

Michael B. Hancock  
MAYOR



# City and County of Denver

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March 22, 2013

**Hand Delivered**

Honorable Dan Pabon  
Colorado State Representatives  
State Capitol  
200 E. Colfax Ave., Room 271  
Denver, Colorado 80203

**Re: Task Force Report on the Implementation of Amendment 64**

Dear Rep. Pabon:

We look forward to working with you as legislation implementing Amendment 64 begins to take shape. While there are many important details of the legislation yet to be determined, we are writing today to express our general support for the thoughtful regulatory structure recommended in the Task Force Report.

Overall, we encourage you to use all of the tools at your disposal to enact Amendment 64 in a manner that creates clear guidelines for the industry, as well as provides adequate safeguards to protect our children, residents and the integrity of our neighborhoods. Consumer safety through rigorous standards must be a priority. Revisions to the criminal code will be necessary to protect our children and clarify the many unanswered questions. We believe responsible implementation is the key to ensuring the safety of our communities.

Unlike some other local governments, Denver has not yet made the definitive choice to opt-in or opt-out of commercial licensing for adult use marijuana businesses. We have been waiting to see the details of the state implementing legislation in order to understand the full scope of our local regulatory authority should we decide to issue licenses in Denver. At this stage, we believe the regulatory structure proposed by the Task Force begins to move the state in the right direction and provides a workable framework if Denver officials decide to opt-in and allow licensing within our city.

We appreciate the Task Force concept of a phase-in period during which only *existing* medical marijuana licensees can apply for licenses under the new law. As you know, the text of Amendment 64 specifically contemplates that existing medical marijuana businesses should receive priority in any

competitive system of licensing. There are over 200 licensed medical marijuana centers in Denver, plus numerous separate licenses for cultivation and manufacturing. We anticipate that a substantial number of the existing licensees will seek to convert to the new form of adult use licensing allowed by Amendment 64 on October 1. It is essential that state and local regulatory authorities have ample time to manage this initial surge of licensing on behalf of existing businesses before the door is opened to new applicants.

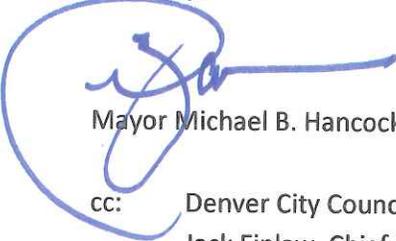
We also acknowledge and support the Task Force's recommendation for "conditional licensing" at the state level. As proposed, an applicant receiving "conditional" license approval will be able to commence operations under the license *if and only if* the applicant subsequently receives all necessary local authorization requirements. We recognize the language of Amendment 64 puts the state in a bind—for applications received by the state on and after October 1, the state must act within a strict 90-day time frame. Again, due to the overwhelming number of applications the state is likely to see in the first phase, the concept of a "conditional licensing" within the 90-day period makes sense.

We appreciate the recommendations in the Task Force Report concerning local control of marijuana businesses. The recommendations track the language of Amendment 64 and ensure that Denver and other local governments can exercise full authority to regulate marijuana businesses within their respective jurisdictions in terms of time, place, manner, and number. We especially urge you to expressly acknowledge in the implementing legislation the authority of local governments to require a separate local license in addition to the license issued by the state.

Finally, we would like to emphasize the importance of taxes and fees in this discussion and invite further debate on this key topic. The Task Force recommended two distinct types of state taxes on the nascent marijuana industry, and we understand these questions may appear on the ballot as early as November 2013. Although Denver has not yet adopted a special marijuana tax since the advent of commercial medical marijuana businesses in 2009, it is likely Denver officials will debate local marijuana taxation in the near future, perhaps also targeting the November 2013 ballot. Obviously, there is a great deal of legal, economic, political, and practical interplay between state and local tax policy related to marijuana. We look forward to working with you further on the taxation issue.

Thank you for considering our position and we look forward to future opportunities to discuss details of the implementing legislation in the coming weeks.

Sincerely,



Mayor Michael B. Hancock

cc: Denver City Council  
Jack Finlaw, Chief Legal Counsel to Governor Hickenlooper  
Barbara Brohl, Executive Director Colorado Department of Revenue  
Members of the Joint Select Committee on the Implementation of A64 Task Force  
Recommendations  
Members of the Denver Delegation to the Colorado General Assembly