

**First Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO**

**REENGROSSED**

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

LLS NO. 21-0204.01 Jacob Baus x2173

**HOUSE BILL 21-1216**

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**HOUSE SPONSORSHIP**

**Valdez A. and Van Winkle**, Gray, Herod, Jackson, Michaelson Jenet, Ricks

**SENATE SPONSORSHIP**

**Gonzales**,

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**House Committees**  
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**A BILL FOR AN ACT**

101      **CONCERNING THE ABILITY FOR CERTAIN MARIJUANA LICENSEES TO**  
102                    **CHANGE THE DESIGNATION OF MARIJUANA FROM RETAIL TO**  
103                    **MEDICAL.**

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**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 allows a medical marijuana cultivation facility licensee to receive and change marijuana's designation from retail to medical and a marijuana products manufacturer licensee to receive and change a marijuana product from retail to medical.

The bill clarifies that a transfer and change of designation of the

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

HOUSE  
3rd Reading Unamended  
April 6, 2021

HOUSE  
2nd Reading Unamended  
April 5, 2021

marijuana from retail to medical does not create a right to a refund of a retail marijuana excise tax imposed or paid prior to the transfer and change of designation.

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

2           **SECTION 1.** In Colorado Revised Statutes, 44-10-502, **add** (9)  
3 as follows:

4           **44-10-502. Medical marijuana cultivation facility license -**  
5 **rules - definitions.** (9) (a) AFTER OBTAINING PASSING TESTING RESULTS,  
6 A MEDICAL MARIJUANA CULTIVATION FACILITY MAY RECEIVE A TRANSFER  
7 OF RETAIL MARIJUANA FROM A CO-LOCATED RETAIL MARIJUANA  
8 CULTIVATION FACILITY WITH AT LEAST ONE IDENTICAL CONTROLLING  
9 BENEFICIAL OWNER AND CHANGE THE DESIGNATION OF THE RETAIL  
10 MARIJUANA TO MEDICAL MARIJUANA. THE MEDICAL MARIJUANA  
11 CULTIVATION FACILITY SHALL ENTER THE DESIGNATION CHANGE INTO THE  
12 SEED-TO-SALE TRACKING SYSTEM AND, AFTER THE CHANGE IS ENTERED  
13 INTO THE SYSTEM, THE MARIJUANA IS MEDICAL MARIJUANA AND IS THE  
14 PROPERTY OF THE MEDICAL MARIJUANA CULTIVATION FACILITY. THE  
15 MARIJUANA THAT CHANGED DESIGNATION PURSUANT TO THIS SUBSECTION  
16 (9)(a) SHALL NOT BE TRANSFERRED TO THE ORIGINATING RETAIL  
17 MARIJUANA CULTIVATION FACILITY OR ANY RETAIL MARIJUANA LICENSEE,  
18 HAVE ITS DESIGNATION CHANGED FROM MEDICAL MARIJUANA TO RETAIL  
19 MARIJUANA, OR OTHERWISE BE TREATED AS RETAIL MARIJUANA.

20           (b) BOTH THE MEDICAL MARIJUANA CULTIVATION FACILITY AND  
21 RETAIL MARIJUANA CULTIVATION FACILITY MUST REMAIN AT OR UNDER  
22 THEIR RESPECTIVE REGULATED INVENTORY LIMITS BEFORE AND AFTER THE  
23 DESIGNATION IS CONDUCTED PURSUANT TO SUBSECTION (9)(a) OF THIS  
24 SECTION.

1           (c) A TRANSFER AND CHANGE OF DESIGNATION OF RETAIL  
2 MARIJUANA TO MEDICAL MARIJUANA PURSUANT TO THIS SUBSECTION (9)  
3 IS NOT A TRANSACTION THAT RESULTS IN A RIGHT TO REFUND OF ANY  
4 RETAIL MARIJUANA EXCISE TAX INCURRED OR PAID PRIOR TO THAT  
5 TRANSFER AND CHANGE OF DESIGNATION.

6           **SECTION 2.** In Colorado Revised Statutes, 44-10-503, **add** (12)  
7 as follows:

8           **44-10-503. Medical marijuana products manufacturer license**  
9 **- rules - definition.** (12) (a) AFTER OBTAINING PASSING TESTING  
10 RESULTS, A MEDICAL MARIJUANA PRODUCTS MANUFACTURER MAY  
11 RECEIVE A TRANSFER OF RETAIL MARIJUANA THAT HAS BEEN EXTRACTED  
12 AND IS IN A CONCENTRATED FORM FROM A CO-LOCATED RETAIL  
13 MARIJUANA PRODUCTS MANUFACTURER WITH AT LEAST ONE IDENTICAL  
14 CONTROLLING BENEFICIAL OWNER AND CHANGE THE DESIGNATION OF THE  
15 RETAIL MARIJUANA THAT HAS BEEN EXTRACTED AND IS IN A  
16 CONCENTRATED FORM TO MEDICAL MARIJUANA THAT HAS BEEN  
17 EXTRACTED AND IS IN A CONCENTRATED FORM. THE MEDICAL MARIJUANA  
18 PRODUCTS MANUFACTURER SHALL ENTER THE DESIGNATION CHANGE INTO  
19 THE SEED-TO-SALE TRACKING SYSTEM AND, AFTER THE CHANGE IS  
20 ENTERED INTO THE SYSTEM, THE PRODUCT IS A MEDICAL MARIJUANA  
21 PRODUCT AND IS THE PROPERTY OF THE MEDICAL MARIJUANA PRODUCTS  
22 MANUFACTURER. A PRODUCT THAT CHANGED DESIGNATION PURSUANT TO  
23 THIS SUBSECTION (12)(a) SHALL NOT BE TRANSFERRED TO THE  
24 ORIGINATING RETAIL MARIJUANA PRODUCTS MANUFACTURER OR ANY  
25 RETAIL MARIJUANA LICENSEE, HAVE ITS DESIGNATION CHANGED FROM A  
26 MEDICAL MARIJUANA PRODUCT, OR OTHERWISE BE TREATED AS A RETAIL  
27 MARIJUANA PRODUCT.

1 (b) A TRANSFER AND CHANGE OF DESIGNATION OF RETAIL  
2 MARIJUANA THAT HAS BEEN EXTRACTED AND IS IN A CONCENTRATED  
3 FORM TO MEDICAL MARIJUANA THAT HAS BEEN EXTRACTED AND IS IN A  
4 CONCENTRATED FORM PURSUANT TO THIS SUBSECTION (12) IS NOT A  
5 TRANSACTION THAT RESULTS IN A RIGHT TO REFUND OF ANY RETAIL  
6 MARIJUANA EXCISE TAX INCURRED OR PAID PRIOR TO THAT TRANSFER AND  
7 CHANGE OF DESIGNATION.

8 **SECTION 3.** In Colorado Revised Statutes, 44-10-602, **add** (13)  
9 as follows:

10 **44-10-602. Retail marijuana cultivation facility license - rules**  
11 **- definitions.** (13) (a) AFTER OBTAINING PASSING TEST RESULTS  
12 REQUIRED BY SUBSECTION (4) OF THIS SECTION, A RETAIL MARIJUANA  
13 CULTIVATION FACILITY MAY TRANSFER RETAIL MARIJUANA TO A  
14 CO-LOCATED MEDICAL MARIJUANA CULTIVATION FACILITY WITH AT LEAST  
15 ONE IDENTICAL CONTROLLING BENEFICIAL OWNER AND CHANGE THE  
16 DESIGNATION OF THE RETAIL MARIJUANA TO MEDICAL MARIJUANA.  
17 PURSUANT TO SECTION 44-10-502 (9)(a), AFTER THE MEDICAL MARIJUANA  
18 CULTIVATION FACILITY ENTERS THE DESIGNATION CHANGE INTO THE  
19 SEED-TO-SALE TRACKING SYSTEM, THE MARIJUANA IS MEDICAL  
20 MARIJUANA AND IS THE PROPERTY OF THE MEDICAL MARIJUANA  
21 CULTIVATION FACILITY. THE MARIJUANA THAT CHANGED DESIGNATION  
22 PURSUANT TO THIS SUBSECTION (13)(a) SHALL NOT BE TRANSFERRED TO  
23 THE ORIGINATING RETAIL MARIJUANA CULTIVATION FACILITY OR ANY  
24 RETAIL MARIJUANA LICENSEE, HAVE ITS DESIGNATION CHANGED FROM  
25 MEDICAL MARIJUANA TO RETAIL MARIJUANA, OR OTHERWISE BE TREATED  
26 AS RETAIL MARIJUANA.

27 (b) BOTH THE MEDICAL MARIJUANA CULTIVATION FACILITY AND

1 RETAIL MARIJUANA CULTIVATION FACILITY MUST REMAIN AT OR UNDER  
2 THEIR RESPECTIVE REGULATED INVENTORY LIMITS BEFORE AND AFTER THE  
3 DESIGNATION IS CONDUCTED PURSUANT TO SUBSECTION (13)(a) OF THIS  
4 SECTION.

5 (c) A TRANSFER AND CHANGE OF DESIGNATION OF RETAIL  
6 MARIJUANA TO MEDICAL MARIJUANA PURSUANT TO THIS SUBSECTION (13)  
7 IS NOT A TRANSACTION THAT RESULTS IN A RIGHT TO REFUND OF ANY  
8 RETAIL MARIJUANA EXCISE TAX INCURRED OR PAID PRIOR TO THAT  
9 TRANSFER AND CHANGE OF DESIGNATION.

10 **SECTION 4.** In Colorado Revised Statutes, 44-10-603, **add** (15)  
11 as follows:

12 **44-10-603. Retail marijuana products manufacturer license -**  
13 **rules - definition.** (15) (a) AFTER OBTAINING PASSING TEST RESULTS  
14 REQUIRED BY SUBSECTION (6) OF THIS SECTION, A RETAIL MARIJUANA  
15 PRODUCTS MANUFACTURER MAY TRANSFER RETAIL MARIJUANA THAT HAS  
16 BEEN EXTRACTED AND IS IN A CONCENTRATED FORM TO A CO-LOCATED  
17 MEDICAL MARIJUANA PRODUCTS MANUFACTURER WITH AT LEAST ONE  
18 IDENTICAL CONTROLLING BENEFICIAL OWNER AND CHANGE THE  
19 DESIGNATION OF THE RETAIL MARIJUANA THAT HAS BEEN EXTRACTED AND  
20 IS IN A CONCENTRATED FORM TO MEDICAL MARIJUANA THAT HAS BEEN  
21 EXTRACTED AND IS IN A CONCENTRATED FORM. PURSUANT TO SECTION  
22 44-10-503 (12)(a), AFTER THE MEDICAL MARIJUANA PRODUCTS  
23 MANUFACTURER ENTERS THE DESIGNATION CHANGE INTO THE  
24 SEED-TO-SALE TRACKING SYSTEM, THE PRODUCT IS A MEDICAL MARIJUANA  
25 PRODUCT AND IS THE PROPERTY OF THE MEDICAL MARIJUANA PRODUCTS  
26 MANUFACTURER. A PRODUCT THAT CHANGED DESIGNATION PURSUANT TO  
27 THIS SUBSECTION (15)(a) SHALL NOT BE TRANSFERRED TO THE

1 ORIGINATING RETAIL MARIJUANA PRODUCTS MANUFACTURER OR ANY  
2 RETAIL MARIJUANA LICENSEE, HAVE ITS DESIGNATION CHANGED FROM A  
3 MEDICAL MARIJUANA PRODUCT, OR OTHERWISE BE TREATED AS A RETAIL  
4 MARIJUANA PRODUCT.

5 (b) A TRANSFER AND CHANGE OF DESIGNATION OF RETAIL  
6 MARIJUANA THAT HAS BEEN EXTRACTED AND IS IN A CONCENTRATED  
7 FORM TO MEDICAL MARIJUANA THAT HAS BEEN EXTRACTED AND IS IN A  
8 CONCENTRATED FORM PURSUANT TO THIS SUBSECTION (15) IS NOT A  
9 TRANSACTION THAT RESULTS IN A RIGHT TO REFUND OF ANY RETAIL  
10 MARIJUANA EXCISE TAX INCURRED OR PAID PRIOR TO THAT TRANSFER AND  
11 CHANGE OF DESIGNATION.

12 **SECTION 5.** In Colorado Revised Statutes, 39-28.8-302, **amend**  
13 (2) as follows:

14 **39-28.8-302. Retail marijuana - excise tax levied at first**  
15 **transfer from retail marijuana cultivation facility - tax rate.**

16 (2) (a) EXCEPT AS PROVIDED IN SUBSECTION (2)(b) OF THIS SECTION, the  
17 tax imposed pursuant to subsection (1) of this section shall not be levied  
18 on the sale or transfer of unprocessed marijuana by a marijuana  
19 cultivation facility to a medical marijuana center.

20 (b) A TRANSFER AND CHANGE OF DESIGNATION OF RETAIL  
21 MARIJUANA TO MEDICAL MARIJUANA PURSUANT TO SECTIONS 44-10-502  
22 (9) AND 44-10-602 (13) OR RETAIL MARIJUANA THAT HAS BEEN  
23 EXTRACTED AND IS IN A CONCENTRATED FORM TO MEDICAL MARIJUANA  
24 THAT HAS BEEN EXTRACTED AND IS IN A CONCENTRATED FORM PURSUANT  
25 TO SECTIONS 44-10-503 (12) AND 44-10-603 (15) IS NOT A TRANSACTION  
26 THAT CREATES A RIGHT TO A REFUND OF A RETAIL MARIJUANA EXCISE TAX  
27 IMPOSED OR PAID PRIOR TO THAT TRANSFER AND CHANGE OF

1 DESIGNATION.

2           **SECTION 6. Safety clause.** The general assembly hereby finds,  
3 determines, and declares that this act is necessary for the immediate  
4 preservation of the public peace, health, or safety.