

# STATE OF COLORADO

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## Colorado Department of Revenue Marijuana Enforcement Division

John W. Hickenlooper  
Governor

Barbara J. Brohl  
Executive Director

### Emergency Rule:

Rules, Retail Marijuana, 1 CCR 212-2

Revised Rule R 211 – Conversion – Medical Marijuana Business to Retail Marijuana Business Pursuant to 12-43.4-104(1)(a)(I)

New Rule R 212 – New Applicant Retail Marijuana Cultivation Facilities Licensed Pursuant To 12-43.4-104(1)(b)(II), C.R.S.

### Statement of Emergency Justification and Adoption

Pursuant to sections 24-4-103 and 12-43.4-202, C.R.S, I, Barbara J. Brohl, Executive Director of the Department of Revenue and State Licensing Authority, hereby adopt the aforementioned revised and new Retail Marijuana rules, which are attached hereto.

Section 24-4-103(6), C.R.S., authorizes the State Licensing Authority to issue an emergency rule if the State Licensing Authority finds that the immediate adoption of the rule is imperatively necessary to comply with a state law or for the preservation of public health, safety, or welfare and compliance with the requirements of section 24-4-103, C.R.S., would be contrary to the public interest

I find that the immediate adoption of these revised and new rules is necessary to comply with the statutory mandates of the Retail Marijuana Code, to comply with direction provided by the United States Department of Justice, and to preserve the public health, safety, or welfare.

#### Statutory Authority

The statutory authority for this rule is found at subsections 12-43.4-202(2)(b), 12-43.4-202(3)(a)(XII), 12-43.4-202(3)(b)(IX), and 12-43.4-202(4)(a) and (b), C.R.S., and sections 12-43.4-103, 12-43.4-104, and 12-43.4-501, C.R.S.

#### Purpose

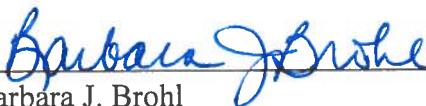
The purpose of the adoption of revised Rule R 211 and new Rule R 212 on an emergency basis is to establish a means by which to manage the production of Retail Marijuana. This rule is necessary to ensure there is not significant under or over production, either of which will increase incentives to engage in diversion and engage in illegal sales of marijuana.

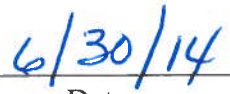
By their terms, the production limitations set forth in Rule R 211 govern only those Medical Marijuana Businesses that either convert to or add a Retail Marijuana Establishment License pursuant to 12-43.4-104(1)(a)(I). The production limitations set forth in Rule R 212 govern Retail Marijuana Cultivation Facilities licensed pursuant to 12-43.4-104(1)(b)(II).

Following adoption of the initial production limitations, the State Licensing Authority commissioned a study of the emerging retail marijuana market in order to refine the rules governing production limitations. That study was just completed, leaving no time for formal rulemaking proceedings prior to July 1, 2014, the date on which the production limitations in Rule R 211 expired and the date on which Subsection 12-43.4-104(1)(b)(II), C.R.S., permits an expanded class of applicants to apply for a Retail Marijuana Establishment License. These emergency revised and new rules will provide preliminary guidance to such applicants and to the regulated community regarding production limitations.

Simultaneously with the adoption of this new rule, the State Licensing Authority has filed a Notice of Rulemaking to commence the permanent rulemaking process. The process will also include the opportunity for substantial stakeholder and public participation, including working group meetings, the opportunity to submit written views and comments and the opportunity for public testimony at the rulemaking hearing.

These emergency rules are effective immediately upon adoption. The prior version of Rule R 211, 1 CCR 212-2, is hereby repealed and replaced by the attached emergency rule, and the new Rule R 212 is hereby adopted. These emergency rules will remain in effect until replaced by a permanent rule.

  
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Barbara J. Brohl  
Executive Director  
Colorado Department of Revenue  
State Licensing Authority

  
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Date