

**Amendment 64 Implementation Task Force
Regulatory Framework Working Group
Meeting Minutes**

Meeting of January 31, 2013
Beginning at 2:00 p.m.

Medical Marijuana Enforcement Division
455 Sherman Street, Suite 390
Denver, CO 80203

ATTENDANCE

Task Force Members Present: Co-chairs Ron Kammerzell and Dan Pabon, Betty Aldworth, Norton Arbelaez, Don Burmania, Sam Kamin, Bob Dill, Cally King, Jeremy Nemeth, Chris Nevitt, Meg Sanders, James Shpall and Mary Beth Susman. Laura Harris and David Blake were excused for good cause.

Also present:

Barbara Brohl, Executive Director, of the Colorado Department of Revenue and Amendment 64 Task Force Co-chair

Welcome and Introductions

Co-Chairs Ron Kammerzell and Dan Pabon called the meeting to order at 2:09 p.m.

Consideration of Recommendations and Presentations by Working Group Members

Mr. Kammerzell explained that there are two main topics to cover at this meeting; Vertical Integration and Dual Licensing Authority of State and Local Governments. There are three recommendations to be presented today for a vote of the working group.

Recommendation #1 – Vertical Integration RF-1:

Mr. Kammerzell read the recommendation he had drafted based on the discussion at the last meeting. It covered the thirteen questions pertaining to the recommendation. The document recommends that the General Assembly adopt a hybrid regulatory framework for the regulation of recreational marijuana in Colorado. Under a hybrid regulatory model, vertical integration would not be required or prohibited. The guiding principle supporting this recommendation is to propose efficient and effective regulation that is clear and reasonable, and not unduly burdensome.

An additional recommendation for RF-1 was drafted by Meg Sanders and Norton Arbelaez. Mr. Arbelaez (assigned the number RF-3) read the recommendation which promotes a controlled and managed transition. Meg also brought up the fact that there are IRS laws that prevent deductions from businesses and would prevent new, independent retail operations from opening and it also opens up the industry to diversion.

Norton moved to have a straw poll that would indicate support of vertical integration as an allowable business model for the implementation of Amendment 64. Meg seconded the motion; however, a discussion was then had amongst the group. Mr. Kammerzell stated that regardless of which model is chosen, the fundamental issue remains that

without funding, no model will be successful and that through compliance and verification, diversion is much less likely to take place. He stated that flexibility to allow vertical integration and transition for existing licensees at least for the short term is important. He stated that in referring to the plain text of the Amendment states that marijuana is to be regulated similar to liquor, this model is a reasonable compromise for current Medical Marijuana businesses.

Co-Chair Pabon asked if there was further discussion and stated that one proposal would be taken at a time with amendments being made and a vote taken on each recommendation. Votes were taken on proposed amendments during the discussion. Amendments were made to the document as votes were taken.

A vote of RF-1 was taken: 10 were in favor of the recommendation, 2 were opposed and 1 was absent for the vote. The recommendation RF-1 passed as amended.

Recommendation #3 – Vertical Integration RF-3:

A discussion was had regarding the recommendation; amendments were made to RF-3 with the changes being made to the document at the time of the discussion. RF-3 verbiage was integrated into RF-1.

A vote of RF-3 was taken: 3 were in favor of the recommendation, 9 were opposed, with one abstention and the recommendation failed.

Additional discussions were had regarding RF-1 with further amendments being made to the recommendation.

Recommendation #2 – Residency Requirements RF-2:

Mr. Nevitt introduced a recommendation drafted by him and Ms. Susman concerning a dual authority model for the regulation of recreational marijuana involving the state and local licensing authorities. The recommendation was that a state law be adopted recognizing the authority of local governments to require a local license for any marijuana establishment as a legitimate type of “time, place, manner and number” regulation at the local level. State law shall provide that a state license for a marijuana establishment shall be issued conditionally and shall not become operational unless and until a local license is granted, in those jurisdictions that have elected to enact a local licensing requirement. If a local government authority chooses not to enact a local licensing requirement, a state issued conditional license shall not become operational unless and until the local government authority affirmatively authorizes the activity for which the state license was issued.

Discussion ensued and an amendment involving several minor wording changes was adopted. A motion to approve the recommendation was seconded and a vote was called. The motion was passed unanimously by the working group.

Other Business

Co-chair Kammerzell reviewed the regulatory framework issues with the working group and suggested that the working group attempt to prioritize the remaining issues to ensure those with the highest priority receive the most attention in developing recommendations for the task force. A working group member suggested the issues be grouped into broad categories similar to a presentation made by Co-chair Kammerzell at a previous meeting. Meg Sanders volunteered to group the issues into these broad categories for consideration of the working group at its next meeting.

A discussion was opened regarding residency requirements for license holders. Chris Nevitt stated that he would be in favor of taking the detailed requirements of Medical Marijuana and transferring that verbiage in its entirety to Recreational Marijuana. Discussions regarding intra state commerce and suitability requirements was had. A straw poll was taken to model residency requirements for Marijuana licensure to mirror the Medical Marijuana model currently in place. Straw poll: 11 were in favor; 0 were opposed. Norton Arbelaez and Sam Kamin volunteered to draft the recommendation for review at the next meeting.

Next, a discussion was had regarding residency requirements for consumption. A straw poll was made voting in favor of having no residency requirements for the purchase of 1 oz or less by persons over the age of 21. Straw poll: 10 were in favor; 1 opposed and 1 abstained. Sam Kamin volunteered to draft the recommendation to review at the next meeting.

Approval of Minutes

The minutes of the January 24, 2012 working group meeting were approved with the amendment removing Sam Kamin from the minutes as he was not present at the meeting.

Public Comment

Co-Chairs Kammerzell and Pabon asked if anybody from the public would like to address the Work Group, many members of the public came forward speaking on various topics.

Closing: Mr. Kammerzell announced that the next meeting will be Thursday, February 7, 2013, at the same location. Mr. Kammerzell noted that the recording and handouts from today's meeting will be posted on the Department of Revenue web site. The meeting was adjourned at 5:20 p.m.