

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

REVISED

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

LLS NO. 24-0669.01 Jery Payne x2157

SENATE BILL 24-076

SENATE SPONSORSHIP

Van Winkle and Gonzales, Buckner, Fields, Hansen, Hinrichsen, Marchman, Priola

HOUSE SPONSORSHIP

Lindstedt,

Senate Committees

Finance
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A BILL FOR AN ACT

101 **CONCERNING MEASURES TO ADDRESS EFFICIENCY IN THE REGULATION**
102 **OF EXISTING MARIJUANA LICENSEES.**

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>.)

Current law allows the transfer of immature plants, seeds, and genetic material between a medical or retail cultivation facility and certain people, including people approved by rule. **Sections 1, 7, and 10** of the bill allow this transfer from or to a medical or retail marijuana cultivation facility from or to a person permitted by another jurisdiction to possess or cultivate marijuana. The medical or retail cultivation facility

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

HOUSE
Amended 2nd Reading
May 6, 2024

SENATE
3rd Reading Unamended
April 29, 2024

SENATE
Amended 2nd Reading
April 26, 2024

must confirm that the purchaser is 21 years of age or older. The cultivation facility may accept online payments for the transfer. The state licensing authority may promulgate rules to implement the provision, but limits are placed on the rules that the state licensing authority may adopt.

Section 2 limits the frequency at which regulated marijuana and a regulated marijuana product need to be tested to no more than once for each required test and otherwise requires the elimination of redundant testing. **Section 2** also exempts the fungi in the genus aspergillus from product testing.

Current law requires beneficial owners and people who have access to the limited access areas of a medical marijuana business or retail marijuana business to have identification cards. **Section 2** repeals the requirement that beneficial owners have identification cards, but retains the requirement that people with access to the limited access areas need to have identification cards.

Section 2 also specifies that a licensee need not use radio frequency identification tags to tag or track marijuana and marijuana products.

Current law requires the marijuana enforcement division in the department of revenue (division) to promulgate rules requiring testing of marijuana and marijuana products for contaminants or substances that are harmful to health. **Section 2** clarifies that these tests should be made to determine whether the contaminants or substances are present in amounts that are harmful to health. Current law allows a licensee to remediate marijuana or marijuana products that have failed a test. **Section 2** removes a requirement that the licensee identify on the labeling that the product has failed a test when the product subsequently passed the same test. **Section 2** also authorizes retesting when the marijuana or marijuana product has failed a test.

Current law authorizes the division to establish procedures to issue a conditional employee identification card, which allows an individual to work for a license holder, after the individual has submitted an initial application and the division has conducted an investigation regarding the application but before the fingerprint record check is finished. **Section 2** requires the division to promulgate rules and issue the employee identification card upon initial review of the application.

The division is required to adopt rules authorizing a licensee to conduct fewer tests than normal upon demonstrating that the licensee's standard operating procedures and production practices result in consistent passing test results (program). **Section 2** specifically authorizes this program and sets an expiration date for reduced testing under the program at 3 years.

Sections 2, 4, 5, 6, 8, 9, and 11 extend the initial license and license renewal periods from one year to 2 years.

Section 3 requires the division to establish a system that allows a

medical or retail marijuana business that transports marijuana or marijuana products to use an electronic manifest system.

Section 5 requires the division to retain fingerprints submitted for initial licensure for use in a criminal history record check for license renewal. **Section 5** also authorizes a person who holds multiple licenses or affiliated persons who hold multiple licenses to submit a unified application for license renewal. The license holders must elect to have one or more licenses expire in less than 2 years in order to coordinate the expiration date.

Section 12 requires the division to promulgate rules categorizing each violation as a safety violation or a technical violation. The division will expunge technical violations from a licensee's record on the later date of one year after the violation is reported or when the license is renewed.

Section 13 reduces the amount of time for which a marijuana licensee must retain books and records that show the business's transactions from 3 years to one year.

Current law requires that excise tax be levied on the first transfer of unprocessed retail marijuana. **Section 14** specifies that the transfer of unprocessed retail marijuana exclusively for microbial control is not the first transfer of unprocessed retail marijuana for taxation purposes.

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

2 **SECTION 1.** In Colorado Revised Statutes, 44-10-103, **amend**
3 (18); and **add** (16.5) as follows:

4 **44-10-103. Definitions - rules.** As used in this article 10, unless
5 the context otherwise requires:

6 (16.5) (a) "GENETIC MATERIAL" MEANS CANNABIS MATERIAL USED
7 TO PROPAGATE CANNABIS PLANTS.

8 (b) "GENETIC MATERIAL" INCLUDES:

9 (I) IMMATURE PLANTS CONTAINING A DELTA-9
10 TETRAHYDROCANNABINOL CONCENTRATION OF NO MORE THAN
11 THREE-TENTHS OF ONE PERCENT ON A DRY WEIGHT BASIS;

12 (II) CANNABIS SEEDS;

13 (III) TISSUE CULTURE; AND

14 (IV) SMALL AMOUNTS OR FRAGMENTS OF THE CANNABIS PLANT

1 CONTAINING A DELTA-9 TETRAHYDROCANNABINOL CONCENTRATION OF
2 NO MORE THAN THREE-TENTHS OF ONE PERCENT ON A DRY-WEIGHT BASIS.

3 (18) "Immature plant" means a nonflowering marijuana plant that
4 is no taller than ~~eight~~ FIFTEEN inches and no wider than ~~eight~~ FIFTEEN
5 inches AND is produced from a cutting, clipping, or seedling. ~~and is in a~~
6 ~~cultivating container.~~

7 **SECTION 2.** In Colorado Revised Statutes, 44-10-203, **amend**
8 (2) introductory portion, (2)(d)(III)(A), (2)(d)(III)(B), (2)(e), (2)(t),
9 (2)(dd)(XIV), and (3)(h) as follows:

10 **44-10-203. State licensing authority - rules. (2) Mandatory**
11 **rule-making.** Rules promulgated pursuant to section 44-10-202 (1)(c)
12 must include ~~but need not be limited to~~ the following subjects:

13 ==
14 (d) (III) (A) If test results indicate the presence of ~~quantities of~~
15 ~~any~~ A substance == determined to be injurious to health, the medical
16 marijuana or retail marijuana licensee shall immediately quarantine the
17 products and notify the state licensing authority. The state licensing
18 authority shall give the licensee an opportunity to remediate OR
19 DECONTAMINATE the product if the test indicated the presence of a
20 microbial. If the licensee is unable to remediate OR DECONTAMINATE the
21 product, the licensee shall document and properly destroy the adulterated
22 product. IF THE LICENSEE IS ABLE TO REMEDIATE OR DECONTAMINATE THE
23 PRODUCT AND THE PRODUCT PASSES RETESTING, THE LICENSEE NEED NOT
24 PROVIDE AN ADDITIONAL LABEL THAT WOULD OTHERWISE NOT BE
25 REQUIRED FOR A PRODUCT THAT PASSED INITIAL TESTING.

26 (B) If retail marijuana or retail marijuana product test results
27 indicate the presence of quantities of any A substance determined to be

1 injurious to health, INCLUDING PESTICIDES, the state licensing authority
2 shall give the licensee an opportunity to retest the retail marijuana or
3 retail marijuana product.

4

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5 (e) Security requirements for any premises licensed pursuant to
6 this article 10, including, at a minimum, lighting, physical security, video,
7 and alarm requirements, and other minimum procedures for internal
8 control as deemed necessary by the state licensing authority to properly
9 administer and enforce ~~the provisions of~~ this article 10, including
10 BIENNIAL reporting requirements for changes, alterations, or
11 modifications to the premises;

12 (t) Development of individual identification cards for ~~natural~~
13 ~~persons who are controlling beneficial owners, and any person operating,~~
14 INDIVIDUALS working in or having unescorted access to the limited access
15 areas of the licensed premises of a medical marijuana business or retail
16 marijuana business, including a fingerprint-based criminal history record
17 check as may be required by the state licensing authority prior to issuing
18 a card;

19

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20 (dd) Requirements for medical marijuana and medical marijuana
21 products delivery as described in section 44-10-501 (11) and section
22 44-10-505 (5) and retail marijuana and retail marijuana products delivery
23 as described in section 44-10-601 (13) and section 44-10-605 (5),
24 including:

25 (XIV) (A) Requirements for areas where medical marijuana and
26 medical marijuana products or retail marijuana and retail marijuana
27 products orders are stored, weighed, packaged, prepared, and tagged,

1 including requirements that medical marijuana and medical marijuana
2 products or retail marijuana and retail marijuana products cannot be
3 placed into a delivery vehicle until after an order has been placed and that
4 all delivery orders must be packaged on the licensed premises of a
5 medical marijuana store or retail marijuana store or its associated state
6 licensing authority-authorized storage facility as defined by rule after an
7 order has been received. ~~and~~

8 (B) BY JANUARY 1, 2027, THE STATE LICENSING AUTHORITY SHALL
9 PROMULGATE RULES THAT DO NOT REQUIRE LICENSEES TO USE RADIO
10 FREQUENCY IDENTIFICATION TECHNOLOGY TO TRACK REGULATED
11 MARIJUANA IN SEED-TO-SALE TRACKING SYSTEM REQUIREMENTS
12 ESTABLISHED BY RULE.

13 (3) In promulgating rules pursuant to this section, the state
14 licensing authority may seek the assistance of the department of public
15 health and environment when necessary before promulgating rules on the
16 following subjects:

17 (h) A requirement that every medical marijuana store and retail
18 marijuana store post, at all times and in a prominent place AT EVERY
19 POINT OF SALE, a warning that has a minimum height of three inches and
20 a width of six inches and that reads:

21 **Warning:** Using marijuana, in any form, while you are
22 pregnant or breastfeeding passes THC to your baby and
23 may be harmful to your baby. There is no known safe
24 amount of marijuana use during pregnancy or
25 breastfeeding.

26 **SECTION 3.** In Colorado Revised Statutes, **add** 44-10-210 as
27 follows:

1 **44-10-210. Reporting - streamlining regulation - repeal.**

2 (1) BY JANUARY 1, 2026, AND JANUARY 1 OF EACH YEAR THEREAFTER,
3 THE STATE LICENSING AUTHORITY SHALL ISSUE A REPORT TO THE HOUSE
4 OF REPRESENTATIVES BUSINESS AFFAIRS AND LABOR COMMITTEE, THE
5 HOUSE OF REPRESENTATIVES FINANCE COMMITTEE, THE SENATE BUSINESS,
6 LABOR, AND TECHNOLOGY COMMITTEE, AND THE SENATE FINANCE
7 COMMITTEE, OR THEIR SUCCESSOR COMMITTEES. THE REPORT MUST:

8 (a) IDENTIFY RULE CHANGES MADE BY THE STATE LICENSING
9 AUTHORITY THAT REDUCE REDUNDANT OR UNNECESSARY TESTING OF
10 RETAIL MARIJUANA AND MEDICAL MARIJUANA;

11 (b) IDENTIFY ANY RULE CHANGES MADE BY THE STATE LICENSING
12 AUTHORITY THAT REDUCE WASTE OF RETAIL MARIJUANA OR MEDICAL
13 MARIJUANA OR THAT REDUCE THE COST OF COMPLYING WITH THE RULES
14 OR WITH THIS ARTICLE 10;

15 (c) IDENTIFY ANY RULE CHANGES MADE BY THE STATE LICENSING
16 AUTHORITY THAT WOULD BRING RETAIL MARIJUANA AND MEDICAL
17 MARIJUANA TESTING IN LINE WITH THE TESTING OF INTOXICATING HEMP
18 PRODUCTS SOLD BY BUSINESSES NOT LICENSED UNDER THIS ARTICLE 10;

19 AND

20 (d) IDENTIFY ANY LEGISLATIVE CHANGES NECESSARY TO MAKE
21 THE RULE CHANGES DESCRIBED IN SUBSECTIONS (1)(a) TO (1)(c) OF THIS
22 SECTION.

23 (2) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2028.

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25 **SECTION 4.** In Colorado Revised Statutes, 44-10-313, **amend**
26 (6)(b) as follows:

27 **44-10-313. Licensing in general - rules - repeal. (6) (b) (I) ~~At~~**

1 IF ISSUED BY THE STATE LICENSING AUTHORITY, regulated marijuana
2 business licenses and licenses granted to a controlling beneficial owner
3 pursuant to this article 10 are valid for a period of ~~one year~~ TWO YEARS
4 after the date of issuance unless revoked or suspended pursuant to this
5 article 10 or the rules promulgated pursuant to this article 10 OR UNLESS
6 THE LICENSEE ELECTS FOR THE LICENSE TO EXPIRE SOONER THAN TWO
7 YEARS UNDER SECTION 44-10-314 (3). A LOCAL LICENSING AUTHORITY
8 MAY DETERMINE WHETHER EACH TYPE OF LICENSE, INCLUDING AN
9 ASSOCIATED MARIJUANA DELIVERY PERMIT, ISSUED BY THE LOCAL
10 LICENSING AUTHORITY IS VALID FOR ONE OR TWO YEARS.

11 (II) (A) THIS SUBSECTION (6)(b) APPLIES TO LICENSES ISSUED
12 AFTER THE EFFECTIVE DATE OF THIS SECTION, AS AMENDED.

13 (B) THIS SUBSECTION (6)(b)(II) IS REPEALED, EFFECTIVE JULY 1,
14 2026.

15 **SECTION 5.** In Colorado Revised Statutes, 44-10-314, **add** (4)
16 as follows:

17 **44-10-314. License renewal - unified renewal applications -**
18 **rules.** (4) ON OR AFTER JANUARY 1, 2026, THE STATE LICENSING
19 AUTHORITY SHALL PROMULGATE RULES AUTHORIZING MULTIPLE
20 REGULATED MARIJUANA BUSINESS LICENSEES WITH IDENTICAL
21 CONTROLLING BENEFICIAL OWNERS TO SUBMIT A SINGLE INITIAL
22 APPLICATION OR A SINGLE RENEWAL APPLICATION THROUGH A UNIFIED
23 APPLICATION PROCESS. A UNIFIED APPLICATION IS SUBJECT TO A LOWER
24 FEE FOR EACH APPLICATION THAN FOR APPLICATIONS FOR INDIVIDUAL
25 LICENSES.

26 **SECTION 6.** In Colorado Revised Statutes, 44-10-501, **amend**
27 **(3)(g) and (11)(a)(II)** as follows:

1 **44-10-501. Medical marijuana store license.** (3) (g) When
2 completing a sale of medical marijuana concentrate, the medical
3 marijuana store shall provide the patient with PHYSICALLY ATTACH TO
4 THE PATIENT'S RECEIPT OF SALE, PRODUCT CONTAINER, OR EXIT
5 PACKAGING the tangible educational resource created by the state
6 licensing authority pursuant to section 44-10-202 (8) regarding the use of
7 medical marijuana concentrate.

8 (11) (a) (II) A medical marijuana delivery permit is valid for ~~one~~
9 year TWO YEARS and may be renewed annually upon renewal of the
10 medical marijuana store license.

11 **SECTION 7.** In Colorado Revised Statutes, 44-10-502, **amend**
12 (7)(a) introductory portion, (7)(a)(II), (7)(a)(III), (7)(b)(I) introductory
13 portion, (7)(b)(I)(B), (7)(b)(I)(C), and (7)(b)(I)(D); **repeal** (7)(b)(II); and
14 **add** (7)(b)(III), (7)(b)(IV), (7)(b)(V), (7)(c), and (7)(d) as follows:

15 **44-10-502. Medical marijuana cultivation facility license -**
16 **rules - definitions.** (7) (a) In accordance with the rules promulgated by
17 the state licensing authority, a medical marijuana cultivation facility may
18 obtain ~~immature plants, marijuana seeds, and marijuana genetic material~~
19 ~~as genetic material is defined in rule of the state licensing authority, from:~~

20 (II) A MEDICAL OR retail marijuana testing facility;

21 (III) ~~An entity licensed or otherwise approved to operate in~~
22 ~~another jurisdiction~~ A PERSON LICENSED BY, APPROVED BY, OR PERMITTED
23 BY ANOTHER JURISDICTION TO POSSESS OR CULTIVATE PLANTS OF THE
24 GENUS CANNABIS; or

25 (b) (I) ~~The state licensing authority shall promulgate rules~~
26 ~~allowing a regulated marijuana cultivation facility to transfer immature~~
27 ~~plants, marijuana seeds, and marijuana genetic material, as genetic~~

1 ~~material is defined in rule of the state licensing authority, from A~~
2 MEDICAL MARIJUANA CULTIVATION FACILITY MAY SELL, TRANSFER, OR
3 SHIP GENETIC MATERIAL TO:

4 (B) A MEDICAL OR retail marijuana testing facility;

5 (C) ~~An entity licensed or otherwise approved to operate in another~~
6 ~~jurisdiction~~ A PERSON LICENSED BY, APPROVED BY, OR PERMITTED BY
7 ANOTHER JURISDICTION TO POSSESS OR CULTIVATE PLANTS OF THE GENUS
8 CANNABIS; or

9 (D) Any other ~~source~~ PERSON permitted by rule of the state
10 licensing authority.

11 (II) ~~The rules promulgated under this subsection (7)(b) must~~
12 ~~include inventory tracking, reporting, and record-keeping, requirements.~~

13 (III) FOR SALES, TRANSFERS, OR SHIPMENTS TO AN INDIVIDUAL, A
14 MEDICAL MARIJUANA CULTIVATION FACILITY SHALL ESTABLISH PROCESSES
15 AND PROCEDURES TO CONFIRM THAT THE PURCHASING OR RECEIVING
16 INDIVIDUAL IS TWENTY-ONE YEARS OF AGE OR OLDER USING AN AGE
17 VERIFICATION PROCESS, SUCH AS AUTHENTICATION VERIFICATION,
18 BIOMETRIC VERIFICATION, OR DOCUMENT VERIFICATION.

19 (IV) A LICENSED MEDICAL MARIJUANA CULTIVATION FACILITY
20 MAY ACCEPT PAYMENT ONLINE FOR THE SALE, TRANSFER, OR SHIPMENT OF
21 GENETIC MATERIAL.

22 (V) A LICENSED MEDICAL MARIJUANA CULTIVATION FACILITY
23 SHALL NOT TRANSFER GENETIC MATERIAL DIRECTLY TO CONSUMERS WHO
24 ARE PRESENT ON THE LICENSED PREMISES.

25 (c) THE STATE LICENSING AUTHORITY MAY PROMULGATE RULES TO
26 IMPLEMENT THIS SUBSECTION (7) TO SET REQUIREMENTS FOR INVENTORY
27 TRACKING, REPORTING, AND RECORD KEEPING. IN PROMULGATING THE

1 RULES AND CONDUCTING ENFORCEMENT ACTIONS UNDER THIS SUBSECTION
2 (7), THE STATE LICENSING AUTHORITY MAY:

3 (I) REQUIRE INVENTORY TRACKING OF GENETIC MATERIAL ONLY
4 WHEN THE GENETIC MATERIAL IS:

5 (A) ON THE LICENSED PREMISES OF A MEDICAL MARIJUANA OR
6 RETAIL MARIJUANA BUSINESS; OR

7 (B) BEING TRANSFERRED BETWEEN REGULATED MARIJUANA
8 BUSINESSES LICENSED PURSUANT TO THIS ARTICLE 10;

9 (II) ONLY CONFIRM THE LICENSEE HAS ESTABLISHED PROCESSES
10 AND PROCEDURES TO VERIFY COMPLIANCE WITH SUBSECTION (7)(b)(III)
11 OF THIS SECTION; OR

12 (III) MONITOR OR TAKE ENFORCEMENT ACTION ASSOCIATED WITH
13 A LICENSEE'S GENETIC MATERIAL ACTIVITIES THAT OCCUR ONLY ON THE
14 LICENSED PREMISES.

15 (d) THIS SUBSECTION (7) DOES NOT LIMIT THE APPLICABILITY OF
16 ANOTHER STATE'S LAW, THE APPLICABILITY OF FEDERAL LAW, OR
17 ENFORCEMENT BY FEDERAL AGENCIES.

18 **SECTION 8.** In Colorado Revised Statutes, 44-10-505, **amend**
19 (5)(a)(II) as follows:

20 **44-10-505. Medical marijuana transporter license - definition.**

21 (5) (a) (II) A medical marijuana delivery permit is valid for ~~one year~~ TWO
22 YEARS and may be renewed ~~annually~~ upon renewal of the medical
23 marijuana transporter license.

24 **SECTION 9.** In Colorado Revised Statutes, 44-10-601, **amend**
25 (3)(d), (7)(a), and (13)(a)(II) as follows:

26 **44-10-601. Retail marijuana store license - rules - definitions.**

27 (3) (d) When completing a sale of retail marijuana concentrate, the retail

1 marijuana store shall provide the customer with PHYSICALLY ATTACH TO
2 THE CUSTOMER'S RECEIPT OF SALE, PRODUCT CONTAINER, OR EXIT
3 PACKAGING the tangible educational resource created by the state
4 licensing authority through rule-making pursuant to section 44-10-202 (8)
5 regarding the use of medical marijuana concentrate.

6 (7) (a) A licensed retail marijuana store may only sell retail
7 marijuana, retail marijuana products, marijuana accessories,
8 nonconsumable products such as apparel, and marijuana-related products
9 such as childproof packaging containers, HEMP PRODUCTS, AND FOOD,
10 INCLUDING FOOD THAT IS NOT INFUSED WITH MARIJUANA OR HEMP
11 PRODUCTS OR EXTRACTS, but is prohibited from selling or giving away
12 any consumable product, including but not limited to A LICENSED RETAIL
13 MARIJUANA STORE SHALL NOT GIVE OR SELL AWAY cigarettes or alcohol.
14 or edible product that does not contain marijuana, including but not
15 limited to sodas, candies, or baked goods; except that a retail marijuana
16 store may sell industrial hemp products. THE LICENSED RETAIL
17 MARIJUANA STORE SHALL NOT SELL FOOD IN EXCESS OF TWENTY PERCENT
18 OF THE STORE'S ANNUAL GROSS REVENUES.

19 (13) (a) (II) A retail marijuana delivery permit is valid for one
20 year TWO YEARS and may be renewed annually upon renewal of the retail
21 marijuana store license or retail marijuana transporter license.

22 **SECTION 10.** In Colorado Revised Statutes, 44-10-602, amend
23 (12)(a) introductory portion, (12)(a)(II), (12)(a)(III), (12)(b)(I)
24 introductory portion, (12)(b)(I)(B), (12)(b)(I)(C), and (12)(b)(I)(D);
25 **repeal** (12)(b)(II); and **add** (12)(b)(III), (12)(b)(IV), (12)(b)(V), (12)(c),
26 and (12)(d) as follows:

27 **44-10-602. Retail marijuana cultivation facility license - rules**

1 - **definitions.** (12) (a) In accordance with the rules promulgated by the
2 state licensing authority, a retail marijuana cultivation facility may obtain
3 ~~immature plants, marijuana seeds, and marijuana genetic material as~~
4 ~~genetic material is defined in rule of the state licensing authority, from:~~

- 5 (II) A MEDICAL OR retail marijuana testing facility;
- 6 (III) ~~An entity licensed or otherwise approved to operate in~~
7 ~~another jurisdiction~~ A PERSON LICENSED BY, APPROVED BY, OR PERMITTED
8 BY ANOTHER JURISDICTION TO POSSESS OR CULTIVATE PLANTS OF THE
9 GENUS CANNABIS; or

10 (b) (I) ~~The state licensing authority shall promulgate rules~~
11 ~~allowing a regulated marijuana cultivation facility to transfer immature~~
12 ~~plants, marijuana seeds, and marijuana genetic material, as genetic~~
13 ~~material is defined in rule of the state licensing authority, from~~ A RETAIL
14 MARIJUANA CULTIVATION FACILITY MAY SELL, TRANSFER, OR SHIP
15 GENETIC MATERIAL TO:

- 16 (B) A MEDICAL OR retail marijuana testing facility;
- 17 (C) ~~An entity licensed or otherwise approved to operate in another~~
18 ~~jurisdiction~~ A PERSON LICENSED BY, APPROVED BY, OR PERMITTED BY
19 ANOTHER JURISDICTION TO POSSESS OR CULTIVATE PLANTS OF THE GENUS
20 CANNABIS; or

21 (D) Any other ~~source~~ PERSON permitted by rule of the state
22 licensing authority.

23 (II) ~~The rules promulgated under this subsection (12)(b) must~~
24 ~~include inventory tracking, reporting, and record-keeping requirements.~~

25 (III) FOR SALES, TRANSFERS, OR SHIPMENTS TO AN INDIVIDUAL, A
26 RETAIL MARIJUANA CULTIVATION FACILITY SHALL ESTABLISH PROCESSES
27 AND PROCEDURES TO CONFIRM THAT THE PURCHASING OR RECEIVING

1 INDIVIDUAL IS TWENTY-ONE YEARS OF AGE OR OLDER USING AN AGE
2 VERIFICATION PROCESS, SUCH AS AUTHENTICATION VERIFICATION,
3 BIOMETRIC VERIFICATION, OR DOCUMENT VERIFICATION.

4 (IV) A LICENSED RETAIL MARIJUANA CULTIVATION FACILITY MAY
5 ACCEPT PAYMENT ONLINE FOR THE SALE, TRANSFER, OR SHIPMENT OF
6 GENETIC MATERIAL.

7 (V) A LICENSED RETAIL MARIJUANA CULTIVATION FACILITY SHALL
8 NOT TRANSFER GENETIC MATERIAL DIRECTLY TO CONSUMERS WHO ARE
9 PRESENT ON THE LICENSED PREMISES.

10 (c) THE STATE LICENSING AUTHORITY MAY PROMULGATE RULES TO
11 IMPLEMENT THIS SUBSECTION (12) TO SET REQUIREMENTS FOR INVENTORY
12 TRACKING, REPORTING, AND RECORD KEEPING. IN PROMULGATING THE
13 RULES AND CONDUCTING ENFORCEMENT ACTIONS UNDER THIS SUBSECTION
14 (12), THE STATE LICENSING AUTHORITY MAY:

15 (I) REQUIRE INVENTORY TRACKING OF GENETIC MATERIAL ONLY
16 WHEN THE GENETIC MATERIAL IS:

17 (A) ON THE LICENSED PREMISES OF A MEDICAL MARIJUANA OR
18 RETAIL MARIJUANA BUSINESS; OR

19 (B) BEING TRANSFERRED BETWEEN REGULATED MARIJUANA
20 BUSINESSES LICENSED PURSUANT TO THIS ARTICLE 10;

21 (II) ONLY CONFIRM THE LICENSEE HAS ESTABLISHED PROCESSES
22 AND PROCEDURES TO VERIFY COMPLIANCE WITH SUBSECTION (12)(b)(III)
23 OF THIS SECTION; OR ___

24 (III) MONITOR OR TAKE ENFORCEMENT ACTION ASSOCIATED WITH
25 A LICENSEE'S GENETIC MATERIAL ACTIVITIES THAT OCCUR ONLY ON THE
26 LICENSED PREMISES.

27 (d) THIS SUBSECTION (12) DOES NOT LIMIT THE APPLICABILITY OF

1 ANOTHER STATE'S LAW, THE APPLICABILITY OF FEDERAL LAW, OR
2 ENFORCEMENT BY FEDERAL AGENCIES.

3 **SECTION 11.** In Colorado Revised Statutes, 44-10-605, **amend**
4 (5)(a)(II) as follows:

5 **44-10-605. Retail marijuana transporter license - definition.**

6 (5) (a) (II) A retail marijuana delivery permit is valid for ~~one year~~ TWO
7 YEARS and may be renewed ~~annually~~ upon renewal of the retail marijuana
8 transporter license.

9 **SECTION 12.** In Colorado Revised Statutes, 44-10-803, **amend**
10 (2) as follows:

11 **44-10-803. Fees.** (2) (a) Except as provided in subsection (1) of
12 this section, THE STATE LICENSING AUTHORITY SHALL NOT SET the INITIAL
13 application fee for a retail marijuana business is TO EXCEED five thousand
14 dollars. THE STATE LICENSING AUTHORITY SHALL SET THE APPLICATION
15 FEE FOR A RETAIL MARIJUANA BUSINESS TO OFFSET THE DIRECT AND
16 INDIRECT COSTS OF REGULATING RETAIL MARIJUANA BUSINESSES. The
17 state licensing authority shall transfer ~~two thousand five hundred dollars~~
18 HALF of the fee to the marijuana cash fund and remit ~~two thousand five~~
19 ~~hundred dollars~~ HALF OF THE FEE to the local jurisdiction in which WHERE
20 the license is proposed to be issued. ~~If the state licensing authority is~~
21 ~~considering raising the five-thousand-dollar application fee, it shall confer~~
22 ~~with each local jurisdiction in which a license pursuant to this article 10~~
23 ~~is issued prior to raising the application fee.~~ If the STATE LICENSING
24 AUTHORITY CHANGES THE application fee amount, ~~is changed, it~~ THE
25 STATE LICENSING AUTHORITY SHALL CONFER WITH THE LOCAL
26 JURISDICTIONS AND THE FEE must be split evenly between the marijuana
27 cash fund and the local jurisdiction in which the WHERE A license is

1 proposed to be issued.

2 (b) THE STATE LICENSING AUTHORITY MAY ANNUALLY ADJUST FOR
3 INFLATION OR DEFLATION THE LIMIT, ESTABLISHED IN SUBSECTION (2)(a)
4 OF THIS SECTION, ON THE APPLICATION FEE FOR A RETAIL MARIJUANA
5 BUSINESS. THE STATE LICENSING AUTHORITY MAY ROUND THE ADJUSTED
6 AMOUNT UPWARD OR DOWNWARD TO THE NEAREST DOLLAR. INFLATION
7 OR DEFLATION IS MEASURED BY THE ANNUAL PERCENTAGE CHANGE IN THE
8 UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS
9 CONSUMER PRICE INDEX, OR A SUCCESSOR INDEX, FOR
10 DENVER-AURORA-LAKEWOOD FOR ALL ITEMS PAID BY URBAN
11 CONSUMERS.

12 == ==

13 **SECTION 13.** In Colorado Revised Statutes, 39-28.8-302,
14 **amend** (1)(a)(I); and **add** (1)(c) as follows:

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

17 (1) (a) (I) Except as otherwise provided in ~~subsection (1)(b)~~ SUBSECTION
18 (1)(b) OR (1)(c) of this section, there is levied and shall be collected, in
19 addition to the sales tax imposed pursuant to part 1 of article 26 of this
20 title 39 and part 2 of this article 28.8, a tax on the first sale or transfer of
21 unprocessed retail marijuana by a retail marijuana cultivation facility, at
22 a rate of fifteen percent of the average market rate of the unprocessed
23 retail marijuana if the transaction is between affiliated retail marijuana
24 business licensees. Except as otherwise provided in ~~subsection (1)(b)~~
25 SUBSECTION (1)(b) OR (1)(c) of this section, there is levied and shall be
26 collected, in addition to the sales tax imposed pursuant to part 1 of article
27 26 of this title 39 and part 2 of this article 28.8, a tax on the first sale or

1 transfer of unprocessed retail marijuana by a retail marijuana cultivation
2 facility, at a rate of fifteen percent of the contract price for unprocessed
3 retail marijuana if the transaction is between unaffiliated retail marijuana
4 business licensees. Retail marijuana excise tax shall also be calculated as
5 fifteen percent of the contract price when the first transfer of retail
6 marijuana that has been harvested for sale at a retail marijuana store or
7 extraction by a retail marijuana product manufacturing facility is between
8 unaffiliated retail marijuana cultivation facilities. The tax shall be
9 imposed at the time when the retail marijuana cultivation facility first
10 sells or transfers unprocessed retail marijuana from the retail marijuana
11 cultivation facility to a retail marijuana product manufacturing facility or
12 a retail marijuana store.

13 (c) THE TRANSFER OF UNPROCESSED RETAIL MARIJUANA
14 EXCLUSIVELY FOR MICROBIAL CONTROL IS DEEMED TO NOT BE THE FIRST
15 TRANSFER OF UNPROCESSED RETAIL MARIJUANA FOR THE PURPOSES OF
16 THIS SECTION.

17 **SECTION 14.** In Colorado Revised Statutes, 39-30-103, **amend**
18 **(8)** as follows:

19 **39-30-103. Zones established - review - termination.**

20 **(8) (a)** Notwithstanding any other provision to the contrary, for tax years
21 commencing on or after January 1, 2014, only a taxpayer that is engaged
22 in a business that is legal under both state and federal law is eligible to
23 claim a credit pursuant to ~~the provisions of this article~~ **ARTICLE 30,**
24 **EXCEPT AS PROVIDED IN SUBSECTION (8)(b) OF THIS SECTION.**

25 **(b)** FOR TAX YEARS COMMENCING ON OR AFTER **JANUARY 1, 2025,**
26 **A BUSINESS THAT HOLDS A VALID LICENSE PURSUANT TO ARTICLE 10 OF**
27 **TITLE 44 IS ELIGIBLE TO CLAIM A CREDIT PURSUANT TO THIS ARTICLE 30.**

1 **SECTION 15. Act subject to petition - effective date -**

2 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
3 the expiration of the ninety-day period after final adjournment of the
4 general assembly; except that, if a referendum petition is filed pursuant
5 to section 1 (3) of article V of the state constitution against this act or an
6 item, section, or part of this act within such period, then the act, item,
7 section, or part will not take effect unless approved by the people at the
8 general election to be held in November 2024 and, in such case, will take
9 effect on the date of the official declaration of the vote thereon by the
10 governor.

11 (2) This act applies to acts committed on or after the applicable
12 effective date of this act.