



Legislation Text

File #: Pres 21-05, **Version:** 1

Marijuana Code Updates

Summary and Background Information:

The Colorado legislature has recently amended state statutes related to the marijuana business and has created new permit and license types. City staff are updating council on these changes and requesting direction from council whether or not council wishes to allow delivery permits for retail and medical marijuana businesses within the city, allow businesses outside the city to deliver within Commerce City, and to allow for hospitality licenses within the city. The City Clerk's Office in coordination with the City Attorney's Office and Hearing Officer for the Marijuana Licensing Authority, Kristin Brown, has worked to review and update Chapter 8, Article II of the City's Revised Municipal Code which regulates marijuana activity within the City.

First, there are portions of the Marijuana Licensing Authority's current Rules of Procedures that are better suited to be codified in the City's municipal code.

Second, the Colorado legislature has also passed a slate of legislation that has impacted the marijuana industry in 2019 and 2020 that went into effect in 2020 and 2021. One of the major changes is the allowance of publicly traded companies to have ownership of marijuana licenses within the state. Prior to this change, the city required licensees to submit background information related for all individuals named on the application, which included "owners, business managers, financiers, and any individuals owning any part of an entity that hold a financial or ownership interest in a marijuana business. (CCRMC 8-2101)" This creates a problem then at what level of financial interest in a publicly traded company does the city background. Licensing Coordinator Tiffany McGraw has reached out to other municipalities throughout Colorado and worked with contacts at the state's Marijuana Enforcement Division to research the most practical solution for our City. **City staff are recommending the city only conduct background investigations on individuals with 10% or higher controlling ownership in the company.**

Third, the legislature has allowed marijuana businesses to offer delivery services. Local jurisdictions must approve marijuana delivery for licensees located within the local jurisdiction and marijuana businesses located outside the jurisdiction. Licensees would be required to apply for a delivery permit with the state on a yearly basis. The application requires the licensee submits verification that the location jurisdiction has allowed delivery, verification of possession of delivery vehicles and proof of registration, insurance, and title/deed of vehicles, Identification of online platform used to facilitate sales, verification that the licensee is a designated "Responsible Vendor." More information on the rules and regulations may be found in the Code of Colorado Regulations 3-500 and 3-600 series (attached). The allowance of delivery within the city will provide an additional revenue source for our local licensees. Additionally, our residents will be able to receive product, especially in the case of medical marijuana, in a socially distanced and convenient way during COVID-19 and beyond. **City staff are recommending the city allow delivery of medical and retail marijuana product by local licensees and marijuana businesses outside the city.**

Lastly, the legislature has created a new license type known as the "hospitality" license, where a business may allow marijuana to be consumed onsite. The business can only allow consumption in an isolated portion of the premise. There are several variations as to the hospitality license rules and regulations that depending on the adjacent or adjoining premises. Those specific rules and regulations may be found in the Code of Colorado Regulations 6-900 series. This license type is brand new and only a few licenses exist within the state. Licensing Coordinator Tiffany McGraw has reached out to jurisdictions with hospitality licenses and has not received any feedback strongly positive or negative on their hospitality licensees. As such, **City staff do not have a recommendation on hospitality licenses either way.**

Staff Responsible (Department Head): Dylan A. Gibson, City Clerk

Staff Member Presenting: Dylan A. Gibson, City Clerk, Tiffany McGraw, Licensing Coordinator, & Brian Swann, Assistant City Attorney

Financial Impact: N/A

Funding Source: N/A

Staff Recommendation: Provide direction to staff on key decision points before a final ordinance is brought forward for consideration.

Suggested Motion: N/A