

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 18-1258.01 Jerry Barry x4341

SENATE BILL 18-271

SENATE SPONSORSHIP

Marble,

HOUSE SPONSORSHIP

Pabon,

Senate Committees

Finance
Appropriations

House Committees

Agriculture, Livestock, & Natural Resources
Appropriations

A BILL FOR AN ACT

101 **CONCERNING CHANGES TO IMPROVE FUNDING FOR MARIJUANA**
102 **RESEARCH, AND, IN CONNECTION THEREWITH, MAKING AN**
103 **APPROPRIATION.**

HOUSE
Amended 2nd Reading
May 7, 2018

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>.)

SENATE
3rd Reading Unamended
May 2, 2018

Subject to rules of the marijuana enforcement division, the bill authorizes:

- ! Marijuana research and development licensees and marijuana research and development cultivation licensees (research licensees) to transfer unused marijuana within the

SENATE
Amended 2nd Reading
May 1, 2018

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.

- ! regulated marijuana industry; and
- ! Research licensees to be co-located at the premises of a medical marijuana-infused products manufacturer or a retail marijuana products manufacturer.

The general appropriations bill transferred \$3 million from the marijuana tax cash fund to the health research subaccount of the medical marijuana program cash fund (subaccount). The bill strikes the limitation of the amount of transfers to the subaccount and extends the repeal of the medical marijuana program cash fund until September 1, 2023. The bill authorizes \$100,000 to be spent annually from the subaccount for administrative purposes related to the medical marijuana research grant program.

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

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

4 **12-43.3-202. Powers and duties of state licensing authority -**
5 **rules.** (2) (a) Rules promulgated pursuant to subsection (1)(b) of this
6 section may include, but need not be limited to, the following subjects:

7 (XXII) Marijuana research and development licenses and
8 marijuana research and development cultivation licenses, including
9 application requirements; renewal requirements, including whether
10 additional research projects may be added or considered; conditions for
11 license revocation; security measures to ensure marijuana is not diverted
12 to purposes other than research OR DIVERTED OUTSIDE OF THE REGULATED
13 MARIJUANA MARKET; the amount of plants, useable marijuana, marijuana
14 concentrates, or marijuana-infused products a licensee may have on its
15 premises; licensee reporting requirements; the conditions under which
16 marijuana possessed by medical marijuana licensees may be donated to
17 marijuana research and development licensees and marijuana research
18 and development cultivation licensees OR TRANSFERRED TO A
19 NONMETRIC-BASED RESEARCH FACILITY; provisions to prevent

1 contamination; requirements for destruction OR TRANSFER of marijuana
2 after the research is concluded; and any additional requirements;

3 (XXIII) REQUIREMENTS FOR ISSUANCE OF CO-LOCATION PERMITS
4 TO A MARIJUANA RESEARCH AND DEVELOPMENT LICENSEE OR A
5 MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION LICENSEE
6 AUTHORIZING CO-LOCATION WITH A MEDICAL MARIJUANA-INFUSED
7 PRODUCTS MANUFACTURING LICENSED PREMISES, INCLUDING APPLICATION
8 REQUIREMENTS, ELIGIBILITY, RESTRICTIONS TO PREVENT
9 CROSS-CONTAMINATION AND TO ENSURE PHYSICAL SEPARATION OF
10 INVENTORY AND RESEARCH ACTIVITIES, AND OTHER PRIVILEGES AND
11 RESTRICTIONS OF PERMITS.

12 **SECTION 2.** In Colorado Revised Statutes, 12-43.3-404, **amend**
13 (2) as follows:

14 **12-43.3-404. Medical marijuana-infused products**
15 **manufacturing license - rules.** (2) Medical marijuana-infused products
16 shall be prepared on a licensed premises that is used exclusively for the
17 manufacture and preparation of medical marijuana-infused products and
18 using equipment that is used exclusively for the manufacture and
19 preparation of medical marijuana-infused products; EXCEPT THAT,
20 SUBJECT TO RULES OF THE STATE LICENSING AUTHORITY, A MEDICAL
21 MARIJUANA-INFUSED PRODUCTS MANUFACTURING LICENSEE MAY SHARE
22 THE SAME PREMISES AS A COMMONLY OWNED MARIJUANA RESEARCH AND
23 DEVELOPMENT LICENSEE OR MARIJUANA RESEARCH AND DEVELOPMENT
24 CULTIVATION LICENSEE SO LONG AS VIRTUAL OR PHYSICAL SEPARATION OF
25 INVENTORY AND RESEARCH ACTIVITY IS MAINTAINED.

26 **SECTION 3.** In Colorado Revised Statutes, 12-43.4-202, **amend**
27 (3)(a)(XIX) and (3)(a)(XX); and **add** (3)(a)(XXI) as follows:

1 **12-43.4-202. Powers and duties of state licensing authority -**
2 **rules.** (3) (a) Rules promulgated pursuant to subsection (2)(b) of this
3 section must include, but need not be limited to, the following subjects:

4 (XIX) Nonescorted visitors in limited access areas; **and**

5 (XX) The parameters and qualifications of an indirect beneficial
6 interest owner and a qualified limited passive investor; **AND**

7 **(XXI) REQUIREMENTS FOR ISSUANCE OF CO-LOCATION PERMITS TO**
8 A MARIJUANA RESEARCH AND DEVELOPMENT LICENSEE OR A MARIJUANA
9 RESEARCH AND DEVELOPMENT CULTIVATION LICENSEE AUTHORIZING
10 CO-LOCATION WITH A RETAIL MARIJUANA PRODUCTS MANUFACTURING
11 LICENSED PREMISES, INCLUDING APPLICATION REQUIREMENTS,
12 ELIGIBILITY, RESTRICTIONS TO PREVENT CROSS-CONTAMINATION AND TO
13 ENSURE PHYSICAL SEPARATION OF INVENTORY AND RESEARCH ACTIVITIES,
14 AND OTHER PRIVILEGES AND RESTRICTIONS OF PERMITS.

15 **SECTION 4.** In Colorado Revised Statutes, 12-43.4-404, **amend**
16 (2) as follows:

17 **12-43.4-404. Retail marijuana products manufacturing**
18 **license.** (2) Retail marijuana products shall be prepared on a licensed
19 premises that is used exclusively for the manufacture and preparation of
20 retail marijuana or retail marijuana products and using equipment that is
21 used exclusively for the manufacture and preparation of retail marijuana
22 products; except that, if permitted by the local jurisdiction AND SUBJECT
23 TO RULES OF THE STATE LICENSING AUTHORITY, a retail marijuana
24 products manufacturing licensee may share the same premises as a:

25 (a) Medical marijuana-infused products manufacturing licensee
26 so long as a virtual or physical separation of inventory is maintained;
27

~~pursuant to rule of the state licensing authority. OR~~

1 (b) COMMONLY OWNED MARIJUANA RESEARCH AND DEVELOPMENT
2 LICENSEE OR MARIJUANA RESEARCH AND DEVELOPMENT CULTIVATION
3 LICENSEE SO LONG AS VIRTUAL OR PHYSICAL SEPARATION OF INVENTORY
4 AND RESEARCH ACTIVITY IS MAINTAINED.

5 **SECTION 5.** In Colorado Revised Statutes, 25-1.5-106, **amend**
6 (17)(d); and **add** (17)(f) as follows:

7 **25-1.5-106. Medical marijuana program - powers and duties**
8 **of state health agency - rules - medical review board - medical**
9 **marijuana program cash fund - subaccount - created - repeal.**

10 (17) **Cash fund.** (d) (I) There is created a health research subaccount,
11 referred to as "subaccount" in this section, in the medical marijuana
12 program cash fund. The subaccount is established to support funding for
13 medical marijuana health research. The department shall have continuous
14 spending authority over the subaccount. The department may direct the
15 state treasurer to transfer money from the medical marijuana program
16 cash fund to the subaccount based on the cost of health research projects
17 approved by the state board of health pursuant to section 25-1.5-106.5.
18 The state treasurer shall not transfer more than ten million dollars in total
19 to the subaccount.

(II) For the 2014-15 fiscal year and each fiscal year through 2018-19 2022-23, the alternative maximum reserve for purposes of section 24-75-402 C.R.S., for the medical marijuana program cash fund is sixteen and five-tenths percent of the amount in the fund, excluding the ten million dollars available for transfer to the subaccount and any amount in the subaccount.

26 (III) This paragraph (d) SUBSECTION (17)(d) is repealed, effective
27 July 1, 2019 2023. Any money remaining in the subaccount on June 30,

1 2019 2023, must revert to the medical marijuana program cash fund.

2 (f) NOTWITHSTANDING ANY PROVISION OF SUBSECTION (17)(e) OF
3 THIS SECTION TO THE CONTRARY, ONE HUNDRED THOUSAND DOLLARS
4 FROM THE SUBACCOUNT MAY BE USED FOR ADMINISTRATIVE PURPOSES TO
5 ADMINISTER THE MEDICAL MARIJUANA RESEARCH GRANT PROGRAM
6 CREATED PURSUANT TO SECTION 25-1.5-106.5 FOR EACH OF THE FISCAL
7 YEARS 2019-20, 2020-21, AND 2021-22.

8 **SECTION 6.** In Colorado Revised Statutes, 25-1.5-106.5, **amend**
9 (3)(b)(I) as follows:

10 **25-1.5-106.5. Medical marijuana health research grant**
11 **program.** (3) **Review of applications.** (b) **Grant approval.** (I) The
12 council shall submit recommendations for grants to the state board of
13 health. The state board of health shall approve or disapprove of grants
14 submitted by the council. THE STATE BOARD OF HEALTH IS ENCOURAGED
15 TO PRIORITIZE GRANTS TO GATHER OBJECTIVE SCIENTIFIC RESEARCH
16 REGARDING THE EFFICACY AND THE SAFETY OF ADMINISTERING MEDICAL
17 MARIJUANA FOR OVARIAN CANCER, DEMENTIA, AND OTHER CONDITIONS
18 THAT THE STATE BOARD DEEMS SUITABLE. If the state board of health
19 disapproves a recommendation, the council may submit a replacement
20 recommendation within thirty days.

21 **SECTION 7. Appropriation.** (1) For the 2018-19 state fiscal
22 year, \$10,656 is appropriated to the department of revenue. This
23 appropriation is from the marijuana cash fund created in section
24 12-43.3-501 (1)(a), C.R.S. To implement this act, the department may use
25 this appropriation for the purchase of legal services.

26 (2) For the 2018-19 state fiscal year, \$10,656 is appropriated to
27 the department of law. This appropriation is from reappropriated funds

1 received from the department of revenue under subsection (1) of this
2 section. To implement this act, the department of law may use this
3 appropriation to provide legal services for the department of revenue.

4 **SECTION 8. Safety clause.** The general assembly hereby finds,
5 determines, and declares that this act is necessary for the immediate
6 preservation of the public peace, health, and safety.