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An Act

SENATE BILL 18-271

BY SENATOR(S) Marble, Aguilar, Court, Donovan, Fenberg, Fields, Garcia, Guzman, Hill, Kagan, Kefalas, Kerr, Lundberg, Martinez Humenik, Merrifield, Moreno, Neville T., Smallwood, Tate, Todd, Williams A., Zenzinger, Grantham;
also REPRESENTATIVE(S) Pabon, Arndt, Hansen, Herod, Hooton, Jackson, Michaelson Jenet, Pettersen, Rankin, Reyher, Roberts, Rosenthal, Singer, Winkler, Duran.

CONCERNING CHANGES TO IMPROVE FUNDING FOR MARIJUANA RESEARCH,
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)(XXII); and **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:

(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 OR DIVERTED OUTSIDE OF THE REGULATED MARIJUANA MARKET; 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 OR TRANSFERRED TO A NONMETRIC-BASED RESEARCH FACILITY; provisions to prevent contamination; requirements for destruction OR TRANSFER of marijuana after the research is concluded; and any additional requirements;

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

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

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

SECTION 3. In Colorado Revised Statutes, 12-43.4-202, **amend**

(3)(a)(XIX) and (3)(a)(XX); and **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:

(XIX) Nonescorted visitors in limited access areas; ~~and~~

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

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

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

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

(2) Retail marijuana products shall be prepared on a licensed premises that is used exclusively for the manufacture and preparation of retail marijuana or retail marijuana products and using equipment that is used exclusively for the manufacture and preparation of retail marijuana products; except that, if permitted by the local jurisdiction AND SUBJECT TO RULES OF THE STATE LICENSING AUTHORITY, a retail marijuana products manufacturing licensee may share the same premises as a:

(a) Medical marijuana-infused products manufacturing licensee so long as a virtual or physical separation of inventory is maintained; ~~pursuant to rule of the state licensing authority.~~ OR

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

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

25-1.5-106. Medical marijuana program - powers and duties of state health agency - rules - medical review board - medical marijuana program cash fund - subaccount - created - repeal. (17) **Cash fund.**

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

(III) This ~~paragraph (d)~~ SUBSECTION (17)(d) is repealed, effective July 1, ~~2019~~ 2023. Any money remaining in the subaccount on June 30, ~~2019~~ 2023, must revert to the medical marijuana program cash fund.

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

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

25-1.5-106.5. Medical marijuana health research grant program.

(3) **Review of applications.** (b) **Grant approval.** (I) The council shall submit recommendations for grants to the state board of health. The state

board of health shall approve or disapprove of grants submitted by the council. THE STATE BOARD OF HEALTH IS ENCOURAGED TO PRIORITIZE GRANTS TO GATHER OBJECTIVE SCIENTIFIC RESEARCH REGARDING THE EFFICACY AND THE SAFETY OF ADMINISTERING MEDICAL MARIJUANA FOR OVARIAN CANCER, DEMENTIA, AND OTHER CONDITIONS THAT THE STATE BOARD DEEMS SUITABLE. If the state board of health disapproves a recommendation, the council may submit a replacement recommendation within thirty days.

SECTION 7. Appropriation. (1) For the 2018-19 state fiscal year, \$10,656 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 for the purchase of legal services.

(2) For the 2018-19 state fiscal year, \$10,656 is appropriated to the department of law. This appropriation is from reappropriated funds received from the department of revenue under subsection (1) of this section. To implement this act, the department of law may use this appropriation to provide legal services for the department of revenue.

SECTION 8. 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.

Kevin J. Grantham
PRESIDENT OF
THE SENATE

Crisanta Duran
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Effie Ameen
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO