

STATE OF COLORADO

DEPARTMENT OF REVENUE
State Capitol Annex
1375 Sherman Street, Room 409
Denver, Colorado 80261
Phone (303) 866-5610
Fax (303) 866-2400



Colorado Department of Revenue Marijuana Enforcement Division

John W. Hickenlooper
Governor

Michael S. Hartman
Executive Director

Emergency Rules:

Revised Rules, Medical Marijuana, 1 CCR 212-1

Rule M 207 – Schedule of Application Fees: Medical Marijuana Businesses

Rule M 208 – Schedule of Business License Fees: Medical Marijuana Businesses

Rule M 209 – Schedule of Business Renewal License Fees: Medical Marijuana Businesses

Rule M 210 – Schedule of Licensing Administrative Service Fees: All Licensees

Rule M 1701 – Medical Marijuana Establishment Operator: License Privileges

Rule M 1702 – Medical Marijuana Establishment Operator: General Limitations or Prohibited Acts

Rule M 1703 – Medical Marijuana Establishment Operator: Occupational Licenses for Personnel

Revised Rules, Retail Marijuana, 1 CCR 212-2

Rule R 1702 – Retail Marijuana Establishment Operator: General Limitations or Prohibited Acts

Rule R 1703 – Retail Marijuana Establishment Operator: Occupational Licenses for Personnel

Statement of Emergency Justification and Adoption Order

Pursuant to sections 24-4-103, 12-43.3-202, and 12-43.4-202, C.R.S, I, Michael S. Hartman, Executive Director of the Department of Revenue and State Licensing Authority, hereby adopt the aforementioned revised Medical Marijuana and Retail Marijuana Rules, which are attached hereto.

Statement of Emergency Justification and Adoption Order

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: (1) the immediate adoption of these revised rules is necessary to comply with the statutory mandates of the Medical Marijuana Code, sections 12-43.3-101 to -1102, C.R.S., and the Retail Marijuana Code, sections 12-43.4-101 to -1101, C.R.S.; (2) the immediate adoption of these revised rules is necessary to preserve the public health, safety, and welfare; and (3) compliance with the notice and public hearing requirements of section 24-4-103, C.R.S., would be contrary to the public interest.

Statutory Authority

The statutory authority for the attached revised Medical Marijuana Rules is identified in the statement of basis and purpose preceding each rule, and includes subsections 12-43.3-202(1)(a), 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XX), 12-43.3-302(5)(c), 12-43.3-401(1)(a)-(e), and sections 12-43.3-104, 12-43.3-310, 12-43.3-311, 12-43.3-313, 12-43.3-401, 12-43.3-501, and 12-43.3-502, C.R.S.

The statutory authority for the attached revised Retail Marijuana Rules is identified in the statement of basis and purpose preceding each rule, and includes subsections 12-43.4-103 (17.5), 12-43.4-104(1)(a)(I), 12-43.4-202(2)(a), 12-43.4-202(2)(b), 12-43.4-202(3)(a)(II), 12-43.4-202(3)(b)(VIII), 12-43.4-202(3)(b)(IX); 12-43.4-309(7)(a), 12-43.4-310(2)(a), and 12-43.4-401(1)(a)-(g), 12-43.4-601(1), C.R.S., and sections 12-43.4-103, 12-43.4-104, 12-43.4-305, 12-43.4-401, 12-43.4-407, 12-43.4-501, C.R.S.; and Colorado Constitution Article XVIII, Subsection 16(5)(a)(II).

Purpose

The purpose of the revisions to these rules on an emergency basis is twofold: First, to set the fee amounts of two new license types established under House Bill 17-1367, effective August 9, 2017. Second, to amend provisions contained in the Medical and Retail Rules 1700 Series related to Medical and Retail Marijuana Operator Licenses, including amendments to implement House Bill 17-1034.

M 200 Series Emergency Rules

Pursuant to House Bill 17-1367, the General Assembly created two new classes of marijuana licenses in the Medical Marijuana Code, a Marijuana Research and Development license and a Marijuana Research and Development Cultivation license (collectively referred to as "Licensed Research Businesses"). Section 12-43.3-501, C.R.S., governs the marijuana cash fund, and requires the State Licensing Authority to establish and adjust all fees collected pursuant to both the Medical and Retail Marijuana Codes. Under this statute, the State Licensing Authority is required to establish and adjust the fees that will be collected by the State Licensing Authority to reflect

Statement of Emergency Justification and Adoption Order

direct and indirect costs of the State Licensing Authority and to avoid exceeding the statutory limit on uncommitted reserves in administrative agency cash funds.

The statutory effective date of House Bill 17-1367 occurred before the Department of Revenue's Office of Budget & Financial Services could conduct an initial fiscal analysis in accordance with 12-43.3-501, C.R.S. Taking into account the Department's initial fee analysis, these emergency rules establish application fees, license fees, renewal fees, and research project proposal fees for Licensed Research Businesses, which are intended to align with existing marijuana license classes. Following adoption of these emergency and subsequent permanent Medical Marijuana Rules and Retail Marijuana Rules, the State Licensing Authority will request the Department of Revenue's Office of Budget & Financial Services to perform additional fiscal analysis as required to further evaluate these fee amounts, taking into account the direct and indirect costs of the State Licensing Authority, and the need to avoid exceeding the statutory limit on uncommitted reserves in administrative agency cash funds. As part of this analysis, the State Licensing Authority will request the Department of Revenue's Office of Budget & Financial Services to evaluate additional data collected by the Department of Revenue's Marijuana Enforcement Division on the direct and indirect costs of House Bill 17-1367 implementation, including but not limited to (1) the number of Licensed Research Business applications submitted for each license; (2) the number and types of research project proposals submitted; and (3) time and resources required to complete investigations on and processing of Licensed Research Business applications and research project proposals.

M and R 1700 Series Emergency Rules

The Medical and Retail Rules 1700 Series governs Medical and Retail Marijuana Operator licenses. House Bill 17-1034, concerning changes to the Medical Marijuana Code to conform with the Retail Marijuana Code, created a Medical Marijuana Business Operator License. In the 2016 legislative session, the General Assembly passed House Bill 16-1261, which created a Retail Marijuana Establishment Operator License. As a result, existing permanent rules provide for a Retail Marijuana Establishment Operator License, as well as a Medical Marijuana Business Operator Registration. Through these emergency rules the State Licensing Authority amends Rule M 1701 to allow entities to apply for and hold a Medical Marijuana Operator License, and to enable Medical Marijuana Operator Registrants to renew as a Medical Marijuana Operator License. Amendments to Rules M and R 1702 permit financial interest holders in a Medical or Retail Marijuana Operator to hold a financial interest in another Medical Marijuana Business or Retail Marijuana Establishment. The State Licensing Authority also amends Rules M and R 1704 to specify licensure requirements for individuals owning or in the employment of a Medical or Retail Marijuana Operator.

The amendments reflected in these emergency rules were originally presented in a Notice of Rulemaking Hearing filed by the State Licensing Authority on September 15, 2017, and discussed in public stakeholder meetings as part of permanent rulemaking proceedings. However, these amendments were inadvertently excluded from the five-day notice provision in accordance with 24-4-103(4)(a), C.R.S. Consequently, the State Licensing Authority removed these amendments from the permanent rulemaking proceeding and hereby adopts these emergency rules.

Statement of Emergency Justification and Adoption Order

Effective Date of Emergency Rules and Permanent Rulemaking

Following adoption of these emergency rules, the State Licensing Authority will file a permanent rulemaking notice. That process will include the opportunity for substantial stakeholder and public participation. All fees reflected in the emergency rules are subject to change through permanent rulemaking. Specifically, because the State Licensing Authority, through the Department of Revenue's Marijuana Enforcement Division, has not previously engaged in background investigations related to Licensed Research Businesses associated fees reflected in the emergency rules represent best estimates and may be subject to significant change after additional data is obtained following implementation of the emergency rules.

The attached emergency rules are effective immediately upon adoption. The prior versions of Rules M 207, M 208, M 209, M 210, M 1701, M 1702, and M 1703, 1 CCR 212-1, and R 1702, and R 1703, 1 CCR 212-2, are hereby repealed and replaced by the attached emergency rules. These emergency rules will remain in effect until their expiration 120 days from the date of adoption, or until replaced by permanent rules.



Michael S. Hartman
Executive Director
Colorado Department of Revenue
State Licensing Authority

12/27/17

Date

ADOPTED EMERGENCY RULES

MEDICAL MARIJUANA RULES - M 200 & 1700 SERIES, 1 CCR 212-1

M 200 Series – Licensing and Interests

Basis and Purpose – M 207

The statutory authority for this rule includes but is not limited to sections 12-43.3-202(1)(a), 12-43.3-202(1)(b)(l), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XVIII.5), 12-43.3-202(2)(a)(XX), 12-43.3-401(1)(a)-(e), and sections, 12-43.3-104, 12-43.3-310, 12-43.3-401, 12-43.3-501, and 12-43.3-502, C.R.S. The purpose of this rule is to clarify the schedules of application fees for Medical Marijuana Business Applicants.

M 207 – Schedule of Application Fees: Medical Marijuana Businesses

A. Base Medical Marijuana Application Fees

1. Medical Marijuana Center Application Fees
 - a. Type 1 Center (1-300 patients) - \$6,000.00
 - b. Type 2 Center (301-500 patients) - \$10,000.00
 - c. Type 3 Center (501 or more patients) - \$14,000.00
2. Medical Marijuana-Infused Products Manufacturer Application Fee - \$1,000.00
3. Optional Premises Cultivation Location Application Fee - \$1,000.00
4. Medical Marijuana Testing Facility Application Fee - \$1,000.00
5. Medical Marijuana Transporter Application Fee - \$1,000.00
6. Medical Marijuana Business Operator ~~Registration~~ Application Fee - \$1,000.00
7. Medical Marijuana Businesses Converting to Retail Marijuana Establishments. Medical Marijuana Center Applicants or Licensees that want to convert to Retail Marijuana Establishments should refer to 1 CCR 212-2, Rule R 207 – Schedule of Application Fees: Retail Marijuana Establishments.
8. Marijuana Research and Development Facility Application Fee - \$1,000.00
9. Marijuana Research and Development Cultivation Application Fee - \$2,000.00

B. Medical Marijuana Business Application Fees for Indirect Beneficial Interest Owners, Qualified Limited Passive Investors and Other Affiliated Interests

1. Affiliated Interest that is not an Indirect Beneficial Interest Owner - \$200.00
2. Commercially Reasonable Royalty Interest Holder receiving, in the aggregate, a royalty of more than 30 percent - \$400.00
3. Commercially Reasonable Royalty Interest Holder receiving, in the aggregate, a royalty of 30 percent or less - \$200.00
4. Permitted Economic Interest - \$400.00

5. Employee Profit Sharing Plan - \$200.00
 6. Qualified Limited Passive Investor
 - a. Standard limited initial background check - \$75.00
 - b. Full background check for reasonable cause - \$125.00
 7. Qualified Institutional Investor - \$200.00
- C. When Application Fees Are Due. All application fees are due at the time a Medical Marijuana Business submits an application and/or at the time a Medical Marijuana Business submits an application for a new Financial Interest.

Basis and Purpose – M 208

The statutory authority for this rule ~~includes but is not limited to is found at sub~~sections 12-43.3-104, 12-43.3-202(1)(a), 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XX), and 12-43.3-302(5)(c), 12-43.3-310, 12-3.3-401(1)(a)-(e), and sections 12-43.3-104, 12-43.3-310, and 12-43.3-501, and 12-43.3-502, C.R.S. The purpose of this rule is to establish basic requirements for all Division applications and help the regulated community understand procedural licensing and registration requirements.

M 208 – Schedule of Business License and Registration Fees: Medical Marijuana Businesses

- A. Medical Marijuana Center License Fees
 1. Type 1 Center (1-300 patients) - \$3,000.00
 2. Type 2 Center (301-500 patients) - \$6,000.00
 3. Type 3 Center (501 or more patients) - \$8,000.00
- B. Medical Marijuana-Infused Products Manufacturer License Fee- \$1,500.00
- C. Optional Premises Cultivation Location License Fee- \$1,500.00
- D. Medical Marijuana Testing Facility License Fee - \$1,500.00
- E. Medical Marijuana Transporter License Fee - \$4,400.00
- F. Medical Marijuana Business Operator ~~Registration License~~ Fee - \$2,200.00
- F.2 Marijuana Research and Development Facility License Fee - \$1,500.00
- F.3 Marijuana Research and Development Cultivation License Fee - \$1,500.00
- G. When License and Registration Fees Are Due. All license and registration fees are due at the time an application is submitted.
- H. If Application is Denied. If an application is denied, an Applicant may request that the State Licensing Authority refund the license or registration fee after the denial appeal period has lapsed or after the completion of the denial appeal process, whichever is later

Basis and Purpose – M 209

The statutory authority for this rule ~~is found at~~ includes but is not limited to sections 12-43.3-104, 12-43.3-202(1)(a), 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), 12-43.3-202(2)(a)(XX), 12-43.3-310, 12-43.3-401 ~~(1)(a) (e), and sections 12-43.3-104, 12-43.3-310, 12-43.3-401~~, 12-43.3-501, and 12-43.3-502, C.R.S. The purpose of this rule is to establish basic requirements for all Division applications and help the regulated community understand procedural licensing requirements.

M 209 – Schedule of Business License and Registration Renewal Fees: Medical Marijuana Businesses

- A. Renewal Fee Amount and Due Date. The renewal fee shall be \$300 for each renewal application. Renewal license and processing fees are due at the time the renewal application is submitted.
- B. Medical Marijuana Center Renewal Fees.
 - 1. Type 1 Center – \$2,000.00
 - 2. Type 2 Center – \$5,000.00
 - 3. Type 3 Center – \$7,000.00
 - 4. Medical Marijuana-Infused Products Manufacturer - \$1,500.00
 - 5. Optional Premises Cultivation - \$1,500.00
 - 6. Medical Marijuana Testing Facility - \$1,500.00
- C. Medical Marijuana Transporter License - \$4,400.00
- D. Medical Marijuana Business Operator Registration License - \$2,200.00
- D.2 Marijuana Research and Development Facility License Fee - \$1,500.00
- D.3 Marijuana Research and Development Cultivation License Fee - \$1,500.00
- E. If Renewal Application is Denied. If an application for renewal is denied, an Applicant may request that the State Licensing Authority refund the license or registration fee after the denial appeal period has lapsed or after the completion of the denial appeal process, whichever is later.

Basis and Purpose – M 210

The statutory authority for this rule includes but is not limited to sections 12-43.3-202(1)(a), 12-43.3-202(1)(b)(I), 12-43.3-202(1)(e), 12-43.3-202(2)(a)(XVI), and 12-43.3-202(2)(a)(XX), 12-43.3-104, 12-43.3-310, 12-43.3-401, 12-43.3-501, 12-43.3-502, 12-43.3-1101, and 12-43.3-1102, C.R.S. The purpose of this rule is to establish basic requirements for all Division applications and help the regulated community understand procedural licensing requirements.

M 210 – Schedule of Other Application Fees: All Licensees

- A. Other Application Fees. The following other application fees apply:
 - 1. Transfer of Ownership - New Owners - \$1,600.00
 - 2. Transfer of Ownership - Reallocation of Ownership - \$1,000.00
 - 3. Change of Corporation or LLC Structure - \$800.00

4. Change of Trade Name - \$50.00
5. Change of Location Application Fee - \$500.00
6. Modification of Licensed Premises - \$100.00
7. Duplicate Business License - \$20.00
8. Duplicate Occupational License - \$20.00
9. Off Premises Storage Permit - \$1,500.00
10. Medical Marijuana Transporter Off Premises Storage Permit - \$2,200.00
11. Responsible Vendor Program Provider Application Fee ~~:-~~ \$850.00
12. Responsible Vendor Program Provider Renewal Fee ~~:-~~ \$350.00
13. Responsible Vendor Program Provider Duplicate Certificate Fee ~~:-~~ \$50.00
14. Licensed Research Business Research Project Proposal - \$500.00

B. When Other Application Fees Are Due. All other application fees are due at the time the application and/or request is submitted.

C. Subpoena Fee - See Rule M 106 – Subpoena Fees

M 1700 Series – Medical Marijuana Business Operators

Basis and Purpose – M 1701

The statutory authority for this rule ~~includes but is not limited to is found at sub~~sections 12-43.3-202(1)(a), 12-43.3-202(1)(b)(l), 12-43.3-202(2)(a)(XX) and 12-43.3-401(d), C.R.S. The purpose of this rule is to establish that it is unlawful for a Medical Marijuana Business Operator registrant to exercise any privileges other than those granted by the State Licensing Authority and to clarify the registrant privileges.

M 1701 – Medical Marijuana Business Operator: License or Registration Privileges

- A. Privileges Granted. A Medical Marijuana Business Operator shall only exercise those privileges granted to it by the Medical Code, the rules promulgated pursuant thereto and the State Licensing Authority. A Medical Marijuana Business Operator may exercise those privileges only on behalf of the Medical Marijuana Business(es) it operates. A Medical Marijuana Business shall not contract to have more than one Medical Marijuana Business Operator providing services to the Medical Marijuana Business at any given time. A Medical Marijuana Business Operator may not provide any operational services to a Licensed Research Business.
- B. Licensed Premises of the Medical Marijuana Business(es) Operated. A separate license or registration is required for each specific Medical Marijuana Business Operator, and each licensed or such-registered Medical Marijuana Business Operator may operate one or more other Medical Marijuana Business(es). A Medical Marijuana Business Operator shall not have its own Licensed Premises, but shall maintain its own place of business, and may exercise the privileges of a Medical Marijuana Business Operator at the Licensed Premises of the Medical Marijuana Business(es) it operates.

- C. Entities Eligible to Hold Medical Marijuana Business Operator License or Registration. A Medical Marijuana Business Operator license or registration may be held only by a business entity, including, but not limited to, a corporation, limited liability company, partnership or sole proprietorship.
- D. Separate Place of Business. A Medical Marijuana Business Operator shall designate and maintain a place of business separate from the Licensed Premises of any Medical Marijuana Business(es) it operates. A Medical Marijuana Business Operator's separate place of business shall not be considered a Licensed Premises, and shall not be subject to the requirements applicable to the Licensed Premises of other Medical Marijuana Businesses, except as set forth in Rules M 1702 and 1704. Possession, storage, use, cultivation, manufacture, sale, distribution, or testing of Medical Marijuana or Medical Marijuana-Infused Product is prohibited at a Medical Marijuana Business Operator's separate place of business.
- E. Agency Relationship and Discipline for Violations. A Medical Marijuana Business Operator and each of its Direct Beneficial Interest Owners required to hold an Associated Key License, as well as the agents and employees of the Medical Marijuana Business Operator, shall be agents of the Medical Marijuana Business(es) the Medical Marijuana Business Operator is contracted to operate, when engaged in activities related, directly or indirectly, to the operation of such Medical Marijuana Business(es), including for purposes of taking administrative action against the Medical Marijuana Business being operated. See § 12-43.4-601(1), C.R.S. Similarly, a Medical Marijuana Business Operator and its Direct Beneficial Interest Owners required to hold an Associated Key License, as well as the officers, agents and employees of the Medical Marijuana Business Operator, may be disciplined for violations committed by the Direct Beneficial Interest Owners, agents or employees of the Medical Marijuana Business acting under their direction or control. A Medical Marijuana Business Operator may also be disciplined for violations not directly related to a Medical Marijuana Business it is operating.
- F. Compliance with Applicable State and Local Law, Ordinances, Rules and Regulations. A Medical Marijuana Business Operator, and each of its Direct Beneficial Interest Owners, agents and employees engaged, directly or indirectly, in the operation of the Medical Marijuana Business(es) it operates, shall comply with all state and local laws, ordinances, rules and regulations applicable to the Medical Marijuana Business(es) being operated.
- G. Transition from Medical Marijuana Business Operator Registrations to Licenses. The Division will accept applications for Medical Marijuana Business Operator registrations through December 31, 2017. After December 31, 2017, the Division will only accept applications for new or renewal Medical Marijuana Business Operator licenses. Any Medical Marijuana Business Operator registration issued by the Division based on an application submitted on or before December 31, 2017, will be valid for one year from the date of issuance. After December 31, 2017, Medical Marijuana Business Operator registrations will only be available for renewal as Medical Marijuana Business licenses. The Division will not accept applications for new or renewal Medical Marijuana Business registrations after December 31, 2017.
- H. Application of Rules to Registrations. The State Licensing Authority may take any action with respect to a Medical Marijuana Business Operator registration that it could take with respect to a license issued under the Medical Code. In any administrative action involving a Medical Marijuana Business registration, these rules shall be read as including the terms "registered", "registration", "registrant" or any other similar terms as the context requires when applied to a Medical Marijuana Business Operator registration.

Formatted: Underline

Formatted: Underline

Basis and Purpose – M 1702

The statutory authority for this rule ~~is found at sub~~ includes but is not limited to sections 12-43.3-202(1)(a), 12-43.3-202(1)(b)(l), 12-43.3-202(2)(a)(XX) and 12-43.3-401(d), C.R.S. The purpose of this

rule is to clarify those acts that are limited in some fashion, or prohibited, by a Medical Marijuana Business Operator.

M 1702 – Medical Marijuana Business Operators: General Limitations or Prohibited Acts

- A. Prohibited Financial Interest. A Person who is a Direct Beneficial Interest Owner or an Indirect Beneficial Interest Owner of a Medical Marijuana Business Operator ~~may also be a~~ ~~shall not be a~~ Direct Beneficial Interest Owner ~~, or an~~ Indirect Beneficial Interest Owner ~~or otherwise hold a~~ direct or indirect financial interest in another Medical Marijuana Business so long as that interest complies with all other requirements of these rules. A Medical Marijuana Business may be operated by a Medical Marijuana Business Operator where each have one or more Direct Beneficial Interest Owners or Indirect Beneficial Interest Owners in common. A, or otherwise have a direct or indirect financial interest in, a Medical Marijuana Business operated by the Medical Marijuana Business Operator. Except that such Person ~~may also receive~~ ~~shall have the right to~~ compensation for services provided by a Medical Marijuana Business Operator in accordance with these rules.
- B. Sale of Marijuana Prohibited. A Medical Marijuana Business Operator is prohibited from selling, distributing, or transferring Medical Marijuana or Medical Marijuana-Infused Product to another Medical Marijuana Business or a consumer, except when acting as an agent of a Medical Marijuana Business(es) operated by the Medical Marijuana Business Operator.
- C. Consumption Prohibited. A Medical Marijuana Business Operator, and its Direct Beneficial Interest Owners, agents and employees, shall not permit the consumption of marijuana or marijuana products at its separate place of business.
- D. Inventory Tracking System. A Medical Marijuana Business Operator, and any of its Direct Beneficial Interest Owners, agents or employees engaged in the operation of the Medical Marijuana Business(es) it operates, must use the Inventory Tracking System account of the Medical Marijuana Business(es) it operates, in accordance with all requirements, limitations and prohibitions applicable to the Medical Marijuana Business(es) it operates.
- E. Compliance with Requirements and Limitations Applicable to the Medical Marijuana Business(es) Operated. In operating any other Medical Marijuana Business(es), a Medical Marijuana Business Operator, and its Direct Beneficial Interest Owners, agents and employees, shall comply with all requirements, limitations and prohibitions applicable to the type(s) of Medical Marijuana Business(es) being operated, under state and local laws, ordinances, rules and regulations, and may be disciplined for violation of the same.
- F. Inventory Tracking System Access. A Medical Marijuana Business may grant access to its Inventory Tracking System account to the Direct Beneficial Interest Owners who are required to hold Associated Key Licenses, as well as the licensed agents and employees of a Medical Marijuana Business Operator having duties related to Inventory Tracking System activities of the Medical Marijuana Business(s) being operated.
 - 1. The Direct Beneficial Interest Owners, agents and employees of a Medical Marijuana Business Operator granted access to a Medical Marijuana Business's Inventory Tracking System account, shall comply with all Inventory Tracking System rules.
 - 2. At least one Direct Beneficial Interest Owner of a Medical Marijuana Business being operated by a Medical Marijuana Business Operator must be an Inventory Tracking System Trained Administrator for the Medical Marijuana Business's Inventory Tracking System account. That Inventory Tracking System Trained Administrator shall control access to its Inventory Tracking System account, and shall promptly terminate the access

of the Medical Marijuana Business Operator's Direct Beneficial Interest Owners, agents and employees:

- a. When its contract with the Medical Marijuana Business Operator expires by its terms;
- b. When its contract with the Medical Marijuana Business Operator is terminated by any party; or
- c. When it is notified that the license or registration of the Medical Marijuana Business Operator, or a specific Direct Beneficial Interest Owner, agent or employee of the Medical Marijuana Business Operator, has expired, or has been suspended or revoked.

G. Limitations on Use of Documents and Information Obtained from Medical Marijuana Businesses.

A Medical Marijuana Business Operator, and its agents and employees, shall maintain the confidentiality of documents and information obtained from the other Medical Marijuana Business(es) it operates, and shall not use or disseminate documents or information obtained from a Medical Marijuana Business it operates for any purpose not authorized by the Medical Code and the rules promulgated pursuant thereto, and shall not engage in data mining or other use of the information obtained from a Medical Marijuana Business to promote the interests of the Medical Marijuana Business Operator or its Direct Beneficial Interest Owners, Indirect Beneficial Interest Owners, agents or employees, or any Person other than the Medical Marijuana Business it operates.

H. Form and Structure of Allowable Agreement(s) Between Operators and Owners. Any agreement between a Medical Marijuana Business and a Medical Marijuana Business Operator:

1. Must acknowledge that the Medical Marijuana Business Operator, and its Direct Beneficial Interest Owners, agents and employees who are engaged, directly or indirectly, in operating the Medical Marijuana Business, are agents of the Medical Marijuana Business being operated, and must not disclaim an agency relationship;
2. May provide for the Medical Marijuana Business Operator to receive direct remuneration from the Medical Marijuana Business, including a portion of the profits of the Medical Marijuana Business being operated, subject to the following limitations:
 - a. The portion of the profits to be paid to the Medical Marijuana Business Operator shall be commercially reasonable, and in any event shall not exceed the portion of the net profits to be retained by the Medical Marijuana Business being operated;
 - b. The Medical Marijuana Business Operator ~~and any Person associated with the Medical Marijuana Business Operator~~, shall not be granted, and may not accept:
 - i. a security interest in the Medical Marijuana Business being operated, or in any assets of the Medical Marijuana Business;
 - ii. an ownership or membership interest, shares, or shares of stock, or any right to obtain any direct or indirect beneficial ownership interest in the Medical Marijuana Business being operated, or a future or contingent right to the same, including but not limited to options or warrants;

- c. The Medical Marijuana Business Operator, ~~and any person associated with the Medical Marijuana Business Operator,~~ shall not guarantee the Medical Marijuana Business's debts or production levels.
- 3. Shall permit the Medical Marijuana Business being operated to terminate the contract with the Medical Marijuana Business Operator at any time, with or without cause;
- 4. Shall be contingent on approval by the Division; and
- 5. Shall not be materially amended without advance written approval from the Division.
- I. A Medical Marijuana Business Operator may engage in dual operation of a Medical Marijuana Business and a Retail Marijuana Establishment at a single location, to the extent the Medical Marijuana Business being operated is permitted to do so pursuant to subsection 12-43.4-401(2)(a), C.R.S., and the Medical Marijuana Business Operator shall comply with the rules promulgated pursuant to the Medical Code and the Retail Code, including the requirement of obtaining a valid license as a Retail Marijuana Establishment Operator.

Basis and Purpose – M 1703

The statutory authority for this rule ~~includes but is not limited to is found at sub~~sections, 12-43.3-202(1)(a), 12-43.3-202(1)(b)(I), 12-43.3-202(2)(a)(XX) and 12-43.3-401(d), C.R.S.. The purpose of this rule is to establish occupational license requirements for the Medical Marijuana Business Operator's Direct Beneficial Interest Owners, agents and employees, including those directly or indirectly engaged in the operation of other Medical Marijuana Business(es).

M 1703 – Medical Marijuana Business Operators: Occupational Licenses for Personnel

- A. ~~Required Occupational Licenses. Occupational Licenses Required. All natural persons who are Direct Beneficial Interest Owners, and all natural persons who are agents and employees, of a Medical Marijuana Business Operator that are actively engaged, directly or indirectly, in the operation of one or more other Medical Marijuana Business(es), including but not limited to all such persons who will come into contact with Medical Marijuana or Medical Marijuana-Infused Product, who will have to access Limited Access Areas, or who will have access to the Inventory Tracking System account of the Medical Marijuana Business(es) being operated as part of their duties, must have a valid Occupational License.~~
 - 1. Associated Key Licenses. All natural persons who are Direct Beneficial Interest Owners in a Medical Marijuana Business Operator must have a valid Associated Key License, associated with the Medical Marijuana Business Operator license or registration. Such an Associated Key License shall satisfy all licensing requirements for work related to the business of the Medical Marijuana Business Operator and for work performed on behalf of, or at the Licensed Premises of, the Medical Marijuana Business(es) operated by the Medical Marijuana Business Operator.
 - 2. Key Licenses. All ~~other~~ natural persons who are agents or employees of a Medical Marijuana Business Operator that are actively engaged, directly or indirectly, in the management or supervision operation of other Medical Marijuana Businesses, must hold a Key License. The Key License shall satisfy all licensing requirements for work related to the business of the Medical Marijuana Business Operator and for work at the Licensed Premises of, or on behalf of, the Medical Marijuana Business(es) operated by the Medical Marijuana Business Operator.
 - 3. Occupational Licenses. ~~All other natural persons who are agents and employees, of a Medical Marijuana Business Operator that are actively engaged, directly or indirectly, in~~

the operation of one or more other Medical Marijuana Business(es), including but not limited to all agents or employees who will come into contact with Medical Marijuana or Medical Marijuana-Infused Product, who will have to access Limited Access Areas, or who will have access to the Inventory Tracking System account of the Medical Marijuana Business(es) being operated, must have a valid Occupational License.

- B. Occupational Licenses Not Required. Occupational Licenses are not required for Indirect Beneficial Interest Owners of a Medical Marijuana Business Operator, Qualified Limited Passive Investors who are Direct Beneficial Interest Owners of a Medical Marijuana Business Operator, or for natural persons who will not come into contact with Medical Marijuana or Medical Marijuana-Infused Product, will not have access to Limited Access Area(s) of the Medical Marijuana Business(es) being operated, and will not have access to the Inventory Tracking System account of the Medical Marijuana Business(es) being operated.
- C. Designation of the Manager of a Medical Marijuana Business Operated by a Medical Marijuana Business Operator. If a Medical Marijuana Business Operator is contracted to manage the overall operations of a Medical Marijuana Business's Licensed Premises, the Medical Marijuana Business shall designate a separate and distinct manager on the Licensed Premises who is an officer, agent or employee of the Medical Marijuana Business Operator, which shall be a natural person with a valid Associated Key License or Key License, as set forth in paragraph A of this rule, and the Medical Marijuana Business shall comply with the reporting provisions of subsection 12-43.4-309(11), C.R.S.

ADOPTED EMERGENCY RULES

RETAIL MARIJUANA RULES - R 1700 SERIES, 1 CCR 212-2

R 1700 Series – Retail Marijuana Establishment Operators

Basis and Purpose – R 1702

The statutory authority for this rule ~~is found at~~ includes but is not limited to sections 12-43.4-202(1), 12-43.4-202(2)(b), 12-43.4-202(3)(a)(XVIII), 12-43.4-202(3)(b)(IX), ~~and sections 12-43.4-407 and 12-43.4-901, C.R.S.~~ The purpose of this rule is to clarify those acts that are limited in some fashion, or prohibited, by a Retail Marijuana Establishment Operator.

R 1702 – Retail Marijuana Establishment Operators: General Limitations or Prohibited Acts

- A. Prohibited Financial Interest. A Person who is a Direct Beneficial Interest Owner or an Indirect Beneficial Interest Owner of a Retail Marijuana Establishment Operator ~~may also shall not~~ be a Direct Beneficial Interest Owner, ~~an or~~ Indirect Beneficial Interest Owner ~~or otherwise hold of, or otherwise have~~ a direct or indirect financial interest in, ~~another~~ Retail Marijuana Establishment so long as that interest complies with all other requirements of these rules. A Retail Marijuana Establishment may be operated by a Retail Marijuana Business Operator where each has one or more Direct Beneficial Interest Owners or Indirect Beneficial Interest Owners in common. A Retail Marijuana Establishment Operator. Except that such Person may receive compensation for services provided by a Retail Marijuana Business Operator in accordance with these rules.
- B. Sale of Marijuana Prohibited. A Retail Marijuana Establishment Operator is prohibited from selling, distributing, or transferring Retail Marijuana or Retail Marijuana Product to another Retail Marijuana Establishment or a consumer, except when acting as an agent of a Retail Marijuana Establishment(s) operated by the Retail Marijuana Establishment Operator.
- C. Consumption Prohibited. A Retail Marijuana Establishment Operator, and its Direct Beneficial Interest Owners, agents and employees, shall not permit the consumption of marijuana or marijuana products at its separate place of business.
- D. Inventory Tracking System. A Retail Marijuana Establishment Operator, and any of its Direct Beneficial Interest Owners, agents or employees engaged in the operation of the Retail Marijuana Establishment(s) it operates, must use the Inventory Tracking System account of the Retail Marijuana Establishment(s) it operates, in accordance with all requirements, limitations and prohibitions applicable to the Retail Marijuana Establishment(s) it operates.
- E. Compliance with Requirements and Limitations Applicable to the Retail Marijuana Establishment(s) Operated. In operating any other Retail Marijuana Establishment(s), a Retail Marijuana Establishment Operator, and its Direct Beneficial Interest Owners who are required to hold Associated Key Licenses, as well as the agents and employees of the Retail Marijuana Establishment Operator, shall comply with all requirements, limitations and prohibitions applicable to the type(s) of Retail Marijuana Establishment(s) being operated, under state and local laws, ordinances, rules and regulations, and may be disciplined for violation of the same.
- F. Inventory Tracking System Access. A Retail Marijuana Establishment may grant access to its Inventory Tracking System account to the Direct Beneficial Interest Owners, agents and employees of a Retail Marijuana Establishment Operator having duties related to Inventory Tracking System activities of the Retail Marijuana Establishment(s) being operated.
1. The Direct Beneficial Interest Owners, agents and employees of a Retail Marijuana Establishment Operator granted access to a Retail Marijuana Establishment's Inventory Tracking System account, shall comply with all Inventory Tracking System rules.

2. At least one Direct Beneficial Interest Owner of a Retail Marijuana Establishment being operated by a Retail Marijuana Establishment Operator ~~must~~ be an Inventory Tracking System Trained Administrator for the Retail Marijuana Establishment's Inventory Tracking System account. That Inventory Tracking System Trained Administrator shall control access to its Inventory Tracking System account, and shall promptly terminate the access of the Retail Marijuana Establishment Operator's Direct Beneficial Interest Owners, agents and employees:
 - a. When its contract with the Retail Marijuana Establishment Operator expires by its terms;
 - b. When its contract with the Retail Marijuana Establishment Operator is terminated by any party; or
 - c. When it is notified that the License of the Retail Marijuana Establishment Operator, or a specific Direct Beneficial Interest Owner, agent or employee of the Retail Marijuana Establishment Operator, has expired, or has been suspended or revoked.

G. Limitations on Use of Documents and Information Obtained from Retail Marijuana Establishments. A Retail Marijuana Establishment Operator, and its agents and employees, shall maintain the confidentiality of documents and information obtained from the other Retail Marijuana Establishment(s) it operates, and shall not use or disseminate documents or information obtained from a Retail Marijuana Establishment it operates for any purpose not authorized by the Retail Code and the rules promulgated pursuant thereto, and shall not engage in data mining or other use of the information obtained from a Retail Marijuana Establishment to promote the interests of the Retail Marijuana Establishment Operator or its Direct Beneficial Interest Owners, Indirect Beneficial Interest Owners, agents or employees, or any Person other than the Retail Marijuana Establishment it operates.

H. Form and Structure of Allowable Agreement(s) Between Operators and Owners. Any agreement between a Retail Marijuana Establishment and a Retail Marijuana Establishment Operator:

1. Must acknowledge that the Retail Marijuana Establishment Operator, and its Direct Beneficial Interest Owners, agents and employees who are engaged, directly or indirectly, in operating the Retail Marijuana Establishment, are agents of the Retail Marijuana Establishment being operated, and must not disclaim an agency relationship.;
2. May provide for the Retail Marijuana Establishment Operator to receive direct remuneration from the Retail Marijuana Establishment, including a portion of the profits of the Retail Marijuana Establishment being operated, subject to the following limitations:
 - a. The portion of the profits to be paid to the Retail Marijuana Establishment Operator shall be commercially reasonable, and in any event shall not exceed the portion of the net profits to be retained by the Retail Marijuana Establishment being operated;
 - b. The Retail Marijuana Establishment Operator, ~~and any Person associated with the Retail Marijuana Establishment Operator,~~ shall not be granted, and may not accept:
 - i. a security interest in the Retail Marijuana Establishment being operated, or in any assets of the Retail Marijuana Establishment;

- ii. an ownership or membership interest, shares, or shares of stock, or any right to obtain any direct or indirect beneficial ownership interest in the Retail Marijuana Establishment being operated, or a future or contingent right to the same, including but not limited to options or warrants;
- c. The Retail Marijuana Establishment Operator, ~~and any person associated with the Retail Marijuana Establishment Operator,~~ shall not guarantee the Retail Marijuana Establishment's debts or production levels.
- 3. Shall permit the Retail Marijuana Establishment being operated to terminate the contract with the Retail Marijuana Establishment Operator at any time, with or without cause;
- 4. Shall be contingent on approval by the Division; and
- 5. Shall not be materially amended without advance written approval from the Division.
- I. A Retail Marijuana Establishment Operator may engage in dual operation of a Retail Marijuana Establishment and a Medical Marijuana Business at a single location, to the extent the Retail Marijuana Establishment being operated is permitted to do so pursuant to subsection 12-43.4-401(2)(a), C.R.S., and the Retail Marijuana Establishment Operator shall comply with the rules promulgated pursuant to the Medical Code and the Retail Code, including the requirement of obtaining a valid registration as a Medical Marijuana Business Operator.

Basis and Purpose – R 1703

The statutory authority for this rule ~~is found at~~ subincludes but is not limited to sections, 12-43.4-202(3)(a)(XVIII), 12-43.4-202(3)(b)(IX), 12-43.4-309(11), and 12-43.4-401(1)(e) C.R.S. The purpose of this rule is to establish occupational license requirements for the Retail Marijuana Establishment Operator's Direct Beneficial Interest Owners, agents and employees, including those directly or indirectly engaged in the operation of other Retail Marijuana Establishment(s).

R 1703 – Retail Marijuana Establishment Operators: Occupational Licenses for Personnel

A. Required Occupational Licenses.

Formatted: Underline

~~Occupational Licenses Required. All natural persons who are Direct Beneficial Interest Owners, and all natural persons who are agents and employees, of a Retail Marijuana Establishment Operator that are actively engaged, directly or indirectly, in the operation of one or more other Retail Marijuana Establishment(s), including but not limited to all such persons who will come into contact with Retail Marijuana or Retail Marijuana Product, who will have to access Limited Access Areas, or who will have access to the Inventory Tracking System account of the Retail Marijuana Establishment(s) being operated as part of their duties, must have a valid Occupational License.~~

- 1. Associated Key Licenses. All natural persons who are Direct Beneficial Interest Owners in a Retail Marijuana Establishment Operator must have a valid Associated Key License, associated with the Retail Marijuana Establishment Operator License. Such an Associated Key License shall satisfy all licensing requirements for work related to the business of the Retail Marijuana Establishment Operator and for work performed on behalf of, or at the Licensed Premises of, the Retail Marijuana Establishment(s) operated by the Retail Marijuana Establishment Operator.
- 2. Key Licenses. All other natural persons who are agents or employees of a Retail Marijuana Establishment Operator that are actively engaged, directly or indirectly, in the management or supervision operation of other Retail Marijuana Establishments, must hold a Key License. The Key License shall satisfy all licensing requirements for work

related to the business of the Retail Marijuana Establishment Operator and for work at the Licensed Premises of, or on behalf of, the Retail Marijuana Establishment(s) operated by the Retail Marijuana Establishment Operator.

3. Occupational Licenses. All natural persons who are agents and employees of a Retail Marijuana Establishment Operator that are actively engaged, directly or indirectly, in the operation of one or more other Retail Marijuana Establishment(s), including but not limited to all agents or employees who will come into contact with Retail Marijuana or Retail Marijuana Product, who will have to access Limited Access Areas, or who will have access to the Inventory Tracking System account of the Retail Marijuana Establishment(s) being operated as part of their duties, must have a valid Occupational License.

Formatted: Underline

- B. Occupational Licenses Not Required. Occupational Licenses are not required for Indirect Beneficial Interest Owners of a Retail Marijuana Establishment Operator, Qualified Limited Passive Investors who are Direct Beneficial Interest Owners of a Retail Marijuana Establishment Operator, or for natural persons who will not come into contact with Retail Marijuana or Retail Marijuana Product, will not have access Limited Access Area(s) of the Retail Marijuana Establishment(s) being operated, and will not have access to the Inventory Tracking System account of the Retail Marijuana Establishment(s) being operated.
- C. Designation of the Manager of a Retail Marijuana Establishment Operated by a Retail Marijuana Establishment Operator. If a Retail Marijuana Establishment Operator is contracted to manage the overall operations of a Retail Marijuana Establishment's Licensed Premises, the Retail Marijuana Establishment shall designate a separate and distinct manager on the Licensed Premises who is an officer, agent or employee of the Retail Marijuana Establishment Operator, which shall be a natural person with a valid Associated Key License or Key License, as set forth in paragraph A of this rule, and the Retail Marijuana Establishment shall comply with the reporting provisions of subsection 12-43.4-309(11), C.R.S.