

An Act

HOUSE BILL 17-1367

BY REPRESENTATIVE(S) Pabon and Arndt, Ginal, Gray, Hansen, Herod, Hooton, Jackson, Kennedy, Kraft-Tharp, Lebsack, Lontine, Melton, Michaelson Jenet, Pettersen, Rosenthal, Singer, Duran; also SENATOR(S) Jahn and Baumgardner, Coram, Crowder, Hill, Holbert, Kefalas, Neville T., Smallwood, Sonnenberg, Grantham.

CONCERNING MARIJUANA RESEARCH AUTHORIZATION, 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, 12-43.3-202, amend (2)(a) introductory portion, (2)(a)(XX), and (2)(a)(XXI); and add (2)(a)(XXII) as follows:

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

(XX) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this article, and ARTICLE 43.3;

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

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

(XXII) MARIJUANA RESEARCH AND DEVELOPMENT LICENSES AND MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSES, INCLUDING APPLICATION REQUIREMENTS; RENEWAL REQUIREMENTS, INCLUDING WHETHER ADDITIONAL RESEARCH PROJECTS MAY BE ADDED OR CONSIDERED; CONDITIONS FOR LICENSE REVOCATION; SECURITY MEASURES TO ENSURE MARIJUANA IS NOT DIVERTED TO PURPOSES OTHER THAN RESEARCH; THE AMOUNT OF PLANTS, USEABLE MARIJUANA, MARIJUANA CONCENTRATES, OR MARIJUANA-INFUSED PRODUCTS A LICENSEE MAY HAVE ON ITS PREMISES; LICENSEE REPORTING REQUIREMENTS; THE CONDITIONS UNDER WHICH MARIJUANA POSSESSED BY MEDICAL MARIJUANA LICENSEES MAY BE DONATED TO MARIJUANA RESEARCH AND DEVELOPMENT LICENSEES AND MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEES; PROVISIONS TO PREVENT CONTAMINATION; REQUIREMENTS FOR DESTRUCTION OF MARIJUANA AFTER THE RESEARCH IS CONCLUDED; AND ANY ADDITIONAL REQUIREMENTS.

SECTION 2. In Colorado Revised Statutes, 12-43.3-301, amend (1)(d); and add (1)(g) and (1)(h) as follows:

12-43.3-301. Local licensing authority - applications - licenses.

(1) A local licensing authority may issue only the following medical marijuana licenses upon payment of the fee and compliance with all local licensing requirements to be determined by the local licensing authority:

(d) A medical marijuana testing facility license; and

(g) A MARIJUANA RESEARCH AND DEVELOPMENT LICENSE; AND

(h) A MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSE.

SECTION 3. In Colorado Revised Statutes, 12-43.3-401, amend (1) introductory portion; and add (1)(g) and (1)(h) as follows:

12-43.3-401. Classes of licenses. (1) For the purpose of regulating the cultivation, manufacture, distribution, and sale of medical marijuana,

the state licensing authority in its discretion, upon application in the prescribed form made to it, may issue and grant to the applicant a license from any of the following classes, subject to the provisions and restrictions provided by this ~~article~~ ARTICLE 43.3:

(g) MARIJUANA RESEARCH AND DEVELOPMENT LICENSE; AND

(h) MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSE.

SECTION 4. In Colorado Revised Statutes, add 12-43.3-409 as follows:

12-43.3-409. Marijuana research and development license - marijuana research and development cultivation license - definition.

(1) (a) A MARIJUANA RESEARCH AND DEVELOPMENT LICENSE MAY BE ISSUED TO A PERSON TO POSSESS MARIJUANA FOR THE LIMITED RESEARCH PURPOSES IDENTIFIED IN SUBSECTION (2) OF THIS SECTION.

(b) A MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSE MAY BE ISSUED TO A PERSON TO GROW, CULTIVATE, POSSESS, AND TRANSFER, BY SALE OR DONATION, MARIJUANA PURSUANT TO SECTION 12-43.3-202 (2)(a)(XXII) OR SUBSECTION (4) OF THIS SECTION FOR THE LIMITED RESEARCH PURPOSES IDENTIFIED IN SUBSECTION (2) OF THIS SECTION.

(2) A LICENSE IDENTIFIED IN SUBSECTION (1) OF THIS SECTION MAY BE ISSUED FOR THE FOLLOWING LIMITED RESEARCH PURPOSES:

(a) TO TEST CHEMICAL POTENCY AND COMPOSITION LEVELS;

(b) TO CONDUCT CLINICAL INVESTIGATIONS OF MARIJUANA-DERIVED MEDICINAL PRODUCTS;

(c) TO CONDUCT RESEARCH ON THE EFFICACY AND SAFETY OF ADMINISTERING MARIJUANA AS PART OF MEDICAL TREATMENT;

(d) TO CONDUCT GENOMIC, HORTICULTURAL, OR AGRICULTURAL RESEARCH; AND

(e) TO CONDUCT RESEARCH ON MARIJUANA-AFFILIATED PRODUCTS OR SYSTEMS.

(3) (a) AS PART OF THE APPLICATION PROCESS FOR A MARIJUANA RESEARCH AND DEVELOPMENT LICENSE OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSE, AN APPLICANT SHALL SUBMIT TO THE STATE LICENSING AUTHORITY A DESCRIPTION OF THE RESEARCH THAT THE APPLICANT INTENDS TO CONDUCT AND WHETHER THE RESEARCH WILL BE CONDUCTED WITH A PUBLIC INSTITUTION OR USING PUBLIC MONEY. IF THE RESEARCH WILL NOT BE CONDUCTED WITH A PUBLIC INSTITUTION OR WITH PUBLIC MONEY, THE STATE LICENSING AUTHORITY SHALL GRANT THE APPLICATION IF IT DETERMINES THAT THE APPLICATION MEETS THE CRITERIA IN SUBSECTION (2) OF THIS SECTION.

(b) IF THE RESEARCH WILL BE CONDUCTED WITH A PUBLIC INSTITUTION OR PUBLIC MONEY, THE SCIENTIFIC ADVISORY COUNCIL ESTABLISHED IN SECTION 25-1.5-106.5 (3) SHALL REVIEW AN APPLICANT'S RESEARCH PROJECT TO DETERMINE THAT IT MEETS THE REQUIREMENTS OF SUBSECTION (2) OF THIS SECTION AND TO ASSESS THE FOLLOWING:

(I) THE PROJECT'S QUALITY, STUDY DESIGN, VALUE, OR IMPACT;

(II) WHETHER THE APPLICANT HAS THE APPROPRIATE PERSONNEL; EXPERTISE; FACILITIES; INFRASTRUCTURE; FUNDING; AND HUMAN, ANIMAL, OR OTHER APPROVALS IN PLACE TO SUCCESSFULLY CONDUCT THE PROJECT; AND

(III) WHETHER THE AMOUNT OF MARIJUANA TO BE GROWN BY THE APPLICANT IS CONSISTENT WITH THE PROJECT'S SCOPE AND GOALS.

(c) IF THE SCIENTIFIC ADVISORY COUNCIL DETERMINES THAT THE RESEARCH PROJECT DOES NOT MEET THE REQUIREMENTS OF SUBSECTION (2) OF THIS SECTION OR ASSESSES THE CRITERIA IN THIS SUBSECTION (3) TO BE INADEQUATE, THE APPLICATION MUST BE DENIED.

(4) A MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEE MAY ONLY TRANSFER, BY SALE OR DONATION, MARIJUANA GROWN WITHIN ITS OPERATION TO OTHER MARIJUANA RESEARCH AND DEVELOPMENT LICENSEES OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEES. THE STATE LICENSING AUTHORITY MAY REVOKE

A MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSE FOR VIOLATIONS OF THIS SUBSECTION (4) AND ANY OTHER VIOLATION OF THIS ARTICLE 43.3.

(5) A MARIJUANA RESEARCH AND DEVELOPMENT LICENSEE OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEE MAY CONTRACT TO PERFORM RESEARCH IN CONJUNCTION WITH A PUBLIC HIGHER EDUCATION RESEARCH INSTITUTION OR ANOTHER MARIJUANA RESEARCH AND DEVELOPMENT LICENSEE OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEE.

(6) THE GROWING, CULTIVATING, POSSESSING, OR TRANSFERRING, BY SALE OR DONATION, OF MARIJUANA IN ACCORDANCE WITH THIS SECTION AND THE RULES ADOPTED PURSUANT TO IT, BY A MARIJUANA RESEARCH AND DEVELOPMENT LICENSEE OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEE, IS NOT A CRIMINAL OR CIVIL OFFENSE UNDER STATE LAW. A MARIJUANA RESEARCH AND DEVELOPMENT LICENSE OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSE MUST BE ISSUED IN THE NAME OF THE APPLICANT AND MUST SPECIFY THE LOCATION IN COLORADO AT WHICH THE MARIJUANA RESEARCH AND DEVELOPMENT LICENSEE OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEE INTENDS TO OPERATE. A MARIJUANA RESEARCH AND DEVELOPMENT LICENSEE OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEE SHALL NOT ALLOW ANY OTHER PERSON TO EXERCISE THE PRIVILEGE OF THE LICENSE.

(7) IF THE RESEARCH CONDUCTED INCLUDES A PUBLIC INSTITUTION OR PUBLIC MONEY, THE SCIENTIFIC ADVISORY COUNCIL SHALL REVIEW ANY REPORTS MADE BY MARIJUANA RESEARCH AND DEVELOPMENT LICENSEES AND MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEES UNDER STATE LICENSING AUTHORITY RULE AND PROVIDE THE STATE LICENSING AUTHORITY WITH ITS DETERMINATION ON WHETHER THE RESEARCH PROJECT CONTINUES TO MEET RESEARCH QUALIFICATIONS PURSUANT TO THIS SECTION.

SECTION 5. In Colorado Revised Statutes, 12-43.3-405, **amend** (1) as follows:

12-43.3-405. Medical marijuana testing facility license - rules.
(1) A medical marijuana testing facility license may be issued to a person

who performs testing and research on medical marijuana for medical marijuana licensees, MEDICAL MARIJUANA AND MEDICAL MARIJUANA-INFUSED PRODUCTS FOR MARIJUANA AND RESEARCH DEVELOPMENT LICENSEES AND MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEES, AND MARIJUANA OR MARIJUANA-INFUSED PRODUCTS GROWN OR PRODUCED BY A REGISTERED PATIENT OR REGISTERED PRIMARY CAREGIVER ON BEHALF OF A REGISTERED PATIENT, UPON VERIFICATION OF REGISTRATION PURSUANT TO SECTION 25-1.5-106 (7)(e) AND VERIFICATION THAT THE PATIENT IS A PARTICIPANT IN A CLINICAL OR OBSERVATIONAL STUDY CONDUCTED BY A MARIJUANA RESEARCH AND DEVELOPMENT LICENSEE OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEE. The facility may develop and test medical marijuana products.

SECTION 6. In Colorado Revised Statutes, 25-1.5-106.5, amend (5) as follows:

25-1.5-106.5. Medical marijuana health research grant program. (5) Sources of marijuana. (a) The attorney general shall seek authority from the federal government to permit Colorado institutions of higher education to contract with the national institute of drug abuse to cultivate marijuana and its component parts for use in research studies funded pursuant to this section.

(b) A PERSON WHO HOLDS AN OPTIONAL PREMISES CULTIVATION LICENSE OR MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURING LICENSE ISSUED PURSUANT TO PART 4 OF ARTICLE 43.3 OF TITLE 12 OR A RETAIL MARIJUANA CULTIVATION FACILITY LICENSE OR A RETAIL MARIJUANA PRODUCTS MANUFACTURING LICENSE ISSUED PURSUANT TO PART 4 OF ARTICLE 43.4 OF TITLE 12 MAY TRANSFER MARIJUANA TO A MEDICAL RESEARCH FACILITY, INCLUDING AT AN INSTITUTION OF HIGHER EDUCATION, FOR USE IN RESEARCH STUDIES FUNDED PURSUANT TO THIS SECTION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A MEDICAL RESEARCH FACILITY AUTHORIZED PURSUANT TO THIS SECTION TO CONDUCT MEDICAL RESEARCH REGARDING MARIJUANA IS EXEMPT FROM ALL OTHERWISE APPLICABLE RESTRICTIONS ON THE POSSESSION AND USE OF MARIJUANA; EXCEPT THAT THE FACILITY SHALL USE THE MARIJUANA ONLY FOR THE MEDICAL RESEARCH AUTHORIZED PURSUANT TO THIS SECTION, SHALL NOT POSSESS AT ANY TIME A QUANTITY OF MEDICAL MARIJUANA OR MEDICAL MARIJUANA-INFUSED PRODUCT IN EXCESS OF THE LIMIT

ESTABLISHED IN RULES PROMULGATED BY THE STATE LICENSING AUTHORITY, AND SHALL DESTROY ALL MARIJUANA REMAINING AFTER THE RESEARCH HAS BEEN COMPLETED. FOR THE FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2017, THE GENERAL ASSEMBLY MAY ANNUALLY APPROPRIATE UP TO ONE PERCENT OF THE AVAILABLE MONEY IN THE MARIJUANA TAX CASH FUND CREATED IN SECTION 39-28.8-501 TO THE DEPARTMENT TO BE USED TO AWARD GRANTS PURSUANT TO THIS SECTION TO MEDICAL RESEARCH FACILITIES SO THAT A FACILITY MAY:

(I) PURCHASE MARIJUANA FROM A LICENSEE SPECIFIED IN THIS SUBSECTION (5)(b) THAT WILL BE USED IN THE RESEARCH; AND

(II) CONDUCT THE MEDICAL RESEARCH.

SECTION 7. In Colorado Revised Statutes, 12-43.3-202, amend (1)(h) and (2.5)(a) introductory portion; and add (2.5)(a)(I)(G) as follows:

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

(h) Develop and maintain a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a customer at a medical marijuana center to ensure that no medical marijuana grown or processed by a medical marijuana establishment is sold or otherwise transferred except by a medical marijuana center; EXCEPT THAT THE MEDICAL MARIJUANA OR MEDICAL MARIJUANA-INFUSED PRODUCT IS NO LONGER SUBJECT TO THE TRACKING SYSTEM ONCE THE MEDICAL MARIJUANA OR MEDICAL MARIJUANA-INFUSED PRODUCT HAS BEEN:

(I) TRANSFERRED TO A MEDICAL RESEARCH FACILITY PURSUANT TO SECTION 25-1.5-106.5 (5)(b); OR

(II) TRANSFERRED TO A PESTICIDE MANUFACTURER IN QUANTITIES THAT ARE LIMITED AS SPECIFIED IN RULES PROMULGATED BY THE STATE LICENSING AUTHORITY, IN CONSULTATION WITH THE DEPARTMENTS OF PUBLIC HEALTH AND ENVIRONMENT AND AGRICULTURE. THE RULES MUST DEFINE A PESTICIDE MANUFACTURER THAT IS AUTHORIZED TO CONDUCT RESEARCH AND MUST AUTHORIZE A PESTICIDE MANUFACTURER TO CONDUCT RESEARCH TO ESTABLISH SAFE AND EFFECTIVE PROTOCOLS FOR

THE USE OF PESTICIDES ON MEDICAL MARIJUANA. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A PESTICIDE MANUFACTURER AUTHORIZED PURSUANT TO THIS SUBSECTION (1)(h)(II) TO CONDUCT PESTICIDE RESEARCH REGARDING MARIJUANA MUST BE LOCATED IN COLORADO, MUST CONDUCT THE RESEARCH IN COLORADO, AND IS EXEMPT FROM ALL OTHERWISE APPLICABLE RESTRICTIONS ON THE POSSESSION AND USE OF MEDICAL MARIJUANA OR MEDICAL MARIJUANA-INFUSED PRODUCT; EXCEPT THAT THE MANUFACTURER SHALL:

(A) NOT POSSESS AT ANY TIME A QUANTITY OF MEDICAL MARIJUANA OR MEDICAL MARIJUANA-INFUSED PRODUCT IN EXCESS OF THE LIMIT ESTABLISHED IN RULES PROMULGATED BY THE STATE LICENSING AUTHORITY;

(B) USE THE MEDICAL MARIJUANA AND MEDICAL MARIJUANA-INFUSED PRODUCT ONLY FOR THE PESTICIDE RESEARCH AUTHORIZED PURSUANT TO THIS SUBSECTION (1)(h)(II);

(C) DESTROY, IN COMPLIANCE WITH RULES PROMULGATED BY THE STATE LICENSING AUTHORITY, ALL MEDICAL MARIJUANA AND MEDICAL MARIJUANA-INFUSED PRODUCT REMAINING AFTER THE RESEARCH HAS BEEN COMPLETED; AND

(D) NOT APPLY PESTICIDES FOR RESEARCH PURPOSES ON THE LICENSED PREMISES OF A MEDICAL MARIJUANA BUSINESS.

(2.5)(a) Rules promulgated pursuant to ~~paragraph (b) of subsection~~ ~~(†)~~ SUBSECTION (1)(b) of this section must include, but need not be limited to, the following subjects:

(I) (G) A STATE, LOCAL, OR MUNICIPAL AGENCY SHALL NOT EMPLOY OR USE THE RESULTS OF ANY TEST OF MEDICAL MARIJUANA OR MEDICAL MARIJUANA-INFUSED PRODUCTS CONDUCTED BY AN ANALYTICAL LABORATORY THAT IS NOT CERTIFIED PURSUANT TO THIS SUBSECTION (2.5)(a)(I) FOR THE PARTICULAR TESTING CATEGORY AND ACCREDITED TO THE INTERNATIONAL ORGANIZATION FOR STANDARDIZATION/INTERNATIONAL ELECTROTECHNICAL COMMISSION 17025:2005 STANDARD, OR ANY SUBSEQUENT SUPERSEDING STANDARD, IN THAT FIELD OF TESTING.

SECTION 8. In Colorado Revised Statutes, 12-43.4-202, amend (1) and (3)(a) introductory portion; and add (3)(a)(IV)(H) as follows:

12-43.4-202. Powers and duties of state licensing authority - rules. (1) TO ENSURE THAT NO MARIJUANA GROWN OR PROCESSED BY A RETAIL MARIJUANA ESTABLISHMENT IS SOLD OR OTHERWISE TRANSFERRED EXCEPT BY A RETAIL MARIJUANA STORE OR AS AUTHORIZED BY LAW, the state licensing authority shall develop and maintain a seed-to-sale tracking system that tracks retail marijuana from either seed or immature plant stage until the marijuana or retail marijuana product is sold to a customer at a retail marijuana store; ~~to ensure that no marijuana grown or processed by a retail marijuana establishment is sold or otherwise transferred except by a retail marijuana store.~~ EXCEPT THAT RETAIL MARIJUANA OR RETAIL MARIJUANA PRODUCT IS NO LONGER SUBJECT TO THE TRACKING SYSTEM ONCE THE RETAIL MARIJUANA HAS BEEN:

(a) TRANSFERRED TO A MEDICAL RESEARCH FACILITY PURSUANT TO SECTION 25-1.5-106.5 (5)(b); OR

(b) TRANSFERRED TO A PESTICIDE MANUFACTURER IN QUANTITIES THAT ARE LIMITED AS SPECIFIED IN RULES PROMULGATED BY THE STATE LICENSING AUTHORITY, IN CONSULTATION WITH THE DEPARTMENTS OF PUBLIC HEALTH AND ENVIRONMENT AND AGRICULTURE. THE RULES MUST DEFINE A PESTICIDE MANUFACTURER THAT IS AUTHORIZED TO CONDUCT RESEARCH AND MUST AUTHORIZE A PESTICIDE MANUFACTURER TO CONDUCT RESEARCH TO ESTABLISH SAFE AND EFFECTIVE PROTOCOLS FOR THE USE OF PESTICIDES ON RETAIL MARIJUANA. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A PESTICIDE MANUFACTURER AUTHORIZED PURSUANT TO THIS SUBSECTION (1)(b) TO CONDUCT PESTICIDE RESEARCH REGARDING RETAIL MARIJUANA MUST BE LOCATED IN COLORADO, MUST CONDUCT THE RESEARCH IN COLORADO, AND IS EXEMPT FROM ALL OTHERWISE APPLICABLE RESTRICTIONS ON THE POSSESSION AND USE OF RETAIL MARIJUANA; EXCEPT THAT THE MANUFACTURER SHALL:

(I) NOT POSSESS AT ANY TIME A QUANTITY OF RETAIL MARIJUANA IN EXCESS OF THE LIMIT ESTABLISHED IN RULES PROMULGATED BY THE STATE LICENSING AUTHORITY;

(II) USE THE RETAIL MARIJUANA ONLY FOR THE PESTICIDE RESEARCH AUTHORIZED PURSUANT TO THIS SUBSECTION (1)(b);

(III) DESTROY, IN COMPLIANCE WITH RULES PROMULGATED BY THE STATE LICENSING AUTHORITY, ALL RETAIL MARIJUANA REMAINING AFTER THE RESEARCH HAS BEEN COMPLETED; AND

(IV) NOT APPLY PESTICIDES FOR RESEARCH PURPOSES ON THE LICENSED PREMISES OF A RETAIL MARIJUANA ESTABLISHMENT.

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

(IV) (H) A STATE, LOCAL, OR MUNICIPAL AGENCY SHALL NOT EMPLOY OR USE THE RESULTS OF ANY TEST OF MARIJUANA OR MARIJUANA PRODUCTS CONDUCTED BY AN ANALYTICAL LABORATORY THAT IS NOT CERTIFIED PURSUANT TO THIS SUBSECTION (3)(a)(IV) FOR THE PARTICULAR TESTING CATEGORY AND ACCREDITED TO THE INTERNATIONAL ORGANIZATION FOR STANDARDIZATION/INTERNATIONAL ELECTROTECHNICAL COMMISSION 17025:2005 STANDARD, OR ANY SUBSEQUENT SUPERSEDING STANDARD, IN THAT FIELD OF TESTING.

SECTION 9. Appropriation. (1) For the 2017-18 state fiscal year, \$62,210 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) \$43,200 for marijuana enforcement; and

(b) \$19,010 for the purchase of legal services.

(2) For the 2017-18 state fiscal year, \$19,010 is appropriated to the department of law. This appropriation is from reappropriated funds received from the department of revenue under subsection (1)(b) of this section and is based on an assumption that the department of law will require an additional 0.1 FTE. To implement this act, the department of law may use this appropriation to provide legal services for the department of revenue.

SECTION 10. Appropriation. (1) For the 2017-18 state fiscal year, \$164,461 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) \$78,421 for marijuana enforcement, which amount is based on an assumption that the department will require an additional 0.5 FTE;

(b) \$10,000 for tax administration IT system (GenTax) support; and

(c) \$76,040 for the purchase of legal services.

(2) For the 2017-18 state fiscal year, \$76,040 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 0.4 FTE. To implement this act, the department of law may use this appropriation to provide legal services for the department of revenue.

SECTION 11. Act subject to petition - effective date - applicability. (1) Sections 1 through 5, section 10, and this section 11 of this act take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against section 1, 2, 3, 4, 5, 10, or 11 of this act within such period, then the section or sections will not take effect unless approved by the people at the general election to be held in November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) (a) Sections 6 through 9 of this act take effect January 1, 2018; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against section 6, 7, 8, or 9 of this act within the ninety-day period after final adjournment of the general assembly, the section or sections will not take effect unless approved by the people at the general election to be held in November 2018 and, in such case, will take effect on January 1, 2019, or on the date of the official declaration of the vote thereon by the governor, whichever is later.

(b) Sections 6 through 9 of this act apply to conduct occurring on or after the applicable effective date of this act.



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

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO

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John W. Hickenlooper
Governor

June 7, 2017

The Honorable Colorado House of Representatives
General Assembly
State Capitol
200 E. Colfax Ave.
Denver, CO 80203

Dear Members of the Colorado House of Representatives:

Today, we filed with the Secretary of State House Bill 17-1367, "Concerning Marijuana Research Authorization" (HB 17-1367). As I am neither signing nor vetoing HB 17-1367, the bill's provisions will take effect on the applicable effective dates set out in the bill. This letter sets forth my reasons for allowing HB 17-1367 to become law absent my signature.

HB 17-1367 creates a new license type for entities using marijuana for research purposes, provides the Marijuana Enforcement Division (MED) rulemaking authority, and makes changes to medical and recreational marijuana testing. We take no issue with the bill's goals. However, there is one critical matter that should be addressed. Sections 7 and 8 of HB 17-1367 both provide that:

[A] [S]tate, local, or municipal agency shall not employ or use the results of any test of marijuana or marijuana products conducted by an analytical laboratory that is not certified pursuant to this subsection (3)(a)(IV) for the particular testing category *and* accredited to the International Organization for Standardization/International Electrotechnical Commission 17025:2005 standard, or any subsequent superseding standard, in that field of testing (emphasis added).

During HB 17-1367's consideration, multiple amendments were added in the final days of session. As part of one amendment, the word "and" (emphasized above) was inserted to replace the word "or." We confirmed with the sponsors this change was unintended. However, the change has significant implications. Due to this change, no state or local agency may use or employ test results from a lab not certified by the Department of Revenue (DOR), and accredited to the International Organization for Standardization/International Electrotechnical Commission (ISO Accredited). At present, only two testing facilities in the State meet both requirements. Consequently, this provision will limit the MED's ability to rely on test results for regulatory and enforcement purposes.

During the brief period between the effective date of January 1, 2018 and the initial days of the 2018 Regular Session, when corrective action may be enacted, licensees will remain subject to all potency and contaminants testing requirements. Additionally, the State pesticide and random testing programs will

remain in operation. However, MED will be unable to initiate enforcement actions triggered by failed testing unless the law is changed. Given the processes for testing and enforcement established in MED rules, it is highly unlikely that any enforcement action will be triggered in the first month of 2018. Therefore, a correction enacted by the General Assembly in the early weeks of session is critical.

We communicated this issue to the sponsors and proponents of HB 17-1367. As a result of these conversations, the sponsors and proponents, in coordination with State agencies, will present draft legislation to the General Assembly for consideration in the initial days of the 2018 Regular Session. This will correct the language error and restore the affected components of the State's testing program. We urge the General Assembly to address this matter as soon as possible, so the State's testing program, which exists to protect marijuana consumers and employees of licensed marijuana businesses, will not be compromised. We stand ready to work with the General Assembly in this effort.

For these reasons, and with the understanding that all parties will work cooperatively and expeditiously in the 2018 Regular Session, I allowed HB 17-1367 to become law without my signature.

Sincerely,

A handwritten signature in blue ink, appearing to read "John W. Hickenlooper", written in a cursive style.

John W. Hickenlooper

Governor