

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

REVISED

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

LLS NO. 21-0204.01 Jacob Baus x2173

HOUSE BILL 21-1216

HOUSE SPONSORSHIP

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

SENATE SPONSORSHIP

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House Committees

Business Affairs & Labor

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Business, Labor, & Technology

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.**

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.

SENATE
Amended 2nd Reading
June 3, 2021

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.

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.** In Colorado Revised Statutes, **add 44-10-205** as
3 **follows:**

4 **44-10-205. Change designation of marijuana from medical to**
5 **retail - report - repeal.** (1) ON OR BEFORE JANUARY 3, 2022, THE STATE
6 LICENSING AUTHORITY SHALL SUBMIT TO THE GENERAL ASSEMBLY A
7 REPORT ANALYZING THE FEASIBILITY OF ALLOWING CHANGING
8 REGULATED MARIJUANA'S DESIGNATION FROM MEDICAL TO RETAIL
9 BETWEEN MEDICAL MARIJUANA CULTIVATION FACILITIES AND RETAIL
10 MARIJUANA CULTIVATION FACILITIES AND BETWEEN MEDICAL MARIJUANA
11 PRODUCTS MANUFACTURERS AND RETAIL MARIJUANA PRODUCTS
12 MANUFACTURERS. THE REPORT MUST INCLUDE THE IDENTIFICATION OF:

13 (a) POTENTIAL ECONOMIC IMPACTS, INCLUDING POTENTIAL
14 IMPACTS ON REGULATED MARIJUANA BUSINESSES AND ON STATEWIDE AND
15 REGIONAL REVENUE;

16 (b) POTENTIAL PRODUCTION MANAGEMENT IMPACTS;

17 (c) POTENTIAL IMPACTS ON WHOLESALE, PATIENT, AND CONSUMER
18 PRICES FOR THE MEDICAL AND RETAIL MARIJUANA MARKETS;

19 (d) STAKEHOLDER PERSPECTIVES, INCLUDING SUPPORT OR
20 OPPOSITION TO FUTURE STATUTORY CHANGES TO ALLOW CHANGING
21 REGULATED MARIJUANA'S DESIGNATION FROM MEDICAL TO RETAIL
22 BETWEEN MEDICAL MARIJUANA CULTIVATION FACILITIES AND RETAIL
23 MARIJUANA CULTIVATION FACILITIES AND BETWEEN MEDICAL MARIJUANA
24 PRODUCTS MANUFACTURERS AND RETAIL MARIJUANA PRODUCTS
25 MANUFACTURERS;

26 (e) POTENTIAL IMPACTS OR CHALLENGES FOR LOCAL
27 GOVERNMENTS; AND

1 (f) POTENTIAL ALTERNATIVES TO ALLOWING CHANGING
2 REGULATED MARIJUANA'S DESIGNATION FROM MEDICAL TO RETAIL
3 BETWEEN MEDICAL MARIJUANA CULTIVATION FACILITIES AND RETAIL
4 MARIJUANA CULTIVATION FACILITIES AND BETWEEN MEDICAL MARIJUANA
5 PRODUCTS MANUFACTURERS AND RETAIL MARIJUANA PRODUCTS
6 MANUFACTURERS.

7 (2) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2022.

8 **SECTION 7. Effective date.** This act takes effect July 1, 2022.

9 **SECTION 8. Safety clause.** The general assembly hereby finds,
10 determines, and declares that this act is necessary for the immediate
11 preservation of the public peace, health, or safety.