A BILL FOR AN ACT

Concerning the development of marijuana tracking 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 requires the institute of cannabis research at Colorado state university - Pueblo (institute) to develop marijuana tracking technology (technology). The technology must include an agent that is applied to a marijuana plant, marijuana product, industrial hemp, or industrial hemp product and then scanned by a device. The scan, at a minimum, would indicate whether the marijuana or hemp was cultivated,
manufactured, or sold by a licensed marijuana business or registered hemp cultivator. The institute shall 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 tracking marijuana. After the state licensing authority determines the technology is an effective means of tracking marijuana, it shall promulgate rules that require the technology to be used by licensed marijuana businesses, and the commissioner of the department of agriculture shall promulgate rules that require registered industrial hemp cultivators to use the technology. 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.

---

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

SECTION 1. Legislative declaration. (1) The general assembly finds and declares that identifying legal marijuana in Colorado is difficult at best. Research and development integrated by Colorado state university - Pueblo and other academic, government, and commercial partners will develop technological solutions to:

(a) Insert unique and traceable identifiers into legal medical and retail marijuana and industrial hemp that can be detected;

(b) Code identifiers into secure records using distributed ledger technology that, in compliance with federal guidelines and industry best practices, will be accessible by law enforcement agencies or the department of revenue; and

(c) Provide scanning technology to law enforcement and the department of revenue that detects these identifiers that distinguish legal medical and retail marijuana and industrial hemp from illegal marijuana and hemp so that it can be used by law enforcement to seize illegal marijuana and start appropriate enforcement actions.
(2) The general assembly finds and declares that the technology
will benefit Colorado by increasing the ability of law enforcement 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.

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

23-31.5-113. Institute of cannabis research - marijuana
tracking project - rules. (1) The institute of cannabis research at
Colorado State University - Pueblo, referred to in this section
as the "institute", shall, within ninety days after the effective
date of this section, use existing state procurement practices to
develop marijuana tracking technology. The institute may
consult with the national institute of standards and
technology.

(2) The marijuana tracking 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 or
industrial hemp or industrial hemp product and then scanned by
a device that at a minimum would indicate the source of the
medical or retail marijuana plant or medical marijuana-infused
product or retail marijuana product or industrial hemp or
industrial hemp product that was legally cultivated, manufactured, or sold. 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 OR INDUSTRIAL HEMP. THE MARIJUANA SCANNING TECHNOLOGY MUST BE ACCESSIBLE TO LAW ENFORCEMENT AND THE DEPARTMENT OF REVENUE. THE INSTITUTE MAY DETERMINE WHETHER THE MARIJUANA TRACKING TECHNOLOGY SHOULD BE NANOTECHNOLOGY; ISOTOPIC, CHEMICAL, OR BIOLOGICAL IDENTIFIERS; OTHER AVAILABLE TECHNOLOGY; OR A COMBINATION OF ANY TECHNOLOGIES.

(3) The institute shall select a vendor to develop the marijuana tracking technology.

(4) (a) After the marijuana tracking technology is developed, the marijuana state licensing authority in the department of revenue must be satisfied that the technology provides an effective means of tracking marijuana. After the state licensing authority determines that the marijuana tracking technology provides an effective means of tracking, it shall promulgate rules, pursuant to sections 12-43.3-202(4) and 12-43.4-202 (3.5), within ninety days requiring a licensee 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. After the state licensing authority determines that the marijuana tracking technology provides an effective means of tracking, the commissioner of the department of agriculture shall promulgate rules, pursuant to section 35-61-104(5), within ninety days requiring a registrant to use the technology on industrial hemp and industrial hemp products at one or more stages of cultivation, manufacture, wholesale
OPERATIONS, OR RETAIL SALE.

(b) AFTER THE STATE LICENSING AUTHORITY PROMULGATES THE RULES REQUIRED BY THIS SECTION, THE MARIJUANA SCANNING TECHNOLOGY MUST BE MADE AVAILABLE TO LAW ENFORCEMENT AND THE DEPARTMENT OF REVENUE FOR PURCHASE, AND THE STATE LICENSING AUTHORITY SHALL MAKE THE DATA IT COLLECTS AVAILABLE TO THE DEPARTMENT OF REVENUE AND LAW ENFORCEMENT 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 shall promulgate rules regarding the marijuana tracking technology developed pursuant to section 23-31.5-113 after determining that the technology works pursuant to section 23-31.5-113 (4)(a). The rules must 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 shall promulgate rules regarding the marijuana tracking technology developed pursuant to section 23-31.5-113 after determining that the technology works pursuant to section 23-31.5-113 (4)(a). The rules must 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. In Colorado Revised Statutes, 35-61-104, amend
(5) as follows:

35-61-104. Registration - cultivation of industrial hemp -
research and development growth - rules. (5) The commissioner shall
adopt rules by March 1, 2014, and as necessary thereafter to implement
the registration program and to implement and administer this article ARTICLE 61 AND SECTION 23-31.5-113 (4).

SECTION 7. 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.