Why are we here today?

- To review updates to the first drafts of the omnibus and hospitality bills
- To provide continued opportunity for community participation by seeking public feedback on the DRAFT ordinance language
# Legislation Summary

<table>
<thead>
<tr>
<th>Bill</th>
<th>Topic</th>
<th>Details</th>
</tr>
</thead>
</table>
| **1**  | Omnibus Bill | - Social Equity  
- Changes to existing licenses  
- Marijuana Delivery  
- Revises Denver’s Marijuana Code provisions using an equity lens and creates opportunities for Social Equity Applicants  
- Aligns Denver’s Marijuana Code provisions with the Colorado Marijuana Code and state rules  
- Modifies distribution of existing store and cultivation licenses by removing the location cap and location lottery requirements  
- Creates a Denver Marijuana Delivery Program |
| **2**  | Bill to Enact Marijuana Hospitality Program | - Marijuana Consumption  
- Creates a Denver Marijuana Hospitality Program to allow for lawful marijuana consumption establishments |
| **3**  | Bill to Repeal Cannabis Consumption Pilot Program | - Marijuana Consumption  
- Cleanup  
- Repeals citizen-initiated consumption establishment ordinance after enactment of a Denver Marijuana Hospitality Program |
How did we get here?

2020 Marijuana Licensing Work Group (MLWG)

• In May and June of 2020, EXL held four public meetings of the MLWG to gather input on the topics of delivery, hospitality, equity, and omnibus changes to the marijuana licensing code.

• Using the MLWG’s input, EXL developed high-level conceptual proposals for the ordinances.

• EXL held a fifth meeting of the MLWG on September 29, 2020 to present the concepts and gather feedback.

Ordinance Drafting

• Using feedback from the MLWG, written comments, meetings with individual stakeholders, and city agencies, EXL and CAO developed first drafts of the three bills.

• The first drafts were released publicly on December 7, 2020.

Stakeholder Feedback on First Drafts

• Following the release of the first drafts, EXL held four public stakeholder feedback sessions in December and January to gather input from community members, the marijuana industry, and other interested stakeholders.

• EXL briefed each City Council member on the bill drafts during December 2020 and January 2021.

Ordinance Revision

• Using feedback from the feedback sessions, written comments, meetings with individual stakeholders, City Council members, and city agencies, EXL and CAO revised the first drafts.

• Second drafts were released publicly on February 10, 2021.

Stakeholder Feedback on Second Drafts

• During this evening’s feedback session, EXL staff will present the changes to the omnibus and hospitality bills and take questions and public comments.

• Written comments will be accepted until bill introduction on March 2, 2021 (date subject to change).

• EXL and CAO will use this feedback to finalize the bill drafts.
<table>
<thead>
<tr>
<th>License Type</th>
<th>Fee Type</th>
<th>Fee for Non-Social Equity Applicants</th>
<th>Fee for Social Equity Applicants</th>
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<tbody>
<tr>
<td>Medical marijuana businesses</td>
<td>Application fee (one-time)</td>
<td>$2,000</td>
<td>$1,000 $0</td>
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<tr>
<td></td>
<td>License fee (annual)</td>
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<tr>
<td>Medical marijuana off-premises storage facility</td>
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</tr>
<tr>
<td></td>
<td>License fee (annual)</td>
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<tr>
<td>Retail marijuana businesses*</td>
<td>Application fee (one-time)</td>
<td>Refer to MED Fee Schedule</td>
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<td></td>
<td>License fee (annual)</td>
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<td>$2,500 ($0 for first year)</td>
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<td>Retail marijuana off-premises storage facility</td>
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<td>Marijuana delivery permit</td>
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<td></td>
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<td>$2,000</td>
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<tr>
<td>Hospitality and hospitality and sales businesses*</td>
<td>Application fee (one-time)</td>
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<td>$1,000 $0</td>
</tr>
<tr>
<td></td>
<td>License fee (annual)</td>
<td>$2,000</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

* The fees listed above are set by the City and County of Denver. There may be other fees set by the Colorado Marijuana Enforcement Division that get distributed to local jurisdictions.
Updated Omnibus Bill Draft: Reporting to City Council

First Draft

6-210(d) – The director shall report in writing to city council by July 1, 2023 on the operation of the delivery program.

New Draft

Maintain provision in 6-210 (d) and add:

6-206(c) – The director shall report in writing to city council by July 1, 2026 regarding the exclusive issuance of certain licenses to social equity applicants.

Explanation

By reporting to City Council a year before the exclusivity period for other license types expires, the Department and City Council can assess whether the exclusivity period needs to be extended and whether any other adjustments need to be made to the program.
Updated Omnibus Bill Draft: Transfer of Ownership

First Draft

6-219(b) - Licenses held by social equity applicants, except marijuana transporter licenses, shall be transferable either to other social equity applicants or non-social equity applicants upon approval by the director.

New Draft

6-219(b) - Prior to July 1, 2027, any licenses held by social equity applicants, except marijuana transporter licenses, shall be transferable either to other social equity applicants or non-social equity applicants upon approval by the director so long as fifty-one percent (51%) or more of the license is held by one or more social equity licensees. After July 1, 2027, licenses held by social equity applicants shall be transferable either to other social equity applicants or non-social equity applicants upon approval by the director.

Explanation

This change is responsive to stakeholder concerns about maintaining the integrity of the social equity program by keeping social equity licenses under ownership of social equity applicants. This requirement is intended to prevent non-social equity applicants from buying out social equity applicants’ majority share in their licenses before the exclusivity period is over, while still allowing social equity applicants to transfer up to 49% of their license to non-social equity applicant investors in order to raise capital.
6-207(a) - All applications for local licensing shall be made in the manner provided by the director. In addition to information required by chapter 32 of this Code, the applications shall contain the following information:

(1) A social impact plan containing the information required by the director.

6-222(c)(2) – The social impact plan submitted at renewal shall also identify outcomes resulting from the social impact plan in place during the previous licensing year.

First Draft

New Draft

6-207(a)(1) - A social impact plan containing the information required by the director, as well as the following:

a. The name, telephone number, and email address of the person affiliated with the applicant or licensee who is responsible for oversight and implementation of the social impact plan;

b. A description of the procedure(s) the applicant or licensee will use to timely address concerns of residents, registered neighborhood organizations, and businesses within the neighborhood surrounding the licensed premises;

c. A list of all registered neighborhood organizations whose boundaries encompass the location of the licensed premises and a description of the applicant or licensee’s plan to engage with each registered neighborhood association;

d. A description of the applicant or licensee’s diversity and inclusion practices in hiring and employment, including any specific metrics to be used in measuring the success of its programs;

e. A description of the applicant or licensee’s sustainability practices, including any specific metrics to be used in measuring the success of its programs;

f. A description of the applicant or licensee’s plan to foster participation in the regulated marijuana industry by people from communities that have previously been disproportionately harmed by marijuana prohibition and enforcement in order to positively impact those communities, including any specific metrics to be used in measuring the success of its programs; and

g. A description of how members of the public can access the applicant’s social impact plan.

6-222(c)(2) – The social impact plan submitted at renewal shall also identify outcomes resulting from the social impact plan in place during the previous licensing year using the specific metrics identified in the social impact plan for measuring the success of its programs.

These changes are responsive to feedback from stakeholders that requirements for Social Impact Plans need to be more clear and include specific metrics.
6-209(a)(3) – Beginning **July 1, 2021**, medical and retail marijuana stores shall install and use a secure safe in a limited access area, which shall be incorporated into the building structure or securely attached thereto, for overnight storage of cannabis and cash.

6-204(19) – **Safe** means a metal box capable of being locked securely, constructed in a manner to prevent opening by human or mechanical force, or through the use of common tools, including but not limited to hammers, bolt cutters, crow bars, or pry bars.

6-209(a)(3) – Beginning **October 1, 2021**, medical and retail marijuana stores shall install and use a secure safe in a limited access area, which shall be incorporated into the building structure or securely attached thereto, for overnight storage of **all processed** cannabis and cash. **For marijuana-infused products that must be kept refrigerated or frozen, the establishment may lock the refrigerated container or freezer so long as the appliance is affixed to the building structure.** The director may approve security devices such as vaults and strong rooms that are functionally equivalent to safes.

**Explanation**

These changes provide additional clarity on how licensees can comply with this requirement, and provides additional time for licensees to come into compliance.
Updated Omnibus Bill Draft: Walk-Up, Drive-Up, and Curbside

First Draft
- Silent on walk-up, drive-up, and curbside service

New Draft
- 6-209(a)(4) - Medical and retail marijuana stores shall not provide walk-up or drive-up window service or curbside pickup. All transactions must occur within a licensed premises. A medical or retail marijuana store may provide for walk-up or drive-up window service or curbside service pursuant to, and in compliance with, an emergency rule promulgated by the state licensing authority.

Explanation
- This change clarifies that drive-up, walk-up, and curbside service are currently allowed pursuant to an emergency rule promulgated by the state licensing authority. Allowances for drive-up, walk-up, and curbside service were initially intended to facilitate social distancing during the COVID-19 pandemic, especially as marijuana businesses were not allowed to deliver in most jurisdictions. Now that Denver plans to implement marijuana delivery, and as the pandemic subsides, these measures may be unnecessary in the long-term to protect public health. Additional analysis and stakeholder input is required to determine whether and how to allow walk-up and drive-up windows permanently.
First Draft

6-222(e) – The director may set a hearing on the renewal of a medical or retail marijuana business application in accordance with the requirements of the Colorado Marijuana Code and chapter 32 of this Code if:

(1) There is evidence that medical or retail marijuana business has adversely impacted the health, welfare, or public safety of the neighborhood in which the medical or retail marijuana business is located;

(2) The reasonable requirements of the neighborhood and the desires of the adult inhabitants as evidenced by petitions, remonstrances, or otherwise indicate that a medical or retail marijuana store license should not be renewed;

(3) The number and availability of other medical or retail marijuana stores in or near the neighborhood under consideration indicate that a medical or retail marijuana store license should not be renewed;

New Draft

Strike 6-222(e)(1-3) of the first draft and replace with:

6-222(e) - There are causes for denial, suspension, revocation, non-renewal or other licensing sanctions as provided in chapter 32 of this Code, this article V, or rules and regulations promulgated thereto;

Explanation

This change more accurately and succinctly captures all circumstances under which the director may set a renewal hearing for a medical or retail marijuana business.
Updated Omnibus Bill: Causes for Denial

First Draft

6-223(a)(4) was unintentionally omitted from first draft.

New Draft

6-223(a) - In addition to the grounds set forth in the Colorado Marijuana Code and chapter 32 of this Code, any application submitted pursuant to this article V shall be denied if:

(4) - A second or additional license to the same applicant would have the effect of restraining competition;

Explanation

This cause for denial for a new license application (not a renewal license application) currently exists in state law (see C.R.S. 44-10-313(7).) It also exists in the Denver Revised Municipal Code* currently. Including the causes for denial that exist in state code provides notice to applicants of all the reasons for which their license application may be denied.

*D.R.M.C. 6-212(c)(2)(b) and 24-508.5(c)(2)(b)
Updated Omnibus Bill Draft: Delivery

First Draft

6-210(c)(5) – Marijuana delivery permittees shall not accept any cash gratuity for the delivery of regulated marijuana from customers or patients.

New Draft

Strike this provision

Explanation

Given that tipping could occur through electronic payments, in kind gifts, or other methods of payment, a prohibition on cash tips would not accomplish the goal of deterring diversion. A prohibition on all tipping would be unenforceable.

First Draft

6-210(c)(6) – At no time shall the retail value of the cannabis within the vehicle exceed the amounts established by state law.

New Draft

6-210(c)(5) – An enclosed delivery motor vehicle shall not contain more than $5,000 in retail value of cannabis. A delivery motor vehicle that is not enclosed shall not contain more than $2,000 in retail value of cannabis.

Explanation

Lowering the inventory limit for enclosed delivery vehicles from $10,000 to $5,000 in retail value of marijuana is responsive to stakeholder concerns about safety and diversion. This change is intended to reduce the amount of marijuana that could be diverted to the illicit market in the event of a robbery.
6-215(b)
(2) A medical or retail marijuana off-premises storage facility permittee shall not possess unsealed packages or containers of cannabis on the licensed premises.
(3) A medical or retail marijuana off-premises storage facility permittee shall not open sealed packages or containers of cannabis on the licensed premises.
(4) A medical or retail marijuana off-premises storage facility permittee shall not re-package cannabis on the licensed premises.

New Draft
Strike 6-215(b)(2-4) in the first draft and add:

6-215(b)(2) - Except as provided herein, a medical or retail marijuana off-premises storage facility permittee shall not possess unsealed packages or containers of cannabis on the licensed premises, open sealed packages or containers of cannabis on the licensed premises, or re-package cannabis on the licensed premises. A marijuana store with a valid delivery permit may use its own off-premises storage facility permit to package, label, and fill orders for delivery of regulated marijuana to a patient or customer after the marijuana store receives an order for delivery.

Explanation
This change aligns with the state’s allowance for activities that can occur at an off-premises storage facility owned by a store that has a delivery permit. This will allow stores to use their off-premises storage facilities to prepare orders for delivery by transporters.
Updated Omnibus Bill Draft: Advertising

First Draft

6-204(1) – Advertise, advertising, or advertisement means the act of drawing the public’s attention to a medical or retail marijuana business in order to promote the sale of cannabis by a medical or retail marijuana business.

New Draft

6-204(1) – Advertise, advertising, or advertisement means the act of drawing the public’s attention to a medical or retail marijuana business in order to promote the sale of cannabis by a medical or retail marijuana business or consumption of marijuana in a marijuana business.

Explanation

This change ensures that marijuana hospitality businesses are subject to the same advertising restrictions as other marijuana businesses. Restricting advertising of marijuana consumption aligns with the public health goal of limiting normalization of marijuana use in the eyes of youth.
Updated Hospitality Bill Draft: Security

First Draft

No requirement for hospitality and sales businesses to use a safe for storage of cannabis and cash overnight

New Draft

6-218(a)(12) - A retail marijuana hospitality and sales business licensee shall install and use a safe in a limited access area, which shall be incorporated into the building structure or securely attached thereto, for overnight storage of all processed cannabis and cash. For marijuana-infused products that must be kept refrigerated or frozen, the establishment may lock the refrigerated container or freezer, so long as the appliance is affixed to the building structure. The director may approve security devices such as vaults and strong rooms that are functionally equivalent to safes.

Explanation

Like stores, hospitality and sales businesses will store cannabis on the premises overnight and have conspicuous signage indicating they are marijuana businesses. As a result, they may face an increased risk of burglary and should be subject to the same safe requirement as stores.
First Draft

6-217(b)(6) - A marijuana hospitality business licensee shall not use or allow any other person to use liquified petroleum gas within a consumption area.

New Draft

Strike this provision

Explanation

After hearing feedback from stakeholders that the prohibition on the use of LPG would limit consumers’ ability to ignite smokeable and inhalable marijuana products, the Department and the Fire Department reassessed the need for this prohibition and determined that the use of LPG in a consumption area would not create a significant public safety risk. DFD operation permits may be needed in some circumstances.

First Draft

Silent on external markings on mobile hospitality vehicles

New Draft

6-217(c)(4) - A mobile marijuana hospitality business shall ensure that the motor vehicle has no external markings, words, or symbols that constitute advertising as defined in section 6-204(1).

Explanation

This change clarifies that mobile marijuana hospitality businesses are subject to the same advertising restrictions as other marijuana businesses. It also aligns with the public health priority of limiting youth exposure to normalization of marijuana consumption.
Next Steps
Continued Stakeholder Outreach

Additional ways to provide feedback

• Written comment can be sent to marijuanainfo@denvergov.org. Written comment will be accepted until the bill is introduced, but the sooner it is received the more time the Department will have to consider incorporating the feedback.

• You may contact marijuanainfo@denvergov.org to request a meeting to learn more or provide feedback.
The City Council Process

**Agency files Bill Request**
• Once EXL feels that a bill is ready to be considered by City Council, we file a formal Bill Request.

**City Council Committee**
• March 2, 2021 – Finance and Governance
• Once a bill request is filed, the bill is assigned to a City Council committee.
• Agency representatives present the bill and answer questions.
• There is time at the end of the meeting reserved for public comment.
• After public comment, committee members vote on whether the bill should go to the full City Council.

**Mayor-Council Meeting**
• Once a bill passes out of committee, it must be announced at a formal meeting where the Mayor and members of City Council are present.

**First Reading at City Council**
• A bill must be read twice before it can be voted on.
• The First Reading usually occurs on the Monday after a bill has been announced at Mayor-Council.
• City Council members may ask questions of EXL representatives.

**Second Reading at City Council**
• Second Reading occurs at the next City Council meeting after First Reading (usually one week later).
• City Council members vote on the bill for final approval.
Questions?

Email marijuanainfo@denvergov.org