

NOTICE OF RULEMAKING HEARING

The State Licensing Authority ("State Licensing Authority") of the Colorado Department of Revenue, Marijuana Enforcement Division ("Division"), will consider the promulgation of additions and amendments to the State Licensing Authority's Rules, as authorized by Article XVIII, Section 16 of the Colorado Constitution and the Colorado Marijuana Code, sections 44-10-101 *et seq.*, C.R.S. ("Marijuana Code"). For specific information regarding the proposed changes and new rules, please refer to the contents of this Notice and to the <u>initial proposed rules</u> which are also available on the <u>Division's website</u>.

STATUTORY AUTHORITY FOR RULEMAKING

The State Licensing Authority promulgates these rules pursuant to the authority granted in the Colorado Marijuana Code, 44-10-101, C.R.S., *et seq.*, Article XVIII, Section 16 of the Colorado Constitution, and section 24-4-103, C.R.S., of the Administrative Procedure Act.

SUBJECT OF RULEMAKING

Pursuant to subsection 24-4-103(2), C.R.S., the Division initiated seven (7) public meetings of representative groups of participants with an interest in the subject of the rulemaking ("stakeholder meetings"), which began **August 3, 2021** and concluded **September 15, 2021**. More information related to these meetings can be found on the <u>Division's website</u>. Each stakeholder meeting was noticed on the Division's website and the Division sent notification of each meeting to licensees and other stakeholders subscribed to receive updates from the Division. In each notice, stakeholders were given the opportunity to submit an application to participate on the work group panel for any of the stakeholder meetings. The stakeholder meetings may relate to any of the proposed rule changes. The written and recorded materials from each stakeholder meeting is available on the Division's website and will also be included in the rulemaking record. Initial proposed rules were prepared in conjunction with the stakeholder meetings and are, or will be, available on the Division's website.

The Division will retain a record of the initial proposed rules as part of the rulemaking record. The initial proposed rules available on the Division's website are intended to provide interested persons with the initial proposed drafts of the permanent rules. The Division anticipates the initial proposed rules will be amended during the stakeholder engagement process, based on written comments and any supporting documentation submitted by the public, and based on the Division's internal review. Additional or new rules may also be added.

The Division intends to recommend to the State Licensing Authority for his consideration the promulgation of new and amended rules on the subjects outlined below. This list includes implementing legislation passed during the 2021 legislative session (allowing changes in designation of Retail Marijuana to Medical Marijuana, establishing requirements and restrictions for regulated marijuana for purposes of safe consumption, allowing contingency plans for adverse

weather events, providing for conditional employee licenses, and making non-substantive edits to defined terms); stakeholder recommendations from the Science & Policy Work Group (a stakeholder forum established in 2018 by the Division in collaboration with the Colorado Department of Public Health and Environment); revising and clarifying prior rules; and addressing any other subject matter necessary to implement, interpret, and effectively administer and enforce the Colorado Marijuana Code. This list is not exhaustive, and the State Licensing Authority may consider any additional rule or amendment to any rule.

Please take note that in addition to the subject matters addressed in the initial proposed rules, the State Licensing Authority will consider additional rules consistent with any subject matter needed to implement and interpret the Colorado Marijuana Code, and Article XVIII, Sections 14 and 16 of the Colorado Constitution. The rulemaking hearing will include, but will not be limited to, presentations on proposed rules to implement legislative changes adopted during the 2021 legislative session.

The initial proposed rules will be published on the Division's website on September 30, 2021. Other relevant information regarding this rulemaking also will be posted on the Division's website.

RULES TO BE REPEALED

5-325 (H) – Medical Marijuana Products Manufacturer: Audited Product and Alternative Use Product

RULES TO BE CONSIDERED FOR ADOPTION PURSUANT TO THE MARIJUANA CODE

The Marijuana Rules at 1 CCR 212-3 will include new and amended rules to implement legislative changes resulting from 2021 legislation, including House Bill 21-1178, House Bill 21-1216, House Bill 21-1301, and House Bill 21-1317, and amendments related to existing rules. These rules will address the following subjects:

Part 1 – GENERAL APPLICABILITY

Rule 1-115 - Definitions

1-130 – Subpoena Fees

Part 2 – APPLICATIONS AND LICENSES

Rule 2-205 – Fees

- 2-210 Duties of All Applicants and Licensees
- 2-220 Initial Application Requirements for Regulated Marijuana Businesses
- 2-225 Renewal Application Requirements for All Licensees
- 2-235 Suitability
- 2-245 Change of Controlling Beneficial Owner Application or Notification
- 2-255 Change of Location of a Regulated Marijuana Business

- 2-260 Changing, Altering, or Modifying Licensed Premises
- 2-265 Owner and Employee License: License Requirements, Applications, Qualifications, and Privileges

Part 3 – REGULATED MARIJUANA BUSINESS OPERATIONS

- 3-215 Regulated Marijuana Businesses: Shared Licensed Premises and Operational Separation
- 3-220 Security Alarm Systems and Lock Standards
- 3-230 Waste Disposal
- 3-330 Cultivation of Regulated Marijuana: Specific Health and Safety Requirements
- 3-335 Production of Regulated Marijuana Concentrate and Regulated Marijuana Products: Specific Health and Safety Requirements
- 3-336 Recall of Regulated Marijuana
- 3-405 Identification
- 3-605 Transport: All Regulated Marijuana Businesses
- 3-610 Off Premises Storage of Regulated Marijuana: All Regulated Marijuana Businesses
- 3-615 Regulated Marijuana Delivery Permits
- 3-705 Advertising General Requirements
- 3-715 Use of Branding
- 3-720 Advertising: All Media
- 3-740 Signage and Advertising: No Content That Targets Minors
- 3-805 Regulated Marijuana Businesses: Inventory Tracking System
- 3-905 Business Records Required
- 3-1005 Packaging and Labeling: Minimum Requirements Prior to Transfer to a Regulated Marijuana Business, except to a Regulated Marijuana Testing Facility
- 3-1010 Packaging and Labeling: General Requirements Prior to Transfer to a Patient or Consumer
- 3-1015 Additional Labeling Requirements Prior to Transfer to a Patient or Consumer
- 3-1020 Packaging and Labeling: Requirements for Transfers to a Consumer at a Retail Marijuana Hospitality and Sales Business

3-1025 – Packaging and Labeling: Minimum Requirements for Test Batch Transfers to a Regulated Marijuana Testing Facility

Part 4 – REGULATED MARIJUANA TESTING PROGRAM

- 4-105 Regulated Marijuana Testing Program: Mandatory Testing
- 4-110 Regulated Marijuana Testing Program: Sampling Procedures
- 4-115 Regulated Marijuana Testing Program: Sampling and Testing Program
- 4-120 Regulated Marijuana Testing Program: Contaminant Testing
- 4-125 Regulated Marijuana Testing Program: Potency Testing
- 4-135 Regulated Marijuana Testing Program: Contaminated Product and Failed Test Results and Procedures

Part 5 – MEDICAL MARIJUANA BUSINESS LICENSE TYPES

- 5-110 Registration of a Primary Medical Marijuana Store
- 5-115 Medical Marijuana Sales: General Limitations or Prohibited Acts
- 5-125 Patient Sale Requirements (new rule)
- 5-205 Medical Marijuana Cultivation Facility: License Privileges
- 5-210 Medical Marijuana Cultivation Facility: General Limitations or Prohibited Acts
- 5-220 Medical Marijuana Cultivation Facility: Medical Marijuana Concentrate Production
- 5-225 Medical Marijuana Cultivation Facility: Production Management
- 5-230 Medical Marijuana Cultivation Facility: Sampling Unit Protocols
- 5-235 Medical Marijuana Cultivation Facility: Ability to Change Designation from Retail Marijuana to Medical Marijuana (new rule)
- 5-240 Medical Marijuana Cultivation Facility: Contingency Plan for Outdoor Cultivation (new rule)
- 5-305 Medical Marijuana Products Manufacturer: License Privileges
- 5-310 Medical Marijuana Products Manufacturer: General Limitations or Prohibited Acts
- 5-315 Medical Marijuana Products Manufacturer: Medical Marijuana Concentrate Production.
- 5-320 Medical Marijuana Products Manufacturer: Sampling Unit Protocols

- 5-325 Medical Marijuana Products Manufacturer: Audited Product and Alternative Use Product
- 5-335 Medical Marijuana Products Manufacturer: Ability to Change Designation from Retail Marijuana Concentrate to Medical Marijuana Concentrate. (new rule)
- 5-415 Medical Marijuana Testing Facilities: Certification Requirements
- 5-510 Medical Marijuana Transporter: General Limitations or Prohibited Acts
- 5-705 Marijuana Research and Development Facilities: License Privileges
- 5-715 Marijuana Research and Development Facility: Project Approval
- 5-730 Marijuana Research and Development Facility: Production Management and Possession Limits

Part 6 – RETAIL MARIJUANA BUSINESS LICENSE TYPES

- 6-105 Retail Marijuana Store: License Privileges
- 6-110 Retail Marijuana Sales: General Limitations or Prohibited Acts
- 6-205 Retail Marijuana Cultivation Facility: License Privileges
- 6-210 Retail Marijuana Cultivation Facility: General Limitations or Prohibited Acts
- 6-215 Retail Marijuana Cultivation Facilities: Retail Marijuana Concentrate Production
- 6-220 Retail Marijuana Cultivation Facility: Production Management
- 6-225 Retail Marijuana Cultivation Facility: Sampling Unit Protocols
- 6-230 Retail Marijuana Cultivation Facility: Ability to Change Designation from Retail Marijuana to Medical Marijuana (new rule)
- 6-235 Retail Marijuana Cultivation Facility: Contingency Plan for Outdoor Cultivation (new rule)
- 6-305 Retail Marijuana Products Manufacturer: License Privileges
- 6-310 Retail Marijuana Products Manufacturer: General Limitations or Prohibited Acts
- 6-315 Retail Marijuana Products Manufacturer: Retail Marijuana Concentrate Production.
- 6-320 Retail Marijuana Products Manufacturer: Sampling Unit Protocols
- 6-325 Retail Marijuana Products Manufacturing Facility: Audited Product and Alternative Use Product
- 6-335 Retail Marijuana Products Manufacturer: Ability to Change Designation from Retail Marijuana Concentrate to Medical Marijuana Concentrate. (new rule)

- 6-410 Retail Marijuana Testing Facilities: General Limitations or Prohibited Acts
- 6-415 Retail Marijuana Testing Facilities: Certification Requirements
- 6-610 Retail Marijuana Business Operators: General Limitations or Prohibited Acts
- 6-705 Accelerator Cultivator: License Privileges
- 6-710 Accelerator Cultivator: General Limitations or Prohibited Acts
- 6-715 Accelerator Cultivator: Retail Marijuana Concentrate Production
- 6-725 Accelerator Cultivator Sampling Unit Protocols
- 6-730 Accelerator Cultivator: Ability to Change Designation from Retail Marijuana to Medical Marijuana (new rule)
- 6-735 Accelerator Cultivation: Contingency Plan for Outdoor Cultivation (new rule)
- 6-805 Accelerator Manufacturer: License Privileges
- 6-810 Accelerator Manufacturer: General Limitations or Prohibited Acts
- 6-815 Accelerator Manufacturer: Retail Marijuana Concentrate Production
- 6-820 Accelerator Manufacturer: Sampling Unit Protocols
- 6-825 Accelerator Manufacturer: Audited Product and Alternative Use Product
- 6-830 Accelerator Manufacturer: Ability to Change Designation from Retail Marijuana Concentrate to Medical Marijuana Concentrate. (new rule)
- 6-925 Retail Marijuana Hospitality and Sales Businesses: Additional License Privileges and Restrictions
- 6-930 Retail Marijuana Hospitality and Sales Businesses: General Limitations and Prohibited Acts
- 6-1105 Accelerator Store: License Privileges
- 6-1110 Accelerator Store: General Limitations or Prohibited Acts

Part 8 - ENFORCEMENT AND DISCIPLINE

- 8-105 Duties of Employees of the State Licensing Authority
- 8-215 Suspension Process: Regular and Summary Suspensions
- 8-220 Administrative Hearings
- 8-225 Administrative Subpoenas
- 8-230 Administrative Hearing Appeals/Exceptions to Initial Decision

STATEMENTS OF BASIS AND PURPOSE - For the Marijuana Rules at 1 CCR 212-3, including but not limited to the following:

<u>Part 2</u> - 2-205, 2-210, 2-215, 2-220, 2-230, 2-245, 2-255, 2-260, 2-270, 2-275, 2-285;

<u>Part 3</u> - 3-105, 3-110, 3-115, 3-205, 3-215, 3-220, 3-225, 3-230, 3-235, 3-240, 3-245, 3-305, 3-310, 3-315, 3-320, 3-325, 3-330, 3-335, 3-336, 3-340, 3-405, 3-505, 3-510, 3-515, 3-520, 3-605, 3-610, 3-615, 3-710, 3-715, 3-720, 3-725, 3-735, 3-740, 3-745, 3-750, 3-755, 3-805, 3-815, 3-905, 3-910, 3-915, 3-920, 3-925, 3-1005, 3-1010, 3-1025;

Part 4 - 4-105, 4-110, 4-115, 4-120, 4-125, 4-130, 4-135;

<u>Part 5</u> - 5-105, 5-110, 5-115, 5-120, 5-125, 5-210, 5-215, 5-220, 5-225, 5-230, 5-235, 5-240, 5-305, 5-310, 5-315, 5-320, 5-325, 5-335, 5-405, 5-410, 5-415, 5-420, 5-455, 5-505, 5-510, 5-605, 5-610, 5-615, 5-620, 5-705, 5-710, 5-715, 5-720, 5-725, 5-730;

<u>Part 6</u> - 6-105, 6-110, 6-115, 6-205, 6-210, 6-215, 6-220, 6-225, 6-230, 6-235, 6-310, 6-315, 6-320, 6-325, 6-335, 6-405, 6-410, 6-415, 6-420, 6-425, 6-430, 6-435, 6-440, 6-445, 6-450, 6-455, 6-505, 6-510, 6-605, 6-610, 6-615, 6-620, 6-705, 6-710, 6-715, 6-720, 6-725, 6-730, 6-735, 6-810, 6-815, 6-820, 6-825, 6-830, 6-1105, 6-1110, 6-1115;

Part 7 - 7-115;

<u>Part 8</u> - 8-105, 8-110, 8-115, 8-120, 8-125, 8-205, 8-210, 8-215, 8-220, 8-225, 8-230, 8-235, 8-240.

Any other rules necessary to implement the Marijuana Code may be adopted.

RULEMAKING RECORD AND PUBLIC PARTICIPATION

- 1. Official Rulemaking Record. The official record for purposes of the rulemaking hearing to be held on **November 1**, 2021 will include the written and recorded materials from the stakeholder meetings and any written comments or oral testimony submitted or presented.
- 2. Written Comments. The Division and State Licensing Authority encourage interested parties to submit written comments on the proposed rules, including alternate proposals, by October 19, 2021, which will allow the Division and State Licensing Authority to review comments prior to the rulemaking hearing. However, written comments will also be accepted after that date. The deadline to submit written comments is 5:00 P.M. on November 1, 2021.

The State Licensing Authority will accept all written comments, but strongly encourages written comments to be submitted on the <u>Marijuana Enforcement Division Suggested Revision to Rules Form</u>. The State Licensing Authority strongly encourages that all rule comments be submitted electronically, however, completed written comments may also be submitted to:

Marijuana Enforcement Division Re: Rules 1697 Cole Boulevard, Ste. 200 Lakewood, CO 80401 3. <u>Oral Comments</u>. The State Licensing Authority may afford interested parties an opportunity to make brief oral presentations at the rulemaking hearing. Oral presentations will likely be limited to three minutes or less per person.

HEARING SCHEDULE

Date: Monday, November 1, 2021

Time: 9:00 a.m. – 5:00 p.m.

*Please note proceedings may conclude prior to 5 p.m.

Place: Virtual Zoom Meeting

https://us02web.zoom.us/j/89755102232?pwd=dGgrL3ZjbFFjcysvVGxlWlQybT

FBQT09

Meeting ID: 897 5510 2232

Passcode: h6g6db

Additional information regarding the rule hearing will be published on the <u>Division's website</u>. The hearing may be continued at such place and time as the State Licensing Authority may announce. The State Licensing Authority will deliberate upon the rulemaking record including oral testimony and written submissions presented as well as applicable law. The State Licensing Authority will adopt such rules as in his judgment are justified by the rulemaking record and applicable law.

If you are an individual with a disability who needs a reasonable accommodation in order to participate in this rulemaking hearing, please contact Danielle Henry at Danielle.Henry@state.co.us or (303) 866-2779.

Dated this 30th day of September, 2021.

THE COLORADO DEPARTMENT OF REVENUE, STATE LICENSING AUTHORITY,

MARIJUANA ENEODOEMENT DIVISION

MARIJUANA ENFORCEMENT DIVISION

Mark Ferrandino

Ferrandino Date: 2021.09.30 19:46:48 -06'00'

Mark Ferrandino, Executive Director/CEO State Licensing Authority Colorado Department of Revenue