

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 15-1093.01 Michael Dohr x4347

HOUSE BILL 15-1379

HOUSE SPONSORSHIP

Pabon,

SENATE SPONSORSHIP

Hill,

House Committees
Business Affairs and Labor

Senate Committees

A BILL FOR AN ACT

101 CONCERNING CREATION OF MARIJUANA PERMITTED ECONOMIC
102 INTEREST REGISTRATIONS.

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://www.leg.state.co.us/billsummaries>.)

The bill creates a permitted economic interest registration (registration) in both the regulated medical marijuana and retail marijuana systems. A registration can be held by a person or company with the ability to enter into different types of financial arrangements with a medical marijuana or retail marijuana licensee as long as the registrant cannot and does not exercise any control over the licensee. A registration

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

may only be issued to a person or company who is entering into an agreement with an established medical or retail marijuana licensee.

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

2 **SECTION 1.** In Colorado Revised Statutes, 12-43.3-104, **amend**
3 (1); and **add** (1.3), (6.5), (12.3), (12.4), (12.5), and (12.6) as follows:

4 **12-43.3-104. Definitions.** As used in this article, unless the
5 context otherwise requires:

6 (1) ~~"Good cause", for purposes of refusing or denying a license~~
7 ~~renewal, reinstatement, or initial license issuance, means: "CONTROL",~~
8 FOR PURPOSES OF DETERMINING WHETHER A BENEFICIAL INTEREST IS A
9 PERMITTED ECONOMIC INTEREST, MEANS:

10 (a) ~~The licensee or applicant has violated, does not meet, or has~~
11 ~~failed to comply with any of the terms, conditions, or provisions of this~~
12 ~~article, any rules promulgated pursuant to this article, or any supplemental~~
13 ~~local law, rules, or regulations; OWNERSHIP OF, OR THE POWER TO VOTE~~
14 ~~OR APPOINT ANY PERSON TO VOTE, DIRECTLY OR INDIRECTLY, ANY~~
15 ~~PERCENTAGE OF ANY CLASS OF VOTING SECURITIES OR VOTING INTERESTS~~
16 ~~OF A LICENSEE, APPLICANT, OR PERSON IN CONTROL OF A LICENSEE OR~~
17 ~~APPLICANT;~~

18 (b) ~~The licensee or applicant has failed to comply with any special~~
19 ~~terms or conditions that were placed on its license pursuant to an order of~~
20 ~~the state or local licensing authority; THE POWER TO ELECT OR APPOINT~~
21 ~~EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, TRUSTEES, OR OTHER~~
22 ~~PERSONS EXERCISING MANAGERIAL AUTHORITY OF A LICENSEE,~~
23 ~~APPLICANT, OR PERSON IN CONTROL OF A LICENSEE OR APPLICANT; OR~~

24 (c) ~~The licensed premises have been operated in a manner that~~
25 ~~adversely affects the public health or welfare or the safety of the~~

1 ~~immediate neighborhood in which the establishment is located.~~ THE
2 POWER, DIRECTLY OR INDIRECTLY, TO APPOINT OR DIRECT ANY OTHER
3 PERSON TO APPOINT ANY PERSON TO ELECT OR APPOINT EXECUTIVE
4 OFFICERS, MANAGERS, DIRECTORS, TRUSTEES, OR OTHER PERSONS
5 EXERCISING MANAGERIAL AUTHORITY OF A LICENSEE, APPLICANT, OR
6 PERSON IN CONTROL OF A LICENSEE OR APPLICANT.

7 (1.3) "GOOD CAUSE", FOR PURPOSES OF REFUSING OR DENYING A
8 LICENSE RENEWAL, REINSTATEMENT, OR INITIAL LICENSE ISSUANCE,
9 MEANS:

10 (a) THE LICENSEE OR APPLICANT HAS VIOLATED, DOES NOT MEET,
11 OR HAS FAILED TO COMPLY WITH ANY OF THE TERMS, CONDITIONS, OR
12 PROVISIONS OF THIS ARTICLE, ANY RULES PROMULGATED PURSUANT TO
13 THIS ARTICLE, OR ANY SUPPLEMENTAL LOCAL LAW, RULES, OR
14 REGULATIONS;

15 (b) THE LICENSEE OR APPLICANT HAS FAILED TO COMPLY WITH ANY
16 SPECIAL TERMS OR CONDITIONS THAT WERE PLACED ON ITS LICENSE
17 PURSUANT TO AN ORDER OF THE STATE OR LOCAL LICENSING AUTHORITY;

18 (c) THE LICENSED PREMISES HAVE BEEN OPERATED IN A MANNER
19 THAT ADVERSELY AFFECTS THE PUBLIC HEALTH OR WELFARE OR THE
20 SAFETY OF THE IMMEDIATE NEIGHBORHOOD IN WHICH THE
21 ESTABLISHMENT IS LOCATED.

22 (6.5) "MANAGER" MEANS A PERSON DESIGNATED AS A MANAGER
23 OF A LIMITED LIABILITY COMPANY TO MANAGE THE COMPANY PURSUANT
24 TO SECTION 7-80-402, C.R.S.

25 (12.3) "OWNER" MEANS ANY PERSON HAVING A BENEFICIAL
26 INTEREST, AS DEFINED BY THE STATE LICENSING AUTHORITY, IN A MEDICAL
27 MARIJUANA BUSINESS OTHER THAN A PERSON HOLDING A CURRENT

1 PERMITTED ECONOMIC INTEREST REGISTRATION.

2 (12.4) "PERMITTED ECONOMIC INTEREST" MEANS ANY BENEFICIAL
3 INTEREST OR ANY OTHER TYPE OF INTEREST IN A LICENSED MEDICAL
4 MARIJUANA BUSINESS THAT WOULD OTHERWISE CAUSE ANY BENEFICIARY
5 OF SUCH INTEREST TO BE CHARACTERIZED AS AN OWNER PURSUANT TO
6 THIS ARTICLE OR ANY PROCEDURE OR RULE PROMULGATED PURSUANT TO
7 THIS ARTICLE, PROVIDED THAT, AS A MATTER LAW, THE BENEFICIARY
8 CANNOT HAVE OR EXERCISE ANY CONTROL, DIRECTLY OR INDIRECTLY,
9 OVER THE RELATED LICENSED RETAIL MARIJUANA ESTABLISHMENT.

10 (12.5) "PERMITTED ECONOMIC INTEREST REGISTRANT" MEANS A
11 PERSON WITH A PERMITTED ECONOMIC INTEREST REGISTRATION ISSUED
12 PURSUANT TO THIS ARTICLE.

13 (12.6) "PERMITTED ECONOMIC INTEREST REGISTRATION" MEANS
14 A REGISTRATION THAT IS REQUIRED FOR ANY PERSON HAVING A
15 PERMITTED ECONOMIC INTEREST.

16 **SECTION 2.** In Colorado Revised Statutes, 12-43.3-307, **amend**
17 (1) introductory portion and (2) (c) as follows:

18 **12-43.3-307. Persons prohibited as licensees.** (1) A license OR
19 REGISTRATION provided by this article shall not be issued to or held by:

20 (2) (c) At the time of filing an application for issuance or renewal
21 of a state medical marijuana center license, medical marijuana-infused
22 product manufacturer license, ~~or~~ optional premises cultivation license, OR
23 A PERMITTED ECONOMIC INTEREST REGISTRATION, an applicant shall
24 submit a set of his or her fingerprints and file personal history information
25 concerning the applicant's qualifications for a state license OR FOR A
26 PERMITTED ECONOMIC INTEREST REGISTRATION on forms prepared by the
27 state licensing authority. The state or local licensing authority shall

1 submit the fingerprints to the Colorado bureau of investigation for the
2 purpose of conducting fingerprint-based criminal history record checks.
3 The Colorado bureau of investigation shall forward the fingerprints to the
4 federal bureau of investigation for the purpose of conducting
5 fingerprint-based criminal history record checks. The state or local
6 licensing authority may acquire a name-based criminal history record
7 check for an applicant or a license holder who has twice submitted to a
8 fingerprint-based criminal history record check and whose fingerprints
9 are unclassifiable. An applicant who has previously submitted
10 fingerprints for state licensing purposes may request that the fingerprints
11 on file be used. The state or local licensing authority shall use the
12 information resulting from the fingerprint-based criminal history record
13 check to investigate and determine whether an applicant is qualified to
14 hold a state license OR A PERMITTED ECONOMIC INTEREST REGISTRATION
15 pursuant to this article. The state or local licensing authority may verify
16 any of the information an applicant is required to submit.

17 **SECTION 3.** In Colorado Revised Statutes, 12-43.3-310, **amend**
18 (11) as follows:

19 **12-43.3-310. Licensing in general.** (11) A licensee OR
20 PERMITTED ECONOMIC INTEREST REGISTRANT shall report each transfer or
21 change of financial interest in the license to the state and local licensing
22 authorities thirty days prior to any transfer or change pursuant to section
23 12-43.3-309. A report shall be required for transfers of capital stock of
24 any corporation regardless of size.

25 **SECTION 4.** In Colorado Revised Statutes, 12-43.3-313, **amend**
26 (1) and (3) as follows:

27 **12-43.3-313. Unlawful financial assistance.** (1) The state

1 licensing authority, by rule and regulation, shall require a complete
2 disclosure of all persons having a direct or indirect financial interest,
3 INCLUDING THOSE WITH A PERMITTED ECONOMIC INTEREST, and the extent
4 of such interest, in each license issued under this article.

5 (3) This section is intended to prohibit and prevent the control of
6 the outlets for the sale of medical marijuana by a person or party,
7 INCLUDING A PERMITTED ECONOMIC INTEREST REGISTRANT, other than the
8 persons licensed AND PERMITTED TO CONTROL SUCH OUTLETS pursuant to
9 the provisions of this article.

10 **SECTION 5.** In Colorado Revised Statutes, 12-43.3-401, **amend**
11 (1) introductory portion, (1) (c), and (1) (d); and **add** (1) (e) as follows:

12 **12-43.3-401. Classes of licenses.** (1) For the purpose of
13 regulating the cultivation, manufacture, distribution, and sale of medical
14 marijuana, the state licensing authority in its discretion, upon application
15 in the prescribed form made to it, may issue and grant to the applicant a
16 license OR REGISTRATION from any of the following classes, subject to the
17 provisions and restrictions provided by this article:

18 (c) Medical marijuana-infused products manufacturing license;
19 **and**

20 (d) Occupational licenses and registrations for owners, managers,
21 operators, employees, contractors, and other support staff employed by,
22 working in, or having access to restricted areas of the licensed premises,
23 as determined by the state licensing authority. The state licensing
24 authority may take any action with respect to a registration pursuant to
25 this article as it may with respect to a license pursuant to this article, in
26 accordance with the procedures established pursuant to this article; AND

27 (e) PERMITTED ECONOMIC INTEREST REGISTRATIONS FOR PERSONS

1 HAVING A PERMITTED ECONOMIC INTEREST.

2 **SECTION 6.** In Colorado Revised Statutes, **add** 12-43.3-405 as
3 follows:

4 **12-43.3-405. Permitted economic interest registration.** (1) A
5 PERMITTED ECONOMIC INTEREST REGISTRATION MAY BE ISSUED TO A
6 PERSON WHO HOLDS A PERMITTED ECONOMIC INTEREST PURSUANT TO THE
7 TERMS AND CONDITIONS OF THIS ARTICLE.

8 (2) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (1) OF
9 THIS SECTION, ONLY A NATURAL PERSON MAY APPLY FOR A PERMITTED
10 ECONOMIC INTEREST REGISTRATION IF THE PERMITTED ECONOMIC
11 INTEREST INCLUDES AN EQUITY OWNERSHIP IN THE RELATED LICENSEE OR
12 ANY PERSON WHO CONTROLS A LICENSEE.

13 (3) APPLICATIONS FOR A PERMITTED ECONOMIC INTEREST
14 REGISTRATION MAY ONLY BE SUBMITTED IN RELATION TO A MEDICAL
15 MARIJUANA BUSINESS LICENSE THAT HAS BEEN PREVIOUSLY ISSUED BY THE
16 STATE LICENSING AUTHORITY.

17 (4) A PERMITTED ECONOMIC INTEREST REGISTRATION APPLICANT,
18 PERMITTED ECONOMIC INTEREST REGISTRANT, AND THE RELATED
19 LICENSEE SHALL DISCLOSE ALL WRITTEN AGREEMENTS BETWEEN THE
20 APPLICANT, REGISTRANT, AND LICENSEE AND PROVIDE A COMPLETE AND
21 ACCURATE DESCRIPTION OF ANY ORAL OR OTHER AGREEMENTS WITH THE
22 RELATED MEDICAL MARIJUANA BUSINESS LICENSEE TO THE STATE
23 LICENSING AUTHORITY AT ANY TIME UPON REQUEST OF THE STATE
24 LICENSING AUTHORITY.

25 (5) A PERMITTED ECONOMIC INTEREST REGISTRANT SHALL NOT
26 HAVE OR EXERCISE ANY CONTROL OVER THE RELATED MEDICAL
27 MARIJUANA BUSINESS LICENSE OR ACT AS AN EXECUTIVE OFFICER,

1 MANAGER, DIRECTOR, TRUSTEE, OR IN ANY CAPACITY WHERE THE
2 PERMITTED ECONOMIC INTEREST REGISTRANT OR ANY AFFILIATE OF SUCH
3 PERMITTED ECONOMIC INTEREST REGISTRANT MAY EXERCISE, DIRECTLY
4 OR INDIRECTLY, ANY CONTROL OR DECISION-MAKING AUTHORITY OVER A
5 LICENSEE, APPLICANT, OR PERSON CONTROLLING A LICENSEE OR
6 APPLICANT.

7 (6) ANY AGREEMENT WITH ANY PERSON THAT PROVIDES FOR
8 CONTROL, DIRECTLY OR INDIRECTLY, BY A PERMITTED ECONOMIC
9 INTEREST REGISTRANT IN THE RELATED MEDICAL MARIJUANA BUSINESS
10 LICENSE IS VOID BY OPERATION OF LAW AND HAS NO FORCE OR EFFECT.

11 (7) A LICENSEE UNDER THIS ARTICLE SHALL NOT ENTER INTO ANY
12 AGREEMENT WITH ANY PERSON THAT PROVIDES FOR CONTROL, DIRECTLY
13 OR INDIRECTLY, BY A PERMITTED ECONOMIC INTEREST REGISTRANT IN THE
14 RELATED MEDICAL MARIJUANA BUSINESS LICENSE, AND ANY SUCH
15 AGREEMENT IS VOID BY OPERATION OF LAW AND HAS NO FORCE OR EFFECT.

16 (8) **Permitted operations during application period.** (a) WHILE
17 ANY APPLICATION FOR A PERMITTED ECONOMIC INTEREST REGISTRATION
18 IS PENDING, THE APPLICANT MAY PROVIDE THE RELATED MEDICAL
19 MARIJUANA BUSINESS LICENSEE WITH ALL OR ANY PART OF THE PROPOSED
20 CONSIDERATION TO BE EXCHANGED FOR THE PERMITTED ECONOMIC
21 INTEREST, AND THE LICENSEE SHALL BE PERMITTED TO USE SUCH
22 CONSIDERATION IN THE OPERATION OF THE LICENSEE'S BUSINESS SUBJECT
23 TO THE PROVISIONS OF THIS ARTICLE.

24 (b) THE RELATED LICENSEE SHALL BE PERMITTED:

25 (I) TO USE THE CONSIDERATION PAID BY THE APPLICANT IN
26 ACCORDANCE WITH THE DOCUMENTATION PROVIDED WITH THE
27 APPLICATION OR ANY PERMITTED APPLICATION AMENDMENT, PROVIDED

1 THAT:

2 (A) IN THE EVENT THAT THE CONSIDERATION IS MONETARY, THE
3 DOCUMENTATION PROVIDED WITH THE APPLICATION INCLUDES AN
4 UNSECURED PROMISSORY NOTE WITH A PRINCIPAL AMOUNT EQUAL TO ANY
5 MONEY TO BE USED BY THE RELATED LICENSEE THAT MAY ONLY CONVERT
6 TO THE PERMITTED ECONOMIC INTEREST UPON FINAL APPROVAL BY THE
7 STATE LICENSING AUTHORITY; OR

8 (B) IN THE EVENT THAT THE CONSIDERATION PROPOSED IS
9 NON-MONETARY, THE DOCUMENTATION PROVIDED WITH THE APPLICATION
10 INCLUDES AN AGREEMENT TO USE THE CONSIDERATION AND PAY
11 COMPENSATION FOR SUCH USE THAT DOES NOT CREATE AN OWNERSHIP
12 INTEREST AND THAT STATES THAT THE TERMS OF THE AGREEMENT MAY
13 ONLY BE AMENDED TO INCLUDE THE PERMITTED ECONOMIC INTEREST OR
14 OTHERWISE CONVERT TO THE STRUCTURE THAT REQUIRES THE
15 REGISTRATION OF THE PERMITTED ECONOMIC INTEREST UPON FINAL
16 APPROVAL BY THE STATE LICENSING AUTHORITY.

17 (II) IF THE PROPOSED CONSIDERATION BEING PAID BY THE RELATED
18 LICENSEE IS NON-MONETARY, TO HOLD OR CAUSE TO BE HELD IN TRUST
19 PENDING APPROVAL OF THE APPLICATION ALL OR ANY PART OF THE
20 PROPOSED CONSIDERATION OFFERED BY THE LICENSEE TO THE APPLICANT
21 IN ACCORDANCE WITH THE DOCUMENTATION PROVIDED WITH THE
22 APPLICATION OR ANY PERMITTED APPLICATION AMENDMENT; AND

23 (III) IF THE PROPOSED CONSIDERATION BEING PAID BY THE
24 RELATED LICENSEE IS MONETARY, TO CREATE A SEPARATE ACCOUNTING
25 FOR OR HOLD THE CONSIDERATION AND ANY MONETARY PROCEEDS FROM
26 THE CONSIDERATION IN TRUST FOR THE BENEFIT OF THE PERMITTED
27 ECONOMIC INTEREST APPLICANT PENDING THE APPROVAL OF THE

1 APPLICATION IN ACCORDANCE WITH THE DOCUMENTATION PROVIDED WITH
2 THE APPLICATION OR ANY PERMITTED APPLICATION AMENDMENT.

3 (c) IF THE APPLICATION FOR A PERMITTED ECONOMIC INTEREST IS
4 DENIED BY THE STATE LICENSING AUTHORITY:

5 (I) THE PROCEEDS OF THE CONSIDERATION ACCOUNTED FOR OR
6 BEING HELD IN TRUST FOR THE BENEFIT OF THE APPLICANT SHALL REMAIN
7 THE PROPERTY OF THE LICENSEE; AND

8 (II) THE CONSIDERATION PROVIDED BY THE APPLICANT SHALL BE
9 RETURNED IN WHOLE OR PART PURSUANT TO THE AGREEMENT OF THE
10 LICENSEE AND APPLICANT, PROVIDED SUCH AGREEMENT FOLLOWS
11 APPLICABLE STATE AND LOCAL LAW.

12 (d) IF THE APPLICATION FOR A PERMITTED ECONOMIC INTEREST IS
13 APPROVED BY THE STATE LICENSING AUTHORITY, THE CONSIDERATION
14 ACCOUNTED FOR OR BEING HELD IN TRUST MAY BE PAID TO THE PERMITTED
15 ECONOMIC INTEREST REGISTRANT PURSUANT TO THE AGREEMENT OF THE
16 LICENSEE AND PERMITTED ECONOMIC INTEREST REGISTRANT.

17 (9) THE STATE LICENSING AUTHORITY MAY TAKE ANY ACTION
18 WITH RESPECT TO A PERMITTED ECONOMIC INTEREST REGISTRATION
19 PURSUANT TO THIS ARTICLE AS IT MAY WITH RESPECT TO A LICENSE
20 PURSUANT TO THIS ARTICLE, IN ACCORDANCE WITH THE PROCEDURES
21 ESTABLISHED PURSUANT TO THIS ARTICLE.

22 (10) THE STATE LICENSING AUTHORITY MAY ESTABLISH
23 INVESTIGATION AND APPLICATION FEES FOR THE PURPOSE OF PAYING FOR
24 THE ADMINISTRATIVE COSTS OF THE AUTHORITY AND FOR PAYING FOR ANY
25 BACKGROUND INVESTIGATIONS OF APPLICANTS AND OTHERS. THESE FEES
26 MAY VARY DEPENDING ON THE TYPE OF APPLICATION, THE COMPLEXITY OF
27 THE INVESTIGATION, OR THE COSTS OF THE AUTHORITY IN REVIEWING THE

1 MATTERS INVOLVED.

2 **SECTION 7.** In Colorado Revised Statutes, 12-43.3-901, **add**
3 (2.5) as follows:

4 **12-43.3-901. Unlawful acts - exceptions.** (2.5) IT IS UNLAWFUL
5 FOR A PERSON TO:

6 (a) HAVE OR RECEIVE ANY BENEFIT FROM A PERMITTED ECONOMIC
7 INTEREST WITHOUT POSSESSING A PERMITTED ECONOMIC INTEREST
8 REGISTRATION, UNLESS OTHERWISE PERMITTED BY THIS ARTICLE; OR

9 (b) HAVE OR EXERCISE ANY CONTROL OVER A MEDICAL
10 MARIJUANA BUSINESS LICENSEE IF SUCH PERSON POSSESSES A PERMITTED
11 ECONOMIC INTEREST REGISTRATION IN THE RELATED LICENSEE.

12 **SECTION 8.** In Colorado Revised Statutes, 12-43.4-103, **amend**
13 (1) and (12); and **add** (1.3), (8.5), (12.4), (12.5), and (12.6) as follows:

14 **12-43.4-103. Definitions.** As used in this article, unless the
15 context otherwise requires:

16 (1) ~~"Executive director" means the executive director of the~~
17 ~~department of revenue.~~ "CONTROL", FOR PURPOSES OF DETERMINING
18 WHETHER A BENEFICIAL INTEREST IS A PERMITTED ECONOMIC INTEREST,
19 MEANS:

20 (a) OWNERSHIP OF, OR THE POWER TO VOTE OR APPOINT ANY
21 PERSON TO VOTE, DIRECTLY OR INDIRECTLY, ANY PERCENTAGE OF ANY
22 CLASS OF VOTING SECURITIES OR VOTING INTERESTS OF A LICENSEE,
23 APPLICANT, OR PERSON IN CONTROL OF A LICENSEE OR APPLICANT;

24 (b) THE POWER TO ELECT OR APPOINT EXECUTIVE OFFICERS,
25 MANAGERS, DIRECTORS, TRUSTEES, OR OTHER PERSONS EXERCISING
26 MANAGERIAL AUTHORITY OF A LICENSEE, APPLICANT, OR PERSON IN
27 CONTROL OF A LICENSEE OR APPLICANT; OR

1 (c) THE POWER, DIRECTLY OR INDIRECTLY, TO APPOINT OR DIRECT
2 ANY OTHER PERSON TO APPOINT ANY PERSON TO ELECT OR APPOINT
3 EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, TRUSTEES, OR OTHER
4 PERSONS EXERCISING MANAGERIAL AUTHORITY OF A LICENSEE,
5 APPLICANT, OR PERSON IN CONTROL OF A LICENSEE OR APPLICANT.

6 (1.3) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF
7 THE DEPARTMENT OF REVENUE.

8 (8.5) "MANAGER" MEANS A PERSON DESIGNATED AS A MANAGER
9 OF A LIMITED LIABILITY COMPANY TO MANAGE THE COMPANY PURSUANT
10 TO SECTION 7-80-402, C.R.S.

11 (12) "Owner" means any person having a beneficial interest, as
12 defined by the state licensing authority, in a retail marijuana
13 establishment OTHER THAN A PERSON HOLDING A CURRENT PERMITTED
14 ECONOMIC INTEREST REGISTRATION.

15 (12.4) "PERMITTED ECONOMIC INTEREST" MEANS ANY BENEFICIAL
16 INTEREST OR ANY OTHER TYPE OF INTEREST IN A LICENSED RETAIL
17 MARIJUANA ESTABLISHMENT THAT WOULD OTHERWISE CAUSE ANY
18 BENEFICIARY OF SUCH INTEREST TO BE CHARACTERIZED AS AN OWNER
19 PURSUANT TO THIS ARTICLE OR ANY PROCEDURE OR RULE PROMULGATED
20 PURSUANT TO THIS ARTICLE, PROVIDED THAT, AS A MATTER LAW, THE
21 BENEFICIARY CANNOT HAVE OR EXERCISE ANY CONTROL, DIRECTLY OR
22 INDIRECTLY, OVER THE RELATED LICENSED RETAIL MARIJUANA
23 ESTABLISHMENT.

24 (12.5) "PERMITTED ECONOMIC INTEREST REGISTRANT" MEANS A
25 PERSON WITH A PERMITTED ECONOMIC INTEREST REGISTRATION ISSUED
26 PURSUANT TO THIS ARTICLE.

27 (12.6) "PERMITTED ECONOMIC INTEREST REGISTRATION" MEANS

1 A REGISTRATION THAT IS REQUIRED FOR ANY PERSON HAVING A
2 PERMITTED ECONOMIC INTEREST.

3 **SECTION 9.** In Colorado Revised Statutes, 12-43.4-306, **amend**
4 (1) introductory portion and (2) (c) as follows:

5 **12-43.4-306. Persons prohibited as licensees - definitions.**

6 (1) A license OR REGISTRATION provided by this article shall not be
7 issued to or held by:

8 (2) (c) At the time of filing an application for issuance of a state
9 retail marijuana establishment license OR A PERMITTED ECONOMIC
10 INTEREST REGISTRATION, an applicant shall submit a set of his or her
11 fingerprints and file personal history information concerning the
12 applicant's qualifications for a state license OR A PERMITTED ECONOMIC
13 INTEREST REGISTRATION on forms prepared by the state licensing
14 authority. The state licensing authority or local jurisdiction shall submit
15 the fingerprints to the Colorado bureau of investigation for the purpose
16 of conducting fingerprint-based criminal history record checks. The
17 Colorado bureau of investigation shall forward the fingerprints to the
18 federal bureau of investigation for the purpose of conducting
19 fingerprint-based criminal history record checks. The state licensing
20 authority or local jurisdiction may acquire a name-based criminal history
21 record check for an applicant or a license holder who has twice submitted
22 to a fingerprint-based criminal history record check and whose
23 fingerprints are unclassifiable. An applicant who has previously
24 submitted fingerprints for state or local licensing purposes may request
25 that the fingerprints on file be used. The state licensing authority or local
26 jurisdiction shall use the information resulting from the fingerprint-based
27 criminal history record check to investigate and determine whether an

1 applicant is qualified to hold a state or local license OR A PERMITTED
2 ECONOMIC INTEREST REGISTRATION pursuant to this article. The state
3 licensing authority or local jurisdiction may verify any of the information
4 an applicant is required to submit.

5 **SECTION 10.** In Colorado Revised Statutes, 12-43.4-309,
6 **amend** (10) as follows:

7 **12-43.4-309. Licensing in general.** (10) A licensee OR
8 PERMITTED ECONOMIC INTEREST REGISTRANT shall report each transfer or
9 change of financial interest in the license to the state and local licensing
10 authorities and receive approval prior to any transfer or change pursuant
11 to section 12-43.4-308. A report is required for transfers of capital stock
12 of any corporation regardless of size.

13 **SECTION 11.** In Colorado Revised Statutes, **amend** 12-43.4-312
14 as follows:

15 **12-43.4-312. Unlawful financial assistance.** (1) The state
16 licensing authority shall require a complete disclosure of all persons
17 having a direct or indirect financial interest, INCLUDING THOSE WITH A
18 PERMITTED ECONOMIC INTEREST, and the extent of such interest, in each
19 license issued under this article.

20 (2) This section is intended to prohibit and prevent the control of
21 the outlets for the sale of retail marijuana or retail marijuana products by
22 a person or party, INCLUDING A PERMITTED ECONOMIC INTEREST
23 REGISTRANT, other than the persons licensed AND PERMITTED TO CONTROL
24 SUCH OUTLETS pursuant to the provisions of this article.

25 **SECTION 12.** In Colorado Revised Statutes, 12-43.4-401,
26 **amend** (1) introductory portion, (1) (d), and (1) (e); and **add** (1) (f) as
27 follows:

1 **12-43.4-401. Classes of licenses.** (1) For the purpose of
2 regulating the cultivation, manufacture, distribution, sale, and testing of
3 retail marijuana and retail marijuana products, the state licensing
4 authority in its discretion, upon receipt of an application in the prescribed
5 form, may issue and grant to the applicant a license OR REGISTRATION
6 from any of the following classes, subject to the provisions and
7 restrictions provided by this article:

8 (d) Retail marijuana testing facility license; ~~and~~

9 (e) Occupational licenses and registrations for owners, managers,
10 operators, employees, contractors, and other support staff employed by,
11 working in, or having access to restricted areas of the licensed premises,
12 as determined by the state licensing authority. The state licensing
13 authority may take any action with respect to a registration pursuant to
14 this article as it may with respect to a license pursuant to this article, in
15 accordance with the procedures established pursuant to this article; AND

16 (f) PERMITTED ECONOMIC INTEREST REGISTRATIONS FOR PERSONS
17 HAVING A PERMITTED ECONOMIC INTEREST.

18 **SECTION 13.** In Colorado Revised Statutes, **add** 12-43.4-406 as
19 follows:

20 **12-43.4-406. Permitted economic interest registration.** (1) A
21 PERMITTED ECONOMIC INTEREST REGISTRATION MAY BE ISSUED TO A
22 PERSON WHO HOLDS A PERMITTED ECONOMIC INTEREST PURSUANT TO THE
23 TERMS AND CONDITIONS OF THIS ARTICLE.

24 (2) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (1) OF
25 THIS SECTION, ONLY A NATURAL PERSON MAY APPLY FOR A PERMITTED
26 ECONOMIC INTEREST REGISTRATION IF THE PERMITTED ECONOMIC
27 INTEREST INCLUDES AN EQUITY OWNERSHIP IN THE RELATED LICENSEE OR

1 ANY PERSON WHO CONTROLS A LICENSEE.

2 (3) APPLICATIONS FOR A PERMITTED ECONOMIC INTEREST
3 REGISTRATION MAY ONLY BE SUBMITTED IN RELATION TO A RETAIL
4 MARIJUANA ESTABLISHMENT LICENSE THAT HAS BEEN PREVIOUSLY ISSUED
5 BY THE STATE LICENSING AUTHORITY.

6 (4) A PERMITTED ECONOMIC INTEREST REGISTRATION APPLICANT,
7 PERMITTED ECONOMIC INTEREST, AND THE RELATED LICENSEE SHALL
8 DISCLOSE ALL WRITTEN AGREEMENTS BETWEEN THE APPLICANT,
9 REGISTRANT, AND LICENSEE AND PROVIDE A COMPLETE AND ACCURATE
10 DESCRIPTION OF ANY ORAL OR OTHER AGREEMENTS WITH THE RELATED
11 RETAIL MARIJUANA ESTABLISHMENT LICENSEE TO THE STATE LICENSING
12 AUTHORITY AT ANY TIME UPON REQUEST OF THE STATE LICENSING
13 AUTHORITY.

14 (5) A PERMITTED ECONOMIC INTEREST REGISTRANT SHALL NOT
15 HAVE OR EXERCISE ANY CONTROL OVER THE RELATED RETAIL MARIJUANA
16 ESTABLISHMENT LICENSE OR ACT AS AN EXECUTIVE OFFICER, MANAGER,
17 DIRECTOR, TRUSTEE, OR IN ANY CAPACITY WHERE THE PERMITTED
18 ECONOMIC INTEREST REGISTRANT OR ANY AFFILIATE OF SUCH PERMITTED
19 ECONOMIC INTEREST REGISTRANT MAY EXERCISE, DIRECTLY OR
20 INDIRECTLY, ANY CONTROL OR DECISION-MAKING AUTHORITY OVER A
21 LICENSEE, APPLICANT, OR PERSON CONTROLLING A LICENSEE OR
22 APPLICANT.

23 (6) ANY AGREEMENT WITH ANY PERSON THAT PROVIDES FOR
24 CONTROL, DIRECTLY OR INDIRECTLY, BY A PERMITTED ECONOMIC
25 INTEREST REGISTRANT IN THE RELATED RETAIL MARIJUANA
26 ESTABLISHMENT LICENSE IS VOID BY OPERATION OF LAW AND HAS NO
27 FORCE OR EFFECT.

1 (7) A LICENSEE UNDER THIS ARTICLE SHALL NOT ENTER INTO ANY
2 AGREEMENT WITH ANY PERSON THAT PROVIDES FOR CONTROL, DIRECTLY
3 OR INDIRECTLY, BY A PERMITTED ECONOMIC INTEREST REGISTRANT IN THE
4 RELATED RETAIL MARIJUANA ESTABLISHMENT LICENSE, AND ANY SUCH
5 AGREEMENT IS VOID BY OPERATION OF LAW AND HAS NO FORCE OR EFFECT.

6 **(8) Permitted operations during application period.** (a) WHILE
7 ANY APPLICATION FOR A PERMITTED ECONOMIC INTEREST REGISTRATION
8 IS PENDING, THE APPLICANT MAY PROVIDE THE RELATED RETAIL
9 MARIJUANA ESTABLISHMENT LICENSEE WITH ALL OR ANY PART OF THE
10 PROPOSED CONSIDERATION TO BE EXCHANGED FOR THE PERMITTED
11 ECONOMIC INTEREST, AND THE LICENSEE SHALL BE PERMITTED TO USE THE
12 CONSIDERATION IN THE OPERATION OF THE LICENSEE'S BUSINESS SUBJECT
13 TO THE PROVISIONS OF THIS ARTICLE.

14 (b) THE RELATED LICENSEE SHALL BE PERMITTED:

15 (I) TO USE THE CONSIDERATION PAID BY THE APPLICANT IN
16 ACCORDANCE WITH THE DOCUMENTATION PROVIDED WITH THE
17 APPLICATION OR ANY PERMITTED APPLICATION AMENDMENT, PROVIDED
18 THAT:

19 (A) IN THE EVENT THAT THE CONSIDERATION IS MONETARY, THE
20 DOCUMENTATION PROVIDED WITH THE APPLICATION INCLUDES AN
21 UNSECURED PROMISSORY NOTE WITH A PRINCIPAL AMOUNT EQUAL TO ANY
22 MONEY TO BE USED BY THE RELATED LICENSEE THAT MAY ONLY CONVERT
23 TO THE PERMITTED ECONOMIC INTEREST UPON FINAL APPROVAL BY THE
24 STATE LICENSING AUTHORITY; OR

25 (B) IN THE EVENT THAT THE CONSIDERATION PROPOSED IS
26 NON-MONETARY, THE DOCUMENTATION PROVIDED WITH THE APPLICATION
27 INCLUDES AN AGREEMENT TO USE THE CONSIDERATION AND PAY

1 COMPENSATION FOR SUCH USE THAT DOES NOT CREATE AN OWNERSHIP
2 INTEREST AND THAT STATES THAT THE TERMS OF THE AGREEMENT MAY
3 ONLY BE AMENDED TO INCLUDE THE PERMITTED ECONOMIC INTEREST OR
4 OTHERWISE CONVERT TO THE STRUCTURE THAT REQUIRES THE
5 REGISTRATION OF THE PERMITTED ECONOMIC INTEREST UPON FINAL
6 APPROVAL BY THE STATE LICENSING AUTHORITY.

7 (II) IF THE PROPOSED CONSIDERATION BEING PAID BY THE RELATED
8 LICENSEE IS NON-MONETARY, TO HOLD OR CAUSE TO BE HELD IN TRUST
9 PENDING APPROVAL OF THE APPLICATION ALL OR ANY PART OF THE
10 PROPOSED CONSIDERATION OFFERED BY THE LICENSEE TO THE APPLICANT
11 IN ACCORDANCE WITH THE DOCUMENTATION PROVIDED WITH THE
12 APPLICATION OR ANY PERMITTED APPLICATION AMENDMENT; AND

13 (III) IF THE PROPOSED CONSIDERATION BEING PAID BY THE
14 RELATED LICENSEE IS MONETARY, TO CREATE A SEPARATE ACCOUNTING
15 FOR OR HOLD THE CONSIDERATION AND ANY MONETARY PROCEEDS FROM
16 THE CONSIDERATION IN TRUST FOR THE BENEFIT OF THE PERMITTED
17 ECONOMIC INTEREST APPLICANT PENDING THE APPROVAL OF THE
18 APPLICATION IN ACCORDANCE WITH THE DOCUMENTATION PROVIDED WITH
19 THE APPLICATION OR ANY PERMITTED APPLICATION AMENDMENT.

20 (c) IF THE APPLICATION FOR A PERMITTED ECONOMIC INTEREST IS
21 DENIED BY THE STATE LICENSING AUTHORITY:

22 (I) THE PROCEEDS OF THE CONSIDERATION ACCOUNTED FOR OR
23 BEING HELD IN TRUST FOR THE BENEFIT OF THE APPLICANT SHALL REMAIN
24 THE PROPERTY OF THE LICENSEE; AND

25 (II) THE CONSIDERATION PROVIDED BY THE APPLICANT SHALL BE
26 RETURNED IN WHOLE OR PART PURSUANT TO THE AGREEMENT OF THE
27 LICENSEE AND APPLICANT, PROVIDED SUCH AGREEMENT FOLLOWS

1 APPLICABLE STATE AND LOCAL LAW.

2 (d) IF THE APPLICATION FOR A PERMITTED ECONOMIC INTEREST IS
3 APPROVED BY THE STATE LICENSING AUTHORITY, THE CONSIDERATION
4 ACCOUNTED FOR OR BEING HELD IN TRUST MAY BE PAID TO THE PERMITTED
5 ECONOMIC INTEREST REGISTRANT PURSUANT TO THE AGREEMENT OF THE
6 LICENSEE AND PERMITTED ECONOMIC INTEREST REGISTRANT.

7 (9) THE STATE LICENSING AUTHORITY MAY TAKE ANY ACTION
8 WITH RESPECT TO A PERMITTED ECONOMIC INTEREST REGISTRATION
9 PURSUANT TO THIS ARTICLE AS IT MAY WITH RESPECT TO A LICENSE
10 PURSUANT TO THIS ARTICLE, IN ACCORDANCE WITH THE PROCEDURES
11 ESTABLISHED PURSUANT TO THIS ARTICLE.

12 (10) THE STATE LICENSING AUTHORITY MAY ESTABLISH
13 INVESTIGATION AND APPLICATION FEES FOR THE PURPOSE OF PAYING FOR
14 THE ADMINISTRATIVE COSTS OF THE AUTHORITY AND FOR PAYING FOR ANY
15 BACKGROUND INVESTIGATIONS OF APPLICANTS AND OTHERS. THESE FEES
16 MAY VARY DEPENDING ON THE TYPE OF APPLICATION, THE COMPLEXITY OF
17 THE INVESTIGATION, OR THE COSTS OF THE AUTHORITY IN REVIEWING THE
18 MATTERS INVOLVED.

19 **SECTION 14.** In Colorado Revised Statutes, 12-43.4-901,
20 **amend** (2) as follows:

21 **12-43.4-901. Unlawful acts - exceptions - repeal.** (2) It is
22 unlawful for a person to:

23 (a) Buy, sell, transfer, give away, or acquire retail marijuana or
24 retail marijuana products except as allowed pursuant to this article or
25 section 16 of article XVIII of the state constitution; ~~or~~

26 (b) Have an unreported financial interest or a direct interest in a
27 license pursuant to this article; except that this paragraph (b) does not

1 apply to banks or savings and loan associations supervised and regulated
2 by an agency of the state or federal government, or to FHA-approved
3 mortgagees, or to stockholders, directors, or officers thereof;

4 (c) HAVE OR RECEIVE ANY BENEFIT FROM A PERMITTED ECONOMIC
5 INTEREST WITHOUT POSSESSING A PERMITTED ECONOMIC INTEREST
6 REGISTRATION, UNLESS OTHERWISE PERMITTED BY THIS ARTICLE; OR

7 (d) HAVE OR EXERCISE ANY CONTROL OVER A RETAIL MARIJUANA
8 ESTABLISHMENT LICENSEE IF SUCH PERSON POSSESSES A PERMITTED
9 ECONOMIC INTEREST REGISTRATION IN THE RELATED LICENSEE.

10 **SECTION 15. Act subject to petition - effective date.** This act
11 takes effect at 12:01 a.m. on the day following the expiration of the
12 ninety-day period after final adjournment of the general assembly (August
13 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a
14 referendum petition is filed pursuant to section 1 (3) of article V of the
15 state constitution against this act or an item, section, or part of this act
16 within such period, then the act, item, section, or part will not take effect
17 unless approved by the people at the general election to be held in
18 November 2016 and, in such case, will take effect on the date of the
19 official declaration of the vote thereon by the governor.