

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

**PREAMENDED**

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

LLS NO. 18-0325.01 Michael Dohr x4347

**HOUSE BILL 18-1011**

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**HOUSE SPONSORSHIP**

**Pabon,**

**SENATE SPONSORSHIP**

**Neville T. and Jahn,**

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**House Committees**

Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

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

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill redefines the terms "direct beneficial interest" and "permitted economic interest" so that only those who own more than 5% of the shares of stock in a marijuana business have to go through the disclosure and background investigations. The bill repeals the provisions that require limited passive investors to go through an initial background

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

check. The bill repeals the provisions that limit the number of out-of-state direct beneficial owners to 15 persons. The bill repeals the provision that prohibits publicly traded entities from holding a marijuana license.

The bill states that, when the marijuana state licensing authority adopts rules related to ownership by and licensing of publicly traded companies, the rules must be substantively identical to the gaming commission rules for ownership by and licensing of publicly traded companies.

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

2 **SECTION 1.** In Colorado Revised Statutes, 12-43.3-104, **amend**  
3 (1), (1.3), (1.7), (7.5), and (13); **repeal** (12.4) and (14.3); and **add** (1.1),  
4 (1.2), (1.4), (7.3), (12.1), (14.2), and (17) as follows:

5 **12-43.3-104. Definitions.** As used in this article 43.3, unless the  
6 context otherwise requires:

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

16 (1.1) "BENEFICIAL OWNER" IS A HOLDER OF A SECURITY IN  
17 ACCORDANCE WITH SECTION 13 (d) OF THE FEDERAL "SECURITIES  
18 EXCHANGE ACT OF 1934", AS AMENDED, AND RULE 13d-3 PROMULGATED  
19 THEREUNDER.

20 (1.2) "CONTROL", INCLUDING THE TERMS "CONTROLS",  
21 "CONTROLLED", "CONTROLLING", AND "CONTROLLED BY AND UNDER

1 COMMON CONTROL WITH", MEANS THE POSSESSION, DIRECT OR INDIRECT,  
2 OF THE POWER TO DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT  
3 OR POLICIES OF A PERSON, WHETHER THROUGH THE OWNERSHIP OF VOTING  
4 SECURITIES, BY CONTRACT, OR OTHERWISE.

5 (1.3) "Good cause", for purposes of refusing or denying a license  
6 renewal, reinstatement, or initial license issuance, means "CONTROLLING  
7 BENEFICIAL OWNER" MEANS A PERSON THAT:

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

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

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

26 (1.4) "GOOD CAUSE", FOR PURPOSES OF REFUSING OR DENYING A  
27 LICENSE RENEWAL, REINSTATEMENT, OR INITIAL LICENSE ISSUANCE,

1 MEANS:

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

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

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

15 (1.7) ~~"Indirect beneficial interest owner" means a holder of a~~  
16 ~~permitted economic interest, a recipient of a commercially reasonable~~  
17 ~~royalty associated with the use of intellectual property by a licensee, a~~  
18 ~~licensed employee who receives a share of the profits from an employee~~  
19 ~~benefit plan, a qualified institutional investor, or another similarly~~  
20 ~~situated person or entity as determined by the state licensing authority.~~

21 "INDIRECT FINANCIAL INTEREST HOLDER" MEANS A PERSON THAT IS NOT  
22 AN AFFILIATE OF A MEDICAL MARIJUANA BUSINESS AND IS NOT OTHERWISE  
23 IN A POSITION TO EXERCISE CONTROL OVER THE MEDICAL MARIJUANA  
24 BUSINESS AND THAT:

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

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

4 (c) IS A CONTRACT COUNTERPARTY WITH A MEDICAL MARIJUANA  
5 BUSINESS THAT HAS A DIRECT NEXUS TO THE CULTIVATION,  
6 MANUFACTURE, OR SALE OF MARIJUANA, INCLUDING, BUT NOT LIMITED TO,  
7 A LEASE OF REAL PROPERTY ON WHICH THE MEDICAL MARIJUANA BUSINESS  
8 OPERATES, A LEASE OF EQUIPMENT USED IN THE CULTIVATION OF MEDICAL  
9 MARIJUANA, A SECURED OR UNSECURED FINANCING AGREEMENT WITH THE  
10 MEDICAL MARIJUANA BUSINESS, A SECURITY CONTRACT WITH THE  
11 MEDICAL MARIJUANA BUSINESS, OR A MANAGEMENT AGREEMENT WITH  
12 THE MEDICAL MARIJUANA BUSINESS, PROVIDED THAT NO SUCH CONTRACT  
13 COMPENSATES THE CONTRACT COUNTERPARTY WITH A PERCENTAGE OF  
14 REVENUE OR PROFITS OF THE MEDICAL MARIJUANA BUSINESS.

15 (7.3) "MEDICAL MARIJUANA BUSINESS" MEANS A MEDICAL  
16 MARIJUANA CENTER, A MEDICAL MARIJUANA OPTIONAL PREMISES  
17 CULTIVATION OPERATION, A MEDICAL MARIJUANA-INFUSED PRODUCTS  
18 MANUFACTURER, A MEDICAL MARIJUANA TESTING FACILITY, A MEDICAL  
19 MARIJUANA BUSINESS OPERATOR, OR A MEDICAL MARIJUANA  
20 TRANSPORTER.

21 (7.5) "Medical marijuana business operator" means ~~an entity or a~~  
22 ~~person who is not an owner and who~~ THAT is licensed to provide  
23 professional operational services to a medical marijuana ~~establishment~~  
24 BUSINESS for direct remuneration from the medical marijuana  
25 ~~establishment~~ BUSINESS. A MEDICAL MARIJUANA BUSINESS OPERATOR IS  
26 NOT A CONTROLLING BENEFICIAL OWNER, A PASSIVE BENEFICIAL OWNER,  
27 OR AN INDIRECT FINANCIAL INTEREST HOLDER OF ANY MEDICAL

1 MARIJUANA BUSINESS IT OPERATES.

2 (12.1) "PASSIVE BENEFICIAL OWNER" MEANS A PERSON THAT IS  
3 NOT AN AFFILIATE OF A MEDICAL MARIJUANA BUSINESS, IS NOT OTHERWISE  
4 IN A POSITION TO EXERCISE CONTROL OVER THE MEDICAL MARIJUANA  
5 BUSINESS, AND IS THE BENEFICIAL OWNER OF LESS THAN FIVE PERCENT OF  
6 THE SECURITIES OF THE MEDICAL MARIJUANA BUSINESS.

7 (12.4) ~~"Permitted economic interest" means any unsecured~~  
8 ~~convertible debt instrument, option agreement, warrant, or any other right~~  
9 ~~to obtain an ownership interest when the holder of such interest is a~~  
10 ~~natural person who is a lawful United States resident and whose right to~~  
11 ~~convert into an ownership interest is contingent on the holder qualifying~~  
12 ~~and obtaining a license as an owner under this article; or such other~~  
13 ~~agreements as may be permitted by rule of the state licensing authority.~~

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

20 (14.2) "PUBLICLY TRADED CORPORATION" MEANS ANY PERSON  
21 OTHER THAN AN INDIVIDUAL THAT:

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

24 (I) CONSTITUTE "COVERED SECURITIES" UNDER SECTION 18

25 (b)(1)(A) OF THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED; OR

26 (II) ARE QUALIFIED AND LISTED FOR TRADING ON THE OTCQX  
27 TIER OR OTCQB TIER OF THE OTC MARKETS, OR ANY LIKE TIER OF ANY

1 SUCCESSOR TO THE ENTITY, IF THE PERSON IS THEN REQUIRED TO FILE  
2 REPORTS WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION  
3 UNDER THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS  
4 AMENDED, AS IF THE LISTED SECURITIES CONSTITUTED "COVERED  
5 SECURITIES" OR VOLUNTARILY DOES SO;

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

12 (c) IS A COMPANY TRADED ON A "DESIGNATED OFFSHORE  
13 SECURITIES MARKET" AS DEFINED IN 17 CFR 230.902 (b); OR

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

16 (14.3) ~~"Qualified limited passive investor" means a natural person  
17 who is a United States citizen and is a passive investor who owns less  
18 than a five percent share or shares of stock in a licensed medical  
19 marijuana business.~~

20 (17) "SECURITY" MEANS ANY NOTE; STOCK; TREASURY STOCK;  
21 BOND; DEBENTURE; EVIDENCE OF INDEBTEDNESS; CERTIFICATE OF  
22 INTEREST OR PARTICIPATION IN ANY PROFIT-SHARING AGREEMENT;  
23 COLLATERAL-TRUST CERTIFICATE; PREORGANIZATION CERTIFICATE OF  
24 SUBSCRIPTION; TRANSFERABLE SHARE; INVESTMENT CONTRACT; VIATICAL  
25 SETTLEMENT INVESTMENT; VOTING-TRUST CERTIFICATE; CERTIFICATE OF  
26 DEPOSIT FOR A SECURITY; CERTIFICATE OF INTEREST OR PARTICIPATION IN  
27 AN OIL, GAS, OR MINING TITLE OR LEASE OR IN PAYMENTS OUT OF

1 PRODUCTION UNDER SUCH A TITLE OR LEASE; OR, IN GENERAL, ANY  
2 INTEREST OR INSTRUMENT COMMONLY KNOWN AS A "SECURITY" OR ANY  
3 CERTIFICATE OF INTEREST OR PARTICIPATION IN, TEMPORARY OR INTERIM  
4 CERTIFICATE FOR, GUARANTEE OF, OR WARRANT OR RIGHT TO SUBSCRIBE  
5 TO OR PURCHASE ANY OF THE FOREGOING. "SECURITY" DOES NOT INCLUDE  
6 ANY INSURANCE OR ENDOWMENT POLICY OR ANNUITY CONTRACT UNDER  
7 WHICH AN INSURANCE COMPANY PROMISES TO PAY A SUM OF MONEY  
8 EITHER IN A LUMP SUM OR PERIODICALLY FOR LIFE OR SOME OTHER  
9 SPECIFIED PERIOD. FOR PURPOSES OF THIS ARTICLE 43.3, AN "INVESTMENT  
10 CONTRACT" NEED NOT INVOLVE MORE THAN ONE INVESTOR NOR BE  
11 LIMITED TO THOSE CIRCUMSTANCES WHEREIN THERE ARE MULTIPLE  
12 INVESTORS WHO ARE JOINT PARTICIPANTS IN THE SAME ENTERPRISE.

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

16 **12-43.3-202. Powers and duties of state licensing authority -**  
17 **rules.** (2) (a) Rules promulgated pursuant to subsection (1)(b) of this  
18 section may include, but need not be limited to, the following subjects:

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

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



1 OPERATED;

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

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

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

10 (B) PARAMETERS OF, QUALIFICATIONS OF, DISCLOSURE OF,  
11 REQUIREMENTS FOR, AND SUITABILITY OF A PUBLICLY TRADED  
12 CORPORATION THAT IS A MEDICAL MARIJUANA BUSINESS OR THAT IS A  
13 CONTROLLING BENEFICIAL OWNER OR PASSIVE BENEFICIAL OWNER.

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

17 **12-43.3-307. Persons prohibited as licensees.** (1) A license  
18 provided by this ~~article~~ ARTICLE 43.3 shall not be issued to or held by:

19 (c) A ~~corporation~~, PERSON OTHER THAN AN INDIVIDUAL if the  
20 criminal history of any of its ~~officers, directors, or stockholders~~  
21 CONTROLLING BENEFICIAL OWNERS indicates that ~~the officer, director, or~~  
22 ~~stockholder~~ A CONTROLLING BENEFICIAL OWNER is not of good moral  
23 character AFTER CONSIDERING THE FACTORS IN SECTION 24-5-101 (2), OR  
24 ANY PERSON THAT WOULD BE DISQUALIFIED AS A "BAD ACTOR" UNDER  
25 RULE 506 (d) PROMULGATED UNDER THE FEDERAL "SECURITIES ACT OF  
26 1933";

27 (l) A person APPLYING for a license for a location that is currently

1 licensed as a retail food establishment or wholesale food registrant; or

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

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

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

16 **SECTION 4.** In Colorado Revised Statutes, 12-43.3-307.5,  
17 **amend** (1) and (5); **repeal** (2), (3), (4), (6), and (7); and **add** (4.5), (5.5),  
18 (5.7), and (6.5) as follows:

19 **12-43.3-307.5. Business and owner requirements - legislative**  
20 **declaration.** (1) (a) The general assembly hereby finds and declares that:

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

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

27 (III) There is insufficient capital in the state to properly fund the

1 capital needs of Colorado medical marijuana businesses;

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

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

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

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

18 (VII) PUBLICLY TRADED CORPORATIONS OFFERING SECURITIES FOR  
19 INVESTMENT IN MEDICAL MARIJUANA BUSINESSES MUST TELL THE PUBLIC  
20 THE TRUTH ABOUT THEIR BUSINESS, THE SECURITIES THEY ARE SELLING,  
21 AND THE RISKS INVOLVED WITH INVESTING IN MEDICAL MARIJUANA  
22 BUSINESSES, AND PEOPLE WHO SELL AND TRADE SECURITIES RELATED TO  
23 MEDICAL MARIJUANA BUSINESSES ARE PROHIBITED FROM ENGAGING IN  
24 DECEIT, MISREPRESENTATIONS, AND OTHER FRAUD IN THE SALE OF THE  
25 SECURITIES.

26 (b) Therefore, the general assembly is providing a mechanism for  
27 Colorado medical marijuana businesses to access capital from investors

1 in other states AND FROM CERTAIN PUBLICLY TRADED CORPORATIONS  
2 PURSUANT TO THIS SECTION AND SECTION 12-43.3-307.6.

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

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

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

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

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

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

1 ~~legitimate sources of capital.~~

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

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

9 (4.5) PRIOR TO SUBMITTING AN APPLICATION, A PERSON THAT  
10 INTENDS TO BECOME A MEDICAL MARIJUANA BUSINESS OR A CONTROLLING  
11 BENEFICIAL OWNER SHALL DISCLOSE TO THE STATE LICENSING AUTHORITY  
12 A COMPLETE AND ACCURATE LIST OF THE FOLLOWING:

13 (a) ALL OF ITS BENEFICIAL OWNERS OF FIVE PERCENT OR MORE OF  
14 ITS SECURITIES;

15 (b) ALL OF ITS OFFICERS, DIRECTORS, AND AFFILIATES; AND

16 (c) ALL OFFICERS, DIRECTORS, AND GREATER-THAN-FIVE-PERCENT  
17 BENEFICIAL OWNERS OF ANY OF ITS AFFILIATES.

18 (5) (a) A person ~~who~~ THAT intends to apply as a direct beneficial  
19 ~~interest owner and is not a Colorado resident for at least one year prior to~~  
20 ~~the date of application~~ TO BECOME A CONTROLLING BENEFICIAL OWNER  
21 shall first submit a request to the state licensing authority for a finding of  
22 suitability. ~~as a direct beneficial interest owner. The person shall~~ FAILURE  
23 TO PROVIDE ALL REQUESTED INFORMATION IN CONNECTION WITH A  
24 REQUEST FOR A FINDING OF SUITABILITY IS GROUNDS FOR DENIAL OF THAT  
25 FINDING OF SUITABILITY. EVERY PROPOSED CONTROLLING BENEFICIAL  
26 OWNER MUST receive a finding of suitability OR AN EXEMPTION FROM A  
27 FINDING OF SUITABILITY prior to submitting ~~an~~ A MEDICAL MARIJUANA

1 BUSINESS application to the state licensing authority. ~~to be a direct~~  
2 ~~beneficial interest owner~~ Failure to receive a ~~finding~~ ALL REQUIRED  
3 FINDINGS of suitability prior to application is grounds for denial OF AN  
4 APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION AGAINST  
5 THE LICENSEE by the state licensing authority.

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

10 (c) IN ADDITION TO THE REQUIREMENTS OF SUBSECTION (5)(a) OF  
11 THIS SECTION, FOLLOWING THE DISCLOSURE REQUIRED BY SUBSECTION  
12 (4.5) OF THIS SECTION, THE STATE LICENSING AUTHORITY SHALL  
13 DETERMINE WHICH INDIVIDUAL CONTROLLING BENEFICIAL OWNERS AND  
14 AFFILIATES OF EACH CONTROLLING BENEFICIAL OWNER ARE REQUIRED TO  
15 OBTAIN A FINDING OF SUITABILITY PRIOR TO SUBMISSION OF A MEDICAL  
16 MARIJUANA BUSINESS APPLICATION. FAILURE TO PROVIDE ANY  
17 INFORMATION REQUESTED IN CONNECTION WITH A FINDING OF SUITABILITY  
18 MAY ALSO BE GROUNDS FOR DENIAL OF THAT REQUEST FOR FINDING OF  
19 SUITABILITY. ALL INDIVIDUALS SHALL OBTAIN ANY REQUIRED FINDING OF  
20 SUITABILITY PRIOR TO SUBMITTING A MEDICAL MARIJUANA BUSINESS  
21 APPLICATION TO THE STATE LICENSING AUTHORITY.

22 (5.5) IN ITS REASONABLE DISCRETION, AT ANY TIME, THE STATE  
23 LICENSING AUTHORITY MAY REQUIRE ANY PERSON THAT WAS DISCLOSED  
24 OR SHOULD HAVE BEEN DISCLOSED UNDER THIS SECTION OR SECTION  
25 12-43.3-307.6 TO OBTAIN A FINDING OF SUITABILITY. FAILURE TO PROVIDE  
26 ANY INFORMATION REQUESTED IN CONNECTION WITH A FINDING OF  
27 SUITABILITY MAY ALSO BE GROUNDS FOR DENIAL OF THAT REQUEST FOR

1 FINDING OF SUITABILITY. FAILURE OF A PERSON TO OBTAIN ANY REQUIRED  
2 FINDING OF SUITABILITY MAY BE GROUNDS FOR DENIAL OF AN  
3 APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION OF A  
4 LICENSE.

5 (5.7) IF A REQUIRED FINDING OF SUITABILITY IS NOT COMPLETED  
6 WITHIN ONE YEAR FROM THE DATE THE FINDING OF SUITABILITY WAS  
7 REQUESTED, THE STATE LICENSING AUTHORITY SHALL INFORM THE  
8 APPLICANT OR LICENSEE.

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

12 (6.5) A PERSON, OTHER THAN AN INDIVIDUAL, THAT IS A  
13 CONTROLLING BENEFICIAL OWNER SHALL APPOINT AND CONTINUOUSLY  
14 MAINTAIN A REGISTERED AGENT WHO SATISFIES THE REQUIREMENTS OF  
15 SECTION 7-90-701. THE MEDICAL MARIJUANA BUSINESS SHALL INFORM  
16 THE STATE LICENSING AUTHORITY OF A CHANGE IN THE REGISTERED  
17 AGENT WITHIN TEN DAYS OF THE CHANGE.

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

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

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

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

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

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

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

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

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

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

13           **SECTION 5.** In Colorado Revised Statutes, **add 12-43.3-307.6**  
14 **as follows:**

15           **12-43.3-307.6. Licensure and investment requirements for**  
16 **publicly traded corporations.** (1) IN ADDITION TO THE REQUIREMENTS  
17 OF SECTION 12-43.3-307.5, ANY LICENSEE OR CONTROLLING BENEFICIAL  
18 OWNER THAT IS A PUBLICLY TRADED CORPORATION SHALL COMPLY WITH  
19 THIS SECTION.

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

25           (b) TO THE EXTENT REQUIRED BY THE STATE LICENSING  
26 AUTHORITY, WHENEVER ANY REPORT, PROXY OR INFORMATION  
27 STATEMENT, REGISTRATION STATEMENT, SCHEDULE, OR OTHER FILING IS



1 MADE WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR  
2 OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN  
3 PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY, BY OR WITH RESPECT  
4 TO A PUBLICLY TRADED CORPORATION THAT IS A MEDICAL MARIJUANA  
5 BUSINESS OR A CONTROLLING BENEFICIAL OWNER, THE PUBLICLY TRADED  
6 CORPORATION SHALL NOTIFY THE STATE LICENSING AUTHORITY THAT A  
7 FILING HAS TAKEN PLACE AND DISCLOSE A COPY OF THE FILING WITHIN  
8 FIVE DAYS AFTER THE FILING WITH THE FEDERAL SECURITIES AND  
9 EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE,  
10 OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR  
11 REGULATORY BODY.

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

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

26 (3) AFTER COMMENCING ANY OFFERING OF A SECURITY, ANY  
27 PUBLICLY TRADED CORPORATION THAT IS A MEDICAL MARIJUANA

1 BUSINESS, A CONTROLLING BENEFICIAL OWNER, OR A PASSIVE BENEFICIAL  
2 OWNER SHALL NOTIFY THE STATE LICENSING AUTHORITY OF THE PROPOSED  
3 OFFERING IN THE TIME AND MANNER REQUIRED BY THE STATE LICENSING  
4 AUTHORITY. AT A MINIMUM, THE NOTIFICATION MUST OCCUR NOT LATER  
5 THAN THREE BUSINESS DAYS AFTER THE EARLIER OF THE COMMENCEMENT  
6 OF THE OFFERING OR THE INITIAL FILING COVERING THE OFFERING WITH  
7 THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR OTHER  
8 APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN  
9 PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY.

10 (4) A PUBLICLY TRADED CORPORATION THAT IS A MEDICAL  
11 MARIJUANA BUSINESS OR A CONTROLLING BENEFICIAL OWNER OF FIFTY  
12 PERCENT OR MORE OF THE SECURITIES OF A MEDICAL MARIJUANA BUSINESS  
13 SHALL INCLUDE IN ITS BYLAWS THE FOLLOWING PROVISIONS:

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

24 (b) NO SECURITY ISSUED BY THE [NAME OF THE PUBLICLY TRADED  
25 CORPORATION] AND NO INTEREST, CLAIM, OR CHARGE THEREIN OR  
26 THERETO SHALL BE TRANSFERRED IN ANY MANNER WHATSOEVER EXCEPT  
27 IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 43.3 OF TITLE 12,

1 COLORADO REVISED STATUTES, AND THE RULES PROMULGATED  
2 PURSUANT TO THAT ARTICLE 43.3. ANY TRANSFER IN VIOLATION THEREOF  
3 SHALL BE VOID UNTIL THE [NAME OF THE PUBLICLY TRADED  
4 CORPORATION] CEASES TO BE SUBJECT TO THE JURISDICTION OF THE STATE  
5 LICENSING AUTHORITY OR THE STATE LICENSING AUTHORITY, BY  
6 AFFIRMATIVE ACTION, VALIDATES SAID TRANSFER OR WAIVES ANY DEFECT  
7 IN SAID TRANSFER.

8 (c) IF THE STATE LICENSING AUTHORITY AT ANY TIME DETERMINES  
9 THAT A HOLDER OF A SECURITY OF THE [NAME OF THE PUBLICLY TRADED  
10 CORPORATION] IS UNSUITABLE TO HOLD THE SECURITY, THEN THE [NAME  
11 OF THE PUBLICLY TRADED CORPORATION] MAY, WITHIN SIXTY DAYS AFTER  
12 THE FINDING OF UNSUITABILITY, PURCHASE THE SECURITY OF THE  
13 UNSUITABLE PERSON AT THE LESSER OF THE AMOUNT IN UNITED STATES  
14 DOLLARS OF CASH OR OTHER CONSIDERATION PAID BY THE PERSON FOR  
15 THE SECURITY OR THE CURRENT MARKET PRICE AS OF THE DATE OF THE  
16 FINDING OF UNSUITABILITY, UNLESS THE SECURITY IS TRANSFERRED TO A  
17 SUITABLE PERSON AS DETERMINED BY THE STATE LICENSING AUTHORITY  
18 WITHIN SIXTY DAYS AFTER THE FINDING OF UNSUITABILITY. UNTIL THE  
19 SECURITY IS OWNED BY PERSONS FOUND BY THE STATE LICENSING  
20 AUTHORITY TO BE SUITABLE TO OWN IT, THE [NAME OF THE PUBLICLY  
21 TRADED CORPORATION] SHALL NOT BE REQUIRED OR PERMITTED TO PAY  
22 ANY DIVIDEND OR INTEREST WITH REGARD TO THE SECURITY; THE HOLDER  
23 OF THE SECURITY SHALL NOT BE ENTITLED TO VOTE ON ANY MATTER AS  
24 THE HOLDER OF THE SECURITY; AND THE SECURITY SHALL NOT FOR ANY  
25 PURPOSES BE INCLUDED AMONG THE SECURITIES OF THE [NAME OF THE  
26 PUBLICLY TRADED CORPORATION] ENTITLED TO VOTE, AND THE [NAME OF  
27 THE PUBLICLY TRADED CORPORATION] SHALL NOT PAY ANY

1 REMUNERATION IN ANY FORM TO THE HOLDER OF THE SECURITY EXCEPT  
2 IN EXCHANGE FOR THE SECURITY AS PROVIDED IN THIS SUBSECTION (4)(c).

3 (5) A PERSON THAT BECOMES A BENEFICIAL OWNER OF FIVE  
4 PERCENT OR MORE OF ANY CLASS OF SECURITY IN A PUBLICLY TRADED  
5 CORPORATION THAT IS A MEDICAL MARIJUANA BUSINESS OR A  
6 CONTROLLING BENEFICIAL OWNER MUST APPLY TO THE STATE LICENSING  
7 AUTHORITY FOR A FINDING OF SUITABILITY WITHIN FORTY-FIVE DAYS  
8 AFTER BECOMING A BENEFICIAL OWNER OR CONTROLLING BENEFICIAL  
9 OWNER. WHEN A PERSON IS OR BECOMES A BENEFICIAL OWNER OF FIVE  
10 PERCENT OR MORE OF ANY CLASS OF SECURITY IN THE PUBLICLY TRADED  
11 CORPORATION, THE STATE LICENSING AUTHORITY MAY REQUIRE A FINDING  
12 OF SUITABILITY OF ANY OFFICER, DIRECTOR, MEMBER, AFFILIATE, OR  
13 GREATER-THAN-FIVE-PERCENT BENEFICIAL OWNER IN THAT PERSON. A  
14 LICENSEE SHALL NOTIFY EACH PERSON THAT IS SUBJECT TO THIS  
15 SUBSECTION (5) OF ITS REQUIREMENTS AS SOON AS THE LICENSEE  
16 BECOMES AWARE OF THE BENEFICIAL OWNERSHIP TRIGGERING THE  
17 REQUIREMENT, PROVIDED THAT THE OBLIGATIONS OF THE PERSON SUBJECT  
18 TO THIS SUBSECTION (5) ARE INDEPENDENT OF, AND UNAFFECTED BY, THE  
19 LICENSEE'S FAILURE TO GIVE THE NOTICE.

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

27 (7) IT IS GROUNDS FOR DENIAL OF A LICENSE OR DISCIPLINARY

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

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

13 **12-43.3-309. Transfer of ownership. (2)** For a transfer of  
14 ownership, OTHER THAN TRANSFERS OF SECURITIES BY A BENEFICIAL  
15 OWNER OF SECURITIES OF A PUBLICLY TRADED CORPORATION, a license  
16 holder shall apply to the state and local licensing authorities on forms  
17 prepared and furnished by the state licensing authority. In determining  
18 whether to permit a transfer of ownership, the state and local licensing  
19 authorities shall consider only the requirements of this ~~article~~ ARTICLE  
20 43.3, any rules promulgated by the state licensing authority, and any other  
21 local restrictions. The local licensing authority may hold a hearing on the  
22 application for transfer of ownership. The local licensing authority shall  
23 not hold a hearing pursuant to this subsection (2) until the local licensing  
24 authority has posted a notice of hearing in the manner described in section  
25 12-43.3-302 (2) on the licensed medical marijuana center premises for a  
26 period of ten days and has provided notice of the hearing to the applicant  
27 at least ten days prior to the hearing. Any transfer of ownership hearing

1 by the state licensing authority shall be held in compliance with the  
2 requirements specified in section 12-43.3-302.

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

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

8 **12-43.3-310. Licensing in general.** (3) A medical marijuana  
9 center, optional premises cultivation operation, or medical  
10 marijuana-infused products manufacturer BUSINESS THAT IS NOT A  
11 PUBLICLY TRADED CORPORATION shall notify the state licensing authority  
12 in writing within ten days after ~~an~~ A CONTROLLING BENEFICIAL owner,  
13 PASSIVE BENEFICIAL OWNER, officer, or manager ceases to work at,  
14 manage, own, or otherwise be associated with the operation. The  
15 CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER, officer, or  
16 manager shall surrender to the state licensing authority any identification  
17 card that may have been issued by the state licensing authority on or  
18 before the date of the notification.

19 (4) A medical marijuana center, optional premises cultivation  
20 operation, or medical marijuana-infused products manufacturer BUSINESS  
21 THAT IS NOT A PUBLICLY TRADED CORPORATION shall notify the state  
22 licensing authority in writing of the name, address, and date of birth of ~~an~~  
23 A CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER, officer,  
24 or manager before the new CONTROLLING BENEFICIAL owner, officer, or  
25 manager begins managing, owning, or associating with the operation.  
26 Any CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL OWNER,  
27 officer, manager, or employee shall pass a fingerprint-based criminal

1 history record check as required by the state licensing authority and obtain  
2 the required identification prior to being associated with, managing,  
3 owning, or working at the operation.

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

6 **12-43.3-407. Medical marijuana business operator license.** A  
7 medical marijuana business operator license may be issued to ~~an entity or~~  
8 A person ~~who~~ THAT operates a medical marijuana ~~establishment~~ BUSINESS  
9 licensed pursuant to this article 43.3, for ~~an owner~~ ANOTHER MEDICAL  
10 MARIJUANA BUSINESS licensed pursuant to this article 43.3, and ~~who~~ THAT  
11 may receive a portion of the profits as compensation.

12 **SECTION 9.** In Colorado Revised Statutes, 12-43.4-103, **amend**  
13 (1), (1.3), (2.5), (13), (17), and (17.5); **repeal** (12.4) and (14.3); and **add**  
14 (1.1), (1.2), (1.4), (12.1), (14.2), and (22.5) as follows:

15 **12-43.4-103. Definitions.** As used in this article 43.4, unless the  
16 context otherwise requires:

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

26 (1.1) **"BENEFICIAL OWNER"** IS A HOLDER OF A SECURITY IN  
27 ACCORDANCE WITH SECTION 13 (d) OF THE FEDERAL **"SECURITIES**

1 EXCHANGE ACT OF 1934", AS AMENDED, AND RULE 13d-3 PROMULGATED  
2 THEREUNDER.

3 (1.2) "CONTROL", INCLUDING THE TERMS "CONTROLS",  
4 "CONTROLLED", "CONTROLLING", AND "CONTROLLED BY AND UNDER  
5 COMMON CONTROL WITH", MEANS THE POSSESSION, DIRECT OR INDIRECT,  
6 OF THE POWER TO DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT  
7 OR POLICIES OF A PERSON, WHETHER THROUGH THE OWNERSHIP OF VOTING  
8 SECURITIES, BY CONTRACT, OR OTHERWISE.

9 (1.3) ~~"Escorted" means appropriately checked into the limited  
10 access area and accompanied by a person licensed by the state licensing  
11 authority; except that trade craftspeople not normally engaged in the  
12 business of cultivating, processing, or selling retail marijuana need not be  
13 accompanied on a full-time basis, but only reasonably monitored.~~

14 "CONTROLLING BENEFICIAL OWNER" MEANS A PERSON THAT:

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

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

21 (c) IS OTHERWISE IN A POSITION TO EXERCISE CONTROL OF THE  
22 RETAIL MARIJUANA ESTABLISHMENT, EXCEPT AS AUTHORIZED BY SECTION  
23 12-43.4-407.

24 (1.4) "ESCORTED" MEANS APPROPRIATELY CHECKED INTO THE  
25 LIMITED ACCESS AREA AND ACCOMPANIED BY A PERSON LICENSED BY THE  
26 STATE LICENSING AUTHORITY; EXCEPT THAT TRADE CRAFTSPEOPLE NOT  
27 NORMALLY ENGAGED IN THE BUSINESS OF CULTIVATING, PROCESSING, OR



1 SELLING RETAIL MARIJUANA NEED NOT BE ACCOMPANIED ON A FULL-TIME  
2 BASIS, BUT ONLY REASONABLY MONITORED.

3 (2.5) ~~"Indirect beneficial interest owner" means a holder of a~~  
4 ~~permitted economic interest, a recipient of a commercially reasonable~~  
5 ~~royalty associated with the use of intellectual property by a licensee, a~~  
6 ~~licensed employee who receives a share of the profits from an employee~~  
7 ~~benefit plan, a qualified institutional investor, or another similarly~~  
8 ~~situated person or entity as determined by the state licensing authority.~~

9 "INDIRECT FINANCIAL INTEREST HOLDER" MEANS A PERSON THAT IS NOT  
10 AN AFFILIATE OF A RETAIL MARIJUANA ESTABLISHMENT AND IS NOT  
11 OTHERWISE IN A POSITION TO EXERCISE CONTROL OVER THE RETAIL  
12 MARIJUANA ESTABLISHMENT AND THAT:

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

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

19 (c) IS A CONTRACT COUNTERPARTY WITH A RETAIL MARIJUANA  
20 ESTABLISHMENT THAT HAS A DIRECT NEXUS TO THE CULTIVATION,  
21 MANUFACTURE, OR SALE OF MARIJUANA, INCLUDING, BUT NOT LIMITED TO,  
22 A LEASE OF REAL PROPERTY ON WHICH THE RETAIL MARIJUANA  
23 ESTABLISHMENT OPERATES, A LEASE OF EQUIPMENT USED IN THE  
24 CULTIVATION OF RETAIL MARIJUANA, A SECURED OR UNSECURED  
25 FINANCING AGREEMENT WITH THE RETAIL MARIJUANA ESTABLISHMENT, A  
26 SECURITY CONTRACT WITH THE RETAIL MARIJUANA ESTABLISHMENT, OR  
27 A MANAGEMENT AGREEMENT WITH THE RETAIL MARIJUANA

1 ESTABLISHMENT, PROVIDED THAT NO SUCH CONTRACT COMPENSATES THE  
2 CONTRACT COUNTERPARTY WITH A PERCENTAGE OF REVENUE OR PROFITS  
3 OF THE RETAIL MARIJUANA ESTABLISHMENT.

4 (12.1) "PASSIVE BENEFICIAL OWNER" MEANS A PERSON THAT IS  
5 NOT AN AFFILIATE OF A RETAIL MARIJUANA ESTABLISHMENT, IS NOT  
6 OTHERWISE IN A POSITION TO EXERCISE CONTROL OVER THE RETAIL  
7 MARIJUANA ESTABLISHMENT, AND IS THE BENEFICIAL OWNER OF LESS  
8 THAN FIVE PERCENT OF THE SECURITIES OF THE RETAIL MARIJUANA  
9 ESTABLISHMENT.

10 (12.4) ~~"Permitted economic interest" means any unsecured~~  
11 ~~convertible debt instrument, option agreement, warrant, or any other right~~  
12 ~~to obtain an ownership interest when the holder of such interest is a~~  
13 ~~natural person who is a lawful United States resident and whose right to~~  
14 ~~convert into an ownership interest is contingent on the holder qualifying~~  
15 ~~and obtaining a license as an owner under this article or such other~~  
16 ~~agreements as may be permitted by rule by the state licensing authority.~~

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

21 (14.2) "PUBLICLY TRADED CORPORATION" MEANS ANY PERSON  
22 OTHER THAN AN INDIVIDUAL THAT:

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

25 (I) CONSTITUTE "COVERED SECURITIES" UNDER SECTION 18

26 (b)(1)(A) OF THE FEDERAL "SECURITIES ACT OF 1933", AS AMENDED; OR

27 (II) ARE QUALIFIED AND LISTED FOR TRADING ON THE OTCQX

1 TIER OR OTCQB TIER OF THE OTC MARKETS, OR ANY LIKE TIER OF ANY  
2 SUCCESSOR TO THE ENTITY, IF THE PERSON IS THEN REQUIRED TO FILE  
3 REPORTS WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION  
4 UNDER THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", AS  
5 AMENDED, AS IF THE LISTED SECURITIES CONSTITUTED "COVERED  
6 SECURITIES" OR VOLUNTARILY DOES SO;

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

13 (c) IS A COMPANY TRADED ON A "DESIGNATED OFFSHORE  
14 SECURITIES MARKET" AS DEFINED IN 17 CFR 230.902 (b); OR

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

17 (14.3) ~~"Qualified limited passive investor" means a natural person~~  
18 ~~who is a United States citizen and is a passive investor who owns less~~  
19 ~~than a five percent share or shares of stock in a licensed retail marijuana~~  
20 ~~business.~~

21 (17) "Retail marijuana establishment" means a retail marijuana  
22 store, a retail marijuana cultivation facility, a retail marijuana products  
23 manufacturer, ~~or~~ a retail marijuana testing facility, A RETAIL MARIJUANA  
24 ESTABLISHMENT OPERATOR, OR A RETAIL MARIJUANA TRANSPORTER.

25 (17.5) "Retail marijuana establishment operator" means ~~an entity~~  
26 ~~or~~ A person that is not an owner and that is licensed to provide  
27 professional operational services to a retail marijuana establishment for

1 direct remuneration from the retail marijuana establishment. A RETAIL  
2 MARIJUANA ESTABLISHMENT OPERATOR IS NOT A CONTROLLING  
3 BENEFICIAL OWNER, A PASSIVE BENEFICIAL OWNER, OR AN INDIRECT  
4 FINANCIAL INTEREST HOLDER OF ANY RETAIL MARIJUANA ESTABLISHMENT  
5 IT OPERATES.

6 (22.5) "SECURITY" MEANS ANY NOTE; STOCK; TREASURY STOCK;  
7 BOND; DEBENTURE; EVIDENCE OF INDEBTEDNESS; CERTIFICATE OF  
8 INTEREST OR PARTICIPATION IN ANY PROFIT-SHARING AGREEMENT;  
9 COLLATERAL-TRUST CERTIFICATE; PREORGANIZATION CERTIFICATE OF  
10 SUBSCRIPTION; TRANSFERABLE SHARE; INVESTMENT CONTRACT; VIATICAL  
11 SETTLEMENT INVESTMENT; VOTING-TRUST CERTIFICATE; CERTIFICATE OF  
12 DEPOSIT FOR A SECURITY; CERTIFICATE OF INTEREST OR PARTICIPATION IN  
13 AN OIL, GAS, OR MINING TITLE OR LEASE OR IN PAYMENTS OUT OF  
14 PRODUCTION UNDER SUCH A TITLE OR LEASE; OR, IN GENERAL, ANY  
15 INTEREST OR INSTRUMENT COMMONLY KNOWN AS A "SECURITY" OR ANY  
16 CERTIFICATE OF INTEREST OR PARTICIPATION IN, TEMPORARY OR INTERIM  
17 CERTIFICATE FOR, GUARANTEE OF, OR WARRANT OR RIGHT TO SUBSCRIBE  
18 TO OR PURCHASE ANY OF THE FOREGOING. "SECURITY" DOES NOT INCLUDE  
19 ANY INSURANCE OR ENDOWMENT POLICY OR ANNUITY CONTRACT UNDER  
20 WHICH AN INSURANCE COMPANY PROMISES TO PAY A SUM OF MONEY  
21 EITHER IN A LUMP SUM OR PERIODICALLY FOR LIFE OR SOME OTHER  
22 SPECIFIED PERIOD. FOR PURPOSES OF THIS ARTICLE 43.4, AN "INVESTMENT  
23 CONTRACT" NEED NOT INVOLVE MORE THAN ONE INVESTOR NOR BE  
24 LIMITED TO THOSE CIRCUMSTANCES WHEREIN THERE ARE MULTIPLE  
25 INVESTORS WHO ARE JOINT PARTICIPANTS IN THE SAME ENTERPRISE.

26 **SECTION 10.** In Colorado Revised Statutes, 12-43.4-202,  
27 **amend** (3)(a)(III), (3)(a)(XVIII), (3)(a)(XIX), (3)(b) introductory portion,

1 and (3)(b)(V); **repeal** (3)(a)(XX); and **add** (3)(a)(XXI) as follows:

2 **12-43.4-202. Powers and duties of state licensing authority -**

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

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

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

14 (XIX) Nonescorted visitors in limited access areas; ~~and~~

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

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

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

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

27 (b) Rules promulgated pursuant to ~~paragraph (b) of subsection (2)~~

1 SUBSECTION (2)(b) of this section must also include the following  
2 subjects:

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

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

12 **12-43.4-306. Persons prohibited as licensees - definitions.**

13 (1) A license provided by this ~~article~~ ARTICLE 43.4 shall not be issued to  
14 or held by:

15 (c) A person other than an individual if the criminal history of any  
16 of its ~~officers, directors, stockholders, or owners~~ CONTROLLING  
17 BENEFICIAL OWNERS indicates that ~~the officer, director, stockholder, or~~  
18 ~~owner~~ A CONTROLLING BENEFICIAL OWNER is not of good moral character  
19 after considering the factors in section 24-5-101 (2), ~~C.R.S.~~, OR ANY  
20 PERSON THAT WOULD BE DISQUALIFIED AS A "BAD ACTOR" UNDER RULE  
21 506 (d) PROMULGATED UNDER THE FEDERAL "SECURITIES ACT OF 1933";

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

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

25 (m) A PERSON WHOSE CONTROLLING BENEFICIAL OWNER OR  
26 PASSIVE BENEFICIAL OWNER IS FOUND UNSUITABLE BY THE STATE  
27 LICENSING AUTHORITY. TO DETERMINE WHETHER A PERSON IS SUITABLE,

1 THE STATE LICENSING AUTHORITY MAY CONSIDER, BUT IS NOT LIMITED TO,  
2 A PERSON'S FINANCIAL CHARACTER OR RECORD, CRIMINAL CHARACTER OR  
3 RECORD, OR LICENSING CHARACTER OR RECORD.

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

11 **SECTION 12.** In Colorado Revised Statutes, 12-43.4-306.5,  
12 **amend** (1) and (5); **repeal** (2), (3), (4), (6), and (7); and **add** (4.5), (5.5),  
13 (5.7), and (6.5) as follows:

14 **12-43.4-306.5. Business and owner requirements - legislative**  
15 **declaration.** (1) (a) The general assembly hereby finds and declares that:

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

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

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

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

27 (IV.5) UNDER CERTAIN CIRCUMSTANCES, PERMITTING PUBLICLY

1 TRADED CORPORATIONS TO HOLD AN INTEREST IN RETAIL MARIJUANA  
2 ESTABLISHMENTS WILL BENEFIT COLORADO'S RETAIL MARIJUANA MARKET;

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

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

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

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

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



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

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

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

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

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

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

1 ~~subsidiary entities.~~

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

4 (4.5) PRIOR TO SUBMITTING AN APPLICATION, A PERSON THAT  
5 INTENDS TO BECOME A RETAIL MARIJUANA ESTABLISHMENT OR A  
6 CONTROLLING BENEFICIAL OWNER SHALL DISCLOSE TO THE STATE  
7 LICENSING AUTHORITY A COMPLETE AND ACCURATE LIST OF THE  
8 FOLLOWING:

9 (a) ALL OF ITS BENEFICIAL OWNERS OF FIVE PERCENT OR MORE OF  
10 ITS SECURITIES;

11 (b) ALL OF ITS OFFICERS, DIRECTORS, AND AFFILIATES; AND

12 (c) ALL OFFICERS, DIRECTORS, AND GREATER-THAN-FIVE-PERCENT  
13 BENEFICIAL OWNERS OF ANY OF ITS AFFILIATES.

14 (5) (a) A person ~~who~~ THAT intends to apply as a direct beneficial  
15 ~~interest owner and is not a Colorado resident for at least one year prior to~~  
16 ~~the date of application~~ TO BECOME A CONTROLLING BENEFICIAL OWNER  
17 shall first submit a request to the state licensing authority for a finding of  
18 suitability. ~~as a direct beneficial interest owner. The person shall~~ FAILURE  
19 TO PROVIDE ALL REQUESTED INFORMATION IN CONNECTION WITH A  
20 REQUEST FOR A FINDING OF SUITABILITY IS GROUNDS FOR DENIAL OF THAT  
21 FINDING OF SUITABILITY. EVERY PROPOSED CONTROLLING BENEFICIAL  
22 OWNER MUST receive a finding of suitability OR AN EXEMPTION FROM A  
23 FINDING OF SUITABILITY prior to submitting ~~an~~ A RETAIL MARIJUANA  
24 ESTABLISHMENT application to the state licensing authority. ~~to be a direct~~  
25 ~~beneficial interest owner.~~ Failure to receive a finding ALL REQUIRED  
26 FINDINGS of suitability prior to application is grounds for denial of AN  
27 APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION AGAINST

1 THE LICENSEE by the state licensing authority.

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

6 (c) IN ADDITION TO THE REQUIREMENTS OF SUBSECTION (5)(a) OF  
7 THIS SECTION, FOLLOWING THE DISCLOSURE REQUIRED BY SUBSECTION  
8 (4.5) OF THIS SECTION, THE STATE LICENSING AUTHORITY SHALL  
9 DETERMINE WHICH INDIVIDUAL CONTROLLING BENEFICIAL OWNERS AND  
10 AFFILIATES OF EACH CONTROLLING BENEFICIAL OWNER ARE REQUIRED TO  
11 OBTAIN A FINDING OF SUITABILITY PRIOR TO SUBMISSION OF A RETAIL  
12 MARIJUANA ESTABLISHMENT APPLICATION. FAILURE TO PROVIDE ANY  
13 INFORMATION REQUESTED IN CONNECTION WITH A FINDING OF SUITABILITY  
14 MAY ALSO BE GROUNDS FOR DENIAL OF THAT REQUEST FOR FINDING OF  
15 SUITABILITY. ALL INDIVIDUALS MUST OBTAIN ANY REQUIRED FINDING OF  
16 SUITABILITY PRIOR TO SUBMITTING A RETAIL MARIJUANA ESTABLISHMENT  
17 APPLICATION TO THE STATE LICENSING AUTHORITY.

18 (5.5) IN ITS REASONABLE DISCRETION, AT ANY TIME, THE STATE  
19 LICENSING AUTHORITY MAY REQUIRE ANY PERSON THAT WAS DISCLOSED  
20 OR SHOULD HAVE BEEN DISCLOSED UNDER THIS SECTION OR SECTION  
21 12-43.4-306.6 TO OBTAIN A FINDING OF SUITABILITY. FAILURE TO PROVIDE  
22 ANY INFORMATION REQUESTED IN CONNECTION WITH A FINDING OF  
23 SUITABILITY MAY ALSO BE GROUNDS FOR DENIAL OF THAT REQUEST FOR  
24 FINDING OF SUITABILITY. FAILURE OF A PERSON TO OBTAIN ANY REQUIRED  
25 FINDING OF SUITABILITY MAY BE GROUNDS FOR DENIAL OF AN  
26 APPLICATION OR SUSPENSION, REVOCATION, OR OTHER SANCTION OF A  
27 LICENSE.

1 (5.7) IF A REQUIRED FINDING OF SUITABILITY IS NOT COMPLETED  
2 WITHIN ONE YEAR FROM THE DATE THE FINDING OF SUITABILITY WAS  
3 REQUESTED, THE STATE LICENSING AUTHORITY SHALL INFORM THE  
4 APPLICANT OR LICENSEE.

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

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

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

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

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

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

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

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

25 (f) ~~An employee benefit plan or pension fund that is subject to the  
26 federal "Employee Retirement Income Security Act of 1974", as  
27 amended, excluding an employee benefit plan or pension fund sponsored~~

1 by a licensee or an intermediary or holding company licensee that directly  
2 or indirectly owns five percent or more of a licensee;

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

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

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

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

10 **12-43.4-306.6. Licensure and investment requirements for**  
11 **publicly traded corporations.** (1) IN ADDITION TO THE REQUIREMENTS  
12 OF SECTION 12-43.4-306.5, ANY LICENSEE OR CONTROLLING BENEFICIAL  
13 OWNER THAT IS A PUBLICLY TRADED CORPORATION SHALL COMPLY WITH  
14 THIS SECTION.

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

20 (b) TO THE EXTENT REQUIRED BY THE STATE LICENSING  
21 AUTHORITY, WHENEVER ANY REPORT, PROXY OR INFORMATION  
22 STATEMENT, REGISTRATION STATEMENT, SCHEDULE, OR OTHER FILING IS  
23 MADE WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION OR  
24 OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE CASE OF A FOREIGN  
25 PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY, BY OR WITH RESPECT  
26 TO A PUBLICLY TRADED CORPORATION THAT IS A RETAIL MARIJUANA  
27 ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER, THE PUBLICLY

1     TRADED CORPORATION SHALL NOTIFY THE STATE LICENSING AUTHORITY  
2     THAT A FILING HAS TAKEN PLACE AND DISCLOSE A COPY OF THE FILING  
3     WITHIN FIVE DAYS AFTER THE FILING WITH THE FEDERAL SECURITIES AND  
4     EXCHANGE COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE,  
5     OR, IN THE CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR  
6     REGULATORY BODY.

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

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

21            (3) AFTER COMMENCING ANY OFFERING OF A SECURITY, ANY  
22    PUBLICLY TRADED CORPORATION THAT IS A RETAIL MARIJUANA  
23    ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER OR PASSIVE  
24    BENEFICIAL OWNER SHALL NOTIFY THE STATE LICENSING AUTHORITY OF  
25    THE PROPOSED OFFERING IN THE TIME AND MANNER REQUIRED BY THE  
26    STATE LICENSING AUTHORITY. AT A MINIMUM, THE NOTIFICATION MUST  
27    OCCUR NOT LATER THAN THREE BUSINESS DAYS AFTER THE EARLIER OF

1 THE COMMENCEMENT OF THE OFFERING OR THE INITIAL FILING COVERING  
2 THE OFFERING WITH THE FEDERAL SECURITIES AND EXCHANGE  
3 COMMISSION OR OTHER APPLICABLE SECURITIES EXCHANGE, OR, IN THE  
4 CASE OF A FOREIGN PRIVATE ISSUER, ANY SIMILAR REGULATORY BODY.

5 (4) A PUBLICLY TRADED CORPORATION THAT IS A RETAIL  
6 MARIJUANA ESTABLISHMENT OR A CONTROLLING BENEFICIAL OWNER OF  
7 FIFTY PERCENT OR MORE OF THE SECURITIES OF A RETAIL MARIJUANA  
8 ESTABLISHMENT SHALL INCLUDE IN ITS BYLAWS THE FOLLOWING  
9 PROVISIONS:

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

20 (b) NO SECURITY ISSUED BY THE [NAME OF THE PUBLICLY TRADED  
21 CORPORATION] AND NO INTEREST, CLAIM, OR CHARGE THEREIN OR  
22 THERETO SHALL BE TRANSFERRED IN ANY MANNER WHATSOEVER EXCEPT  
23 IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 43.4 OF TITLE 12,  
24 COLORADO REVISED STATUTES, AND THE RULES PROMULGATED  
25 PURSUANT TO THAT ARTICLE 43.3. ANY TRANSFER IN VIOLATION THEREOF  
26 SHALL BE VOID UNTIL THE [NAME OF THE PUBLICLY TRADED  
27 CORPORATION] CEASES TO BE SUBJECT TO THE JURISDICTION OF THE STATE

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

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

26 (5) A PERSON THAT BECOMES A BENEFICIAL OWNER OF FIVE  
27 PERCENT OR MORE OF ANY CLASS OF SECURITY IN A PUBLICLY TRADED



1 CORPORATION THAT IS A RETAIL MARIJUANA ESTABLISHMENT OR A  
2 CONTROLLING BENEFICIAL OWNER MUST APPLY TO THE STATE LICENSING  
3 AUTHORITY FOR A FINDING OF SUITABILITY WITHIN FORTY-FIVE DAYS  
4 AFTER BECOMING A BENEFICIAL OWNER OR CONTROLLING BENEFICIAL  
5 OWNER. WHEN A PERSON IS OR BECOMES A BENEFICIAL OWNER OF FIVE  
6 PERCENT OR MORE OF ANY CLASS OF SECURITY IN THE PUBLICLY TRADED  
7 CORPORATION, THE STATE LICENSING AUTHORITY MAY REQUIRE A FINDING  
8 OF SUITABILITY OF ANY OFFICER, DIRECTOR, MEMBER, AFFILIATE, OR  
9 GREATER-THAN-FIVE-PERCENT BENEFICIAL OWNER IN THAT PERSON. A  
10 LICENSEE SHALL NOTIFY EACH PERSON THAT IS SUBJECT TO THIS  
11 SUBSECTION (5) OF ITS REQUIREMENTS AS SOON AS THE LICENSEE  
12 BECOMES AWARE OF THE BENEFICIAL OWNERSHIP TRIGGERING THE  
13 REQUIREMENT, PROVIDED THAT THE OBLIGATIONS OF THE PERSON SUBJECT  
14 TO THIS SUBSECTION (5) ARE INDEPENDENT OF, AND UNAFFECTED BY, THE  
15 LICENSEE'S FAILURE TO GIVE THE NOTICE.

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

23 (7) IT IS GROUNDS FOR DENIAL OF A LICENSE OR DISCIPLINARY  
24 ACTION IF ANY PERSON, IN CONNECTION WITH THE PURCHASE OR SALE OF  
25 ANY SECURITY ISSUED BY A RETAIL MARIJUANA ESTABLISHMENT OR A  
26 CONTROLLING BENEFICIAL OWNER, IS FOUND GUILTY OF, PLEADS NOLO  
27 CONTENDERE TO, IS SUBJECT TO A FINAL CEASE AND DESIST ORDER WITH

1 RESPECT TO A PERMANENT INJUNCTION OR ORDER OF PERMANENT  
2 INJUNCTION ISSUED ON THE BASIS OF, OR IS THE SUBJECT OF A SIMILAR  
3 FINAL ACTION TAKEN ON THE BASIS OF, A VIOLATION OF RULE 10b-5  
4 PROMULGATED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION  
5 UNDER SECTION 10 (b) OF THE "SECURITIES EXCHANGE ACT OF 1934", AS  
6 AMENDED, OR SECTION 11-51-501.

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

9 **12-43.4-308. Transfer of ownership.** (2) For a transfer of  
10 ownership, OTHER THAN TRANSFERS OF SECURITIES BY A BENEFICIAL  
11 OWNER OF SECURITIES OF A PUBLICLY TRADED CORPORATION, a license  
12 holder shall apply to the state licensing authority on forms prepared and  
13 furnished by the state licensing authority. Upon receipt of an application  
14 for transfer of ownership, the state licensing authority shall submit, within  
15 seven days, a copy of the application to the local jurisdiction to determine  
16 whether the transfer complies with local restrictions on transfer of  
17 ownership. In determining whether to permit a transfer of ownership, the  
18 state licensing authority shall consider only the requirements of this  
19 ~~article~~ ARTICLE 43.4, any rules promulgated by the state licensing  
20 authority, and any other local restrictions. The local jurisdiction may hold  
21 a hearing on the application for transfer of ownership. The local  
22 jurisdiction shall not hold a hearing pursuant to this subsection (2) until  
23 the local jurisdiction has posted a notice of hearing in the manner  
24 described in section 12-43.4-302 (1) on the licensed premises for a period  
25 of ten days and has provided notice of the hearing to the applicant at least  
26 ten days prior to the hearing. Any transfer of ownership hearing by the  
27 state licensing authority shall be held in compliance with the requirements

1 specified in section 12-43.4-304.

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

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

7 **12-43.4-309. Licensing in general.** (3) A retail marijuana  
8 establishment THAT IS NOT A PUBLICLY TRADED CORPORATION shall notify  
9 the state licensing authority in writing of the name, address, and date of  
10 birth of ~~an~~ A CONTROLLING BENEFICIAL owner, PASSIVE BENEFICIAL  
11 OWNER, officer, or manager before the new CONTROLLING BENEFICIAL  
12 owner, PASSIVE BENEFICIAL OWNER, officer, or manager begins managing,  
13 owning, or associating with the operation. The CONTROLLING BENEFICIAL  
14 owner, PASSIVE BENEFICIAL OWNER, officer, manager, or employee must  
15 pass a fingerprint-based criminal history record check as required by the  
16 state licensing authority and obtain the required identification prior to  
17 being associated with, managing, owning, or working at the operation.

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

20 **12-43.4-407. Retail marijuana business operator license.** A  
21 retail marijuana business operator license may be issued to a person ~~who~~  
22 THAT operates a retail marijuana establishment licensed pursuant to this  
23 ~~article~~ ARTICLE 43.4, for ~~an owner~~ ANOTHER RETAIL MARIJUANA  
24 ESTABLISHMENT licensed pursuant to this ~~article~~ ARTICLE 43.4, and who  
25 may receive a portion of the profits as compensation.

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

1           **12-43.3-306. Denial of application.** (1) The state licensing  
2 authority shall deny a state license if the premises on which the applicant  
3 proposes to conduct its business does not meet the requirements of this  
4 article or for reasons set forth in section 12-43.3-104 ~~(1.3)(e)~~ (1.4)(c) or  
5 12-43.3-305, and the state licensing authority may deny a license for good  
6 cause as defined by section 12-43.3-104 ~~(1.3)(a) or (1.3)(b)~~ (1.4)(a) OR  
7 (1.4)(b).

8           **SECTION 18. Appropriation.** (1) For the 2018-19 state fiscal  
9 year, \$1,028,722 is appropriated to the department of revenue. This  
10 appropriation is from the marijuana cash fund created in section  
11 12-43.3-501 (1)(a), C.R.S. To implement this act, the department may use  
12 this appropriation as follows:

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

15           (b) \$16,020 for vehicle lease payments; and

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

17           (2) For the 2018-19 state fiscal year, \$16,020 is appropriated to  
18 the department of personnel. This appropriation is from reappropriated  
19 funds received from the department of revenue under subsection (1)(b)  
20 of this section. To implement this act, the department of personnel may  
21 use this appropriation for vehicle replacement lease/purchase in fleet  
22 management program and motor pool services.

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

1 history record checks for the department of revenue.

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

9 **SECTION 19. Safety clause.** The general assembly hereby finds,  
10 determines, and declares that this act is necessary for the immediate  
11 preservation of the public peace, health, and safety.