

STATE OF COLORADO

DEPARTMENT OF REVENUE
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Colorado Department of Revenue Marijuana Enforcement Division

John W. Hickenlooper
Governor

Barbara J. Brohl
Executive Director

Emergency Rules:

Revised Rules, Retail Marijuana, 1 CCR 212-2

Rule R 207 – Schedule of Application Fees: Retail Marijuana Establishments

Rule R 208 – Schedule of Business License Fees: Retail Marijuana Establishments

Rule R 209- Schedule of Business License Renewal Fees: Retail Marijuana Establishments

Rule R 210 – Schedule of Administrative Service Fees: All Licensees

Rule R 211 – Conversion – Medical Marijuana Businesses to Retail Marijuana Establishments Pursuant to 12-43.4-104(1)(a)(I), C.R.S.

Rule R 212 – New Applicant Retail Marijuana Cultivation Facilities Licensed Pursuant To 12-43.4-104(1)(b)(II), C.R.S.

Statement of Emergency Justification and Adoption

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

Section 24-4-103(6), C.R.S., authorizes the State Licensing Authority to issue emergency rules 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 that the immediate adoption of these revised rules is necessary to comply with the statutory mandates of the Retail Marijuana Code and to properly regulate and control the cultivation, manufacture, distribution, and sale of medical marijuana.

Statutory Authority

The statutory authority for these rules is found at subsections 12-43.4-202(2)(b), 12-43.4-202(2)(e), 12-43.4-202(3)(a)(II), 12-43.4-202(3)(a)(XII), 12-43.4-202(3)(b)(VIII), 12-43.4-202(3)(b)(IX), and 12-43.4-202(4)(a) and (b), C.R.S., and sections 12-43.4-103, 12-43.4-104, and 12-43.4-501, C.R.S.

Purpose

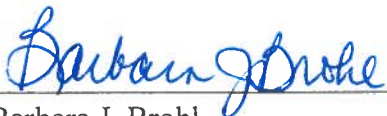
The purpose of adopting Rules R 207, R 208, R 209, and R 210 on an emergency basis is to update the fee levels in accordance with statutory requirements and the needs of the Marijuana Enforcement Division.

Section 12-43.3-501, C.R.S., governs the marijuana cash fund, which includes but is not limited to all funds collected pursuant to both the Medical Code and the Retail Code. The State Licensing Authority is required to adjust such fees to reflect 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 State Licensing Authority must review the fees at least annually.

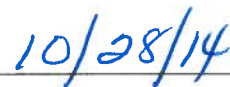
The purpose of adopting Rules R 211 and R 212 on an emergency basis is to establish a means by which to manage the production of Retail Marijuana. This rule is necessary to ensure there is not significant under or over production, either of which will increase incentives to engage in diversion and engage in illegal sales of marijuana. By their terms, the production limitations set forth in Rule R 211 govern only those Medical Marijuana Businesses that either convert to or add a Retail Marijuana Establishment License pursuant to subsection 12-43.4-104(1)(a)(I), C.R.S. The production limitations set forth in Rule R 212 govern Retail Marijuana Cultivation Facilities licensed pursuant to subsection 12-43.4-104(1)(b)(II), C.R.S. The limits set forth in the emergency rules were largely based off of a market study commissioned by the State Licensing Authority that analyzed the emerging retail marijuana market in order to refine the rules governing production limitations.

The State Licensing Authority is adopting these rules on an emergency basis to assure continuity in the regulatory scheme. All of these rules were adopted as emergency rules on June 30, 2014. The emergency rules expire October 28, 2014. The rules were also adopted as permanent rules on September 30, 2014. The permanent rules, however, will not become effective until October 30, 2014. Accordingly, unless these rules are adopted as emergency rules, there will be a regulatory gap of one day on October 29, 2014.

These emergency rules are effective immediately upon adoption. These emergency rules will remain in effect until replaced by permanent rules on October 30, 2014.



Barbara J. Brohl
Executive Director
Colorado Department of Revenue
State Licensing Authority



Date