

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0669.01 Jery Payne x2157

SENATE BILL 24-076

SENATE SPONSORSHIP

Van Winkle and Gonzales,

HOUSE SPONSORSHIP

Lindstedt,

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING MEASURES TO ADDRESS EFFICIENCY IN THE REGULATION
102 OF EXISTING MARIJUANA LICENSEES.

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>.)

Current law allows the transfer of immature plants, seeds, and genetic material between a medical or retail cultivation facility and certain people, including people approved by rule. **Sections 1, 7, and 10** of the bill allow this transfer from or to a medical or retail marijuana cultivation facility from or to a person permitted by another jurisdiction to possess or cultivate marijuana. The medical or retail cultivation facility

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

must confirm that the purchaser is 21 years of age or older. The cultivation facility may accept online payments for the transfer. The state licensing authority may promulgate rules to implement the provision, but limits are placed on the rules that the state licensing authority may adopt.

Section 2 limits the frequency at which regulated marijuana and a regulated marijuana product need to be tested to no more than once for each required test and otherwise requires the elimination of redundant testing. **Section 2** also exempts the fungi in the genus *aspergillus* from product testing.

Current law requires beneficial owners and people who have access to the limited access areas of a medical marijuana business or retail marijuana business to have identification cards. **Section 2** repeals the requirement that beneficial owners have identification cards, but retains the requirement that people with access to the limited access areas need to have identification cards.

Section 2 also specifies that a licensee need not use radio frequency identification tags to tag or track marijuana and marijuana products.

Current law requires the marijuana enforcement division in the department of revenue (division) to promulgate rules requiring testing of marijuana and marijuana products for contaminants or substances that are harmful to health. **Section 2** clarifies that these tests should be made to determine whether the contaminants or substances are present in amounts that are harmful to health. Current law allows a licensee to remediate marijuana or marijuana products that have failed a test. **Section 2** removes a requirement that the licensee identify on the labeling that the product has failed a test when the product subsequently passed the same test. **Section 2** also authorizes retesting when the marijuana or marijuana product has failed a test.

Current law authorizes the division to establish procedures to issue a conditional employee identification card, which allows an individual to work for a license holder, after the individual has submitted an initial application and the division has conducted an investigation regarding the application but before the fingerprint record check is finished. **Section 2** requires the division to promulgate rules and issue the employee identification card upon initial review of the application.

The division is required to adopt rules authorizing a licensee to conduct fewer tests than normal upon demonstrating that the licensee's standard operating procedures and production practices result in consistent passing test results (program). **Section 2** specifically authorizes this program and sets an expiration date for reduced testing under the program at 3 years.

Sections 2, 4, 5, 6, 8, 9, and 11 extend the initial license and license renewal periods from one year to 2 years.

Section 3 requires the division to establish a system that allows a

medical or retail marijuana business that transports marijuana or marijuana products to use an electronic manifest system.

Section 5 requires the division to retain fingerprints submitted for initial licensure for use in a criminal history record check for license renewal. **Section 5** also authorizes a person who holds multiple licenses or affiliated persons who hold multiple licenses to submit a unified application for license renewal. The license holders must elect to have one or more licenses expire in less than 2 years in order to coordinate the expiration date.

Section 12 requires the division to promulgate rules categorizing each violation as a safety violation or a technical violation. The division will expunge technical violations from a licensee's record on the later date of one year after the violation is reported or when the license is renewed.

Section 13 reduces the amount of time for which a marijuana licensee must retain books and records that show the business's transactions from 3 years to one year.

Current law requires that excise tax be levied on the first transfer of unprocessed retail marijuana. **Section 14** specifies that the transfer of unprocessed retail marijuana exclusively for microbial control is not the first transfer of unprocessed retail marijuana for taxation purposes.

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

2 **SECTION 1.** In Colorado Revised Statutes, 44-10-103, **amend**
3 (18); and **add** (16.5) as follows:

4 **44-10-103. Definitions - rules.** As used in this article 10, unless
5 the context otherwise requires:

6 (16.5) (a) "GENETIC MATERIAL" MEANS CANNABIS MATERIAL USED
7 TO PROPAGATE CANNABIS PLANTS.

8 (b) "GENETIC MATERIAL" INCLUDES:

9 (I) IMMATURE PLANTS;

10 (II) CANNABIS SEEDS;

11 (III) TISSUE CULTURE; AND

12 (IV) SMALL AMOUNTS OR FRAGMENTS OF THE CANNABIS PLANT

13 CONTAINING A DELTA-9 TETRAHYDROCANNABINOL CONCENTRATION OF

14 NO MORE THAN THREE-TENTHS OF ONE PERCENT ON A DRY-WEIGHT BASIS.

1 (18) "Immature plant" means a nonflowering marijuana plant that
2 is no taller than ~~eight~~ FIFTEEN inches and no wider than ~~eight~~ FIFTEEN
3 inches AND is produced from a cutting, clipping, or seedling. ~~and is in a~~
4 ~~cultivating container.~~

5 **SECTION 2.** In Colorado Revised Statutes, 44-10-203, **amend**
6 (2) introductory portion, (2)(d)(I), (2)(d)(II), (2)(d)(III), (2)(d)(VI),
7 (2)(d)(IX), (2)(e), (2)(t), (2)(u), (2)(dd)(XIV), (9)(a), and (9)(b)(I); and
8 **add** (2)(d)(X) as follows:

9 **44-10-203. State licensing authority - rules. (2) Mandatory**
10 **rule-making.** Rules promulgated pursuant to section 44-10-202 (1)(c)
11 must include ~~but need not be limited to~~ the following subjects:

12 (d) (I) Establishment of a marijuana and marijuana products
13 independent testing and certification program for marijuana business
14 licensees, within an implementation time frame established by the
15 department, requiring licensees to test marijuana and industrial hemp
16 products to ensure, at a minimum, that products sold for human
17 consumption by persons licensed pursuant to this article 10 do not contain
18 contaminants IN AN AMOUNT that ~~are~~ IS injurious to health and to ensure
19 correct labeling.

20 (II) Testing may include analysis for microbial and residual
21 solvents and chemical and biological contaminants ~~deemed~~ IN AMOUNTS
22 THAT ARE DETERMINED to be public health hazards by the Colorado
23 department of public health and environment based on medical reports
24 and published scientific literature. THE FUNGI IN THE GENUS ASPERGILLUS
25 ARE NOT CLASSIFIED AS CONTAMINANTS THAT ARE INJURIOUS TO HEALTH
26 AND NEED NOT BE TESTED.

27 (III) (A) If test results indicate the presence of ~~quantities of any~~

1 A substance IN AN AMOUNT THAT IS determined to be injurious to health,
2 the medical marijuana or retail marijuana licensee shall immediately
3 quarantine the products and notify the state licensing authority. The state
4 licensing authority shall give the licensee an opportunity to remediate,
5 INCLUDING RETESTING TO DEMONSTRATE THE REMEDIATION OF, the
6 product if the test indicated the presence of a microbial. If the licensee is
7 unable to remediate the product, the licensee shall document and properly
8 destroy the adulterated product. IF THE LICENSEE IS ABLE TO REMEDIATE
9 THE PRODUCT AND THE REMEDIATED PRODUCT PASSES THE RETESTING,
10 THE LICENSEE NEED NOT INDICATE ON THE LABEL THAT THE PRODUCT
11 FAILED THE TEST BEFORE THE PRODUCT WAS REMEDIATED.

12 (B) If retail marijuana or retail marijuana product test results
13 indicate the presence of ~~quantities of any~~ A substance IN AN AMOUNT
14 THAT IS determined to be injurious to health, INCLUDING PESTICIDES, the
15 state licensing authority shall give the licensee an opportunity to retest the
16 retail marijuana or retail marijuana product.

17 (C) If two additional tests of the retail marijuana or retail
18 marijuana product do not indicate the presence of ~~quantities of any~~ A
19 substance IN AN AMOUNT THAT IS determined to be injurious to health, the
20 product may be used or sold by the retail marijuana licensee.

21 (VI) The state licensing authority shall determine the protocols
22 ~~and frequency~~ of regulated marijuana testing by licensees, BUT THE STATE
23 LICENSING AUTHORITY SHALL NOT REQUIRE MORE THAN ONE PASSING
24 TEST, EXCEPT AS PROVIDED IN SUBSECTIONS (2)(d)(III)(A) AND
25 (2)(d)(III)(B) OF THIS SECTION, BEFORE THE REGULATED MARIJUANA IS
26 TRANSFERRED TO ANOTHER LICENSEE OR THE CONSUMER.

27 (IX) The state licensing authority shall promulgate rules that

1 prevent redundant testing of REGULATED marijuana and REGULATED
2 marijuana concentrate, including, but not limited to, potency testing of
3 marijuana allocated to extractions, and residual solvent testing of
4 marijuana concentrate when all inputs of the marijuana concentrate have
5 passed residual solvent testing pursuant to this subsection (2)(d)
6 PRODUCTS, REGARDLESS OF WHETHER THE REGULATED MARIJUANA IS
7 MEDICAL MARIJUANA OR RECREATIONAL MARIJUANA OR WHETHER THE
8 REGULATED MARIJUANA PRODUCT IS A MEDICAL MARIJUANA PRODUCT OR
9 A RECREATIONAL MARIJUANA PRODUCT.

10 (X) THE STATE LICENSING AUTHORITY SHALL PROMULGATE RULES
11 CREATING A PROGRAM THAT ALLOWS A REGULATED MARIJUANA BUSINESS
12 TO CONDUCT LESS TESTING THAN OTHERWISE REQUIRED BY THE RULES
13 PROMULGATED UNDER THIS SUBSECTION (2)(d) UPON DEMONSTRATING
14 THAT STANDARD OPERATING PROCEDURES AND PRODUCTION PRACTICES
15 OF THE BUSINESS RESULT IN CONSISTENT PASSING TEST RESULTS OVER A
16 TIME FRAME ESTABLISHED IN RULE. THE STATE LICENSING AUTHORITY
17 MAY CHARGE A PER-FACILITY FEE, NOT TO EXCEED FOUR THOUSAND
18 DOLLARS PER FACILITY, FOR LICENSEES AT THE FACILITY OF A REGULATED
19 MARIJUANA BUSINESS TO PARTICIPATE IN THE PROGRAM. THE RULES MUST
20 ESTABLISH THAT THE REDUCED TESTING ALLOWANCE EXPIRES AFTER
21 THREE YEARS, UNLESS THE FACILITY ELECTS A SHORTER TIME PERIOD TO
22 COINCIDE WITH THE TIME THE FACILITY'S LICENSES EXPIRE OR UNLESS THE
23 FACILITY FAILS ENOUGH TESTS, AS DETERMINED BY RULE, TO NO LONGER
24 BE ELIGIBLE TO PARTICIPATE IN THE REDUCED-TESTING PROGRAM.

25 (e) Security requirements for any premises licensed pursuant to
26 this article 10, including, at a minimum, lighting, physical security, video,
27 and alarm requirements, and other minimum procedures for internal

1 control as deemed necessary by the state licensing authority to properly
2 administer and enforce ~~the provisions of~~ this article 10, including
3 BIENNIAL reporting requirements for changes, alterations, or
4 modifications to the premises;

5 (t) Development of individual identification cards for ~~natural~~
6 ~~persons who are controlling beneficial owners, and any person operating,~~
7 INDIVIDUALS working in or having unescorted access to the limited access
8 areas of the licensed premises of a medical marijuana business or retail
9 marijuana business, including a fingerprint-based criminal history record
10 check as may be required by the state licensing authority prior to issuing
11 a card;

12 (u) Identification of state licensees and their controlling beneficial
13 owners, ~~passive beneficial owners,~~ managers, and employees;

14 (dd) Requirements for medical marijuana and medical marijuana
15 products delivery as described in section 44-10-501 (11) and section
16 44-10-505 (5) and retail marijuana and retail marijuana products delivery
17 as described in section 44-10-601 (13) and section 44-10-605 (5),
18 including:

19 (XIV) (A) Requirements for areas where medical marijuana and
20 medical marijuana products or retail marijuana and retail marijuana
21 products orders are stored, weighed, packaged, prepared, and tagged,
22 including requirements that medical marijuana and medical marijuana
23 products or retail marijuana and retail marijuana products cannot be
24 placed into a delivery vehicle until after an order has been placed and that
25 all delivery orders must be packaged on the licensed premises of a
26 medical marijuana store or retail marijuana store or its associated state
27 licensing authority-authorized storage facility as defined by rule after an

1 order has been received. ~~and~~

2 (B) NOTWITHSTANDING SUBSECTION (2)(dd)(XIV)(A) OF THIS
3 SECTION, A LICENSEE NEED NOT USE RADIO FREQUENCY IDENTIFICATION
4 TAGS TO TAG OR TRACK MEDICAL MARIJUANA AND MEDICAL MARIJUANA
5 PRODUCTS OR RETAIL MARIJUANA AND RETAIL MARIJUANA PRODUCTS.

6 (9) (a) The state licensing authority ~~may, by rule,~~ SHALL establish
7 procedures BY RULE for the conditional issuance of an employee license
8 identification card at the time of application.

9 (b) (I) The state licensing authority shall base its issuance of an
10 employee license identification card pursuant to this subsection (9) on the
11 results of an initial ~~investigation that demonstrate the applicant is~~
12 ~~qualified to hold such license~~ REVIEW OF THE APPLICATION. The employee
13 license application for which an employee license identification card ~~was~~
14 IS issued ~~pursuant to~~ UNDER this subsection (9) remains subject to denial
15 pending the complete results of the applicant's initial fingerprint-based
16 criminal history record check.

17 **SECTION 3.** In Colorado Revised Statutes, **add** 44-10-210 as
18 follows:

19 **44-10-210. Transportation manifests - rules.** THE STATE
20 LICENSING AUTHORITY SHALL ESTABLISH A SYSTEM THAT ALLOWS A
21 LICENSED MEDICAL MARIJUANA BUSINESS OR RETAIL MARIJUANA BUSINESS
22 THAT TRANSPORTS REGULATED MARIJUANA OR REGULATED MARIJUANA
23 PRODUCTS TO ELECT TO USE AN ELECTRONIC MANIFEST SYSTEM. THE
24 STATE LICENSING AUTHORITY MAY PROMULGATE RULES IMPLEMENTING
25 THIS SECTION.

26 **SECTION 4.** In Colorado Revised Statutes, 44-10-313, **amend**
27 (6)(b) as follows:

1 **44-10-313. Licensing in general - rules.** (6) (b) All regulated
2 marijuana business licenses and licenses granted to a controlling
3 beneficial owner pursuant to this article 10 are valid for a period of ~~one~~
4 ~~year~~ TWO YEARS after the date of issuance unless revoked or suspended
5 pursuant to this article 10 or the rules promulgated pursuant to this article
6 10 OR UNLESS THE LICENSEE ELECTS FOR THE LICENSE TO EXPIRE SOONER
7 THAN TWO YEARS UNDER SECTION 44-10-314 (3).

8 **SECTION 5.** In Colorado Revised Statutes, 44-10-314, **amend**
9 (2); and **add** (3) and (4) as follows:

10 **44-10-314. License renewal - unified renewal applications -**
11 **rules.** (2) ~~The state licensing authority may require an additional~~
12 ~~fingerprint request when there is a demonstrated investigative need~~ THE
13 STATE LICENSING AUTHORITY MAY REQUIRE AN APPLICANT FOR A LICENSE
14 ISSUED PURSUANT TO THIS ARTICLE 10 TO SUBMIT A SET OF FINGERPRINTS,
15 WHICH THE STATE LICENSING AUTHORITY SHALL RETAIN AS LONG AS THE
16 LICENSE IS CURRENTLY VALID, TO RUN AN ADDITIONAL
17 FINGERPRINT-BASED CRIMINAL HISTORY RECORD CHECK TO RENEW THE
18 LICENSE. THE STATE LICENSING AUTHORITY SHALL NOT REQUIRE THE
19 APPLICANT FOR RENEWAL TO SUBMIT ANOTHER SET OF FINGERPRINTS
20 UNLESS THE STATE LICENSING AUTHORITY DOES NOT HAVE A SET OF
21 FINGERPRINTS FOR THE APPLICANT ON FILE. UPON REQUEST, THE STATE
22 LICENSING AUTHORITY SHALL PROVIDE A COPY OF ITS RETAINED
23 FINGERPRINTS TO THE LOCAL LICENSING AUTHORITY.

24 (3) A LICENSE ISSUED PURSUANT TO THIS ARTICLE 10 EXPIRES TWO
25 YEARS AFTER ISSUANCE; EXCEPT THAT A PERSON THAT HOLDS MULTIPLE
26 LICENSES OR MULTIPLE AFFILIATED PERSONS THAT HOLD MULTIPLE
27 LICENSES MAY ELECT TO HAVE ONE OR MORE LICENSES EXPIRE IN LESS

1 THAN TWO YEARS IN ORDER TO HAVE ALL THE LICENSES EXPIRE ON THE
2 SAME DATE. IF A LICENSEE ELECTS TO HAVE A LICENSE EXPIRE IN LESS
3 THAN TWO YEARS, THE STATE LICENSING AUTHORITY SHALL PRORATE THE
4 LICENSING OR RENEWAL FEE FOR THE LICENSING PERIOD THAT IS LESS
5 THAN TWO YEARS.

6 (4) THE STATE LICENSING AUTHORITY SHALL PROMULGATE RULES
7 AUTHORIZING A PERSON THAT WHOLLY OWNS MULTIPLE ENTITIES THAT
8 HOLD MULTIPLE LICENSES TO SUBMIT A UNIFIED RENEWAL APPLICATION
9 COVERING EACH LICENSE HELD BY THE PERSON IF THE MULTIPLE LICENSES
10 EXPIRE ON THE SAME DATE. THE STATE LICENSING AUTHORITY SHALL
11 COORDINATE PERFORMANCE OF ANY REQUIRED INVESTIGATIONS OR
12 APPROVALS TO ACT ON THE UNIFIED APPLICATION, BUT MAY APPROVE OR
13 DENY EACH LICENSE SEPARATELY BASED ON THE APPLICANT'S
14 QUALIFICATIONS FOR THE LICENSE IN ACCORDANCE WITH THIS ARTICLE 10
15 OR ANY RULES PROMULGATED UNDER THIS ARTICLE 10.

16 **SECTION 6.** In Colorado Revised Statutes, 44-10-501, **amend**
17 (11)(a)(II) as follows:

18 **44-10-501. Medical marijuana store license.** (11) (a) (II) A
19 medical marijuana delivery permit is valid for ~~one year~~ TWO YEARS and
20 may be renewed annually upon renewal of the medical marijuana store
21 license.

22 **SECTION 7.** In Colorado Revised Statutes, 44-10-502, **amend**
23 (7)(a) introductory portion, (7)(a)(II), (7)(a)(III), (7)(b)(I) introductory
24 portion, (7)(b)(I)(B), (7)(b)(I)(C), and (7)(b)(I)(D); **repeal** (7)(b)(II); and
25 **add** (7)(b)(III), (7)(b)(IV), and (7)(c) as follows:

26 **44-10-502. Medical marijuana cultivation facility license -**
27 **rules - definitions.** (7) (a) In accordance with the rules promulgated by

1 the state licensing authority, a medical marijuana cultivation facility may
2 obtain ~~immature plants, marijuana seeds, and marijuana~~ genetic material
3 ~~as genetic material is defined in rule of the state licensing authority~~, from:

4 (II) A MEDICAL OR retail marijuana testing facility;

5 (III) ~~An entity licensed or otherwise approved to operate in~~
6 ~~another jurisdiction~~ A PERSON LICENSED BY, APPROVED BY, OR PERMITTED
7 BY ANOTHER JURISDICTION TO POSSESS OR CULTIVATE PLANTS OF THE
8 GENUS CANNABIS; or

9 (b) (I) ~~The state licensing authority shall promulgate rules~~
10 ~~allowing a regulated marijuana cultivation facility to transfer immature~~
11 ~~plants, marijuana seeds, and marijuana genetic material, as genetic~~
12 ~~material is defined in rule of the state licensing authority~~, from A
13 MEDICAL MARIJUANA CULTIVATION FACILITY MAY TRANSFER OR DELIVER
14 GENETIC MATERIAL TO:

15 (B) A MEDICAL OR retail marijuana testing facility;

16 (C) ~~An entity licensed or otherwise approved to operate in another~~
17 ~~jurisdiction~~ A PERSON LICENSED BY, APPROVED BY, OR PERMITTED BY
18 ANOTHER JURISDICTION TO POSSESS OR CULTIVATE PLANTS OF THE GENUS
19 CANNABIS; or

20 (D) Any other ~~source~~ PERSON permitted by rule of the state
21 licensing authority.

22 (II) ~~The rules promulgated under this subsection (7)(b) must~~
23 ~~include inventory tracking, reporting, and record-keeping, requirements.~~

24 (III) FOR TRANSFERS OR DELIVERIES TO AN INDIVIDUAL, A
25 MEDICAL MARIJUANA CULTIVATION FACILITY SHALL CONFIRM THAT THE
26 PURCHASING OR RECEIVING INDIVIDUAL IS TWENTY-ONE YEARS OF AGE OR
27 OLDER.

1 (IV) A LICENSED MEDICAL MARIJUANA CULTIVATION FACILITY
2 MAY ACCEPT PAYMENT ONLINE FOR THE TRANSFER OR DELIVERY OF
3 GENETIC MATERIAL.

4 (c) THE STATE LICENSING AUTHORITY MAY PROMULGATE RULES TO
5 IMPLEMENT THIS SUBSECTION (7) TO SET REQUIREMENTS FOR INVENTORY
6 TRACKING, REPORTING, RECORD KEEPING, AND AGE VERIFICATION. IN
7 PROMULGATING THE RULES UNDER THIS SUBSECTION (7), THE STATE
8 LICENSING AUTHORITY SHALL NOT:

9 (I) REQUIRE INVENTORY TRACKING OF GENETIC MATERIAL UNLESS
10 THE GENETIC MATERIAL IS:

11 (A) POSSESSED BY A MEDICAL MARIJUANA OR RETAIL MARIJUANA
12 BUSINESS; OR

13 (B) BEING TRANSFERRED BETWEEN BUSINESSES LICENSED
14 PURSUANT TO THIS ARTICLE 10;

15 (II) REQUIRE A MEDICAL MARIJUANA CULTIVATION FACILITY TO
16 TRACK GENETIC MATERIAL UNLESS THE GENETIC MATERIAL IS ON THE
17 FACILITY'S LICENSED PREMISES; OR

18 (III) REQUIRE LICENSEES TO DOCUMENT OR MAINTAIN, OR
19 PROHIBIT LICENSEES FROM DOCUMENTING OR MAINTAINING, RECORDS ON
20 THE SOURCES OR RECIPIENTS OF GENETIC MATERIAL.

21 **SECTION 8.** In Colorado Revised Statutes, 44-10-505, **amend**
22 (5)(a)(II) as follows:

23 **44-10-505. Medical marijuana transporter license - definition.**

24 (5) (a) (II) A medical marijuana delivery permit is valid for ~~one year~~ TWO
25 YEARS and may be renewed ~~annually~~ upon renewal of the medical
26 marijuana transporter license.

27 **SECTION 9.** In Colorado Revised Statutes, 44-10-601, **amend**

1 (13)(a)(II) as follows:

2 **44-10-601. Retail marijuana store license - rules - definitions.**

3 (13) (a) (II) A retail marijuana delivery permit is valid for ~~one year~~ TWO
4 YEARS and may be renewed ~~annually~~ upon renewal of the retail marijuana
5 store license or retail marijuana transporter license.

6 **SECTION 10.** In Colorado Revised Statutes, 44-10-602, **amend**
7 (12)(a) introductory portion, (12)(a)(II), (12)(a)(III), (12)(b)(I)
8 introductory portion, (12)(b)(I)(B), (12)(b)(I)(C), and (12)(b)(I)(D);
9 **repeal** (12)(b)(II); and **add** (12)(b)(III), (12)(b)(IV), and (12)(c) as
10 follows:

11 **44-10-602. Retail marijuana cultivation facility license - rules**

12 **- definitions.** (12) (a) In accordance with the rules promulgated by the
13 state licensing authority, a retail marijuana cultivation facility may obtain
14 ~~immature plants, marijuana seeds, and marijuana genetic material as~~
15 ~~genetic material is defined in rule of the state licensing authority, from:~~

- 16 (II) A MEDICAL OR retail marijuana testing facility;
- 17 (III) ~~An entity licensed or otherwise approved to operate in~~
18 ~~another jurisdiction~~ A PERSON LICENSED BY, APPROVED BY, OR PERMITTED
19 BY ANOTHER JURISDICTION TO POSSESS OR CULTIVATE PLANTS OF THE
20 GENUS CANNABIS; or

21 (b) (I) ~~The state licensing authority shall promulgate rules~~
22 ~~allowing a regulated marijuana cultivation facility to transfer immature~~
23 ~~plants, marijuana seeds, and marijuana genetic material, as genetic~~
24 ~~material is defined in rule of the state licensing authority, from~~ A RETAIL
25 MARIJUANA CULTIVATION FACILITY MAY TRANSFER OR DELIVER GENETIC
26 MATERIAL TO:

- 27 (B) A MEDICAL OR retail marijuana testing facility;

1 (C) ~~An entity licensed or otherwise approved to operate in another~~
2 ~~jurisdiction~~ A PERSON LICENSED BY, APPROVED BY, OR PERMITTED BY
3 ANOTHER JURISDICTION TO POSSESS OR CULTIVATE PLANTS OF THE GENUS
4 CANNABIS; or

5 (D) Any other ~~source~~ PERSON permitted by rule of the state
6 licensing authority.

7 (II) ~~The rules promulgated under this subsection (12)(b) must~~
8 ~~include inventory tracking, reporting, and record-keeping requirements.~~

9 (III) FOR TRANSFERS OR DELIVERIES TO AN INDIVIDUAL, THE
10 RETAIL MARIJUANA CULTIVATION FACILITY SHALL CONFIRM THAT THE
11 PURCHASING OR RECEIVING INDIVIDUAL IS TWENTY-ONE YEARS OF AGE OR
12 OLDER.

13 (IV) A LICENSED RETAIL MARIJUANA CULTIVATION FACILITY MAY
14 ACCEPT PAYMENT ONLINE FOR THE TRANSFER OR DELIVERY OF GENETIC
15 MATERIAL.

16 (c) THE STATE LICENSING AUTHORITY MAY PROMULGATE RULES TO
17 IMPLEMENT THIS SUBSECTION (12) TO SET REQUIREMENTS FOR INVENTORY
18 TRACKING, REPORTING, RECORD KEEPING, AND AGE VERIFICATION. IN
19 PROMULGATING THE RULES UNDER THIS SUBSECTION (12), THE STATE
20 LICENSING AUTHORITY SHALL NOT:

21 (I) REQUIRE INVENTORY TRACKING OF GENETIC MATERIAL UNLESS
22 THE GENETIC MATERIAL IS:

23 (A) POSSESSED BY A MEDICAL MARIJUANA OR RETAIL MARIJUANA
24 BUSINESS; OR

25 (B) BEING TRANSFERRED BETWEEN BUSINESSES LICENSED
26 PURSUANT TO THIS ARTICLE 10;

27 (II) REQUIRE A RETAIL MARIJUANA CULTIVATION FACILITY TO

1 TRACK GENETIC MATERIAL UNLESS THE GENETIC MATERIAL IS ON THE
2 FACILITY'S LICENSED PREMISES; OR

3 (III) REQUIRE LICENSEES TO DOCUMENT OR MAINTAIN, OR
4 PROHIBIT LICENSEES FROM DOCUMENTING OR MAINTAINING, RECORDS ON
5 THE SOURCES OR RECIPIENTS OF GENETIC MATERIAL.

6 **SECTION 11.** In Colorado Revised Statutes, 44-10-605, **amend**
7 (5)(a)(II) as follows:

8 **44-10-605. Retail marijuana transporter license - definition.**
9 (5) (a) (II) A retail marijuana delivery permit is valid for ~~one year~~ TWO
10 YEARS and may be renewed ~~annually~~ upon renewal of the retail marijuana
11 transporter license.

12 **SECTION 12.** In Colorado Revised Statutes, **add** 44-10-903 as
13 follows:

14 **44-10-903. Tiered violations - records - rules.** (1) THE STATE
15 LICENSING AUTHORITY SHALL PROMULGATE RULES CATEGORIZING EACH
16 VIOLATION OF THIS ARTICLE 10, OR OF A RULE PROMULGATED UNDER THIS
17 ARTICLE 10, AS EITHER A SAFETY VIOLATION OR A TECHNICAL VIOLATION.
18 TO CATEGORIZE A VIOLATION AS A SAFETY VIOLATION, THE STATE
19 LICENSING AUTHORITY MUST FIND THAT THE VIOLATION POSES A RISK TO
20 THE HEALTH OR SAFETY OF THE PUBLIC OR A CONSUMER.

21 (2) THE STATE LICENSING AUTHORITY SHALL EXPUNGE TECHNICAL
22 VIOLATIONS FROM A LICENSEE'S RECORD ON THE LATER DATE OF EITHER:

23 (a) ONE YEAR AFTER THE VIOLATION IS REPORTED TO THE STATE
24 LICENSING AUTHORITY IN ACCORDANCE WITH SECTION 44-10-901 (7); OR

25 (b) THE DATE THE LICENSE IS RENEWED.

26 **SECTION 13.** In Colorado Revised Statutes, 44-10-1001, **amend**
27 (3) as follows:

1 **44-10-1001. Inspection procedures.** (3) Each licensee shall
2 retain all books and records necessary to show fully the business
3 transactions of the licensee for ~~a period of~~ the current tax year and the
4 ~~three~~ immediately prior tax ~~years~~ YEAR. THIS SUBSECTION (3) DOES NOT
5 CHANGE ANY LEGAL REQUIREMENT, NOT INCLUDING ANY REQUIREMENT
6 OF THIS ARTICLE 10 OR THE RULES PROMULGATED UNDER THIS ARTICLE 10,
7 THAT BUSINESS RECORDS BE MAINTAINED FOR LONGER THAN THE CURRENT
8 TAX YEAR OR THE IMMEDIATELY PRIOR TAX YEAR.

9 **SECTION 14.** In Colorado Revised Statutes, 39-28.8-302,
10 **amend** (1)(a)(I); and **add** (1)(c) as follows:

11 **39-28.8-302. Retail marijuana - excise tax levied at first**
12 **transfer from retail marijuana cultivation facility - tax rate.**

13 (1) (a) (I) Except as otherwise provided in ~~subsection (1)(b)~~ SUBSECTION
14 (1)(b) OR (1)(c) of this section, there is levied and shall be collected, in
15 addition to the sales tax imposed pursuant to part 1 of article 26 of this
16 title 39 and part 2 of this article 28.8, a tax on the first sale or transfer of
17 unprocessed retail marijuana by a retail marijuana cultivation facility, at
18 a rate of fifteen percent of the average market rate of the unprocessed
19 retail marijuana if the transaction is between affiliated retail marijuana
20 business licensees. Except as otherwise provided in ~~subsection (1)(b)~~
21 SUBSECTION (1)(b) OR (1)(c) of this section, there is levied and shall be
22 collected, in addition to the sales tax imposed pursuant to part 1 of article
23 26 of this title 39 and part 2 of this article 28.8, a tax on the first sale or
24 transfer of unprocessed retail marijuana by a retail marijuana cultivation
25 facility, at a rate of fifteen percent of the contract price for unprocessed
26 retail marijuana if the transaction is between unaffiliated retail marijuana
27 business licensees. Retail marijuana excise tax shall also be calculated as

1 fifteen percent of the contract price when the first transfer of retail
2 marijuana that has been harvested for sale at a retail marijuana store or
3 extraction by a retail marijuana product manufacturing facility is between
4 unaffiliated retail marijuana cultivation facilities. The tax shall be
5 imposed at the time when the retail marijuana cultivation facility first
6 sells or transfers unprocessed retail marijuana from the retail marijuana
7 cultivation facility to a retail marijuana product manufacturing facility or
8 a retail marijuana store.

9 (c) THE TRANSFER OF UNPROCESSED RETAIL MARIJUANA
10 EXCLUSIVELY FOR MICROBIAL CONTROL IS DEEMED TO NOT BE THE FIRST
11 TRANSFER OF UNPROCESSED RETAIL MARIJUANA FOR THE PURPOSES OF
12 THIS SECTION.

13 **SECTION 15. Act subject to petition - effective date -**
14 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
15 the expiration of the ninety-day period after final adjournment of the
16 general assembly; except that, if a referendum petition is filed pursuant
17 to section 1 (3) of article V of the state constitution against this act or an
18 item, section, or part of this act within such period, then the act, item,
19 section, or part will not take effect unless approved by the people at the
20 general election to be held in November 2024 and, in such case, will take
21 effect on the date of the official declaration of the vote thereon by the
22 governor.

23 (2) This act applies to acts committed on or after the applicable
24 effective date of this act.