

An Act

HOUSE BILL 18-1011

BY REPRESENTATIVE(S) Pabon and Van Winkle, Gray, Rosenthal, Reyher, Winkler;
also SENATOR(S) Neville T. and Jahn, Kerr, Marble, Merrifield, Todd, Williams A.

CONCERNING MEASURES TO ALLOW GREATER INVESTMENT FLEXIBILITY IN MARIJUANA BUSINESSES, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, 12-43.3-104, **amend** (1), (1.3), (1.7), (7.5), and (13); **repeal** (12.4) and (14.3); and **add** (1.1), (1.2), (1.4), (7.3), (12.1), (14.2), and (17) as follows:

12-43.3-104. Definitions. As used in this article 43.3, unless the context otherwise requires:

(1) ~~"Direct beneficial interest owner" means a person or closely held business entity that owns a share or shares of stock in a licensed medical marijuana business, including the officers, directors, managing members, or partners of the licensed medical marijuana business or closely held business entity, or a qualified limited passive investor "AFFILIATE" OF, OR~~

Capital letters or bold & italic numbers indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

PERSON "AFFILIATED WITH", A SPECIFIED PERSON MEANS A PERSON THAT DIRECTLY, OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLS OR IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH, THE PERSON SPECIFIED.

(1.1) "BENEFICIAL OWNER" OF A SECURITY SHALL BE DETERMINED IN ACCORDANCE WITH SECTION 13 (d) OF THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, AND RULE 13d-3 PROMULGATED THEREUNDER.

(1.2) "CONTROL", INCLUDING THE TERMS "CONTROLS", "CONTROLLED", "CONTROLLING", "CONTROLLED BY", AND "UNDER" COMMON CONTROL WITH", MEANS THE POSSESSION, DIRECT OR INDIRECT, OF THE POWER TO DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT OR POLICIES OF A PERSON, WHETHER THROUGH THE OWNERSHIP OF VOTING SECURITIES, BY CONTRACT, OR OTHERWISE.

~~(1.3) "Good cause", for purposes of refusing or denying a license renewal, reinstatement, or initial license issuance, means "CONTROLLING BENEFICIAL OWNER" MEANS A PERSON THAT:~~

~~(a) The licensee or applicant has violated, does not meet, or has failed to comply with any of the terms, conditions, or provisions of this article; any rules promulgated pursuant to this article; or any supplemental local law, rules, or regulations~~ IS THE BENEFICIAL OWNER OF FIVE PERCENT OR MORE OF THE SECURITIES OF A MEDICAL MARIJUANA BUSINESS;

~~(b) The licensee or applicant has failed to comply with any special terms or conditions that were placed on its license pursuant to an order of the state or local licensing authority;~~ IS AN AFFILIATE, WHICH INCLUDES WITHOUT LIMITATION ANY OFFICER, DIRECTOR, MANAGING MEMBER, GENERAL PARTNER, OR TRUSTEE, OF A MEDICAL MARIJUANA BUSINESS OR OF ANY OTHER CONTROLLING BENEFICIAL OWNER OF A MEDICAL MARIJUANA BUSINESS; OR

~~(c) The licensed premises have been operated in a manner that adversely affects the public health or welfare or the safety of the immediate neighborhood in which the establishment is located~~ IS OTHERWISE IN A POSITION TO EXERCISE CONTROL OVER THE MEDICAL MARIJUANA BUSINESS, EXCEPT AS AUTHORIZED BY SECTION 12-43.3-407.

(1.4) "GOOD CAUSE", FOR PURPOSES OF REFUSING OR DENYING A LICENSE RENEWAL, REINSTATEMENT, OR INITIAL LICENSE ISSUANCE, MEANS:

(a) THE LICENSEE OR APPLICANT HAS VIOLATED, DOES NOT MEET, OR HAS FAILED TO COMPLY WITH ANY OF THE TERMS, CONDITIONS, OR PROVISIONS OF THIS ARTICLE 43.3; ANY RULES PROMULGATED PURSUANT TO THIS ARTICLE 43.3; OR ANY SUPPLEMENTAL LOCAL LAW, RULES, OR REGULATIONS;

(b) THE LICENSEE OR APPLICANT HAS FAILED TO COMPLY WITH ANY SPECIAL TERMS OR CONDITIONS THAT WERE PLACED ON ITS LICENSE PURSUANT TO AN ORDER OF THE STATE OR LOCAL LICENSING AUTHORITY; OR

(c) THE LICENSED PREMISES HAVE BEEN OPERATED IN A MANNER THAT ADVERSELY AFFECTS THE PUBLIC HEALTH OR WELFARE OR THE SAFETY OF THE IMMEDIATE NEIGHBORHOOD IN WHICH THE ESTABLISHMENT IS LOCATED.

(1.7) ~~"Indirect beneficial interest owner" means a holder of a permitted economic interest, a recipient of a commercially reasonable royalty associated with the use of intellectual property by a licensee, a licensed employee who receives a share of the profits from an employee benefit plan, a qualified institutional investor, or another similarly situated person or entity as determined by the state licensing authority.~~ "INDIRECT FINANCIAL INTEREST HOLDER" MEANS A PERSON THAT IS NOT AN AFFILIATE OF A MEDICAL MARIJUANA BUSINESS AND IS NOT OTHERWISE IN A POSITION TO EXERCISE CONTROL OVER THE MEDICAL MARIJUANA BUSINESS AND THAT:

(a) HOLDS A COMMERCIALY REASONABLE ROYALTY INTEREST IN EXCHANGE FOR A MEDICAL MARIJUANA BUSINESS'S USE OF THE PERSON'S INTELLECTUAL PROPERTY;

(b) HOLDS A PERMITTED ECONOMIC INTEREST THAT WAS ISSUED PRIOR TO JANUARY 1, 2019, AND THAT HAS NOT BEEN CONVERTED INTO AN OWNERSHIP INTEREST; OR

(c) IS A CONTRACT COUNTERPARTY WITH A MEDICAL MARIJUANA BUSINESS THAT HAS A DIRECT NEXUS TO THE CULTIVATION, MANUFACTURE, OR SALE OF MARIJUANA, INCLUDING, BUT NOT LIMITED TO, A LEASE OF REAL PROPERTY ON WHICH THE MEDICAL MARIJUANA BUSINESS OPERATES, A

LEASE OF EQUIPMENT USED IN THE CULTIVATION OF MEDICAL MARIJUANA, A SECURED OR UNSECURED FINANCING AGREEMENT WITH THE MEDICAL MARIJUANA BUSINESS, A SECURITY CONTRACT WITH THE MEDICAL MARIJUANA BUSINESS, OR A MANAGEMENT AGREEMENT WITH THE MEDICAL MARIJUANA BUSINESS, PROVIDED THAT NO SUCH CONTRACT COMPENSATES THE CONTRACT COUNTERPARTY WITH A PERCENTAGE OF REVENUE OR PROFITS OF THE MEDICAL MARIJUANA BUSINESS.

(7.3) "MEDICAL MARIJUANA BUSINESS" MEANS ANY OF THE FOLLOWING ENTITIES LICENSED PURSUANT TO THIS ARTICLE 43.3: A MEDICAL MARIJUANA CENTER, A MEDICAL MARIJUANA OPTIONAL PREMISES CULTIVATION OPERATION, A MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER, A MEDICAL MARIJUANA TESTING FACILITY, A MEDICAL MARIJUANA BUSINESS OPERATOR, A MEDICAL MARIJUANA TRANSPORTER, A MARIJUANA RESEARCH AND DEVELOPMENT FACILITY, OR A MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION FACILITY.

(7.5) "Medical marijuana business operator" means ~~an entity or a person who is not an owner and who~~ THAT is licensed to provide professional operational services to a medical marijuana ~~establishment~~ BUSINESS for direct remuneration from the medical marijuana ~~establishment~~ BUSINESS. A MEDICAL MARIJUANA BUSINESS OPERATOR IS NOT, BY VIRTUE OF ITS STATUS AS A MEDICAL MARIJUANA BUSINESS OPERATOR, A CONTROLLING BENEFICIAL OWNER, A PASSIVE BENEFICIAL OWNER, OR AN INDIRECT FINANCIAL INTEREST HOLDER OF ANY MEDICAL MARIJUANA BUSINESS IT OPERATES.

(12.1) "PASSIVE BENEFICIAL OWNER" MEANS A PERSON THAT IS NOT AN AFFILIATE OF A MEDICAL MARIJUANA BUSINESS, IS NOT OTHERWISE IN A POSITION TO EXERCISE CONTROL OVER THE MEDICAL MARIJUANA BUSINESS, AND IS THE BENEFICIAL OWNER OF LESS THAN FIVE PERCENT OF THE SECURITIES OF THE MEDICAL MARIJUANA BUSINESS.

(12.4) ~~"Permitted economic interest" means any unsecured convertible debt instrument, option agreement, warrant, or any other right to obtain an ownership interest when the holder of such interest is a natural person who is a lawful United States resident and whose right to convert into an ownership interest is contingent on the holder qualifying and obtaining a license as an owner under this article; or such other agreements as may be permitted by rule of the state licensing authority.~~

(13) "Person" means ~~a natural person~~ AN INDIVIDUAL, A partnership, association, JOINT-STOCK company, corporation, limited liability company, or ANY OTHER UNINCORPORATED organization; ~~or a manager, agent, owner, director, servant, officer, or employee thereof~~ EXCEPT THAT "PERSON" DOES NOT INCLUDE ANY GOVERNMENTAL ORGANIZATION.

(14.2) (a) "PUBLICLY TRADED CORPORATION" MEANS ANY PERSON OTHER THAN AN INDIVIDUAL THAT:

(I) HAS A CLASS OF SECURITIES REGISTERED UNDER SECTION 12 OF THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, THAT:

(A) CONSTITUTE "COVERED SECURITIES" UNDER SECTION 18 (b)(1)(A) OF THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED; OR

(B) ARE QUALIFIED AND QUOTED ON THE OTCQX TIER OF THE OTC MARKETS, OR ANY LIKE TIER OF ANY SUCCESSOR TO THE ENTITY, IF THE PERSON IS THEN REQUIRED TO FILE REPORTS AND IS FILING REPORTS ON A CURRENT BASIS WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION UNDER THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, AS IF THE SECURITIES CONSTITUTED "COVERED SECURITIES" AS DESCRIBED IN SUBSECTION (14.2)(a)(I)(A) OF THIS SECTION;

(II) IS A "FOREIGN PRIVATE ISSUER", AS DEFINED IN RULE 405 PROMULGATED UNDER THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED, WHOSE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER SECTION 12 OF THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, PURSUANT TO RULE 12g3-2(b) PROMULGATED UNDER THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED; OR

(III) IS IDENTIFIED BY RULE BY THE STATE LICENSING AUTHORITY AS A PUBLICLY TRADED CORPORATION.

(b) NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, A "PUBLICLY TRADED CORPORATION" DOES NOT INCLUDE:

(I) A PERSON THAT HAS LISTED OR QUOTED SECURITIES THAT NO LONGER COMPLY WITH THE REQUIREMENTS OF SUBSECTION (14.2)(a)(I) OF THIS SECTION OR A PERSON THAT HAS LISTED OR QUOTED SECURITIES CONSTITUTING "PENNY STOCK", AS DEFINED BY 17 CFR 240.3A51-1; OR

(II) A PERSON THAT CONSTITUTES AN "INELIGIBLE ISSUER", AS DEFINED IN 17 CFR 230.405.

~~(14.3) "Qualified limited passive investor" means a natural person who is a United States citizen and is a passive investor who owns less than a five percent share or shares of stock in a licensed medical marijuana business.~~

(17) "SECURITY" MEANS ANY NOTE; STOCK; TREASURY STOCK; BOND; DEBENTURE; EVIDENCE OF INDEBTEDNESS; CERTIFICATE OF INTEREST OR PARTICIPATION IN ANY PROFIT-SHARING AGREEMENT; COLLATERAL-TRUST CERTIFICATE; PREORGANIZATION CERTIFICATE OF SUBSCRIPTION; TRANSFERABLE SHARE; INVESTMENT CONTRACT; VIATICAL SETTLEMENT INVESTMENT; VOTING-TRUST CERTIFICATE; CERTIFICATE OF DEPOSIT FOR A SECURITY; CERTIFICATE OF INTEREST OR PARTICIPATION IN AN OIL, GAS, OR MINING TITLE OR LEASE OR IN PAYMENTS OUT OF PRODUCTION UNDER SUCH A TITLE OR LEASE; OR, IN GENERAL, ANY INTEREST OR INSTRUMENT COMMONLY KNOWN AS A "SECURITY" OR ANY CERTIFICATE OF INTEREST OR PARTICIPATION IN, TEMPORARY OR INTERIM CERTIFICATE FOR, GUARANTEE OF, OR WARRANT OR RIGHT TO SUBSCRIBE TO OR PURCHASE ANY OF THE FOREGOING. "SECURITY" DOES NOT INCLUDE ANY INSURANCE OR ENDOWMENT POLICY OR ANNUITY CONTRACT UNDER WHICH AN INSURANCE COMPANY PROMISES TO PAY A SUM OF MONEY EITHER IN A LUMP SUM OR PERIODICALLY FOR LIFE OR SOME OTHER SPECIFIED PERIOD. FOR PURPOSES OF THIS ARTICLE 43.3, AN "INVESTMENT CONTRACT" NEED NOT INVOLVE MORE THAN ONE INVESTOR NOR BE LIMITED TO THOSE CIRCUMSTANCES WHEREIN THERE ARE MULTIPLE INVESTORS WHO ARE JOINT PARTICIPANTS IN THE SAME ENTERPRISE.

SECTION 2. In Colorado Revised Statutes, 12-43.3-202, **amend** (1)(d), (2)(a)(VIII), (2)(a)(XVIII.7); **repeal** (2)(a)(XXI); and **add** (2)(a)(XXIII) as follows:

12-43.3-202. Powers and duties of state licensing authority - rules. (1) The state licensing authority shall:

(d) Maintain the confidentiality of reports or other information obtained from a medical or retail licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports,

cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state law. Such reports or other information may be used only for a purpose authorized by this ~~article~~ ARTICLE 43.3 OR article 43.4 of this ~~title~~ TITLE 12, FOR INVESTIGATION OR ENFORCEMENT OF ANY INTERNATIONAL, FEDERAL, STATE, OR LOCAL SECURITIES LAW OR REGULATIONS, or for any other state or local law enforcement purpose. Any information released related to patients may be used only for a purpose authorized by this article, article 43.4 of this title, or to verify that a person who presented a registry identification card to a state or local law enforcement official is lawfully in possession of such card.

(2) (a) Rules promulgated pursuant to subsection (1)(b) of this section may include, but need not be limited to, the following subjects:

(VIII) Development of individual identification cards for ~~owners; officers~~ CONTROLLING BENEFICIAL OWNERS, managers, contractors, employees, and other support staff of entities licensed pursuant to this ~~article~~ ARTICLE 43.3, including a fingerprint-based criminal history record check as may be required by the state licensing authority prior to issuing a card;

(XVIII.7) Medical marijuana business operator licensees, including the form and structure of allowable agreements between operators and ~~owners~~ THE MEDICAL MARIJUANA BUSINESS BEING OPERATED;

(XXI) ~~The parameters and qualifications of an indirect beneficial interest owner and a qualified limited passive investor;~~

(XXIII) OWNERSHIP AND FINANCIAL INTEREST REQUIREMENTS, INCLUDING BUT NOT LIMITED TO:

(A) PARAMETERS OF, QUALIFICATIONS OF, DISCLOSURE OF, REQUIREMENTS FOR, AND SUITABILITY OF A CONTROLLING BENEFICIAL OWNER, A PASSIVE BENEFICIAL OWNER, AND AN INDIRECT FINANCIAL INTEREST HOLDER; AND

(B) PARAMETERS OF, QUALIFICATIONS OF, DISCLOSURE OF, REQUIREMENTS FOR, AND SUITABILITY OF A PUBLICLY TRADED CORPORATION

THAT IS A MEDICAL MARIJUANA BUSINESS OR THAT IS A CONTROLLING BENEFICIAL OWNER OR PASSIVE BENEFICIAL OWNER.

SECTION 3. In Colorado Revised Statutes, 12-43.3-307, **amend** (1) introductory portion, (1)(c), and (1)(l); **repeal** (1)(n); and **add** (1)(o) and (1)(p) as follows:

12-43.3-307. Persons prohibited as licensees. (1) A license provided by this ~~article~~ ARTICLE 43.3 shall not be issued to or held by:

(c) A ~~corporation~~; PERSON OTHER THAN AN INDIVIDUAL if the criminal history of any of its ~~officers, directors, or stockholders~~ CONTROLLING BENEFICIAL OWNERS indicates that ~~the officer, director, or stockholder~~ A CONTROLLING BENEFICIAL OWNER is not of good moral character AFTER CONSIDERING THE FACTORS IN SECTION 24-5-101 (2), OR ANY PERSON THAT WOULD BE DISQUALIFIED AS A "BAD ACTOR" UNDER RULE 506 (d) PROMULGATED UNDER THE FEDERAL "SECURITIES ACT OF 1933";

(l) A person APPLYING for a license for a location that is currently licensed as a retail food establishment or wholesale food registrant; ~~or~~

(n) ~~A publicly traded company.~~

(o) A PERSON WHOSE CONTROLLING BENEFICIAL OWNER OR PASSIVE BENEFICIAL OWNER IS FOUND UNSUITABLE BY THE STATE LICENSING AUTHORITY. TO DETERMINE WHETHER A PERSON IS SUITABLE, THE STATE LICENSING AUTHORITY MAY CONSIDER, BUT IS NOT LIMITED TO, A PERSON'S FINANCIAL CHARACTER OR RECORD, CRIMINAL CHARACTER OR RECORD, OR LICENSING CHARACTER OR RECORD.

(p) A PERSON, OTHER THAN AN INDIVIDUAL, ORGANIZED OR FORMED UNDER THE LAWS OF A COUNTRY DETERMINED BY THE UNITED STATES SECRETARY OF STATE TO HAVE REPEATEDLY PROVIDED SUPPORT FOR ACTS OF INTERNATIONAL TERRORISM OR INCLUDED AMONG THE LIST OF "COVERED COUNTRIES" IN SECTION 1502 OF THE FEDERAL "LODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT".

SECTION 4. In Colorado Revised Statutes, **amend** 12-43.3-307.5 as follows:

12-43.3-307.5. Business and owner requirements - legislative declaration. (1) (a) The general assembly hereby finds and declares that:

(I) Medical marijuana businesses need to be able to access capital in order to effectively grow their businesses and remain competitive in the marketplace;

(II) The current regulatory structure for medical marijuana creates a substantial barrier to investment from out-of-state interests AND PUBLICLY TRADED CORPORATIONS;

(III) There is insufficient capital in the state to properly fund the capital needs of Colorado medical marijuana businesses;

(IV) Colorado medical marijuana businesses need to have ready access to capital from investors ~~in states~~ FROM outside of Colorado; and

(IV.5) UNDER CERTAIN CIRCUMSTANCES, PERMITTING PUBLICLY TRADED CORPORATIONS TO HOLD AN INTEREST IN MEDICAL MARIJUANA BUSINESSES WILL BENEFIT COLORADO'S MEDICAL MARIJUANA MARKET;

(V) Providing access to legitimate sources of capital helps prevent the opportunity for those who engage in illegal activity to gain entry into the state's regulated medical marijuana market;

(VI) ACCESS TO CAPITAL MUST BE BALANCED WITH PROMOTING CONTROL OVER MEDICAL MARIJUANA BUSINESSES BY SUITABLE PERSONS WHO ARE LEGITIMATE, TAXPAYING BUSINESSPEOPLE, AND NOT CRIMINAL ACTORS; PREVENTING REVENUE FROM THE SALE OF MARIJUANA FROM GOING TO CRIMINAL ENTERPRISES, GANGS, AND CARTELS; AND PREVENTING STATE-AUTHORIZED MARIJUANA ACTIVITY FROM BEING USED AS A COVER OR PRETEXT FOR THE TRAFFICKING OF OTHER ILLEGAL DRUGS OR OTHER ILLEGAL ACTIVITY;

(VII) PUBLICLY TRADED CORPORATIONS OFFERING SECURITIES FOR INVESTMENT IN MEDICAL MARIJUANA BUSINESSES MUST TELL THE PUBLIC THE TRUTH ABOUT THEIR BUSINESS, THE SECURITIES THEY ARE SELLING, AND THE RISKS INVOLVED WITH INVESTING IN MEDICAL MARIJUANA BUSINESSES, AND PERSONS WHO SELL AND TRADE SECURITIES RELATED TO MEDICAL MARIJUANA BUSINESSES ARE PROHIBITED FROM ENGAGING IN DECEIT,

MISREPRESENTATIONS, AND OTHER FRAUD IN THE SALE OF THE SECURITIES;

(VIII) RECOGNIZING THAT PARTICIPATION BY PUBLICLY TRADED CORPORATIONS IN COLORADO'S MEDICAL MARIJUANA INDUSTRY CREATES AN INCREASED NEED TO ASSESS BARRIERS OF ENTRY FOR MINORITY- AND WOMAN-OWNED BUSINESSES, WITH SUCH EFFORTS BEING MADE TO IDENTIFY SOLUTIONS TO ARRIVE AT A GREATER BALANCE AND FOR FURTHER EQUITY FOR MINORITY- AND WOMAN-OWNED BUSINESSES, AND IN A MANNER THAT IS CONSISTENT WITH THE PUBLIC SAFETY AND ENFORCEMENT GOALS AS STATED HEREIN, IT IS THEREFORE OF SUBSTANTIVE IMPORTANCE TO ADDRESS THE LACK OF MINORITY- AND WOMAN-OWNED BUSINESSES' INCLUSION IN COLORADO'S MEDICAL MARIJUANA INDUSTRY, SOCIAL INJUSTICE ISSUES ASSOCIATED WITH MARIJUANA PROHIBITION, SUITABILITY ISSUES RELATING TO PAST CONVICTIONS FOR POTENTIAL LICENSEES, LICENSING FEES, AND ECONOMIC CHALLENGES THAT ARISE WITH THE APPLICATION PROCESSES;

(IX) COORDINATION BETWEEN THE STATE LICENSING AUTHORITY AND OTHER STATE AND LOCAL LAW ENFORCEMENT AGENCIES SUPPORTS THESE GOALS; AND

(X) IN THE EVENT THAT PASSAGE OF HOUSE BILL 18-1011, ENACTED IN 2018, LEADS TO AN INCREASE IN GRAY AND BLACK MARKET INVESTIGATIONS, THE DEPARTMENT OF LOCAL AFFAIRS SHOULD CONSIDER CONVENING A STAKEHOLDER PROCESS TO EXAMINE HOW TO IMPROVE LAW ENFORCEMENT ACCESS TO GRANTS FROM THE GRAY AND BLACK MARKET MARIJUANA ENFORCEMENT GRANT PROGRAM CREATED IN SECTION 24-32-119, INCLUDING:

(A) WHETHER THE ELIGIBILITY CRITERIA FOR THE AWARDING OF GRANTS REFLECTS THE REALITY OF THE INVESTIGATIONS UNDERTAKEN;

(B) WHETHER THE GRANTS SHOULD BE AVAILABLE ON A PROSPECTIVE BASIS AND WHETHER THE GRANT PROCESS IS ACCESSIBLE TO LOCAL LAW ENFORCEMENT DEPARTMENTS WITH MINIMAL STAFF; AND

(C) WHETHER THE AMOUNT OF MONEY AVAILABLE IS SUFFICIENT.

(b) Therefore, the general assembly is providing a mechanism for Colorado medical marijuana businesses to access capital from investors in other states AND FROM CERTAIN PUBLICLY TRADED CORPORATIONS

PURSUANT TO THIS SECTION AND SECTION 12-43.3-307.6.

~~(2) A direct beneficial interest owner who is a natural person must either:~~

~~(a) Have been a resident of Colorado for at least one year prior to the date of the application; or~~

~~(b) Be a United States citizen prior to the date of the application.~~

~~(3) (a) A medical marijuana business may be comprised of an unlimited number of direct beneficial interest owners that have been residents of Colorado for at least one year prior to the date of the application:~~

~~(b) On and after January 1, 2017, A medical marijuana business that is comprised of one or more direct beneficial interest owners who have not been Colorado residents for at least one year prior to application shall have at least one officer who has been a Colorado resident for at least one year prior to application, and all officers with day-to-day operational control over the business must be Colorado residents for at least one year prior to application. A medical marijuana business under this paragraph (b) is limited to no more than fifteen direct beneficial interest owners, including all parent and subsidiary entities, all of whom are natural persons:~~

~~(c) Notwithstanding the requirements of paragraph (b) of this subsection (3), the state licensing authority may review the limitation on the number of direct beneficial interest owners and may increase the number of allowable interests above fifteen based on reasonable considerations such as developments in state and federal financial regulations, market conditions, and the licensee's ability to access legitimate sources of capital:~~

~~(d) A direct beneficial interest owner that is a closely held business entity must consist entirely of natural persons who are United States citizens prior to the date of the application, including all parent and subsidiary entities:~~

~~(4) A medical marijuana business may include qualified institutional investors that own thirty percent or less of the medical marijuana business:~~

(4.5) PRIOR TO SUBMITTING AN INITIAL APPLICATION AND AT ANY TIME THEREAFTER WHEN REQUESTED BY THE STATE LICENSING AUTHORITY IN ITS REASONABLE DISCRETION, A PERSON THAT IS OR INTENDS TO BECOME A MEDICAL MARIJUANA BUSINESS SHALL DISCLOSE TO THE STATE LICENSING AUTHORITY A COMPLETE AND ACCURATE LIST OF THE FOLLOWING:

(a) ALL OF THE MEDICAL MARIJUANA BUSINESS'S OFFICERS, DIRECTORS, AND AFFILIATES;

(b) ALL OF THE MEDICAL MARIJUANA BUSINESS'S CONTROLLING BENEFICIAL OWNERS, AND:

(I) IF THE CONTROLLING BENEFICIAL OWNER IS A PUBLICLY TRADED CORPORATION, ALL OFFICERS, DIRECTORS, FIVE-PERCENT OR MORE BENEFICIAL OWNERS, AND AFFILIATES OF THE CONTROLLING BENEFICIAL OWNER; OR

(II) IF THE CONTROLLING BENEFICIAL OWNER IS NOT A PUBLICLY TRADED CORPORATION AND IS NOT AN INDIVIDUAL, ALL OFFICERS, DIRECTORS, BENEFICIAL OWNERS, AND AFFILIATES OF THE CONTROLLING BENEFICIAL OWNER; AND

(c) IF THE MEDICAL MARIJUANA BUSINESS IS NOT A PUBLICLY TRADED CORPORATION, ALL OF THE MEDICAL MARIJUANA BUSINESS'S PASSIVE BENEFICIAL OWNERS.

(5) (a) A person ~~who~~ THAT intends to apply as a ~~direct beneficial interest owner and is not a Colorado resident for at least one year prior to the date of application~~ TO BECOME A CONTROLLING BENEFICIAL OWNER shall first submit a request to the state licensing authority for a finding of suitability. ~~as a direct beneficial interest owner. The person shall~~ FAILURE TO PROVIDE ALL REQUESTED INFORMATION IN CONNECTION WITH A REQUEST FOR A FINDING OF SUITABILITY IS GROUNDS FOR DENIAL OF THAT FINDING OF SUITABILITY. EVERY PROPOSED CONTROLLING BENEFICIAL OWNER MUST receive a finding of suitability OR AN EXEMPTION FROM A FINDING OF SUITABILITY BY THE STATE LICENSING AUTHORITY prior to submitting ~~an~~ A MEDICAL MARIJUANA BUSINESS application to the state licensing authority. ~~to be a direct beneficial interest owner~~ Failure to receive a ~~finding~~ ALL REQUIRED FINDINGS of suitability prior to application is grounds for denial OF AN APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION

AGAINST THE LICENSEE by the state licensing authority.

~~(b) The state licensing authority shall perform a limited initial background check on qualified limited passive investors. If the initial background check provides reasonable cause for additional investigation, the state licensing authority may require a full background check.~~

(c) THE STATE LICENSING AUTHORITY MAY REQUIRE ANY PERSON THAT WAS DISCLOSED OR SHOULD HAVE BEEN DISCLOSED PURSUANT TO SUBSECTION (4.5) OF THIS SECTION TO OBTAIN A FINDING OF SUITABILITY PRIOR TO SUBMISSION OF A MEDICAL MARIJUANA BUSINESS APPLICATION. FAILURE TO PROVIDE ANY INFORMATION REQUESTED IN CONNECTION WITH A FINDING OF SUITABILITY IS GROUNDS FOR DENIAL OF THAT REQUEST FOR A FINDING OF SUITABILITY. ALL INDIVIDUALS SHALL OBTAIN ANY REQUIRED FINDING OF SUITABILITY PRIOR TO SUBMITTING A MEDICAL MARIJUANA BUSINESS APPLICATION TO THE STATE LICENSING AUTHORITY. FAILURE OF A PERSON TO OBTAIN ANY REQUIRED FINDING OF SUITABILITY PRIOR TO APPLICATION IS GROUNDS FOR DENIAL OF AN APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION AGAINST THE LICENSEE BY THE STATE LICENSING AUTHORITY.

(5.5) IN ITS REASONABLE DISCRETION, AT ANY TIME, THE STATE LICENSING AUTHORITY MAY REQUIRE ANY PERSON THAT WAS DISCLOSED OR SHOULD HAVE BEEN DISCLOSED UNDER THIS SECTION OR SECTION 12-43.3-307.6 TO OBTAIN A FINDING OF SUITABILITY. FAILURE TO PROVIDE ANY INFORMATION REQUESTED IN CONNECTION WITH A FINDING OF SUITABILITY IS GROUNDS FOR DENIAL OF THAT REQUEST FOR A FINDING OF SUITABILITY. FAILURE OF A PERSON TO OBTAIN ANY REQUIRED FINDING OF SUITABILITY MAY BE GROUNDS FOR DENIAL OF AN APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION AGAINST THE LICENSE BY THE STATE LICENSING AUTHORITY.

(5.7) IF A REQUIRED FINDING OF SUITABILITY IS NOT COMPLETED WITHIN ONE YEAR FROM THE DATE THE FINDING OF SUITABILITY WAS REQUESTED, THE STATE LICENSING AUTHORITY SHALL INFORM THE APPLICANT OR LICENSEE.

~~(6) The state licensing authority shall review the medical marijuana business's operating documents to ensure compliance with this section.~~

(6.5) A PERSON, OTHER THAN AN INDIVIDUAL, THAT IS A CONTROLLING BENEFICIAL OWNER SHALL APPOINT AND CONTINUOUSLY MAINTAIN A REGISTERED AGENT WHO SATISFIES THE REQUIREMENTS OF SECTION 7-90-701. THE MEDICAL MARIJUANA BUSINESS SHALL INFORM THE STATE LICENSING AUTHORITY OF A CHANGE IN THE REGISTERED AGENT WITHIN TEN DAYS OF THE CHANGE.

~~(7) For purposes of this section, unless the context otherwise requires, "institutional investor" means:~~

~~(a) A bank as defined in section 3(a)(6) of the federal "Securities Exchange Act of 1934", as amended;~~

~~(b) An insurance company as defined in section 2(a)(17) of the federal "Investment Company Act of 1940", as amended;~~

~~(c) An investment company registered under section 8 of the federal "Investment Company Act of 1940", as amended;~~

~~(d) An investment adviser registered under section 203 of the federal "Investment Advisers Act of 1940", as amended;~~

~~(e) Collective trust funds as defined in section 3(c)(11) of the federal "Investment Company Act of 1940", as amended;~~

~~(f) An employee benefit plan or pension fund that is subject to the federal "Employee Retirement Income Security Act of 1974", as amended; excluding an employee benefit plan or pension fund sponsored by a licensee or an intermediary or holding company licensee that directly or indirectly owns five percent or more of a licensee;~~

~~(g) A state or federal government pension plan;~~

~~(h) A group comprised entirely of persons specified in subsections (a) to (g) of this subsection (7); or~~

~~(i) Any other entity identified through rule by the state licensing authority.~~

SECTION 5. In Colorado Revised Statutes, add 12-43.3-307.6 as

follows:

12-43.3-307.6. Licensure and investment requirements for publicly traded corporations. (1) IN ADDITION TO THE REQUIREMENTS OF SECTION 12-43.3-307.5, ANY APPLICANT, LICENSEE, OR CONTROLLING BENEFICIAL OWNER THAT IS A PUBLICLY TRADED CORPORATION SHALL COMPLY WITH THIS SECTION.

(2) (a) A PUBLICLY TRADED CORPORATION THAT IS A MEDICAL MARIJUANA BUSINESS OR A CONTROLLING BENEFICIAL OWNER SHALL REPORT TO THE STATE LICENSING AUTHORITY WITHIN TEN DAYS AFTER THE ELECTION OR APPOINTMENT, OR RESIGNATION OR REMOVAL, OF ANY DIRECTOR OR OFFICER OF THE PUBLICLY TRADED CORPORATION.

(b) TO THE EXTENT REQUIRED BY THE STATE LICENSING AUTHORITY, WHENEVER ANY REPORT, PROXY OR INFORMATION STATEMENT, REGISTRATION STATEMENT, SCHEDULE, OR OTHER FILING IS MADE WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY, BY OR WITH RESPECT TO A PUBLICLY TRADED CORPORATION THAT IS A MEDICAL MARIJUANA BUSINESS OR A CONTROLLING BENEFICIAL OWNER, THE PUBLICLY TRADED CORPORATION SHALL NOTIFY THE STATE LICENSING AUTHORITY THAT A FILING HAS TAKEN PLACE AND DISCLOSE A COPY OF THE FILING WITHIN FIVE DAYS AFTER THE FILING WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY.

(c) THE STATE LICENSING AUTHORITY MAY AT ANY TIME REQUIRE ANY APPLICANT, LICENSEE, OR CONTROLLING BENEFICIAL OWNER TO DISCLOSE A COMPLETE AND ACCURATE LIST OF ALL NONOBJECTING BENEFICIAL OWNERS.

(d) TO THE EXTENT REQUIRED BY THE STATE LICENSING AUTHORITY, A PUBLICLY TRADED CORPORATION THAT IS A MEDICAL MARIJUANA BUSINESS OR A CONTROLLING BENEFICIAL OWNER SHALL, WITHIN FIVE DAYS AFTER RECEIVING A COMMENT LETTER OR EXCHANGE NOTICE FROM THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY, NOTIFY THE STATE LICENSING AUTHORITY THAT THE

COMMENT LETTER OR EXCHANGE NOTICE WAS RECEIVED AND PROVIDE A COPY TO THE STATE LICENSING AUTHORITY.

(3) AFTER COMMENCING ANY OFFERING OF A SECURITY, ANY PUBLICLY TRADED CORPORATION THAT IS A MEDICAL MARIJUANA BUSINESS, A CONTROLLING BENEFICIAL OWNER, OR A PASSIVE BENEFICIAL OWNER SHALL NOTIFY THE STATE LICENSING AUTHORITY OF THE PROPOSED OFFERING IN THE TIME AND MANNER REQUIRED BY THE STATE LICENSING AUTHORITY. AT A MINIMUM, THE NOTIFICATION MUST OCCUR NOT LATER THAN THREE BUSINESS DAYS AFTER THE EARLIER OF THE COMMENCEMENT OF THE OFFERING OR THE INITIAL FILING COVERING THE OFFERING WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY.

(4) A PUBLICLY TRADED CORPORATION THAT IS A MEDICAL MARIJUANA BUSINESS OR A CONTROLLING BENEFICIAL OWNER OF FIFTY PERCENT OR MORE OF THE SECURITIES OF A MEDICAL MARIJUANA BUSINESS SHALL INCLUDE AND MAINTAIN AT ALL TIMES IN ITS BYLAWS THE FOLLOWING PROVISIONS:

(a) THE [NAME OF THE PUBLICLY TRADED CORPORATION] SHALL NOT ISSUE ANY SECURITY EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 43.3 OF TITLE 12, COLORADO REVISED STATUTES, AND THE RULES PROMULGATED PURSUANT TO THAT ARTICLE 43.3. THE ISSUANCE OF ANY SECURITY IN VIOLATION THEREOF SHALL BE VOID, AND THE SECURITY SHALL BE DEEMED NOT TO BE ISSUED AND OUTSTANDING UNTIL THE PUBLICLY TRADED CORPORATION CEASES TO BE SUBJECT TO THE JURISDICTION OF THE STATE LICENSING AUTHORITY OR THE STATE LICENSING AUTHORITY, BY AFFIRMATIVE ACTION, VALIDATES SAID ISSUANCE OR WAIVES ANY DEFECT IN ISSUANCE.

(b) NO SECURITY ISSUED BY THE [NAME OF THE PUBLICLY TRADED CORPORATION] AND NO INTEREST, CLAIM, OR CHARGE THEREIN OR THERETO SHALL BE TRANSFERRED IN ANY MANNER WHATSOEVER EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 43.3 OF TITLE 12, COLORADO REVISED STATUTES, AND THE RULES PROMULGATED PURSUANT TO THAT ARTICLE 43.3. ANY TRANSFER IN VIOLATION THEREOF SHALL BE VOID UNTIL THE [NAME OF THE PUBLICLY TRADED CORPORATION] CEASES TO BE SUBJECT TO THE JURISDICTION OF THE STATE LICENSING AUTHORITY OR

THE STATE LICENSING AUTHORITY, BY AFFIRMATIVE ACTION, VALIDATES SAID TRANSFER OR WAIVES ANY DEFECT IN SAID TRANSFER.

(c) IF THE STATE LICENSING AUTHORITY AT ANY TIME DETERMINES THAT A HOLDER OF A SECURITY OF THE [NAME OF THE PUBLICLY TRADED CORPORATION] IS UNSUITABLE TO HOLD THE SECURITY, THEN THE [NAME OF THE PUBLICLY TRADED CORPORATION] MAY, WITHIN SIXTY DAYS AFTER THE FINDING OF UNSUITABILITY, PURCHASE THE SECURITY OF THE UNSUITABLE PERSON AT THE LESSER OF THE AMOUNT IN UNITED STATES DOLLARS OF CASH OR OTHER CONSIDERATION PAID BY THE PERSON FOR THE SECURITY OR THE CURRENT MARKET PRICE AS OF THE DATE OF THE FINDING OF UNSUITABILITY, UNLESS THE SECURITY IS TRANSFERRED TO A SUITABLE PERSON AS DETERMINED BY THE STATE LICENSING AUTHORITY WITHIN SIXTY DAYS AFTER THE FINDING OF UNSUITABILITY. UNTIL THE SECURITY IS OWNED BY PERSONS FOUND BY THE STATE LICENSING AUTHORITY TO BE SUITABLE TO OWN IT, THE [NAME OF THE PUBLICLY TRADED CORPORATION] SHALL NOT BE REQUIRED OR PERMITTED TO PAY ANY DIVIDEND OR INTEREST WITH REGARD TO THE SECURITY; THE HOLDER OF THE SECURITY SHALL NOT BE ENTITLED TO VOTE ON ANY MATTER AS THE HOLDER OF THE SECURITY; AND THE SECURITY SHALL NOT FOR ANY PURPOSES BE INCLUDED AMONG THE SECURITIES OF THE [NAME OF THE PUBLICLY TRADED CORPORATION] ENTITLED TO VOTE, AND THE [NAME OF THE PUBLICLY TRADED CORPORATION] SHALL NOT PAY ANY REMUNERATION IN ANY FORM TO THE HOLDER OF THE SECURITY EXCEPT IN EXCHANGE FOR THE SECURITY AS PROVIDED IN THIS SUBSECTION (4)(c).

(5) A PERSON THAT BECOMES A BENEFICIAL OWNER OF FIVE PERCENT OR MORE OF ANY CLASS OF SECURITY IN A PUBLICLY TRADED CORPORATION THAT IS A MEDICAL MARIJUANA BUSINESS OR A CONTROLLING BENEFICIAL OWNER MUST APPLY TO THE STATE LICENSING AUTHORITY FOR A FINDING OF SUITABILITY WITHIN FORTY-FIVE DAYS AFTER BECOMING A BENEFICIAL OWNER OR CONTROLLING BENEFICIAL OWNER. WHEN A PERSON IS OR BECOMES A BENEFICIAL OWNER OF FIVE PERCENT OR MORE OF ANY CLASS OF SECURITY IN THE PUBLICLY TRADED CORPORATION, THE STATE LICENSING AUTHORITY MAY REQUIRE A FINDING OF SUITABILITY OF ANY OFFICER, DIRECTOR, MEMBER, AFFILIATE, OR GREATER-THAN-FIVE-PERCENT BENEFICIAL OWNER IN THAT PERSON. A LICENSEE SHALL NOTIFY EACH PERSON THAT IS SUBJECT TO THIS SUBSECTION (5) OF ITS REQUIREMENTS AS SOON AS THE LICENSEE BECOMES AWARE OF THE BENEFICIAL OWNERSHIP TRIGGERING THE REQUIREMENT, PROVIDED THAT THE OBLIGATIONS OF THE

PERSON SUBJECT TO THIS SUBSECTION (5) ARE INDEPENDENT OF, AND UNAFFECTED BY, THE LICENSEE'S FAILURE TO GIVE THE NOTICE.

(6) A PUBLICLY TRADED CORPORATION SHALL PROVIDE THE STATE LICENSING AUTHORITY WITH A DEPOSIT TO COVER THE DIRECT AND INDIRECT COSTS OF ANY INVESTIGATION NECESSARY TO DETERMINE WHETHER OR NOT ANY REQUIRED FINDING OF SUITABILITY SHALL BE ISSUED. THE STATE LICENSING AUTHORITY MAY MAKE FURTHER RULES REGARDING THE DEPOSIT AND DIRECT AND INDIRECT COSTS THAT SHALL BE BILLED AGAINST THE DEPOSIT.

(7) IT IS GROUNDS FOR DENIAL OF A LICENSE OR DISCIPLINARY ACTION IF ANY PERSON, IN CONNECTION WITH THE PURCHASE OR SALE OF ANY SECURITY ISSUED BY A MEDICAL MARIJUANA BUSINESS OR A CONTROLLING BENEFICIAL OWNER, PLEADS OR IS FOUND GUILTY OF, PLEADS NOLO CONTENDERE TO, IS SUBJECT TO A FINAL CEASE AND DESIST ORDER WITH RESPECT TO AN ORDER OF PERMANENT INJUNCTION ISSUED ON THE BASIS OF, OR IS THE SUBJECT OF A SIMILAR FINAL ACTION TAKEN ON THE BASIS OF, A VIOLATION OF RULE 10b-5 PROMULGATED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION UNDER SECTION 10 (b) OF THE "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, OR SECTION 11-51-501.

SECTION 6. In Colorado Revised Statutes, 12-43.3-309, **amend** (2); and **add** (3) as follows:

12-43.3-309. Transfer of ownership. (2) For a transfer of ownership, OTHER THAN REALES OR TRANSFERS OF SECURITY IN ORDINARY BROKER TRANSACTIONS BY A BENEFICIAL OWNER OF SECURITIES OF A PUBLICLY TRADED CORPORATION THROUGH AN ESTABLISHED TRADING MARKET, a license holder shall apply to the state and local licensing authorities on forms prepared and furnished by the state licensing authority. In determining whether to permit a transfer of ownership, the state and local licensing authorities shall consider only the requirements of this ~~article~~ ARTICLE 43.3, any rules promulgated by the state licensing authority, and any other local restrictions. The local licensing authority may hold a hearing on the application for transfer of ownership. The local licensing authority shall not hold a hearing pursuant to this subsection (2) until the local licensing authority has posted a notice of hearing in the manner described in section 12-43.3-302 (2) on the licensed medical marijuana center

premises for a period of ten days and has provided notice of the hearing to the applicant at least ten days prior to the hearing. Any transfer of ownership hearing by the state licensing authority shall be held in compliance with the requirements specified in section 12-43.3-302.

(3) ANY TRANSFER OF SECURITIES BY A BENEFICIAL OWNER OF A PUBLICLY TRADED CORPORATION SHALL COMPLY WITH THE PROVISIONS OF SECTIONS 12-43.3-307.5 AND 12-43.3-307.6.

SECTION 7. In Colorado Revised Statutes, 12-43.3-310, amend (3) and (4) as follows:

12-43.3-310. Licensing in general. (3) A medical marijuana ~~center, optional premises cultivation operation, or medical marijuana-infused products manufacturer~~ BUSINESS THAT IS NOT A PUBLICLY TRADED CORPORATION shall notify the state licensing authority in writing within ten days after ~~an~~ A CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER, officer, or manager ceases to work at, manage, own, or otherwise be associated with the operation. The CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER, officer, or manager shall surrender to the state licensing authority any identification card that may have been issued by the state licensing authority on or before the date of the notification.

(4) A medical marijuana ~~center, optional premises cultivation operation, or medical marijuana-infused products manufacturer~~ BUSINESS THAT IS NOT A PUBLICLY TRADED CORPORATION shall notify the state licensing authority in writing of the name, address, and date of birth of ~~an~~ A CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER, officer, or manager before the new CONTROLLING BENEFICIAL owner, officer, or manager begins managing, owning, or associating with the operation. Any CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER, officer, manager, or employee shall pass a fingerprint-based criminal history record check as required by the state licensing authority and obtain the required identification prior to being associated with, managing, owning, or working at the operation.

SECTION 8. In Colorado Revised Statutes, amend 12-43.3-407 as follows:

12-43.3-407. Medical marijuana business operator license. A

medical marijuana business operator license may be issued to ~~an entity or~~ A person ~~who~~ THAT operates a medical marijuana ~~establishment~~ BUSINESS licensed pursuant to this article 43.3, for ~~an owner~~ ANOTHER MEDICAL MARIJUANA BUSINESS licensed pursuant to this article 43.3, and ~~who~~ THAT may receive a portion of the profits as compensation.

SECTION 9. In Colorado Revised Statutes, 12-43.4-103, **amend** (1), (1.3), (2.5), (13), (17), and (17.5); **repeal** (12.4) and (14.3); and **add** (1.1), (1.2), (1.4), (12.1), (14.2), and (22.5) as follows:

12-43.4-103. Definitions. As used in this article 43.4, unless the context otherwise requires:

(1) ~~"Direct beneficial interest owner" means a person or closely held business entity that owns a share or shares of stock in a licensed retail marijuana business, including the officers, directors, managing members, or partners of the licensed retail marijuana business or closely held business entity, or a qualified limited passive investor~~ "AFFILIATE" OF, OR PERSON "AFFILIATED WITH", A SPECIFIED PERSON MEANS A PERSON THAT DIRECTLY, OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLS OR IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH, THE PERSON SPECIFIED.

(1.1) "BENEFICIAL OWNER" OF A SECURITY SHALL BE DETERMINED IN ACCORDANCE WITH SECTION 13 (d) OF THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, AND RULE 13d-3 PROMULGATED THEREUNDER.

(1.2) "CONTROL", INCLUDING THE TERMS "CONTROLS", "CONTROLLED", "CONTROLLING", "CONTROLLED BY", AND "UNDER COMMON CONTROL WITH", MEANS THE POSSESSION, DIRECT OR INDIRECT, OF THE POWER TO DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT OR POLICIES OF A PERSON, WHETHER THROUGH THE OWNERSHIP OF VOTING SECURITIES, BY CONTRACT, OR OTHERWISE.

(1.3) ~~"Escorted" means appropriately checked into the limited access area and accompanied by a person licensed by the state licensing authority; except that trade craftspeople not normally engaged in the business of cultivating, processing, or selling retail marijuana need not be accompanied on a full-time basis, but only reasonably monitored.~~ "CONTROLLING

BENEFICIAL OWNER" MEANS A PERSON THAT:

(a) IS THE BENEFICIAL OWNER OF FIVE PERCENT OR MORE OF THE SECURITIES OF A RETAIL MARIJUANA ESTABLISHMENT;

(b) IS AN AFFILIATE, WHICH INCLUDES WITHOUT LIMITATION ANY OFFICER, DIRECTOR, MANAGING MEMBER, GENERAL PARTNER, OR TRUSTEE, OF A RETAIL MARIJUANA ESTABLISHMENT OR OF ANY OTHER CONTROLLING BENEFICIAL OWNER OF A RETAIL MARIJUANA ESTABLISHMENT; OR

(c) IS OTHERWISE IN A POSITION TO EXERCISE CONTROL OVER THE RETAIL MARIJUANA ESTABLISHMENT, EXCEPT AS AUTHORIZED BY SECTION 12-43.4-407.

(1.4) "ESCORTED" MEANS APPROPRIATELY CHECKED INTO THE LIMITED ACCESS AREA AND ACCOMPANIED BY A PERSON LICENSED BY THE STATE LICENSING AUTHORITY; EXCEPT THAT TRADE CRAFTSPEOPLE NOT NORMALLY ENGAGED IN THE BUSINESS OF CULTIVATING, PROCESSING, OR SELLING RETAIL MARIJUANA NEED NOT BE ACCOMPANIED ON A FULL-TIME BASIS, BUT ONLY REASONABLY MONITORED.

~~(2.5) "Indirect beneficial interest owner" means a holder of a permitted economic interest, a recipient of a commercially reasonable royalty associated with the use of intellectual property by a licensee, a licensed employee who receives a share of the profits from an employee benefit plan, a qualified institutional investor, or another similarly situated person or entity as determined by the state licensing authority. "INDIRECT FINANCIAL INTEREST HOLDER" MEANS A PERSON THAT IS NOT AN AFFILIATE OF A RETAIL MARIJUANA ESTABLISHMENT AND IS NOT OTHERWISE IN A POSITION TO EXERCISE CONTROL OVER THE RETAIL MARIJUANA ESTABLISHMENT AND THAT:~~

~~(a) HOLDS A COMMERCIALY REASONABLE ROYALTY INTEREST IN EXCHANGE FOR A RETAIL MARIJUANA ESTABLISHMENT'S USE OF THE PERSON'S INTELLECTUAL PROPERTY;~~

~~(b) HOLDS A PERMITTED ECONOMIC INTEREST THAT WAS ISSUED PRIOR TO JANUARY 1, 2019, AND THAT HAS NOT BEEN CONVERTED INTO AN OWNERSHIP INTEREST; OR~~

(c) IS A CONTRACT COUNTERPARTY WITH A RETAIL MARIJUANA ESTABLISHMENT THAT HAS A DIRECT NEXUS TO THE CULTIVATION, MANUFACTURE, OR SALE OF MARIJUANA, INCLUDING, BUT NOT LIMITED TO, A LEASE OF REAL PROPERTY ON WHICH THE RETAIL MARIJUANA ESTABLISHMENT OPERATES, A LEASE OF EQUIPMENT USED IN THE CULTIVATION OF RETAIL MARIJUANA, A SECURED OR UNSECURED FINANCING AGREEMENT WITH THE RETAIL MARIJUANA ESTABLISHMENT, A SECURITY CONTRACT WITH THE RETAIL MARIJUANA ESTABLISHMENT, OR A MANAGEMENT AGREEMENT WITH THE RETAIL MARIJUANA ESTABLISHMENT, PROVIDED THAT NO SUCH CONTRACT COMPENSATES THE CONTRACT COUNTERPARTY WITH A PERCENTAGE OF REVENUE OR PROFITS OF THE RETAIL MARIJUANA ESTABLISHMENT.

(12.1) "PASSIVE BENEFICIAL OWNER" MEANS A PERSON THAT IS NOT AN AFFILIATE OF A RETAIL MARIJUANA ESTABLISHMENT, IS NOT OTHERWISE IN A POSITION TO EXERCISE CONTROL OVER THE RETAIL MARIJUANA ESTABLISHMENT, AND IS THE BENEFICIAL OWNER OF LESS THAN FIVE PERCENT OF THE SECURITIES OF THE RETAIL MARIJUANA ESTABLISHMENT.

~~(12.4) "Permitted economic interest" means any unsecured convertible debt instrument, option agreement, warrant, or any other right to obtain an ownership interest when the holder of such interest is a natural person who is a lawful United States resident and whose right to convert into an ownership interest is contingent on the holder qualifying and obtaining a license as an owner under this article or such other agreements as may be permitted by rule by the state licensing authority.~~

(13) "Person" means ~~a natural person~~ AN INDIVIDUAL, A partnership, association, JOINT-STOCK company, corporation, limited liability company, or ANY OTHER UNINCORPORATED organization; except that "person" does not include any governmental organization.

(14.2) (a) "PUBLICLY TRADED CORPORATION" MEANS ANY PERSON OTHER THAN AN INDIVIDUAL THAT:

(I) HAS A CLASS OF SECURITIES REGISTERED UNDER SECTION 12 OF THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, THAT:

(A) CONSTITUTE "COVERED SECURITIES" UNDER SECTION 18 (b)(1)(A) OF THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED; OR

(B) ARE QUALIFIED AND QUOTED ON THE OTCQX TIER OF THE OTC MARKETS, OR ANY LIKE TIER OF ANY SUCCESSOR TO THE ENTITY, IF THE PERSON IS THEN REQUIRED TO FILE REPORTS AND IS FILING REPORTS ON A CURRENT BASIS WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION UNDER THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, AS IF THE SECURITIES CONSTITUTED "COVERED SECURITIES" AS DESCRIBED IN SUBSECTION (14.2)(a)(I)(A) OF THIS SECTION;

(II) IS A "FOREIGN PRIVATE ISSUER", AS DEFINED IN RULE 405 PROMULGATED UNDER THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED WHOSE SECURITIES ARE EXEMPT FROM REGISTRATION UNDER SECTION 12 OF THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, PURSUANT TO RULE 12g3-2(b) PROMULGATED UNDER THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED; OR

(III) IS IDENTIFIED BY RULE BY THE STATE LICENSING AUTHORITY AS A PUBLICLY TRADED CORPORATION.

(b) NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, A "PUBLICLY TRADED CORPORATION" DOES NOT INCLUDE:

(I) A PERSON THAT HAS LISTED OR QUOTED SECURITIES THAT NO LONGER COMPLY WITH THE REQUIREMENTS OF SUBSECTION (14.2)(a)(I) OF THIS SECTION OR A PERSON THAT HAS LISTED OR QUOTED SECURITIES CONSTITUTING "PENNY STOCK", AS DEFINED BY 17 CFR 240.3a51-1; OR

(II) A PERSON THAT CONSTITUTES AN "INELIGIBLE ISSUER", AS DEFINED IN 17 CFR 230.405.

~~(14.3) "Qualified limited passive investor" means a natural person who is a United States citizen and is a passive investor who owns less than a five percent share or shares of stock in a licensed retail marijuana business.~~

(17) "Retail marijuana establishment" means ANY OF THE FOLLOWING ENTITIES LICENSED PURSUANT TO THIS ARTICLE 43.4: A retail marijuana store, a retail marijuana cultivation facility, a retail marijuana products manufacturer, or a retail marijuana testing facility, A RETAIL MARIJUANA ESTABLISHMENT OPERATOR, OR A RETAIL MARIJUANA TRANSPORTER.

(17.5) "Retail marijuana establishment operator" means ~~an entity or~~ A person ~~that is not an owner and~~ that is licensed to provide professional operational services to a retail marijuana establishment for direct remuneration from the retail marijuana establishment. A RETAIL MARIJUANA ESTABLISHMENT OPERATOR IS NOT, BY VIRTUE OF ITS STATUS AS A MEDICAL MARIJUANA BUSINESS OPERATOR, A CONTROLLING BENEFICIAL OWNER, A PASSIVE BENEFICIAL OWNER, OR AN INDIRECT FINANCIAL INTEREST HOLDER OF ANY RETAIL MARIJUANA ESTABLISHMENT IT OPERATES.

(22.5) "SECURITY" MEANS ANY NOTE; STOCK; TREASURY STOCK; BOND; DEBENTURE; EVIDENCE OF INDEBTEDNESS; CERTIFICATE OF INTEREST OR PARTICIPATION IN ANY PROFIT-SHARING AGREEMENT; COLLATERAL-TRUST CERTIFICATE; PREORGANIZATION CERTIFICATE OF SUBSCRIPTION; TRANSFERABLE SHARE; INVESTMENT CONTRACT; VIATICAL SETTLEMENT INVESTMENT; VOTING-TRUST CERTIFICATE; CERTIFICATE OF DEPOSIT FOR A SECURITY; CERTIFICATE OF INTEREST OR PARTICIPATION IN AN OIL, GAS, OR MINING TITLE OR LEASE OR IN PAYMENTS OUT OF PRODUCTION UNDER SUCH A TITLE OR LEASE; OR, IN GENERAL, ANY INTEREST OR INSTRUMENT COMMONLY KNOWN AS A "SECURITY" OR ANY CERTIFICATE OF INTEREST OR PARTICIPATION IN, TEMPORARY OR INTERIM CERTIFICATE FOR, GUARANTEE OF, OR WARRANT OR RIGHT TO SUBSCRIBE TO OR PURCHASE ANY OF THE FOREGOING. "SECURITY" DOES NOT INCLUDE ANY INSURANCE OR ENDOWMENT POLICY OR ANNUITY CONTRACT UNDER WHICH AN INSURANCE COMPANY PROMISES TO PAY A SUM OF MONEY EITHER IN A LUMP SUM OR PERIODICALLY FOR LIFE OR SOME OTHER SPECIFIED PERIOD. FOR PURPOSES OF THIS ARTICLE 43.4, AN "INVESTMENT CONTRACT" NEED NOT INVOLVE MORE THAN ONE INVESTOR NOR BE LIMITED TO THOSE CIRCUMSTANCES WHEREIN THERE ARE MULTIPLE INVESTORS WHO ARE JOINT PARTICIPANTS IN THE SAME ENTERPRISE.

SECTION 10. In Colorado Revised Statutes, 12-43.4-202, **amend** (2)(d), (3)(a)(III), (3)(a)(XVIII), (3)(a)(XIX), (3)(b) introductory portion, and (3)(b)(V); **repeal** (3)(a)(XX); and **add** (3)(a)(XXI) as follows:

12-43.4-202. Powers and duties of state licensing authority - rules. (2) The state licensing authority has the authority to:

(d) Maintain the confidentiality of reports or other information obtained from a licensee containing any individualized data, information, or records related to the licensee or its operation, including sales

information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any customer information, or any other records that are exempt from public inspection pursuant to state law. Such reports or other information may be used only for a purpose authorized by this ~~article~~ ARTICLE 43.4, FOR INVESTIGATION OR ENFORCEMENT OF ANY INTERNATIONAL, FEDERAL, STATE, OR LOCAL SECURITIES LAW OR REGULATIONS, or for any other state or local law enforcement purpose. Any customer information may be used only for a purpose authorized by this ~~article~~ ARTICLE 43.4.

(3) (a) Rules promulgated pursuant to subsection (2)(b) of this section must include, but need not be limited to, the following subjects:

(III) Qualifications for licensure under this ~~article~~ ARTICLE 43.4, including but not limited to the requirement for a fingerprint-based criminal history record check for ~~all owners, officers~~ CONTROLLING BENEFICIAL OWNERS, managers, contractors, employees, and other support staff of entities licensed pursuant to this ~~article~~ ARTICLE 43.4;

(XVIII) Retail marijuana establishment operator licensees, including the form and structure of allowable agreements between operators and ~~owners~~ THE RETAIL MARIJUANA ESTABLISHMENT BEING OPERATED;

(XIX) Nonescorted visitors in limited access areas; and

~~(XX) The parameters and qualifications of an indirect beneficial interest owner and a qualified limited passive investor.~~

(XXI) OWNERSHIP AND FINANCIAL INTEREST REQUIREMENTS, INCLUDING BUT NOT LIMITED TO:

(A) PARAMETERS OF, QUALIFICATIONS OF, DISCLOSURE OF, REQUIREMENTS FOR, AND SUITABILITY OF A CONTROLLING BENEFICIAL OWNER, A PASSIVE BENEFICIAL OWNER, AND AN INDIRECT FINANCIAL INTEREST HOLDER; AND

(B) PARAMETERS OF, QUALIFICATIONS OF, DISCLOSURE OF, REQUIREMENTS FOR, AND SUITABILITY OF A PUBLICLY TRADED CORPORATION THAT IS A RETAIL MARIJUANA ESTABLISHMENT OR THAT IS A CONTROLLING BENEFICIAL OWNER OR PASSIVE BENEFICIAL OWNER.

(b) Rules promulgated pursuant to ~~paragraph (b) of subsection (2)~~ SUBSECTION (2)(b) of this section must also include the following subjects:

(V) Development of individual identification cards for ~~owners; officers~~ CONTROLLING BENEFICIAL OWNERS, managers, contractors, employees, and other support staff of entities licensed pursuant to this ~~article~~ ARTICLE 43.4, including a fingerprint-based criminal history record check as may be required by the state licensing authority prior to issuing a card;

SECTION 11. In Colorado Revised Statutes, 12-43.4-306, **amend** (1) introductory portion, (1)(c), and (1)(j); **repeal** (1)(l); and **add** (1)(m) and (1)(n) as follows:

12-43.4-306. Persons prohibited as licensees - definitions. (1) A license provided by this ~~article~~ ARTICLE 43.4 shall not be issued to or held by:

(c) A person other than an individual if the criminal history of any of its ~~officers, directors, stockholders, or owners~~ CONTROLLING BENEFICIAL OWNERS indicates that ~~the officer, director, stockholder, or owner~~ A CONTROLLING BENEFICIAL OWNER is not of good moral character after considering the factors in section 24-5-101 (2), ~~C.R.S.~~, OR ANY PERSON THAT WOULD BE DISQUALIFIED AS A "BAD ACTOR" UNDER RULE 506 (d) PROMULGATED UNDER THE FEDERAL "SECURITIES ACT OF 1933";

(j) A person applying for a license for a location that is currently licensed as a retail food establishment or wholesale food registrant; ~~or~~

(l) ~~A publicly traded company.~~

(m) A PERSON WHOSE CONTROLLING BENEFICIAL OWNER OR PASSIVE BENEFICIAL OWNER IS FOUND UNSUITABLE BY THE STATE LICENSING AUTHORITY. TO DETERMINE WHETHER A PERSON IS SUITABLE, THE STATE LICENSING AUTHORITY MAY CONSIDER, BUT IS NOT LIMITED TO, A PERSON'S FINANCIAL CHARACTER OR RECORD, CRIMINAL CHARACTER OR RECORD, OR LICENSING CHARACTER OR RECORD.

(n) A PERSON, OTHER THAN AN INDIVIDUAL, ORGANIZED OR FORMED UNDER THE LAWS OF A COUNTRY DETERMINED BY THE UNITED STATES

SECRETARY OF STATE TO HAVE REPEATEDLY PROVIDED SUPPORT FOR ACTS OF INTERNATIONAL TERRORISM OR INCLUDED AMONG THE LIST OF "COVERED COUNTRIES" IN SECTION 1502 OF THE FEDERAL "DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT".

SECTION 12. In Colorado Revised Statutes, **amend** 12-43.4-306.5 as follows:

12-43.4-306.5. Business and owner requirements - legislative declaration. (1) (a) The general assembly hereby finds and declares that:

(I) Retail marijuana ~~businesses~~ ESTABLISHMENTS need to be able to access capital in order to effectively grow their businesses and remain competitive in the marketplace;

(II) The current regulatory structure for retail marijuana creates a substantial barrier to investment from out-of-state interests AND PUBLICLY TRADED CORPORATIONS;

(III) There is insufficient capital in Colorado to properly fund the capital needs of Colorado retail marijuana ~~businesses~~ ESTABLISHMENTS;

(IV) Colorado retail marijuana ~~businesses~~ ESTABLISHMENTS need to have ready access to capital from investors ~~in-states~~ FROM outside of Colorado; ~~and~~

(IV.5) UNDER CERTAIN CIRCUMSTANCES, PERMITTING PUBLICLY TRADED CORPORATIONS TO HOLD AN INTEREST IN RETAIL MARIJUANA ESTABLISHMENTS WILL BENEFIT COLORADO'S RETAIL MARIJUANA MARKET;

(V) Providing access to legitimate sources of capital helps prevent the opportunity for those who engage in illegal activity to gain entry into Colorado's regulated retail marijuana market;

(VI) ACCESS TO CAPITAL MUST BE BALANCED WITH PROMOTING CONTROL OVER RETAIL MARIJUANA ESTABLISHMENTS BY SUITABLE PERSONS WHO ARE LEGITIMATE, TAXPAYING BUSINESSPERSONS, AND NOT CRIMINAL ACTORS; PREVENTING REVENUE FROM THE SALE OF MARIJUANA FROM GOING TO CRIMINAL ENTERPRISES, GANGS, AND CARTELS; AND PREVENTING STATE-AUTHORIZED MARIJUANA ACTIVITY FROM BEING USED AS A COVER OR

PRETEXT FOR THE TRAFFICKING OF OTHER ILLEGAL DRUGS OR OTHER ILLEGAL ACTIVITY;

(VII) PUBLICLY TRADED CORPORATIONS OFFERING SECURITIES FOR INVESTMENT IN RETAIL MARIJUANA ESTABLISHMENTS MUST TELL THE PUBLIC THE TRUTH ABOUT THEIR BUSINESS, THE SECURITIES THEY ARE SELLING, AND THE RISKS INVOLVED WITH INVESTING IN RETAIL MARIJUANA ESTABLISHMENTS, AND PEOPLE WHO SELL AND TRADE SECURITIES RELATED TO RETAIL MARIJUANA ESTABLISHMENTS ARE PROHIBITED FROM ENGAGING IN DECEIT, MISREPRESENTATIONS, AND OTHER FRAUD IN THE SALE OF THE SECURITIES;

(VIII) RECOGNIZING THAT PARTICIPATION BY PUBLICLY TRADED CORPORATIONS IN COLORADO'S RETAIL MARIJUANA INDUSTRY CREATES AN INCREASED NEED TO ASSESS BARRIERS OF ENTRY FOR MINORITY- AND WOMAN-OWNED BUSINESSES, WITH SUCH EFFORTS BEING MADE TO IDENTIFY SOLUTIONS TO ARRIVE AT A GREATER BALANCE AND FOR FURTHER EQUITY FOR MINORITY- AND WOMAN-OWNED BUSINESSES, AND IN A MANNER THAT IS CONSISTENT WITH THE PUBLIC SAFETY AND ENFORCEMENT GOALS AS STATED HEREIN, IT IS THEREFORE OF SUBSTANTIVE IMPORTANCE TO ADDRESS THE LACK OF MINORITY- AND WOMAN-OWNED BUSINESSES' INCLUSION IN COLORADO'S RETAIL MARIJUANA INDUSTRY, SOCIAL INJUSTICE ISSUES ASSOCIATED WITH MARIJUANA PROHIBITION, SUITABILITY ISSUES RELATING TO PAST CONVICTIONS FOR POTENTIAL LICENSEES, LICENSING FEES, AND ECONOMIC CHALLENGES THAT ARISE WITH THE APPLICATION PROCESSES;

(IX) COORDINATION BETWEEN THE STATE LICENSING AUTHORITY AND OTHER STATE AND LOCAL LAW ENFORCEMENT AGENCIES SUPPORTS THESE GOALS; AND

(X) IN THE EVENT THAT PASSAGE OF HOUSE BILL 18-1011, ENACTED IN 2018, LEADS TO AN INCREASE IN GRAY AND BLACK MARKET INVESTIGATIONS, THE DEPARTMENT OF LOCAL AFFAIRS SHOULD CONSIDER CONVENING A STAKEHOLDER PROCESS TO EXAMINE HOW TO IMPROVE LAW ENFORCEMENT ACCESS TO GRANTS FROM THE GRAY AND BLACK MARKET MARIJUANA ENFORCEMENT GRANT PROGRAM CREATED IN SECTION 24-32-119, INCLUDING:

(A) WHETHER THE ELIGIBILITY CRITERIA FOR THE AWARDING OF GRANTS REFLECTS THE REALITY OF THE INVESTIGATIONS UNDERTAKEN;

(B) WHETHER THE GRANTS SHOULD BE AVAILABLE ON A PROSPECTIVE BASIS AND WHETHER THE GRANT PROCESS IS ACCESSIBLE TO LOCAL LAW ENFORCEMENT DEPARTMENTS WITH MINIMAL STAFF; AND

(C) WHETHER THE AMOUNT OF MONEY AVAILABLE IS SUFFICIENT.

(b) Therefore, the general assembly is providing a mechanism for Colorado retail marijuana ~~businesses~~ ESTABLISHMENTS to access capital from investors in other states AND FROM CERTAIN PUBLICLY TRADED CORPORATIONS PURSUANT TO THIS SECTION AND SECTION 12-43.4-306.6.

~~(2) A direct beneficial interest owner who is a natural person must either:~~

~~(a) Have been a resident of Colorado for at least one year prior to the date of the application; or~~

~~(b) Be a United States citizen prior to the date of the application:~~

~~(3) (a) A retail marijuana business may be comprised of an unlimited number of direct beneficial interest owners that have been residents of Colorado for at least one year prior to the date of the application:~~

~~(b) On and after January 1, 2017, A retail marijuana business that is comprised of one or more direct beneficial interest owners who have not been Colorado residents for at least one year prior to application shall have at least one officer who has been a Colorado resident for at least one year prior to application, and all officers with day-to-day operational control over the business must be Colorado residents for at least one year prior to application. A retail marijuana business under this paragraph (b) is limited to no more than fifteen direct beneficial interest owners, including all parent and subsidiary entities, all of whom are natural persons:~~

~~(c) Notwithstanding the requirements of paragraph (b) of this subsection (3), the state licensing authority may review the limitation on the number of direct beneficial interest owners and may increase the number of allowable interests above fifteen based on reasonable considerations such as developments in state and federal financial regulations, market conditions, and the licensee's ability to access legitimate sources of capital:~~

~~(d) A direct beneficial interest owner that is a closely held business entity must consist entirely of natural persons who are United States citizens prior to the date of the application, including all parent and subsidiary entities.~~

~~(4) A retail marijuana business may include qualified institutional investors that own thirty percent or less of the retail marijuana business.~~

(4.5) PRIOR TO SUBMITTING AN INITIAL APPLICATION AND AT ANY TIME THEREAFTER WHEN REQUESTED BY THE STATE LICENSING AUTHORITY IN ITS REASONABLE DISCRETION, A PERSON THAT IS OR INTENDS TO BECOME A RETAIL MARIJUANA ESTABLISHMENT SHALL DISCLOSE TO THE STATE LICENSING AUTHORITY A COMPLETE AND ACCURATE LIST OF THE FOLLOWING:

(a) ALL OF THE RETAIL MARIJUANA ESTABLISHMENT'S OFFICERS, DIRECTORS, AND AFFILIATES;

(b) ALL OF THE RETAIL MARIJUANA ESTABLISHMENT'S CONTROLLING BENEFICIAL OWNERS, AND:

(I) IF THE CONTROLLING BENEFICIAL OWNER IS A PUBLICLY TRADED CORPORATION, ALL OFFICERS, DIRECTORS, FIVE-PERCENT OR MORE BENEFICIAL OWNERS, AND AFFILIATES OF THE CONTROLLING BENEFICIAL OWNER; OR

(II) IF THE CONTROLLING BENEFICIAL OWNER IS NOT A PUBLICLY TRADED CORPORATION AND IS NOT AN INDIVIDUAL, ALL OFFICERS, DIRECTORS, BENEFICIAL OWNERS, AND AFFILIATES OF THE CONTROLLING BENEFICIAL OWNER; AND

(c) IF THE RETAIL MARIJUANA ESTABLISHMENT IS NOT A PUBLICLY TRADED CORPORATION, ALL OF THE RETAIL MARIJUANA ESTABLISHMENT'S PASSIVE BENEFICIAL OWNERS.

(5) (a) A person ~~who~~ THAT intends to apply as a direct beneficial interest owner and is not a Colorado resident for at least one year prior to the date of application TO BECOME A CONTROLLING BENEFICIAL OWNER shall first submit a request to the state licensing authority for a finding of suitability. ~~as a direct beneficial interest owner. The person shall~~ FAILURE

TO PROVIDE ALL REQUESTED INFORMATION IN CONNECTION WITH A REQUEST FOR A FINDING OF SUITABILITY IS GROUNDS FOR DENIAL OF THAT FINDING OF SUITABILITY. EVERY PROPOSED CONTROLLING BENEFICIAL OWNER MUST receive a finding of suitability OR AN EXEMPTION FROM A FINDING OF SUITABILITY BY THE STATE LICENSING AUTHORITY prior to submitting an A RETAIL MARIJUANA ESTABLISHMENT application to the state licensing authority. ~~to be a direct beneficial interest owner.~~ Failure to receive a ~~finding~~ ALL REQUIRED FINDINGS of suitability prior to application is grounds for denial of AN APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION AGAINST THE LICENSEE by the state licensing authority.

~~(b) The state licensing authority shall perform a limited initial background check on qualified limited passive investors. If the initial background check provides reasonable cause for additional investigation, the state licensing authority may require a full background check.~~

(c) THE STATE LICENSING AUTHORITY MAY REQUIRE ANY PERSON THAT WAS DISCLOSED OR SHOULD HAVE BEEN DISCLOSED PURSUANT TO SUBSECTION (4.5) OF THIS SECTION TO OBTAIN A FINDING OF SUITABILITY PRIOR TO SUBMISSION OF A RETAIL MARIJUANA ESTABLISHMENT APPLICATION. FAILURE TO PROVIDE ANY INFORMATION REQUESTED IN CONNECTION WITH A FINDING OF SUITABILITY IS GROUNDS FOR DENIAL OF THAT REQUEST FOR A FINDING OF SUITABILITY. ALL INDIVIDUALS MUST OBTAIN ANY REQUIRED FINDING OF SUITABILITY PRIOR TO SUBMITTING A RETAIL MARIJUANA ESTABLISHMENT APPLICATION TO THE STATE LICENSING AUTHORITY. FAILURE OF A PERSON TO OBTAIN ANY REQUIRED FINDING OF SUITABILITY PRIOR TO APPLICATION IS GROUNDS FOR DENIAL OF AN APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION AGAINST THE LICENSEE BY THE STATE LICENSING AUTHORITY.

(5.5) IN ITS REASONABLE DISCRETION, AT ANY TIME, THE STATE LICENSING AUTHORITY MAY REQUIRE ANY PERSON THAT WAS DISCLOSED OR SHOULD HAVE BEEN DISCLOSED UNDER THIS SECTION OR SECTION 12-43.4-306.6 TO OBTAIN A FINDING OF SUITABILITY. FAILURE TO PROVIDE ANY INFORMATION REQUESTED IN CONNECTION WITH A FINDING OF SUITABILITY IS GROUNDS FOR DENIAL OF THAT REQUEST FOR A FINDING OF SUITABILITY. FAILURE OF A PERSON TO OBTAIN ANY REQUIRED FINDING OF SUITABILITY MAY BE GROUNDS FOR DENIAL OF AN APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION AGAINST THE LICENSE BY THE STATE LICENSING AUTHORITY.

(5.7) IF A REQUIRED FINDING OF SUITABILITY IS NOT COMPLETED WITHIN ONE YEAR FROM THE DATE THE FINDING OF SUITABILITY WAS REQUESTED, THE STATE LICENSING AUTHORITY SHALL INFORM THE APPLICANT OR LICENSEE.

~~(6) The state licensing authority shall review the retail marijuana business's operating documents to ensure compliance with this section.~~

(6.5) A PERSON, OTHER THAN AN INDIVIDUAL, THAT IS A CONTROLLING BENEFICIAL OWNER SHALL APPOINT AND CONTINUOUSLY MAINTAIN A REGISTERED AGENT WHO SATISFIES THE REQUIREMENTS OF SECTION 7-90-701. THE RETAIL MARIJUANA ESTABLISHMENT SHALL INFORM THE STATE LICENSING AUTHORITY OF A CHANGE IN THE REGISTERED AGENT WITHIN TEN DAYS OF THE CHANGE.

~~(7) For purposes of this section, unless the context otherwise requires, "institutional investor" means:~~

~~(a) A bank as defined in section 3(a)(6) of the federal "Securities Exchange Act of 1934", as amended;~~

~~(b) An insurance company as defined in section 2(a)(17) of the federal "Investment Company Act of 1940", as amended;~~

~~(c) An investment company registered under section 8 of the federal "Investment Company Act of 1940", as amended;~~

~~(d) An investment adviser registered under section 203 of the federal "Investment Advisers Act of 1940", as amended;~~

~~(e) Collective trust funds as defined in section 3(c)(11) of the federal "Investment Company Act of 1940", as amended;~~

~~(f) An employee benefit plan or pension fund that is subject to the federal "Employee Retirement Income Security Act of 1974", as amended, excluding an employee benefit plan or pension fund sponsored by a licensee or an intermediary or holding company licensee that directly or indirectly owns five percent or more of a licensee;~~

~~(g) A state or federal government pension plan;~~

~~(h) A group comprised entirely of persons specified in subsections (a) to (g) of this subsection (7); or~~

~~(i) Any other entity identified through rule by the state licensing authority.~~

SECTION 13. In Colorado Revised Statutes, add 12-43.4-306.6 as follows:

12-43.4-306.6. Licensure and investment requirements for publicly traded corporations. (1) IN ADDITION TO THE REQUIREMENTS OF SECTION 12-43.4-306.5, ANY APPLICANT, LICENSEE, OR CONTROLLING BENEFICIAL OWNER THAT IS A PUBLICLY TRADED CORPORATION SHALL COMPLY WITH THIS SECTION.

(2) (a) A PUBLICLY TRADED CORPORATION THAT IS A RETAIL MARIJUANA ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER SHALL REPORT TO THE STATE LICENSING AUTHORITY WITHIN TEN DAYS AFTER THE ELECTION OR APPOINTMENT, OR RESIGNATION OR REMOVAL, OF ANY DIRECTOR OR OFFICER OF THE PUBLICLY TRADED CORPORATION.

(b) TO THE EXTENT REQUIRED BY THE STATE LICENSING AUTHORITY, WHENEVER ANY REPORT, PROXY OR INFORMATION STATEMENT, REGISTRATION STATEMENT, SCHEDULE, OR OTHER FILING IS MADE WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY, BY OR WITH RESPECT TO A PUBLICLY TRADED CORPORATION THAT IS A RETAIL MARIJUANA ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER, THE PUBLICLY TRADED CORPORATION SHALL NOTIFY THE STATE LICENSING AUTHORITY THAT A FILING HAS TAKEN PLACE AND DISCLOSE A COPY OF THE FILING WITHIN FIVE DAYS AFTER THE FILING WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY.

(c) THE STATE LICENSING AUTHORITY MAY AT ANY TIME REQUIRE ANY APPLICANT, LICENSEE, OR CONTROLLING BENEFICIAL OWNER TO DISCLOSE A COMPLETE AND ACCURATE LIST OF ALL NONOBJECTING

BENEFICIAL OWNERS.

(d) TO THE EXTENT REQUIRED BY THE STATE LICENSING AUTHORITY, A PUBLICLY TRADED CORPORATION THAT IS A RETAIL MARIJUANA ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER SHALL, WITHIN FIVE DAYS AFTER RECEIVING A COMMENT LETTER OR EXCHANGE NOTICE FROM THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY, NOTIFY THE STATE LICENSING AUTHORITY THAT THE COMMENT LETTER OR EXCHANGE NOTICE WAS RECEIVED AND PROVIDE A COPY TO THE STATE LICENSING AUTHORITY.

(3) AFTER COMMENCING ANY OFFERING OF A SECURITY, ANY PUBLICLY TRADED CORPORATION THAT IS A RETAIL MARIJUANA ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER OR PASSIVE BENEFICIAL OWNER SHALL NOTIFY THE STATE LICENSING AUTHORITY OF THE PROPOSED OFFERING IN THE TIME AND MANNER REQUIRED BY THE STATE LICENSING AUTHORITY. AT A MINIMUM, THE NOTIFICATION MUST OCCUR NOT LATER THAN THREE BUSINESS DAYS AFTER THE EARLIER OF THE COMMENCEMENT OF THE OFFERING OR THE INITIAL FILING COVERING THE OFFERING WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY.

(4) A PUBLICLY TRADED CORPORATION THAT IS A RETAIL MARIJUANA ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER OF FIFTY PERCENT OR MORE OF THE SECURITIES OF A RETAIL MARIJUANA ESTABLISHMENT SHALL INCLUDE AND MAINTAIN AT ALL TIMES IN ITS BYLAWS THE FOLLOWING PROVISIONS:

(a) THE [NAME OF THE PUBLICLY TRADED CORPORATION] SHALL NOT ISSUE ANY SECURITY EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 43.4 OF TITLE 12, COLORADO REVISED STATUTES, AND THE RULES PROMULGATED PURSUANT TO THAT ARTICLE 43.3. THE ISSUANCE OF ANY SECURITY IN VIOLATION THEREOF SHALL BE VOID, AND THE SECURITY SHALL BE DEEMED NOT TO BE ISSUED AND OUTSTANDING UNTIL THE PUBLICLY TRADED CORPORATION CEASES TO BE SUBJECT TO THE JURISDICTION OF THE STATE LICENSING AUTHORITY OR THE STATE LICENSING AUTHORITY, BY AFFIRMATIVE ACTION, VALIDATES SAID ISSUANCE OR WAIVES ANY DEFECT IN ISSUANCE.

(b) NO SECURITY ISSUED BY THE [NAME OF THE PUBLICLY TRADED CORPORATION] AND NO INTEREST, CLAIM, OR CHARGE THEREIN OR THERETO SHALL BE TRANSFERRED IN ANY MANNER WHATSOEVER EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 43.4 OF TITLE 12, COLORADO REVISED STATUTES, AND THE RULES PROMULGATED PURSUANT TO THAT ARTICLE 43.3. ANY TRANSFER IN VIOLATION THEREOF SHALL BE VOID UNTIL THE [NAME OF THE PUBLICLY TRADED CORPORATION] CEASES TO BE SUBJECT TO THE JURISDICTION OF THE STATE LICENSING AUTHORITY OR THE STATE LICENSING AUTHORITY, BY AFFIRMATIVE ACTION, VALIDATES SAID TRANSFER OR WAIVES ANY DEFECT IN SAID TRANSFER.

(c) IF THE STATE LICENSING AUTHORITY AT ANY TIME DETERMINES THAT A HOLDER OF A SECURITY OF THE [NAME OF THE PUBLICLY TRADED CORPORATION] IS UNSUITABLE TO HOLD THE SECURITY, THEN THE [NAME OF THE PUBLICLY TRADED CORPORATION] MAY, WITHIN SIXTY DAYS AFTER THE FINDING OF UNSUITABILITY, PURCHASE THE SECURITY OF THE UNSUITABLE PERSON AT THE LESSER OF THE AMOUNT IN UNITED STATES DOLLARS OF CASH OR OTHER CONSIDERATION PAID BY THE PERSON FOR THE SECURITY OR THE CURRENT MARKET PRICE AS OF THE DATE OF THE FINDING OF UNSUITABILITY, UNLESS THE SECURITY IS TRANSFERRED TO A SUITABLE PERSON AS DETERMINED BY THE STATE LICENSING AUTHORITY WITHIN SIXTY DAYS AFTER THE FINDING OF UNSUITABILITY. UNTIL THE SECURITY IS OWNED BY PERSONS FOUND BY THE STATE LICENSING AUTHORITY TO BE SUITABLE TO OWN IT, THE [NAME OF THE PUBLICLY TRADED CORPORATION] SHALL NOT BE REQUIRED OR PERMITTED TO PAY ANY DIVIDEND OR INTEREST WITH REGARD TO THE SECURITY; THE HOLDER OF THE SECURITY SHALL NOT BE ENTITLED TO VOTE ON ANY MATTER AS THE HOLDER OF THE SECURITY; AND THE SECURITY SHALL NOT FOR ANY PURPOSES BE INCLUDED AMONG THE SECURITIES OF THE [NAME OF THE PUBLICLY TRADED CORPORATION] ENTITLED TO VOTE, AND THE [NAME OF THE PUBLICLY TRADED CORPORATION] SHALL NOT PAY ANY REMUNERATION IN ANY FORM TO THE HOLDER OF THE SECURITY EXCEPT IN EXCHANGE FOR THE SECURITY AS PROVIDED IN THIS SUBSECTION (4)(c).

(5) A PERSON THAT BECOMES A BENEFICIAL OWNER OF FIVE PERCENT OR MORE OF ANY CLASS OF SECURITY IN A PUBLICLY TRADED CORPORATION THAT IS A RETAIL MARIJUANA ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER MUST APPLY TO THE STATE LICENSING AUTHORITY FOR A FINDING OF SUITABILITY WITHIN FORTY-FIVE DAYS AFTER BECOMING A BENEFICIAL OWNER OR CONTROLLING BENEFICIAL OWNER. WHEN A PERSON

IS OR BECOMES A BENEFICIAL OWNER OF FIVE PERCENT OR MORE OF ANY CLASS OF SECURITY IN THE PUBLICLY TRADED CORPORATION, THE STATE LICENSING AUTHORITY MAY REQUIRE A FINDING OF SUITABILITY OF ANY OFFICER, DIRECTOR, MEMBER, AFFILIATE, OR GREATER-THAN-FIVE-PERCENT BENEFICIAL OWNER IN THAT PERSON. A LICENSEE SHALL NOTIFY EACH PERSON THAT IS SUBJECT TO THIS SUBSECTION (5) OF ITS REQUIREMENTS AS SOON AS THE LICENSEE BECOMES AWARE OF THE BENEFICIAL OWNERSHIP TRIGGERING THE REQUIREMENT, PROVIDED THAT THE OBLIGATIONS OF THE PERSON SUBJECT TO THIS SUBSECTION (5) ARE INDEPENDENT OF, AND UNAFFECTED BY, THE LICENSEE'S FAILURE TO GIVE THE NOTICE.

(6) A PUBLICLY TRADED CORPORATION SHALL PROVIDE THE STATE LICENSING AUTHORITY WITH A DEPOSIT TO COVER THE DIRECT AND INDIRECT COSTS OF ANY INVESTIGATION NECESSARY TO DETERMINE WHETHER OR NOT ANY REQUIRED FINDING OF SUITABILITY SHALL BE ISSUED. THE STATE LICENSING AUTHORITY MAY MAKE FURTHER RULES REGARDING THE DEPOSIT AND DIRECT AND INDIRECT COSTS THAT SHALL BE BILLED AGAINST THE DEPOSIT.

(7) IT IS GROUNDS FOR DENIAL OF A LICENSE OR DISCIPLINARY ACTION IF ANY PERSON, IN CONNECTION WITH THE PURCHASE OR SALE OF ANY SECURITY ISSUED BY A RETAIL MARIJUANA ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER, PLEADS OR IS FOUND GUILTY OF, PLEADS NOLO CONTENDERE TO, IS SUBJECT TO A FINAL CEASE AND DESIST ORDER WITH RESPECT TO AN ORDER OF PERMANENT INJUNCTION ISSUED ON THE BASIS OF, OR IS THE SUBJECT OF A SIMILAR FINAL ACTION TAKEN ON THE BASIS OF, A VIOLATION OF RULE 10b-5 PROMULGATED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION UNDER SECTION 10 (b) OF THE "SECURITIES EXCHANGE ACT OF 1934", AS AMENDED, OR SECTION 11-51-501.

SECTION 14. In Colorado Revised Statutes, 12-43.4-308, **amend** (2); and **add** (3) as follows:

12-43.4-308. Transfer of ownership. (2) For a transfer of ownership, OTHER THAN REALES OR TRANSFERS OF SECURITY IN ORDINARY BROKER TRANSACTIONS BY A BENEFICIAL OWNER OF SECURITIES OF A PUBLICLY TRADED CORPORATION THROUGH AN ESTABLISHED TRADING MARKET, a license holder shall apply to the state licensing authority on forms prepared and furnished by the state licensing authority. Upon receipt

of an application for transfer of ownership, the state licensing authority shall submit, within seven days, a copy of the application to the local jurisdiction to determine whether the transfer complies with local restrictions on transfer of ownership. In determining whether to permit a transfer of ownership, the state licensing authority shall consider only the requirements of this ~~article~~ ARTICLE 43.4, any rules promulgated by the state licensing authority, and any other local restrictions. The local jurisdiction may hold a hearing on the application for transfer of ownership. The local jurisdiction shall not hold a hearing pursuant to this subsection (2) until the local jurisdiction has posted a notice of hearing in the manner described in section 12-43.4-302 (1) on the licensed premises for a period of ten days and has provided notice of the hearing to the applicant at least ten days prior to the hearing. Any transfer of ownership hearing by the state licensing authority shall be held in compliance with the requirements specified in section 12-43.4-304.

(3) ANY TRANSFER OF SECURITIES BY A BENEFICIAL OWNER OF A PUBLICLY TRADED CORPORATION SHALL COMPLY WITH THE PROVISIONS OF SECTIONS 12-43.4-306.5 AND 12-43.4-306.6.

SECTION 15. In Colorado Revised Statutes, 12-43.4-309, amend (3) as follows:

12-43.4-309. Licensing in general. (3) A retail marijuana establishment THAT IS NOT A PUBLICLY TRADED CORPORATION shall notify the state licensing authority in writing of the name, address, and date of birth of ~~an~~ A CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER, officer, or manager before the new CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER, officer, or manager begins managing, owning, or associating with the operation. The CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER, officer, manager, or employee must pass a fingerprint-based criminal history record check as required by the state licensing authority and obtain the required identification prior to being associated with, managing, owning, or working at the operation.

SECTION 16. In Colorado Revised Statutes, amend 12-43.4-407 as follows:

12-43.4-407. Retail marijuana business operator license. A retail marijuana business operator license may be issued to a person ~~who~~ THAT

operates a retail marijuana establishment licensed pursuant to this ~~article~~ ARTICLE 43.4, for ~~an owner~~ ANOTHER RETAIL MARIJUANA ESTABLISHMENT licensed pursuant to this ~~article~~ ARTICLE 43.4, and who may receive a portion of the profits as compensation.

SECTION 17. In Colorado Revised Statutes, 12-43.3-306, **amend** (1) as follows:

12-43.3-306. Denial of application. (1) The state licensing authority shall deny a state license if the premises on which the applicant proposes to conduct its business does not meet the requirements of this article or for reasons set forth in section 12-43.3-104. ~~(1.3)(c)~~ (1.4)(c) or 12-43.3-305, and the state licensing authority may deny a license for good cause as defined by section 12-43.3-104 ~~(1.3)(a) or (1.3)(b)~~ (1.4)(a) OR (1.4)(b).

SECTION 18. Appropriation. (1) For the 2018-19 state fiscal year, \$1,037,452 is appropriated to the department of revenue. This appropriation is from the marijuana cash fund created in section 12-43.3-501 (1)(a), C.R.S. To implement this act, the department may use this appropriation as follows:

(a) \$867,780 for marijuana enforcement, which amount is based on an assumption that the department will require an additional 7.0 FTE;

(b) \$24,750 for vehicle lease payments; and

(c) \$144,922 for the purchase of legal services.

(2) For the 2018-19 state fiscal year, \$24,750 is appropriated to the department of personnel. This appropriation is from reappropriated funds received from the department of revenue under subsection (1)(b) of this section. To implement this act, the department of personnel may use this appropriation for vehicle replacement lease/purchase in fleet management program and motor pool services.

(3) For the 2018-19 state fiscal year, \$14,600 is appropriated to the department of public safety for use by the biometric identification and records unit. This appropriation is from reappropriated funds received from the department of revenue under subsection (1)(a) of this section. To

implement this act, the unit may use this appropriation to provide criminal history record checks for the department of revenue.

(4) For the 2018-19 state fiscal year, \$144,922 is appropriated to the department of law. This appropriation is from reappropriated funds received from the department of revenue under subsection (1)(c) of this section and is based on an assumption that the department of law will require an additional 0.8 FTE. To implement this act, the department of law may use this appropriation to provide legal services for the department of revenue.

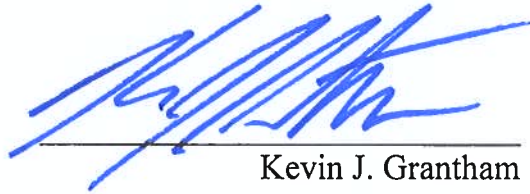
SECTION 19. Applicability. This act applies to applications made on or after January 1, 2019.

SECTION 20. 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.



Crisanta Duran
SPEAKER OF THE HOUSE
OF REPRESENTATIVES



Kevin J. Grantham
PRESIDENT OF
THE SENATE

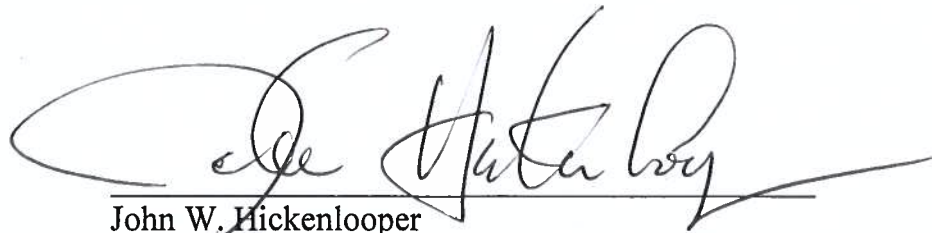


Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES



Effie Ameen
SECRETARY OF
THE SENATE

VETO & DISAPPROVED 4:56 PM 6/5/18



John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO