Grand Junction City Council

Workshop Session

Item #1.c.

Meeting Date: July 13, 2020

Presented By: Greg Caton, City Manager

Department: City Manager's Office

Submitted By: Greg LeBlanc, Sr. Asst. to the City Manager

Information

SUBJECT:
Marijuana Discussion

EXECUTIVE SUMMARY:

Marijuana sales in Colorado started following the passage of Colorado Amendment 64, an initiative ballot measure to amend the Constitution of the State of Colorado, outlining a statewide drug policy for cannabis, in 2012.

A common definition of marijuana is supplied in Article XVIII, Section 16 of the Colorado Constitution, which also establishes marijuana regulations effective statewide. The article defines marijuana as “all parts of the plant of the genus cannabis whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including concentrate.” While both marijuana and industrial hemp are derived from the plant Cannabis sativa L., marijuana is distinguished from industrial hemp in that marijuana contains higher concentrations of delta-9 tetrahydrocannabinol (THC). The used portion of the Cannabis sativa plant also differs between marijuana and hemp. Marijuana is typically the flower-bud and hemp typically encompass stems and seeds.

There are three primary elements of the marijuana industry: growing; processing; and retail sale. There is also an emerging fourth element: public consumption. All are regulated at a state-level, but the state also enables local jurisdictions to promulgate their own regulations.

This item is intended for discussion and possible direction by Council. As a part of the discussion, a representative from the Marijuana Enforcement Division (MED) will present on the topic.
BACKGROUND OR DETAILED INFORMATION:

A common definition of marijuana is supplied in Article XVIII, Section 16 of the Colorado Constitution, which also establishes marijuana regulations effective statewide. The article defines marijuana as “all parts of the plant of the genus cannabis whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including concentrate.” While both marijuana and industrial hemp are derived from the plant Cannabis sativa L., marijuana is distinguished from industrial hemp in that marijuana contains higher concentrations of delta-9 tetrahydrocannabinol (THC). The used portion of the Cannabis sativa plant also differs between marijuana and hemp. Marijuana is typically the flower-bud and hemp typically encompass stems and seeds.

State laws distinguish between marijuana for recreational (or “retail”) and medical (or “medical”) uses. Please note that Medical Marijuana is regulated separately under Article XVIII, Section 14 of the Colorado Constitution. Actual marijuana products, as well as the processes involved in growth, processing, and sale of same, are essentially the same for medical and recreational marijuana. Many Colorado counties and municipalities established separate ordinances for the regulation of medical marijuana prior to legalization of recreational marijuana in the state. Some jurisdictions do allow medical marijuana related businesses but do not allow recreational marijuana businesses. Other jurisdictions regulate recreational and medical marijuana with minimal differences in zoning and permitting.

Elements of Marijuana-related Business – There are three primary elements of the marijuana industry: growing; processing; and retail sale. There is also an emerging fourth element: public consumption. All are regulated at a state-level, but the state also enables local jurisdictions to promulgate their own regulations. The state of Colorado through their Department of Revenue performs “seed-to-sale” tracking of all marijuana produced for retail sale in the state using a system called METRC. METRC requires that all marijuana be assigned and accompanied by a tracking tag called an RFID at all stages in the process. No marijuana grown outside the state can be sold in the state.

Growing – State laws distinguish medical grows from recreational grows, though the actual growing processes are generally identical. Marijuana can be grown with natural light outdoors, with artificial light indoors, or with both kinds of light in a “mixed-light” grow. Such grows, when related to processing and retail, are typically large-scale. These large, intensive grows may have a significant draw on electrical, water, and other utility services, and in some parts of the state may have as many as 15,000 plants indoors or involve dozens of outdoor acres. The state enables jurisdictions to regulate marijuana grows for retail purposes. These require a Retail Marijuana Cultivation License from the state, and typically also require a Local License issued by the local jurisdiction.

However, per the Colorado Constitution and indifferent of local regulations, an individual over age 21 can grow up to six plants, up to twelve per residence, with
restrictions on public visibility and accessibility by children. These homegrown products cannot be sold on the retail market. A primary distinction between the medical and recreational marijuana industries is the “Caregiver” function. A medical marijuana patient can designate another resident as a Caregiver; the Caregiver may then be allowed to grow an additional six plants allotted to that patient. A caregiver may grow plants for up to five patients plus themselves, for a total of 36 plants; a waiver extending the plant count may be granted by a medical professional, but this happens rarely. Occasionally, groups of Caregivers have created cooperatives to combine their plant totals at a single growing location. For several years this resulted in hundreds of plants to be grown at a site without regulation by the local jurisdiction, but a 2017 law limited the right of per-person medical and recreational marijuana grows to be combined in a single location. Jurisdictions cannot infringe upon the aforementioned home-grow and Caregiver rights, and for this reason the City has approved site plans and change of use applications related to medical marijuana grow operations in the City.

Processing – Marijuana is typically processed before consumption into a variety of forms. Processing of raw plant material into marijuana for consumption as smoke or vapor can be limited to the trimming and curing of marijuana flower-buds, which is generally allowed at cultivation facilities. In land use regulations, “processing” typically refers to more intensive procedures used to make oils, waxes, products intended for consumption as food and drink (marijuana “edibles”), tablets, sprays, liquid extracts, or topical creams. All such processing facilities require licensing at the state level and can be regulated by local jurisdictions.

Certain marijuana-related land uses can be subsumed under the processing category but are also regulated separately by certain communities. Examples include marijuana research and development facilities and marijuana testing facilities. Testing facilities may be a particularly important concern for Grand Junction, where the hemp industry has already indicated the need for a State-approved testing facility on the Western Slope.

Retail Sales – After processing, marijuana is sold directly to consumers in specialized retail locations, rather than as a product in a general retail store. These locations are usually recognizable as a store or shop, often called a “dispensary” whether medical or recreational in nature. Retail sales of marijuana also require state licensing and require further licensing requirements in most municipalities. These premises have security and surveillance requirements under state law. Products are subject to safe handling requirements and all sales are managed by an employee who may only transact in a form that meets “closed container” requirement, akin to requirements for alcohol sales.

Consumption – A fourth, emerging dimension of the marijuana industry encompasses sites for public consumption. Generally, marijuana must be consumed on private property and without generation of nuisance; however, as of January 1, 2020, Colorado has legalized businesses that facilitate consumption in some public places, in and out of doors. Specifically, “marijuana hospitality establishments” have been introduced to counteract problems with public consumption by tourists. Licensed establishments for
public consumption of marijuana are generally equivalent to bars where alcohol is consumed. These may be allowed for sections of hotels, and under state law these may even include “mobile premises” such as tour buses. These uses can be regulated by local jurisdictions.

Marijuana Regulations in Colorado Communities – Other communities in Colorado have already adopted marijuana regulations. These communities exhibit a range of regulatory approaches, with some regulating only one or some of the elements of marijuana-related businesses. Examples include:

• The Town of Palisade conditionally permits recreational and medical marijuana sales in a range of zone districts, and conditionally allows cultivation and processing in the same zones as well as in their more agricultural zone districts. By contrast, the City of Fruita and Mesa County passed Ordinances similar to the one passed by the City of Grand Junction, prohibiting all uses related to recreational marijuana as well as the sale of medical marijuana.
• The City of Glenwood Springs conditionally allows cultivation and sale in a range of mixed-use, commercial, and industrial zone districts with a special use permit.
• The City of Delta conditionally allows a full range of medical marijuana land uses but does not allow any recreational marijuana land uses.
• The City of Montrose does not allow any medical marijuana or recreational marijuana land uses except for those rights to personal cultivation and consumption protected by the Colorado Constitution.

Other regulations can be compared from outside Western Colorado. The City of Pueblo conditionally allows marijuana-related land uses except for retail sales. By contrast, Pueblo County has allowed retail sales, growing, and processing in several zone districts, leading to a proliferation of marijuana retail at the edge of the incorporated city limits. The State of Utah allows marijuana for medical purposes only, including medical marijuana dispensaries. Utah does not allow land uses related to recreational marijuana, and enforces a criminal penalty for cultivation, consumption, and sale.

Overall, most major Colorado metropolitan areas have allowed marijuana-related businesses while many smaller communities have not. As of January 2019, at least 106 Colorado jurisdictions have allowed recreational and/or medical marijuana businesses, 77 of these being municipalities (less than 30% of the total 270 municipalities in the state). Denver, Colorado Springs, Fort Collins, and Boulder are among them. The total number of marijuana businesses in the state has accordingly increased. As of April 1, 2020, there are 685 licensed retail recreational cultivators and 463 licensed retail medical cultivators, as well as 590 licensed retail recreational stores and 435 licensed retail medical stores.

Enforcement – While the Marijuana Enforcement Division (MED) regulates the licensing from the state perspective, a separate license is recommended or in some cases required by ordinance to operate such an establishment within city limits. The Grand Junction Police Department recommends that the perception of increased
criminality be addressed and how it could affect our local community. The Department is working with police agencies across the state to study the further understand the issue. Other considerations include whether initial parameters are set regarding allowing cultivation operations or just retail within city limits. Regardless, law enforcement will need to understand opportunities and challenges regarding criminal activity, licensing, and locations of operations.

Some law enforcement agencies across the state specifically earmark revenue from marijuana sales for law enforcement personnel to ensure compliance is maintained within the businesses. This is not the role of the MED, but rather local law enforcement.

**Zoning for Marijuana-related Land Uses** – Land use and zoning regulations are important to most jurisdictions’ approaches to marijuana-related businesses. Statewide, many communities that allow marijuana sales identify retail sales of marijuana as allowed or conditionally allowed uses in a range of commercial and industrial zone districts. Processing facilities are typically allowed or conditionally allowed in commercial and industrial zone districts. Growing operations are typically allowed in these same districts, and sometimes in rural and/or agricultural residential districts. Most marijuana-related land uses not allowed in residential zones, except for personal and medical grows protected by state constitutional law. Moreover, the question of whether marijuana-related uses are considered desirable in a zone district depends heavily on local conditions. Some communities have concentrated marijuana sales in blighted districts to try to revitalize those districts. Other communities have attempted to spread marijuana sales throughout the community or to separate marijuana sales from other uses that may be considered incompatible.

One strategy for limiting the total number of marijuana businesses in the community is to establish a quota or numerical limit, either citywide or pertaining to various neighborhoods or districts. For example, the City of Palisade has established a maximum of two marijuana sales locations. Entire states have also established quota systems, such as Maine, which is divided into eight districts allowing one medical marijuana dispensary location in each district. Those with quotas usually resort to a lottery system for issuance of a limited number of permits.

A common strategy for controlling location of marijuana-related businesses is to establish “marijuana free districts” or “exclusion zones.” In such a zone or district (typically effected as an overlay zone), no marijuana-related business may operate. This strategy has been used by many communities to keep marijuana businesses out of downtowns; the strategy has been applied to a seven-block area in downtown Palisade. Another common strategy, which is widely used in California and functions inversely to marijuana exclusion zones, are so-called “green zones” where marijuana-related businesses are specifically allowed. These green zones may have different layers for growing, processing, and sales. Usually, communities with green zones do not allow marijuana-related business outside of the green zone.

Marijuana cultivation is typically regulated separately from other agricultural uses, such
that Land Use Code definitions associated with agriculture usually must be amended. Grows are typically an industrial activity, rather than an agricultural activity, and are often allowed or conditionally allowed in industrial zone districts. Marijuana cultivation may also pose challenges for various utilities. Heavy and intermittent electrical demand, high water consumption, and potential contamination of water with significant fertilizer runoff have all posed challenges for utilities in various communities. An important consideration in regard to growing of marijuana is whether to allow indoor grows only, or to allow outdoor or mixed-light grows. Allowing outdoor growing operations typically requires substantial screening standards to reduce visual impacts and makes control of odor nuisance much more difficult. Another challenge attendant to outdoor grows is the difficulty of controlling pollen from marijuana plants. Pollen from marijuana plants can fertilize hemp plants, such that THC quantities in the hemp exceed allowed limits and the crop must be destroyed.

Whereas marijuana cultivation is usually regulated very differently than other agriculture, regulations for the processing of marijuana generally align with both the overall zoning standards for industrial uses. In particular, many processing uses require hazardous materials of various kinds. Like marijuana cultivation, processing is generally subjected to extra measures for control of odor nuisance.

Further, as the marijuana industry has evolved, some businesses have specialized while others have sought to vertically integrate. Thus, a community that allows marijuana-related uses can expect to see requests for combined facilities for growing, processing, and sales, or any combination thereof, in addition to requests for businesses specializing in only one of these elements of the industry. Challenges may accordingly arise if zoning for growing, processing, and retail do not adequately overlap.

Mitigating negative impacts of marijuana related businesses may also present an equity issue. Prior to legalization, a large and well-documented disparity in marijuana-related criminal charges created a disproportionate negative impact on low-income people and people of color. Similarly, a growing body of research indicates that the negative impacts of legal marijuana are also felt by racial minorities and poor neighborhoods. This is the case with many LULUs, or “locally-unwanted land uses,” such as liquor stores, homeless services, rehab centers, and prisons. Land use and zoning regulations should be designed to prevent the discriminatory impact of noise, odor, light, traffic, volatile organic compounds (VOCs), air quality, and other nuisance on the City’s minority and low-income residents. This knowledge should inform zoning decisions, including decisions regarding the location of “green zones” or “exclusion zones” should the utilization of these zoning tools be considered.

**Use-Specific Standards** – In addition to general zoning for marijuana businesses, other standards impact location. A Colorado State standard requires that no dispensary be within 1000 feet of a school, though local governments may modify this distance. Some communities establish distance requirements between marijuana businesses and other uses, possibly including hemp grows as alluded to above. Other potential marijuana-
related nuisances may be mitigated through use-specific standards. For example, parking requirements per square foot may be higher than for other retail uses, especially in communities with limits on the number of marijuana retail locations. Many municipalities also establish limits on the floor area of a retail location, to prevent the establishment of very large marijuana stores and to limit the potential impacts on real estate market under certain conditions. Other common performance standards include limits on the visual and written references to marijuana on signage; window opacity standards; odor control requirements beyond general municipal standards; and site improvements beyond general municipal requirements.

This item is intended for discussion and possible direction by Council. As a part of the discussion, a representative from the Marijuana Enforcement Division (MED) will present on the topic.

**FISCAL IMPACT:**

A fiscal impact could be prepared based on direction from City Council.

**SUGGESTED ACTION:**

This item is intended for discussion and possible direction by Council.

**Attachments**

1. Presentation
Status of marijuana legalization across the country

Source: https://www.rollingstone.com/culture/culture-features/cannabis-legalization-states-map-831885/

Colorado.Gov/Revenue
A very, very brief history lesson.

When in comes to adult-use, Colorado was first!
Colorado Voters spoke in 2012

The following are official election results:

<table>
<thead>
<tr>
<th>Colorado Amendment 64</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Result</td>
<td>Votes</td>
<td>Percentage</td>
</tr>
<tr>
<td>Yes</td>
<td>1,383,139</td>
<td>55.32%</td>
</tr>
<tr>
<td>No</td>
<td>1,116,894</td>
<td>44.68%</td>
</tr>
</tbody>
</table>

Results via Colorado Secretary of State.

Source: https://denver.cbslocal.com/2012/11/06/no-on-64-concedes-colorado-votes-in-favor-of-pot-legalization/
Why is it so complicated?

- Illegal substance under Federal law
  - Cole memo priorities remain relevant
- Limited federal oversight
  - FDA, EPA, NHTSA, etc.
- Innovative, dynamic industry
- Lack of historical science and research
  - Federal role diminished
- Dual licenses required, both state and local
- Industrial hemp cultivations are regulated by the Colorado Department of Agriculture.
- CBD derived from industrial hemp used in food and beverage products are regulated by the Colorado Department of Public Health and Environment
Marijuana Landscape in Colorado

COMMERCIAL

- Medical Amendment
- Adult-use Amendment

CAREGIVER

- Medical Amendment
- Colorado Department of Public Health and Environment

PERSONAL GROW
- Local Law Enforcement

* Local Licensing Authorities

Colorado.Gov/Revenue
Who we are.

State Licensing Authority (Department of Revenue)

Marijuana Enforcement Division

Licensing  Investigations  Planning
Policy  Analysis
Where we are.
What we do.

TRACKED, TAXED, TESTED

- People
- Places
- Plants
- Products
Licensing Basics

1. MED issues licenses for both legal regulated marijuana businesses and marijuana employees.

2. Business applications include:
   1. A completed Regulated Marijuana Business License Application
   2. All applicable Findings of Suitability (Natural Person or Owner Entity) Applications
   3. Supporting documentation
   4. Payment

3. Owner and employee applications must include:
   1. A completed MED Employee License Application
   2. Identification
   3. Fingerprint results for criminal background check
   4. Payment

4. Businesses must renew their licenses every year. Owners renew every year. Employees renew every two years.
## People

<table>
<thead>
<tr>
<th>Occupational License Type</th>
<th>Number of Licenses (as of June 1, 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners</td>
<td>1,858</td>
</tr>
<tr>
<td>Employees</td>
<td>39,286</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>41,144</strong></td>
</tr>
</tbody>
</table>
Places
According to the Colorado Municipal League, there are 272 cities and towns in Colorado and 64 counties. Of these 336 local jurisdictions, 108 have opted in to legalize either medical marijuana, retail marijuana or both.

While this is fewer than 1/3 of all jurisdictions, the most populated areas of Colorado have generally opted-in:

- Denver, Aurora, Boulder, Colorado Springs as some examples

For a list of all jurisdictions that have allowed commercial, regulated marijuana businesses, please see this list:

- [https://drive.google.com/file/d/1GcdE3drg3xf74ix48ZsSME2s0rEw2-go/view](https://drive.google.com/file/d/1GcdE3drg3xf74ix48ZsSME2s0rEw2-go/view)
Number of Licenses

As of June 1, 2020, there are 2,755 licenses approved across the state.

<table>
<thead>
<tr>
<th>License/Permit Types</th>
<th>Medical Licenses</th>
<th>Retail Licenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores</td>
<td>438</td>
<td>592</td>
</tr>
<tr>
<td>Cultivations</td>
<td>468</td>
<td>699</td>
</tr>
<tr>
<td>Infused Product Manufacturers</td>
<td>218</td>
<td>284</td>
</tr>
<tr>
<td>Testing Facilities</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Operators</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Transporters</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Hospitality Establishments</td>
<td>n/a</td>
<td>3</td>
</tr>
<tr>
<td>R&amp;D Facility</td>
<td>1</td>
<td>n/a</td>
</tr>
<tr>
<td>Delivery Permits</td>
<td>3</td>
<td>n/a</td>
</tr>
<tr>
<td>Totals</td>
<td>1,148</td>
<td>1,607</td>
</tr>
</tbody>
</table>
Plants
TRACKED, Taxed and Tested
Products

Source: TGS

Colorado.Gov/Revenue
Packaging and Labeling Requirements

- Child-resistant packaging is critical
- Putting only the most critical pieces of information on a label to prevent “white noise” effect. For example
  - Warning statements
  - Potency statement
  - Harvest/production batch numbers
  - Universal Symbol

![THC Symbol]

[Images of packaging and labels]

Colorado.Gov/Revenue
Additional Public Safety Priorities

- Advertising
- Enforcement / underage compliance checks
- Edibles legislation
- Production management/limits
- Waste removal

- Restrictions on purchase amounts (looping)
- Restrictions on hours of operation
- Consumption prohibited on any licensed premises
- 24 hour video surveillance requirements
Marijuana testing: including plants and products:

- Potency
- Homogeneity
- Pesticides

- Contaminants
  - Residual Solvents
  - Microbial

Of note:
- All marijuana testing labs must be ISO-accredited as of 1/1/19.
- Labs may elect to go through process validation.
- MED aligns with Federal guidelines whenever possible.

Data Collection & Production Management

2017 TOTAL PLANT NUMBERS
- MEDICAL: 322,819 (58% Utilization)
- ADULT USE: 675,005 (34% Utilization)

PRODUCT TYPE MARKET SHARE COMPARISON

2014
- FLOWER: 74.5%
- EDIBLES: 14.7%
- CONCENTRATE: 14%
- OTHER: 6.2%

2017
- FLOWER: 61.2%
- EDIBLES: 13.4%
- CONCENTRATE: 28.3%
- OTHER: 6.5%

TOP 10 OPERATORS
23.1% OF TOTAL MARKET
HIGHLY COMPETITIVE MARKET

Colorado.Gov/Revenue
# 2019 Compliance and Criminal Investigations

## Investigation Information

<table>
<thead>
<tr>
<th>Investigation Type</th>
<th>Total Number of Investigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Background Investigation</td>
<td>322</td>
</tr>
<tr>
<td>Change of Location Investigation</td>
<td>76</td>
</tr>
<tr>
<td>Change of Ownership Investigation</td>
<td>764</td>
</tr>
<tr>
<td>Change of Trade Name Investigation</td>
<td>64</td>
</tr>
<tr>
<td>Individual Background Investigation</td>
<td>517</td>
</tr>
<tr>
<td>Modification of Premises Investigation</td>
<td>386</td>
</tr>
<tr>
<td>Non-Qualified Sales Check Investigation (Percent Passed)</td>
<td>604 (97%)</td>
</tr>
<tr>
<td>Regulatory and Criminal Investigation</td>
<td>1,755</td>
</tr>
<tr>
<td>Renewal Investigation</td>
<td>4,098</td>
</tr>
<tr>
<td>Targeted Compliance Inspection</td>
<td>436</td>
</tr>
</tbody>
</table>
2019 Administrative Actions

Table 17: Licenses Included in Administrative Actions as of December 31, 2019 (Multiple licenses may be included in a single Administrative Action)

<table>
<thead>
<tr>
<th>License Type</th>
<th>Medical Stores</th>
<th>Medical Cultivations</th>
<th>Medical MIPs</th>
<th>Medical Testing Facilities</th>
<th>Adult Use Stores</th>
<th>Adult Use Cultivations</th>
<th>Adult Use Product Manufacturers</th>
<th>Adult Use Testing Facilities</th>
<th>Owners or Occupational Badge Holder</th>
<th>Total Licenses Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assurance of Voluntary Compliance</td>
<td>8</td>
<td>12</td>
<td>3</td>
<td>0</td>
<td>6</td>
<td>5</td>
<td>3</td>
<td>0</td>
<td>27</td>
<td>64</td>
</tr>
<tr>
<td>Denial</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>48</td>
<td>55</td>
</tr>
<tr>
<td>Summary Suspension</td>
<td>6</td>
<td>8</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>18</td>
<td>47</td>
</tr>
<tr>
<td>Order to Show Cause</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>8</td>
<td>12</td>
<td>1</td>
<td>1</td>
<td>48</td>
<td>76</td>
</tr>
<tr>
<td>Stipulation, Agreement, and Order</td>
<td>38</td>
<td>43</td>
<td>2</td>
<td>1</td>
<td>39</td>
<td>30</td>
<td>5</td>
<td>1</td>
<td>154</td>
<td>313</td>
</tr>
<tr>
<td>Totals</td>
<td>54</td>
<td>69</td>
<td>7</td>
<td>2</td>
<td>59</td>
<td>57</td>
<td>10</td>
<td>2</td>
<td>295</td>
<td>555</td>
</tr>
</tbody>
</table>

Volume of Administrative Actions by Type as of December 31, 2019 (Table 17)
Violations

1. License Violations Affecting Public Safety – Most Severe
   • E.g. Unauthorized sale; permitting diversion; possessing marijuana from an unauthorized source; misstatements and omissions in METRC
   • **Penalties**: Suspension; Fine – up to $100,000; Revocation; Restriction

2. License Violations
   • E.g. Failure to keep or maintain business records; minor clerical errors in METRC; packaging and labeling violations that do not have an immediate impact on public safety
   • **Penalties**: Verbal or Written Warning; Suspension; Fine – up to $50,000; Restriction

3. License Infractions
   • E.g. Failure to display badge; unauthorized modifications of the premises of a minor nature
   • **Penalties**: Verbal or Written Warning; Suspension; Fine – up to $10,000; Restriction

Colorado.Gov/Revenue
Aggravating and Mitigating Factors

1. History of Violations
2. Good Faith Measures to Prevent
   - Supervision
   - Training
   - Standard Operating Procedures
   - Responsible Vendor Training Designation
3. Past Compliance Checks
4. Corrective Actions
5. Willfulness and Deliberateness
6. Circumstances Surrounding the Violation
   - Self-Reported
7. Owner or Manager Involvement
Landmark 2019 Legislation

- HB19:1090: Publicly Licensed Marijuana Companies
- HB19:1234: Regulated Marijuana Delivery
- HB19:1230: Marijuana Hospitality Establishments
- SB19: 224: Sunset Regulated Marijuana

Colorado.Gov/Revenue
COVID-19’s effect on marijuana businesses

- Regulated marijuana businesses were designated as critical by Governor Polis, and were able to stay open (with caveats) during the Stay at Home order.

- Key COVID-19 Executive Orders and Emergency Rules* (including, but not limited to):
  - Online sales for retail marijuana
  - Allowance for “curbside” pick-up
  - Allowance for modification of premises to accommodate social distancing best practices without prior approval
  - Allowance of consumers and employees to wear masks
  - Automatic 30 day extension for certain business licenses

Sales, Revenue and Taxes
Tracked, **TAXED** and Tested

**State of Colorado**

**Marijuana Tax Revenue**

- Total Marijuana Taxes, Licenses, and Fees
- State Retail Marijuana Sales Tax
- State Marijuana License and Fees
- State Sales Tax
- State Retail Marijuana Excise Tax

Source: Revenue collected monthly as posted in the Colorado state accounting system.
Prepared by: Colorado Department of Revenue, Office of Research and Analysis, dor_ora@state.co.us.
Publish date: May 2019.

Colorado.Gov/Revenue
Marijuana Sales and Tax Revenue

The state collected almost $274 million in marijuana tax revenue in Fiscal Year 2019.

- $16 billion revenue the Department of Revenue collects.
- $30.63 billion the state of Colorado’s annual budget.
Marijuana Tax Structure

Distribution of Marijuana Tax and Fee Revenue for FY 2018-19

15% Excise Tax on Retail Marijuana
First $40 million or 90%, whichever is greater

15% Special Sales Tax on Retail Marijuana
10% Local Share
90% State Share

General Fund
Of the 90% State share, 15.56% is retained in the General Fund
12.59% of the 90% State Share
71.85% of the 90% State Share

Marijuana Tax Cash Fund (MTCF)
2.9% Sales Tax on Medical Marijuana
2.9% Sales Tax...
on non-marijuana products sold in marijuana stores

B.E.S.T. Public School Capital Construction Assistance Fund
(12.5% of which is credited to the Charter School Facilities Assistance Subaccount)
Amount remaining after the greater of $40 million or 90%

Public School Permanent Fund
Interest earnings from the Public School Permanent Fund are deposited into the Public School Fund.

Public School Fund (K-12 Education)
For more information...

- MED mid-year and annual updates:  
  www.colorado.gov/pacific/enforcement/med-updates
- Department of Revenue’s 2018 annual report:  
  www.colorado.gov/pacific/revenue/annual-report
- 2017 Market and Demand Study:  
  www.colorado.gov/pacific/enforcement/marijuana-related-reports-studies
- Marijuana monthly sales reports:  
  www.colorado.gov/pacific/revenue/colorado-marijuana-sales-reports
- Marijuana monthly tax revenue reports:  
  www.colorado.gov/pacific/revenue/colorado-marijuana-tax-data
- MED’s Use of METRC Performance Evaluation:  
Contact Us

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Thank you