SENATE COMMITTEE OF REFERENCE REPORT

Chair of Committee Date

Committee on Business, Labor, & Technology.

After consideration on the merits, the Committee recommends the following:

HB21-1216 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

Amend reengrossed bill, page 2, line 2, after ",(9)" insert "and (10)".

Page 3, after line 5 insert:

"(10) (a) AFTER OBTAINING PASSING TEST RESULTS, A MEDICAL MARIJUANA CULTIVATION FACILITY MAY TRANSFER MEDICAL MARIJUANA TO A CO-LOCATED RETAIL MARIJUANA CULTIVATION FACILITY WITH AT LEAST ONE IDENTICAL CONTROLLING BENEFICIAL OWNER AND CHANGE THE DESIGNATION OF THE MEDICAL MARIJUANA TO RETAIL MARIJUANA. PURSUANT TO SECTION 44-10-602 (14)(a), AFTER THE RETAIL MARIJUANA CULTIVATION FACILITY ENTERS THE DESIGNATION CHANGE INTO THE SEED-TO-SALE TRACKING SYSTEM, THE MARIJUANA IS RETAIL MARIJUANA AND IS THE PROPERTY OF THE RETAIL MARIJUANA CULTIVATION FACILITY. THE MARIJUANA THAT CHANGED DESIGNATION PURSUANT TO THIS SUBSECTION (10)(a) SHALL NOT BE TRANSFERRED TO THE ORIGINATING MEDICAL MARIJUANA CULTIVATION FACILITY OR ANY MEDICAL MARIJUANA LICENSEE, HAVE ITS DESIGNATION CHANGED FROM RETAIL MARIJUANA TO MEDICAL MARIJUANA, OR OTHERWISE BE TREATED AS MEDICAL MARIJUANA.

(b) (I) NOTWITHSTANDING SUBSECTION (10)(a) OF THIS SECTION TO THE CONTRARY, A MEDICAL MARIJUANA CULTIVATION FACILITY MAY TRANSFER MEDICAL MARIJUANA TO A RETAIL MARIJUANA CULTIVATION FACILITY THAT IS NOT CO-LOCATED WITH THE MEDICAL MARIJUANA CULTIVATION FACILITY TO CHANGE THE DESIGNATION OF THE MEDICAL
MARIJUANA TO RETAIL MARIJUANA IF:

(A) THE MEDICAL MARIJUANA CULTIVATION FACILITY AND RETAIL MARIJUANA CULTIVATION FACILITY HAVE AT LEAST ONE IDENTICAL CONTROLLING BENEFICIAL OWNER; AND

(B) THE MEDICAL MARIJUANA CULTIVATION FACILITY AND RETAIL MARIJUANA CULTIVATION FACILITY CANNOT BE CO-LOCATED BECAUSE THE LOCAL JURISDICTION WHERE THE MEDICAL MARIJUANA CULTIVATION FACILITY IS LOCATED PROHIBITS THE OPERATION OF A RETAIL MARIJUANA CULTIVATION FACILITY.

(II) PRIOR TO MAKING A TRANSFER PURSUANT TO THIS SUBSECTION (10)(b), THE MEDICAL MARIJUANA CULTIVATION FACILITY MUST RECEIVE APPROVAL FROM THE STATE LICENSING AUTHORITY THAT THE MEDICAL MARIJUANA CULTIVATION FACILITY AND THE RETAIL MARIJUANA CULTIVATION FACILITY SATISFY THE REQUIREMENTS OF THIS SUBSECTION (10)(b). THE STATE LICENSING AUTHORITY MUST NOT REQUIRE AN APPROVAL FOR EACH TRANSFER THAT OCCURS PURSUANT TO THIS SUBSECTION (10)(b) BUT MUST ONLY REQUIRE ONE APPROVAL FOR TRANSFERS TO OCCUR FROM THE MEDICAL MARIJUANA CULTIVATION FACILITY TO THE RETAIL MARIJUANA CULTIVATION FACILITY PURSUANT TO THIS SUBSECTION (10)(b).

(c) BOTH THE MEDICAL MARIJUANA CULTIVATION FACILITY AND RETAIL MARIJUANA CULTIVATION FACILITY MUST REMAIN AT OR UNDER THEIR RESPECTIVE REGULATED INVENTORY LIMITS BEFORE AND AFTER THE DESIGNATION IS CONDUCTED PURSUANT TO THIS SUBSECTION (10).

(d) THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL PAY ANY RETAIL MARIJUANA EXCISE TAX PURSUANT TO SECTION 39-28.8-302.

Page 4, line 8, after "(13)" insert "and (14)."

Page 5, after line 9 insert:

"(14) (a) AFTER OBTAINING PASSING TESTING RESULTS, A RETAIL MARIJUANA CULTIVATION FACILITY MAY RECEIVE A TRANSFER OF MEDICAL MARIJUANA FROM A CO-LOCATED MEDICAL MARIJUANA CULTIVATION FACILITY WITH AT LEAST ONE IDENTICAL CONTROLLING BENEFICIAL OWNER AND CHANGE THE DESIGNATION OF THE MEDICAL MARIJUANA TO RETAIL MARIJUANA. THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL ENTER THE DESIGNATION CHANGE INTO THE SEED-TO-SALE TRACKING SYSTEM AND, AFTER THE CHANGE IS ENTERED INTO THE SYSTEM, THE MARIJUANA IS RETAIL MARIJUANA AND IS THE PROPERTY OF THE RETAIL MARIJUANA CULTIVATION FACILITY."
MARIJUANA THAT CHANGED DESIGNATION PURSUANT TO THIS SUBSECTION
(14)(a) SHALL NOT BE TRANSFERRED TO THE ORIGINATING MEDICAL
MARIJUANA CULTIVATION FACILITY OR ANY MEDICAL MARIJUANA
LICENSEE, HAVE ITS DESIGNATION CHANGED FROM RETAIL MARIJUANA TO
MEDICAL MARIJUANA, OR OTHERWISE BE TREATED AS MEDICAL
MARIJUANA.

(b) (I) NOTwithstanding subsection (14)(a) of this section
to the contrary, a retail marijuana cultivation facility may
receive a transfer of medical marijuana from a medical
marijuana cultivation facility that is not co-located with the
retail marijuana cultivation facility to change the designation
of the medical marijuana to retail marijuana if:

(A) The retail marijuana cultivation facility and medical
marijuana cultivation facility have at least one identical
controlling beneficial owner; and

(B) The retail marijuana cultivation facility and medical
marijuana cultivation facility cannot be co-located because the
local jurisdiction where the medical marijuana cultivation
facility is located prohibits the operation of a retail marijuana
cultivation facility.

(II) Prior to making a transfer pursuant to this subsection
(14)(b), the retail marijuana cultivation facility must receive
approval from the state licensing authority that the retail
marijuana cultivation facility and the medical marijuana
cultivation facility satisfy the requirements of this subsection
(14)(b). The state licensing authority must not require an
approval for each transfer that occurs pursuant to this
subsection (14)(b), but must only require one approval for
transfers to occur from the medical marijuana cultivation
facility to the retail marijuana cultivation facility pursuant to
this subsection (14)(b).

(c) Both the retail marijuana cultivation facility and
medical marijuana cultivation facility must remain at or under
their respective regulated inventory limits before and after the
designation is conducted pursuant to this subsection (14).

(d) The retail marijuana cultivation facility shall pay
any retail marijuana excise tax pursuant to section 39-28.8-302.".