MARIJUANA REGULATION IN COLORADO
BARBARA BROHL, COLORADO DEPARTMENT OF REVENUE
Marijuana Regulation in Colorado

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Background and History

Regulatory Process and Concerns

- Regulations – Protecting Minors
- Regulations – Lab Testing
- Regulations – Preventing Criminal Involvement
- Regulations – Inventory Tracking
Amendment 64

- Allows personal growth and personal use of marijuana
- Regulates the growth, manufacture, and sale of retail marijuana in a system of licensed establishments overseen by state and local governments
- Allows individuals who are 21 years old or older to possess, use, display, purchase, transport, and transfer (without remuneration), to individuals who are 21 years old or older—one ounce or less of marijuana
Implementation Timeline

- 11/6/12 – Amendment 64 Election
- 7/1/13 – Promulgate State Rules
- 10/1/13 – Begin Accepting State Applications
- 10/1/13 – Develop Local Rules and Processes
- 1/1/14 – Begin Issuing Licenses
Executive Order Issued in December 2012

- Established the Task Force
- Identified the Members
- Laid Out The Expectations
Role of the A64 Task Force

- Create and Deliver a Report to the Governor, the General Assembly, and the Attorney General
  - Identify the legal, policy and procedural issues and offer suggestions and proposals for legislative, regulatory and executive actions to be taken.
  - Develop a comprehensive framework and timeline for legislation and regulations needed to implement Amendment 64.
  - Hold hearings and take testimony regarding the policy, legal and procedural issues related to the legalization and recreational use of marijuana.
  - Review related state laws and regulations, and make recommendations for changes to all applicable laws and regulations.
A64 Task Force Members

- State Legislators
- Public Health
- Public Safety
- Agriculture
- Revenue
- A64 Campaign
- Marijuana Industry
- Marijuana Consumers
- Law Professor
- Physician
- Juvenile Justice
- District Attorney
- Attorney General
- Public Defender
- Municipal League
- Counties
- Business Community
- Labor/Employees
Next Implementation Steps

- Task Force Report was Delivered mid-March 2013
- Joint Select Legislative Committee Convened mid-March 2013
- Legislation was Passed and Signed into Law in May 2013
- Temporary Rules Promulgated 7/1/13
- Permanent Rules Promulgated 9/9/13
- Ready to Accept Applications 10/1/13
Rulemaking Process

- 5 separate working groups for permanent rulemaking:
  - Licensing, Transportation and Storage
  - Licensed Entities & Inventory Tracking
  - Recordkeeping, Enforcement & Discipline
  - Labeling, Packaging, Product Safety & Marketing
  - Medical Marijuana Differentiation
Rulemaking Process

- 20 separate working group meetings
- Working group member representation from a wide variety of stakeholder groups
- Public Testimony
- Additional working groups and rulemaking on interim productions caps, concentrate production, product safety and mandatory testing.
3 Critical Issues Outlined in August 2013 Memo from US DOJ:

- Preventing distribution of marijuana to minors
- Preventing the involvement of criminal enterprises, gangs and cartels in legal marijuana industry
- Preventing the diversion of legalized marijuana to other states
Regulations Protecting Minors

- Packaging
- Labeling
- Advertising
- Waste removal
- Production limits
- Enforcement
Accidental Child Ingestion

- Require Child-Resistant Packaging:
  - Compliance with the Poison Prevention Packaging Act of 1970 and ASTM D3475
  - Opaque
  - Child resistant characteristics maintained after opening

- Extensive labeling
  - Concentrates and products say contains marijuana
  - Universal Symbol
  - Traceability
Sales to Persons Under 21

- Require proof of identification
- Must be 21 to even enter the sales floor
- No sales outside the licensed premises:
  - No internet sales
  - No delivery
- Video of entire Licensed Premises, including the sales counter
- Advertising restrictions
  - Television
  - Radio
  - Print Media
  - Internet
  - No content targeting minors
Lab Testing

- **Currently**
  - Lab Testing is Voluntary

- **Mandatory Testing (for Retail Marijuana)**
  - Implementation May 1 – October 1, 2014

- **Two Types of Testing**
  - Potency
  - Contaminants
Mandatory Testing

- **May 1, 2014**
  - Production Batches of Marijuana Products
    - Potency
    - Homogeneity

- **June 1, 2014**
  - Potency Testing of Flower
  - Potency Testing of Concentrates

- **July 1, 2014**
  - Begin Phasing in Contaminant Testing
Mandatory Testing (cont.)

October 1, 2014 – Final Implementation

- Process Validation – Flower
- Process Validation – Marijuana Product
- Process Validation – Marijuana Concentrate

Contaminant Tests
- Microbial
- Mold
- Filth
- Residual Solvent

Testing Requirements Other Than Process Validation

Requirements for Re-validation
## Business / Owner Requirements

- Extensive Financial and Criminal Background Checks
- Two-year Colorado Residency Requirement

<table>
<thead>
<tr>
<th>Medical Marijuana</th>
<th>Retail Marijuana</th>
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<tbody>
<tr>
<td>• May operate from 8:00 am to 7:00 pm</td>
<td>• May operate from 8:00 am to 12:00 am</td>
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<tr>
<td>• Must have both State and Local Authority license to operate</td>
<td>• Must have State license and Local Authority approval to operate</td>
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<tr>
<td>• Can only sell to patients with a medical marijuana card</td>
<td>• Can sell to anyone over 21</td>
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Enforcement and Regulatory Oversight

- Overall Regulatory Framework
  - Travel Manifest Requirements
  - Quantity Limitations on Tourists
  - Labeling of Containers Prior to Sale
  - Tamper-evident Shipping Containers
  - Traceability
Inventory Tracking System Capabilities

- Track and record a chain of custody from “Seed” to “Sale”.
- Provide MED with inspection process tools necessary to complete on-site validation of inventory.
- Provide MED with a series of exception reports and analytics to monitor the industry.
- Provide mechanism to produce standardized manifests for transportation of marijuana within Colorado – law enforcement priority.
- Tracks both Medical and Retail Marijuana Inventory within closed regulatory system.
Inventory Tracking System Capabilities (cont’d)

- Tracking will END once it is purchased by the patient or retail customer
- Can track the finished product back through the supply chain to the original source
- Streamlines and automates licensee required record submission processes and cuts paper costs for MED
- Designed to be user friendly and vendor will maintain help desk support to assist licensees when necessary
RFID Tag
Tag Shape and Placement

Tag Shape and Size

Tag Attachment

Tag Placement on a Plant
Comprehensive Framework

An overall regulatory framework that includes:

- Video surveillance
- Unannounced on-site compliance inspections
- Underage and other enforcement compliance operations
- Upcoming mandatory testing
- Mandated point of sale and tax transaction records maintenance
- Mandatory Inventory Management

Together these tools will minimize diversion, provide consumer safety and ensure the proper collection of state tax revenues.
Thank You