

# An Act

HOUSE BILL 18-1389

BY REPRESENTATIVE(S) Gray and Van Winkle, Humphrey, Rosenthal,  
Duran;  
also SENATOR(S) Neville T., Moreno, Tate.

CONCERNING AUTHORIZATION FOR ISSUANCE OF A CENTRALIZED MARIJUANA  
DISTRIBUTION PERMIT.

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

**SECTION 1.** In Colorado Revised Statutes, 12-43.3-202, **add**  
(2)(a)(XXIII) as follows:

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

(XXIII) REQUIREMENTS FOR A CENTRALIZED DISTRIBUTION PERMIT  
FOR OPTIONAL PREMISES CULTIVATION FACILITIES ISSUED PURSUANT TO  
SECTION 12-43.3-403 (4), INCLUDING BUT NOT LIMITED TO PERMIT  
APPLICATION REQUIREMENTS AND PRIVILEGES AND RESTRICTIONS OF A  
CENTRALIZED DISTRIBUTION PERMIT.

**SECTION 2.** In Colorado Revised Statutes, 12-43.3-403, **add** (4)

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

as follows:

**12-43.3-403. Optional premises cultivation license - definition.**

(4) (a) THE STATE LICENSING AUTHORITY MAY ISSUE A CENTRALIZED DISTRIBUTION PERMIT TO AN OPTIONAL PREMISES CULTIVATION FACILITY AUTHORIZING TEMPORARY STORAGE ON ITS LICENSED PREMISES OF MEDICAL MARIJUANA CONCENTRATE AND MEDICAL MARIJUANA-INFUSED PRODUCTS RECEIVED FROM A MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER FOR THE SOLE PURPOSE OF TRANSFER TO THE PERMIT HOLDER'S COMMONLY OWNED MEDICAL MARIJUANA CENTERS. PRIOR TO EXERCISING THE PRIVILEGES OF A CENTRALIZED DISTRIBUTION PERMIT, AN OPTIONAL PREMISES CULTIVATION FACILITY LICENSED PURSUANT TO THIS SECTION SHALL, AT THE TIME OF APPLICATION TO THE STATE LICENSING AUTHORITY, SEND A COPY OF THE APPLICATION OR SUPPLEMENTAL APPLICATION FOR A CENTRALIZED DISTRIBUTION PERMIT TO THE LOCAL LICENSING AUTHORITY IN THE JURISDICTION IN WHICH THE CENTRALIZED DISTRIBUTION PERMIT IS PROPOSED. THE STATE LICENSING AUTHORITY SHALL NOTIFY THE LOCAL LICENSING AUTHORITY OF ITS DECISION REGARDING THE CENTRALIZED DISTRIBUTION PERMIT.

(b) AN OPTIONAL PREMISES CULTIVATION FACILITY SHALL NOT STORE MEDICAL MARIJUANA CONCENTRATE OR MEDICAL MARIJUANA-INFUSED PRODUCTS PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT FOR MORE THAN NINETY DAYS.

(c) AN OPTIONAL PREMISES CULTIVATION FACILITY SHALL NOT ACCEPT ANY MEDICAL MARIJUANA CONCENTRATE OR MEDICAL MARIJUANA-INFUSED PRODUCTS PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT UNLESS THE MEDICAL MARIJUANA CONCENTRATE AND MEDICAL MARIJUANA-INFUSED PRODUCTS ARE PACKAGED AND LABELED FOR SALE TO A CONSUMER AS REQUIRED BY RULES PROMULGATED BY THE STATE LICENSING AUTHORITY PURSUANT TO SECTION 12-43.3-202.

(d) ALL MEDICAL MARIJUANA CONCENTRATE AND MEDICAL MARIJUANA-INFUSED PRODUCTS STORED AND PREPARED FOR TRANSPORT ON AN OPTIONAL PREMISES CULTIVATION FACILITY'S LICENSED PREMISES PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT MUST ONLY BE TRANSFERRED TO AN OPTIONAL PREMISES CULTIVATION FACILITY LICENSEE'S COMMONLY OWNED MEDICAL MARIJUANA CENTERS. ALL TRANSFERS OF MEDICAL MARIJUANA CONCENTRATE AND MEDICAL MARIJUANA-INFUSED

PRODUCTS BY AN OPTIONAL PREMISES CULTIVATION FACILITY PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT ARE WITHOUT CONSIDERATION.

(e) ALL SECURITY AND SURVEILLANCE REQUIREMENTS THAT APPLY TO AN OPTIONAL PREMISES CULTIVATION FACILITY APPLY TO ACTIVITIES CONDUCTED PURSUANT TO THE PRIVILEGES OF A CENTRALIZED DISTRIBUTION PERMIT.

(f) AN OPTIONAL PREMISES CULTIVATION FACILITY SHALL TRACK ALL MEDICAL MARIJUANA CONCENTRATE AND MEDICAL MARIJUANA-INFUSED PRODUCTS POSSESSED PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT IN THE SEED-TO-SALE TRACKING SYSTEM FROM THE POINT IT IS RECEIVED FROM A MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURER TO THE POINT OF TRANSFER TO AN OPTIONAL PREMISES CULTIVATION FACILITY LICENSEE'S COMMONLY OWNED MEDICAL MARIJUANA CENTERS.

(g) FOR PURPOSES OF THIS SECTION ONLY, "COMMONLY OWNED" MEANS LICENSES THAT HAVE AN OWNERSHIP STRUCTURE WITH AT LEAST ONE NATURAL PERSON WITH A MINIMUM OF FIVE PERCENT OWNERSHIP IN EACH LICENSE.

**SECTION 3.** In Colorado Revised Statutes, 12-43.4-202, **add** (3)(a)(XXI) as follows:

**12-43.4-202. Powers and duties of state licensing authority - rules.** (3) (a) Rules promulgated pursuant to subsection (2)(b) of this section must include, but need not be limited to, the following subjects:

(XXI) REQUIREMENTS FOR A CENTRALIZED DISTRIBUTION PERMIT FOR RETAIL MARIJUANA CULTIVATION FACILITIES ISSUED PURSUANT TO SECTION 12-43.4-403 (7), INCLUDING BUT NOT LIMITED TO PERMIT APPLICATION REQUIREMENTS AND PRIVILEGES AND RESTRICTIONS OF A CENTRALIZED DISTRIBUTION PERMIT.

**SECTION 4.** In Colorado Revised Statutes, 12-43.4-403, **add** (7) as follows:

**12-43.4-403. Retail marijuana cultivation facility license - definition.** (7) (a) THE STATE LICENSING AUTHORITY MAY ISSUE A CENTRALIZED DISTRIBUTION PERMIT TO A RETAIL MARIJUANA CULTIVATION

FACILITY AUTHORIZING TEMPORARY STORAGE ON ITS LICENSED PREMISES OF RETAIL MARIJUANA CONCENTRATE AND RETAIL MARIJUANA PRODUCTS RECEIVED FROM A RETAIL MARIJUANA ESTABLISHMENT FOR THE SOLE PURPOSE OF TRANSFER TO THE PERMIT HOLDER'S COMMONLY OWNED RETAIL MARIJUANA STORES. PRIOR TO EXERCISING THE PRIVILEGES OF A CENTRALIZED DISTRIBUTION PERMIT, A RETAIL MARIJUANA CULTIVATION FACILITY LICENSED PURSUANT TO THIS SECTION SHALL, AT THE TIME OF APPLICATION TO THE STATE LICENSING AUTHORITY, SEND A COPY OF THE APPLICATION OR SUPPLEMENTAL APPLICATION FOR A CENTRALIZED DISTRIBUTION PERMIT TO THE LOCAL JURISDICTION IN WHICH THE CENTRALIZED DISTRIBUTION PERMIT IS PROPOSED. THE STATE LICENSING AUTHORITY SHALL NOTIFY THE LOCAL JURISDICTION OF ITS DECISION REGARDING THE CENTRALIZED DISTRIBUTION PERMIT.

(b) A RETAIL MARIJUANA CULTIVATION FACILITY SHALL NOT STORE RETAIL MARIJUANA CONCENTRATE OR RETAIL MARIJUANA PRODUCTS PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT FOR MORE THAN NINETY DAYS.

(c) A RETAIL MARIJUANA CULTIVATION FACILITY SHALL NOT ACCEPT ANY RETAIL MARIJUANA CONCENTRATE OR RETAIL MARIJUANA PRODUCTS PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT UNLESS THE RETAIL MARIJUANA CONCENTRATE AND RETAIL MARIJUANA PRODUCTS ARE PACKAGED AND LABELED FOR SALE TO A CONSUMER AS REQUIRED BY RULES PROMULGATED BY THE STATE LICENSING AUTHORITY PURSUANT TO SECTION 12-43.4-202.

(d) ALL RETAIL MARIJUANA CONCENTRATE AND RETAIL MARIJUANA PRODUCTS STORED AND PREPARED FOR TRANSPORT ON A RETAIL MARIJUANA CULTIVATION FACILITY'S LICENSED PREMISES PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT MUST ONLY BE TRANSFERRED TO A RETAIL MARIJUANA CULTIVATION FACILITY LICENSEE'S COMMONLY OWNED RETAIL MARIJUANA STORES. ALL TRANSFERS OF RETAIL MARIJUANA CONCENTRATE AND RETAIL MARIJUANA PRODUCTS BY A RETAIL MARIJUANA CULTIVATION FACILITY PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT ARE WITHOUT CONSIDERATION.

(e) ALL SECURITY AND SURVEILLANCE REQUIREMENTS THAT APPLY TO A RETAIL MARIJUANA CULTIVATION FACILITY APPLY TO ACTIVITIES CONDUCTED PURSUANT TO THE PRIVILEGES OF A CENTRALIZED DISTRIBUTION

PERMIT.

(f) A RETAIL MARIJUANA CULTIVATION FACILITY SHALL TRACK ALL RETAIL MARIJUANA CONCENTRATE AND RETAIL MARIJUANA PRODUCTS POSSESSED PURSUANT TO A CENTRALIZED DISTRIBUTION PERMIT IN THE SEED-TO-SALE TRACKING SYSTEM FROM THE POINT IT IS RECEIVED FROM A RETAIL MARIJUANA ESTABLISHMENT TO THE POINT OF TRANSFER TO A RETAIL MARIJUANA CULTIVATION FACILITY LICENSEE'S COMMONLY OWNED RETAIL MARIJUANA STORES.

(g) FOR PURPOSES OF THIS SECTION ONLY, "COMMONLY OWNED" MEANS LICENSES THAT HAVE AN OWNERSHIP STRUCTURE WITH AT LEAST ONE NATURAL PERSON WITH A MINIMUM OF FIVE PERCENT OWNERSHIP IN EACH LICENSE.

**SECTION 5.** In Colorado Revised Statutes, 12-43.4-404, **amend** (1)(b) as follows:

**12-43.4-404. Retail marijuana products manufacturing license.**

(1) (b) A retail marijuana products manufacturer may cultivate its own retail marijuana if it obtains a retail marijuana cultivation facility license, or it may purchase retail marijuana from a licensed retail marijuana cultivation facility. A retail marijuana products manufacturer shall track all of its retail marijuana from the point it is either transferred from its retail marijuana cultivation facility or the point when it is delivered to the retail marijuana products manufacturer from a licensed retail marijuana cultivation facility to the point of transfer to a licensed retail marijuana store, A LICENSED RETAIL MARIJUANA PRODUCTS MANUFACTURER, A RETAIL MARIJUANA TESTING FACILITY, OR A LICENSED RETAIL MARIJUANA CULTIVATION FACILITY WITH A CENTRALIZED DISTRIBUTION PERMIT PURSUANT TO SECTION 12-43.4-403 (7).

**SECTION 6. Safety clause.** The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.



Crisanta Duran  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES



Kevin J. Grantham  
PRESIDENT OF  
THE SENATE



Marilyn Eddins  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES



Effie Ameen  
SECRETARY OF  
THE SENATE

APPROVED 4:54 PM 5/24/2018



John W. Hickenlooper  
GOVERNOR OF THE STATE OF COLORADO