

CHAPTER 32

REVENUE - ACTIVITIES REGULATION

HOUSE BILL 23-1021

BY REPRESENTATIVE(S) Snyder and Weinberg, Armagost, Bird, Duran, Frizell, Hartsook, Jodeh, Marshall;
also SENATOR(S) Van Winkle and Cutter.

AN ACT

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

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

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

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

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

(2) (a) THE STATE LICENSING AUTHORITY OR THE STATE LICENSING AUTHORITY'S DESIGNEE MAY 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.

(b) (I) THE STATE LICENSING AUTHORITY MAY ORDER THE DESTRUCTION OF

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

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

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

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

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

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

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

(g) Health and safety regulations and standards for the manufacture of regulated marijuana products and the cultivation of regulated marijuana, INCLUDING PROCEDURES FOR THE EMBARGO AND DESTRUCTION OF REGULATED MARIJUANA IN ACCORDANCE WITH SECTION 44-10-207;

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

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

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

(III) REASONABLE EXPECTATIONS AND TIMELINES FOR NOTICES OF

ADMINISTRATIVE HOLDS AND SUBSEQUENT PROCESSES; AND

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

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

Approved: March 23, 2023