

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0971.01 Jacob Baus x2173

SENATE BILL 22-178

SENATE SPONSORSHIP

Gonzales,

HOUSE SPONSORSHIP

Valdez A. and Van Winkle,

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING THE ABILITY FOR CERTAIN MARIJUANA LICENSEES TO
102 CHANGE THE DESIGNATION OF MARIJUANA FROM MEDICAL TO
103 RETAIL.

Bill Summary

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

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

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

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

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

2 **SECTION 1.** In Colorado Revised Statutes, 44-10-502, **add** (9.5)
3 as follows:

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

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

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

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

9 (II) PRIOR TO MAKING A TRANSFER PURSUANT TO THIS SUBSECTION
10 (9.5)(b), THE MEDICAL MARIJUANA CULTIVATION FACILITY MUST RECEIVE
11 APPROVAL FROM THE STATE LICENSING AUTHORITY THAT THE MEDICAL
12 MARIJUANA CULTIVATION FACILITY AND THE RETAIL MARIJUANA
13 CULTIVATION FACILITY SATISFY THE REQUIREMENTS OF THIS SUBSECTION
14 (9.5)(b). ONCE A MEDICAL MARIJUANA CULTIVATION FACILITY RECEIVES
15 APPROVAL, ANY SUBSEQUENT TRANSFER DOES NOT REQUIRE A SEPARATE
16 APPROVAL.

17 (c) BOTH THE MEDICAL MARIJUANA CULTIVATION FACILITY AND
18 THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL REMAIN AT OR
19 UNDER THEIR RESPECTIVE REGULATED INVENTORY LIMITS BEFORE AND
20 AFTER THE TRANSFER IS CONDUCTED PURSUANT TO THIS SUBSECTION
21 (9.5).

22 (d) THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL PAY
23 ANY RETAIL MARIJUANA EXCISE TAX PURSUANT TO SECTION 39-28.8-302.

24 **SECTION 2.** In Colorado Revised Statutes, 44-10-602, **add**
25 (13.5) as follows:

26 **44-10-602. Retail marijuana cultivation facility license - rules**
27 **- definitions.** (13.5) (a) AFTER OBTAINING PASSING TESTING RESULTS, A

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

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

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

25 (B) THE RETAIL MARIJUANA CULTIVATION FACILITY AND MEDICAL
26 MARIJUANA CULTIVATION FACILITY CANNOT BE CO-LOCATED BECAUSE THE
27 LOCAL JURISDICTION PROHIBITS THE OPERATION OF EITHER A MEDICAL

1 MARIJUANA CULTIVATION FACILITY OR A RETAIL MARIJUANA CULTIVATION
2 FACILITY.

3 (II) PRIOR TO MAKING A TRANSFER PURSUANT TO THIS SUBSECTION
4 (13.5)(b), THE RETAIL MARIJUANA CULTIVATION FACILITY MUST RECEIVE
5 APPROVAL FROM THE STATE LICENSING AUTHORITY THAT THE RETAIL
6 MARIJUANA CULTIVATION FACILITY AND THE MEDICAL MARIJUANA
7 CULTIVATION FACILITY SATISFY THE REQUIREMENTS OF THIS SUBSECTION
8 (13.5)(b). ONCE A MEDICAL MARIJUANA CULTIVATION FACILITY RECEIVES
9 APPROVAL, ANY SUBSEQUENT TRANSFER DOES NOT REQUIRE A SEPARATE
10 APPROVAL.

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

15 (d) THE RETAIL MARIJUANA CULTIVATION FACILITY SHALL PAY
16 ANY RETAIL MARIJUANA EXCISE TAX PURSUANT TO SECTION 39-28.8-302.

17 **SECTION 3. Effective date.** This act takes effect July 1, 2022.

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