17 (3) THE STATE LICENSING AUTHORITY MAY SEEK THE ASSISTANCE
18 OF THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT IN
19 CONNECTION WITH AN EMBARGO OR A HEARING SEEKING DESTRUCTION OF
20 MEDICAL OR RETAIL MARIJUANA.

21 **SECTION 2.** In Colorado Revised Statutes, 44-10-203, **amend**
22 (2)(g) and (2)(h) as follows:

23 **44-10-203. State licensing authority - rules. (2) Mandatory**
24 **rule-making.** Rules promulgated pursuant to section 44-10-202 (1)(c)
25 must include but need not be limited to the following subjects:

26 (g) Health and safety regulations and standards for the
27 manufacture of regulated marijuana products and the cultivation of

1 regulated marijuana, INCLUDING PROCEDURES FOR THE EMBARGO AND
2 DESTRUCTION OF REGULATED MARIJUANA IN ACCORDANCE WITH SECTION
3 44-10-207;

4 (h) Regulation of the storage of, warehouses for, and
5 transportation of regulated marijuana and regulated marijuana products,
6 INCLUDING PROCEDURES FOR THE ADMINISTRATIVE HOLD OF REGULATED
7 MARIJUANA AND REGULATED MARIJUANA PRODUCTS PURSUANT TO
8 SECTION 44-10-207, INCLUDING ESTABLISHING THE FOLLOWING
9 STANDARDS AND PROCESSES TO RESOLVE ADMINISTRATIVE HOLDS IN A
10 TIMELY MANNER:

11 (I) DEFINING CIRCUMSTANCES FOR THE ISSUANCE OF AN
12 ADMINISTRATIVE HOLD, WHICH CIRCUMSTANCES MUST BE BASED ON
13 OBJECTIVES RELATED TO PREVENTING THE DESTRUCTION OF EVIDENCE,
14 PREVENTING DIVERSION, OR ADDRESSING A THREAT TO PUBLIC SAFETY;

15 (II) REASONABLE TIME FRAMES AND ACTIONS FOR THE EXPEDIENT
16 RESOLUTION OF AN ADMINISTRATIVE HOLD ISSUED TO PRESERVE
17 EVIDENCE, AND STANDARDS BY WHICH THE STATE LICENSING AUTHORITY
18 WOULD HAVE REASONABLE GROUNDS TO EXTEND AN ADMINISTRATIVE
19 HOLD DUE TO THE NATURE OF THE INVESTIGATION OR A THREAT TO PUBLIC
20 SAFETY;

21 (III) REASONABLE EXPECTATIONS AND TIMELINES FOR NOTICES OF
22 ADMINISTRATIVE HOLDS AND SUBSEQUENT PROCESSES; AND

23 (IV) PROCESSES ALLOWING A LICENSEE TO DESTROY ANY
24 REGULATED MARIJUANA OR REGULATED MARIJUANA PRODUCTS THAT ARE
25 SUBJECT TO AN ADMINISTRATIVE HOLD WHEN THE NEED TO PRESERVE
26 EVIDENCE HAS SUBSIDED;

27 **SECTION 3. Act subject to petition - effective date.** This act

1 takes effect at 12:01 a.m. on the day following the expiration of the
2 ninety-day period after final adjournment of the general assembly; except
3 that, if a referendum petition is filed pursuant to section 1 (3) of article V
4 of the state constitution against this act or an item, section, or part of this
5 act within such period, then the act, item, section, or part will not take
6 effect unless approved by the people at the general election to be held in
7 November 2024 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.