



January 13, 2016

Industry-WIDE BULLETIN: 16-02

RE: Medical and Retail Marijuana Business Bond Requirements

Dear Marijuana Industry Stakeholders:

Marijuana businesses' sales and use tax and excise tax bond requirements under Sections 39-28.8-304(4) C.R.S., 12-43.3-304 C.R.S. and 12-43.4-303 C.R.S.

The following guidance is issued in order to effectuate the intent of the General Assembly in enacting surety bond requirements to guarantee payment of excise taxes and sales tax on retail and medical marijuana.

In order to ensure the payment of appropriate sales and excise taxes, Colorado statutes (Sections 39-28.8-304(4) C.R.S., 12-43.3-304 C.R.S., and 12-43.4-303 C.R.S.) require the filing of a surety bond with the Department in order to obtain or maintain an appropriate marijuana license.

The Department of Revenue recognizes that surety bond providers have been withdrawing from the marijuana market in Colorado. This has made the ongoing acquisition of surety bonds required by Colorado statutes for marijuana business licensees difficult or, in some cases, impossible.

If marijuana licensees can demonstrate due diligence in attempting to, but failing to, obtain an appropriate surety bond, the Department will consider granting relief appropriate to the circumstances. Any relief granted will be on a case-by-case basis and will be at the sole discretion of the Department.

The Department will generally accept, as evidence of due diligence, a completed, submitted, and rejected surety bond application to a corporate surety doing business in Colorado. In determining the appropriateness of relief as well as the specific relief granted, the Department may consider the licensee's past tax filing history, its compliance history, its financial stability, and any other factors that the Department deems relevant.

This allowance shall expire on May 11th, 2016.

If you have questions regarding the **Use and Excise Tax Bond Requirements** under section 39-28.8-304(4) C.R.S., please contact the Marijuana Tax Information Line at **303-205-8287**.

If you have questions regarding the **Sales Tax Bond Requirements** under sections 12-43.3-304 C.R.S. and 12-43.4-303 C.R.S., please contact Richard Hollar, MED Licensing Backgrounds Supervisor at **303-866-4664**.

W. Lewis Koski
Director
Marijuana Enforcement Division