

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

ENGROSSED

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

LLS NO. 26-0325.01 Stephanie Schrab x4330

HOUSE BILL 26-1077

HOUSE SPONSORSHIP

Gonzalez R. and Willford,

SENATE SPONSORSHIP

Lindstedt and Marchman, Snyder

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE AVERAGE MARKET RATE OF UNPROCESSED RETAIL**
102 **MARIJUANA, AND, IN CONNECTION THEREWITH, MAKING AN**
103 **APPROPRIATION.**

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>.)

Current law imposes a tax on the first sale or transfer of unprocessed retail marijuana at a rate of 15% of the average market rate of the unprocessed retail marijuana. The "average market rate" is currently defined as the average price, as determined by the department of revenue, of all unprocessed retail marijuana that is sold or transferred

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
Amended 2nd Reading
April 29, 2026

from retail marijuana cultivation facilities in the state to retail marijuana product manufacturing facilities or retail marijuana stores.

Effective July 1, 2026, the bill defines "indoor unprocessed retail marijuana" and "outdoor unprocessed retail marijuana." The bill also amends the existing definition of "average market rate" to require separate rates for indoor unprocessed retail marijuana and outdoor unprocessed retail marijuana, which must be lower than the rates for indoor unprocessed retail marijuana. In addition, the existing definition of "average market rate" requires that unprocessed retail marijuana for extractions have a separate average market rate that is lower than the rate for unprocessed retail marijuana for direct sale to consumers. The bill clarifies that this requirement applies to both outdoor and indoor unprocessed retail marijuana.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-28.8-101, **amend**
3 (1.5); and **add** (4.5) and (6.5) as follows:

4 **39-28.8-101. Definitions.**

5 Unless the context otherwise requires, any terms not defined in this
6 article 28.8 have the meanings set forth in article 26 of this title 39. As
7 used in this article 28.8, unless the context otherwise requires:

8 (1.5) "Average market rate" means the average price, as
9 determined by the department on a quarterly basis, of all unprocessed
10 retail marijuana that is sold or transferred from retail marijuana
11 cultivation facilities in the state to retail marijuana product manufacturing
12 facilities or retail marijuana stores, less taxes paid on the sales or
13 transfers. An "average market rate" may be based on the purchaser or
14 transferee of unprocessed retail marijuana or on the nature of the
15 unprocessed retail marijuana that is sold or transferred. The "average
16 market rate" must include ~~one or more rates that cover unprocessed~~
17 ~~marijuana that is allocated to extractions, and the initial rates for these~~
18 ~~product types must be lower than the rate for unprocessed marijuana that~~

1 ~~is allocated for direct sale to consumers.~~ SEPARATE RATES THAT COVER
2 INDOOR UNPROCESSED RETAIL MARIJUANA AND OUTDOOR UNPROCESSED
3 RETAIL MARIJUANA AS FOLLOWS:

4 (a) (I) (A) ONE OR MORE RATES THAT COVER INDOOR
5 UNPROCESSED RETAIL MARIJUANA, INCLUDING FRESH FROZEN MARIJUANA,
6 THAT IS ALLOCATED TO EXTRACTIONS; AND

7 (B) ONE OR MORE RATES THAT COVER INDOOR UNPROCESSED
8 RETAIL MARIJUANA THAT IS ALLOCATED FOR DIRECT SALE TO CONSUMERS;
9 AND

10 (II) THE INITIAL RATES FOR INDOOR UNPROCESSED RETAIL
11 MARIJUANA THAT IS ALLOCATED TO EXTRACTIONS MUST BE LOWER THAN
12 THE RATE FOR INDOOR UNPROCESSED RETAIL MARIJUANA THAT IS
13 ALLOCATED FOR DIRECT SALE TO CONSUMERS.

14 (b) (I) (A) ONE OR MORE RATES THAT COVER OUTDOOR
15 UNPROCESSED RETAIL MARIJUANA, INCLUDING FRESH FROZEN MARIJUANA,
16 THAT IS ALLOCATED TO EXTRACTIONS; AND

17 (B) ONE OR MORE RATES THAT COVER OUTDOOR UNPROCESSED
18 RETAIL MARIJUANA THAT IS ALLOCATED FOR DIRECT SALE TO CONSUMERS;

19 (II) THE INITIAL RATES FOR OUTDOOR UNPROCESSED RETAIL
20 MARIJUANA THAT IS ALLOCATED TO EXTRACTIONS MUST BE LOWER THAN
21 THE RATE FOR OUTDOOR UNPROCESSED RETAIL MARIJUANA THAT IS
22 ALLOCATED FOR DIRECT SALE TO CONSUMERS; AND

23 (III) THE INITIAL RATES FOR OUTDOOR UNPROCESSED RETAIL
24 MARIJUANA MUST BE LOWER THAN THE RATE FOR INDOOR UNPROCESSED
25 RETAIL MARIJUANA.

26 (4.5) "INDOOR UNPROCESSED RETAIL MARIJUANA" MEANS
27 UNPROCESSED RETAIL MARIJUANA CULTIVATED WITHIN AN INDOOR

1 STRUCTURE USING ARTIFICIAL LIGHTING OR CULTIVATED IN ANY MANNER
2 OTHER THAN OUTDOOR UNPROCESSED RETAIL MARIJUANA, AS DEFINED IN
3 SUBSECTION (6.5) OF THIS SECTION.

4 (6.5) "OUTDOOR UNPROCESSED RETAIL MARIJUANA" MEANS
5 UNPROCESSED RETAIL MARIJUANA THAT WAS CULTIVATED UNDER
6 NATURAL SUNLIGHT AND WEATHER CONDITIONS, WITHOUT THE USE OF
7 ARTIFICIAL LIGHT OR LIGHT DEPRIVATION IN THE CANOPY AREA; EXCEPT
8 THAT ARTIFICIAL LIGHT IS PERMISSIBLE TO MAINTAIN VEGETATIVE PLANTS
9 UNDER TWENTY-FOUR INCHES IN HEIGHT AND MOTHER PLANTS.

10 **SECTION 2. Appropriation.** (1) For the 2026-27 state fiscal
11 year, \$22,359 is appropriated to the department of revenue. This
12 appropriation is from the general fund. To implement this act, the
13 department may use this appropriation as follows:

14 (a) \$2,542 to the executive director's office for personal services
15 related to administration and support;

16 (b) \$10,049 to the taxation business group for personal services
17 related to taxation services; and

18 (c) \$9,768 for tax administration IT system (GenTax) support.

19 **SECTION 3. Effective date.** This act takes effect July 1, 2026.

20 **SECTION 4. Safety clause.** The general assembly finds,
21 determines, and declares that this act is necessary for the immediate
22 preservation of the public peace, health, or safety or for appropriations for
23 the support and maintenance of the departments of the state and state
24 institutions.