

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

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0971.01 Jacob Baus x2173

**SENATE BILL 22-178**

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**SENATE SPONSORSHIP**

**Gonzales,**

**HOUSE SPONSORSHIP**

**Valdez A. and Van Winkle,**

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**Senate Committees**

Finance  
Appropriations

**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 MEDICAL TO**  
103                    **RETAIL.**

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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 transfer medical marijuana to a retail marijuana cultivation facility licensee and the retail marijuana cultivation facility licensee to receive the marijuana and change the designation of the marijuana from medical to retail.

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.

The bill clarifies that the retail marijuana cultivation facility licensee is required to pay any retail marijuana excise tax.

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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** (9.5)  
3 as follows:

4 **44-10-502. Medical marijuana cultivation facility license -**  
5 **rules - definitions.** (9.5) (a) AFTER OBTAINING PASSING TEST RESULTS,  
6 A MEDICAL MARIJUANA CULTIVATION FACILITY MAY TRANSFER MEDICAL  
7 MARIJUANA TO A CO-LOCATED RETAIL MARIJUANA CULTIVATION FACILITY  
8 WITH AT LEAST ONE IDENTICAL CONTROLLING BENEFICIAL OWNER AND  
9 CHANGE THE DESIGNATION OF THE MEDICAL MARIJUANA TO RETAIL  
10 MARIJUANA. PURSUANT TO SECTION 44-10-602 (13.5)(a), AFTER THE  
11 RETAIL MARIJUANA CULTIVATION FACILITY ENTERS THE DESIGNATION  
12 CHANGE INTO THE SEED-TO-SALE TRACKING SYSTEM, THE MARIJUANA IS  
13 RETAIL MARIJUANA AND IS THE PROPERTY OF THE RETAIL MARIJUANA  
14 CULTIVATION FACILITY. THE MARIJUANA THAT CHANGED DESIGNATION  
15 PURSUANT TO THIS SUBSECTION (9.5)(a) MUST NOT BE TRANSFERRED TO  
16 THE ORIGINATING MEDICAL MARIJUANA CULTIVATION FACILITY OR ANY  
17 MEDICAL MARIJUANA LICENSEE, HAVE ITS DESIGNATION CHANGED FROM  
18 RETAIL MARIJUANA BACK TO MEDICAL MARIJUANA, OR OTHERWISE BE  
19 TREATED AS MEDICAL MARIJUANA.

20 (b) (I) NOTWITHSTANDING SUBSECTION (9.5)(a) OF THIS SECTION  
21 TO THE CONTRARY, A MEDICAL MARIJUANA CULTIVATION FACILITY MAY  
22 TRANSFER MEDICAL MARIJUANA TO A RETAIL MARIJUANA CULTIVATION  
23 FACILITY THAT IS NOT CO-LOCATED WITH THE MEDICAL MARIJUANA  
24 CULTIVATION FACILITY TO CHANGE THE DESIGNATION OF THE MEDICAL  
25 MARIJUANA TO RETAIL MARIJUANA IF:

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

4 (B) THE MEDICAL MARIJUANA CULTIVATION FACILITY AND RETAIL  
5 MARIJUANA CULTIVATION FACILITY CANNOT BE CO-LOCATED BECAUSE THE  
6 LOCAL JURISDICTION PROHIBITS THE OPERATION OF EITHER A MEDICAL  
7 MARIJUANA CULTIVATION FACILITY OR A RETAIL MARIJUANA CULTIVATION  
8 FACILITY.

9 (II) PRIOR TO MAKING A TRANSFER PURSUANT TO THIS SUBSECTION  
10 (9.5)(b), THE MEDICAL MARIJUANA CULTIVATION FACILITY SHALL ENSURE  
11 THAT THE MEDICAL MARIJUANA PASSED ALL TESTS REQUIRED BY THE  
12 STATE LICENSING AUTHORITY IN RULE.

13 (c) BOTH THE MEDICAL MARIJUANA CULTIVATION FACILITY AND  
14 THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL REMAIN AT OR  
15 UNDER THEIR RESPECTIVE REGULATED INVENTORY LIMITS BEFORE AND  
16 AFTER THE TRANSFER IS CONDUCTED PURSUANT TO THIS SUBSECTION  
17 (9.5).

18 (d) THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL PAY  
19 ANY RETAIL MARIJUANA EXCISE TAX PURSUANT TO SECTION 39-28.8-302.  
20 THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL NOTIFY AND PAY  
21 ANY APPLICABLE COUNTY EXCISE TAX ON THE TRANSFERRED RETAIL  
22 MARIJUANA.

23 (e) THIS SUBSECTION (9.5) APPLIES TO A VIRTUAL TRANSFER OF  
24 MARIJUANA THAT IS REFLECTED IN THE SEED-TO-SALE TRACKING SYSTEM  
25 EVEN IF THE MARIJUANA IS NOT PHYSICALLY MOVED OR TRANSFERRED.

26 **SECTION 2.** In Colorado Revised Statutes, 44-10-602, **add**  
27 (13.5) as follows:

1           **44-10-602. Retail marijuana cultivation facility license - rules**  
2   **- definitions.** (13.5) (a) AFTER OBTAINING PASSING TESTING RESULTS, A  
3   RETAIL MARIJUANA CULTIVATION FACILITY MAY RECEIVE A TRANSFER OF  
4   MEDICAL MARIJUANA FROM A CO-LOCATED MEDICAL MARIJUANA  
5   CULTIVATION FACILITY WITH AT LEAST ONE IDENTICAL CONTROLLING  
6   BENEFICIAL OWNER AND CHANGE THE DESIGNATION OF THE MEDICAL  
7   MARIJUANA TO RETAIL MARIJUANA. THE RETAIL MARIJUANA CULTIVATION  
8   FACILITY SHALL ENTER THE DESIGNATION CHANGE INTO THE  
9   SEED-TO-SALE TRACKING SYSTEM AND, AFTER THE CHANGE IS ENTERED  
10   INTO THE SYSTEM, THE MARIJUANA IS RETAIL MARIJUANA AND IS THE  
11   PROPERTY OF THE RETAIL MARIJUANA CULTIVATION FACILITY. THE  
12   MARIJUANA THAT CHANGED DESIGNATION PURSUANT TO THIS SUBSECTION  
13   (13.5)(a) MUST NOT BE TRANSFERRED TO THE ORIGINATING MEDICAL  
14   MARIJUANA CULTIVATION FACILITY OR ANY MEDICAL MARIJUANA  
15   LICENSEE, HAVE ITS DESIGNATION CHANGED FROM RETAIL MARIJUANA  
16   BACK TO MEDICAL MARIJUANA, OR OTHERWISE BE TREATED AS MEDICAL  
17   MARIJUANA.

18           (b) (I) NOTWITHSTANDING SUBSECTION (13.5)(a) OF THIS SECTION  
19   TO THE CONTRARY, A RETAIL MARIJUANA CULTIVATION FACILITY MAY  
20   RECEIVE A TRANSFER OF MEDICAL MARIJUANA FROM A MEDICAL  
21   MARIJUANA CULTIVATION FACILITY THAT IS NOT CO-LOCATED WITH THE  
22   RETAIL MARIJUANA CULTIVATION FACILITY TO CHANGE THE DESIGNATION  
23   OF THE MEDICAL MARIJUANA TO RETAIL MARIJUANA IF:

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

27           (B) THE RETAIL MARIJUANA CULTIVATION FACILITY AND MEDICAL

1 MARIJUANA CULTIVATION FACILITY CANNOT BE CO-LOCATED BECAUSE THE  
2 LOCAL JURISDICTION PROHIBITS THE OPERATION OF EITHER A MEDICAL  
3 MARIJUANA CULTIVATION FACILITY OR A RETAIL MARIJUANA CULTIVATION  
4 FACILITY.

5 (II) PRIOR TO RECEIVING A TRANSFER PURSUANT TO THIS  
6 SUBSECTION (13.5)(b), THE RETAIL MARIJUANA CULTIVATION FACILITY  
7 SHALL ENSURE THAT THE MEDICAL MARIJUANA PASSED ALL TESTS  
8 REQUIRED BY THE STATE LICENSING AUTHORITY IN RULE.

9 (c) BOTH THE RETAIL MARIJUANA CULTIVATION FACILITY AND THE  
10 MEDICAL MARIJUANA CULTIVATION FACILITY SHALL REMAIN AT OR UNDER  
11 THEIR RESPECTIVE REGULATED INVENTORY LIMITS BEFORE AND AFTER THE  
12 TRANSFER IS CONDUCTED PURSUANT TO THIS SUBSECTION (13.5).

13 (d) THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL PAY  
14 ANY RETAIL MARIJUANA EXCISE TAX PURSUANT TO SECTION 39-28.8-302.  
15 THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL NOTIFY AND PAY  
16 ANY APPLICABLE COUNTY EXCISE TAX ON THE TRANSFERRED RETAIL  
17 MARIJUANA.

18 (e) THIS SUBSECTION (13.5) APPLIES TO A VIRTUAL TRANSFER OF  
19 MARIJUANA THAT IS REFLECTED IN THE SEED-TO-SALE TRACKING SYSTEM  
20 EVEN IF THE MARIJUANA IS NOT PHYSICALLY MOVED OR TRANSFERRED.

21 **SECTION 3. Effective date.** This act takes effect January 1,  
22 2023.

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