

Proposed Marijuana Legislation

Excise and Licenses
Office of Marijuana Policy

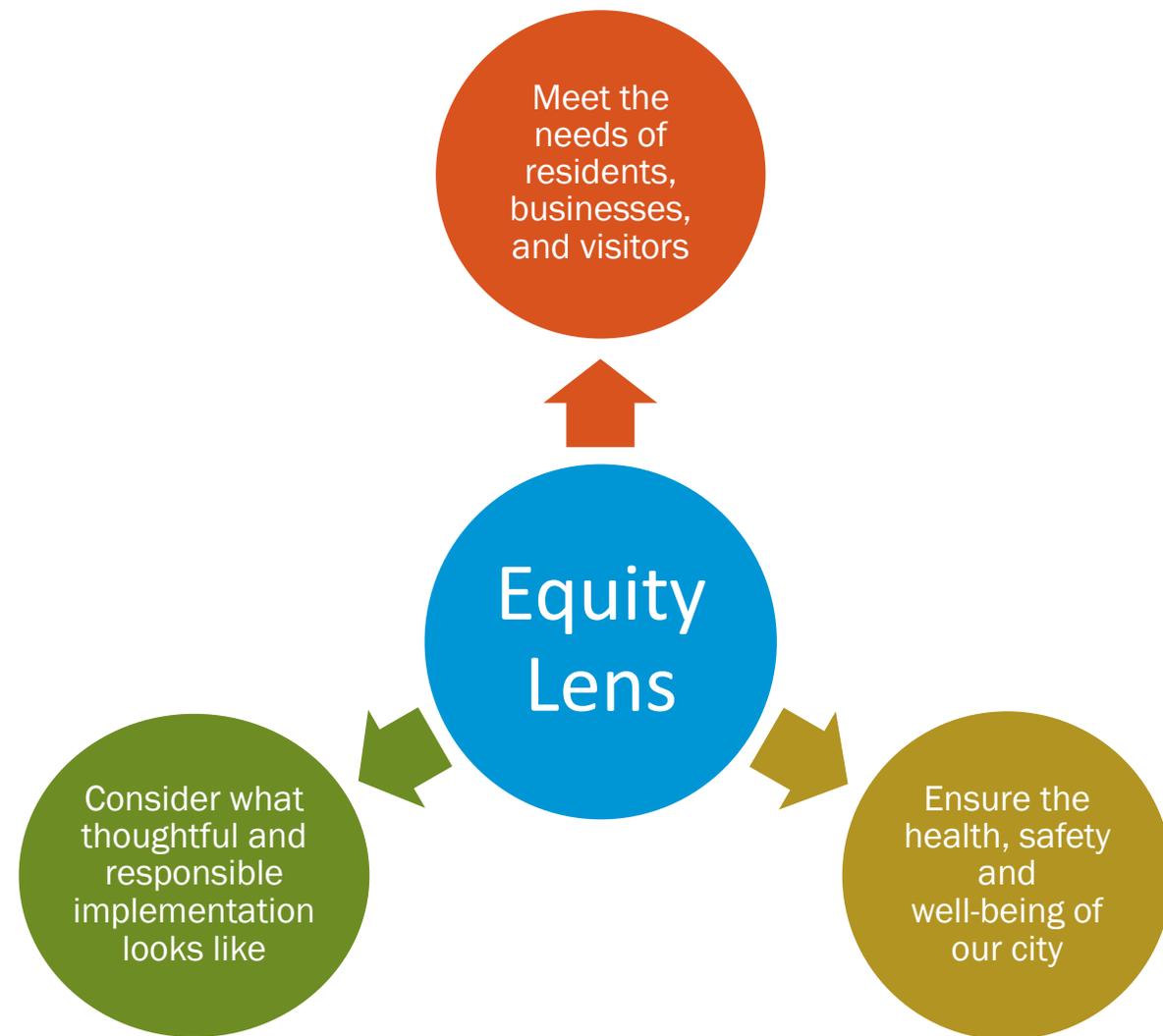
INC Delegate Meeting
February 13, 2021

Why are we here today?

- To preview a package of comprehensive **legislative changes** to the City's Marijuana Ordinances that the Department will be proposing and presenting to City Council
- To provide continued opportunity for **community participation** by seeking **public feedback** on the DRAFT ordinance language

Goals for Implementation

- **Adhere to Denver's values around equity and social justice** by decreasing barriers to entry and participation in the cannabis industry and exploring financial, technical, and criminal justice support
- **Provide new ownership opportunities** for innovation, expansion, and creativity for entrepreneurs
- **Identify new consumer opportunities** for access and responsible use for adults over 21
- **Maintain strong protections** in place for youth and neighborhoods
- **Continue community investment** through marijuana tax dollars to help people who were harmed by marijuana prohibition or by historic inequities and marginalized communities in general



Legislation Summary

	Bill	Topic	Details
1	Omnibus Bill	<ul style="list-style-type: none"> • Social Equity • Changes to existing licenses • Marijuana Delivery 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Marijuana Consumption 	<ul style="list-style-type: none"> • Creates a Denver Marijuana Hospitality Program to allow for lawful marijuana consumption establishments
3	Bill to Repeal Cannabis Consumption Pilot Program	<ul style="list-style-type: none"> • Marijuana Consumption • Cleanup 	<ul style="list-style-type: none"> • Repeals citizen-initiated consumption establishment ordinance after enactment of a Denver Marijuana Hospitality Program

How did we get to this proposal?



Outreach and Research

Outreach

- Hosted inter-jurisdictional meetings to discuss marijuana equity and regulation both formally at the [Denver Marijuana Management Symposium](#) and informally with periodic inter-jurisdictional calls
- Participated in the state's [Marijuana Enforcement Division Rulemaking Workgroups](#) for new license types
- Participated in community discussions on marijuana equity with local groups such as the [Black Cannabis Equity Initiative](#), [The Color of Cannabis](#), and [Denver NAACP](#)
- Garnered informal feedback on other jurisdictions' programs through the Cannabis Community Equity Committee
- Met with dozens of interested citizens individually to discuss equity in cannabis regulation

Research

- Monitored, analyzed, and compared equity programs in other cities and states
- Commissioned the Denver [Marijuana Business and Employment Opportunity Study](#) to inform policy. Conducted in 2019, and released in 2020, this study included:
 - ✓ Key informant interviews with 23 business leaders, industry employees and owners, social justice advocates, city and state staff and related associations;
 - ✓ 3 stakeholder sessions with approximately 35 participants;
 - ✓ 2 public forums with approximately 100 participants; and
 - ✓ Online survey with 316 respondents

Legislative Planning

- In 2020, the Department convened the [Marijuana Licensing Work Group \(MLWG\)](#) made up of social equity experts, Denver elected officials, city and state regulatory agency representatives, law enforcement, industry stakeholders and home delivery industry representatives
- Meetings covered delivery, hospitality, equity, and other changes to the marijuana licensing code.
- Each meeting included an opportunity for both public and written comment, and all meetings were recorded and [posted publicly](#).
- [Using the MLWG's input](#), EXL developed high-level conceptual proposals for the ordinances.

Legislative Preparation

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

- Written comments will be accepted until **March 2, 2021**.
- EXL and CAO will use this feedback to finalize the bill drafts before they are introduced.



Omnibus Bill

What would this bill do?

Focuses on Equity

- Revises Denver's Marijuana Code provisions using an Equity Lens and creates opportunities for Social Equity Applicants

Aligns Denver with State

- Aligns Denver's code provisions with the format of the Colorado Marijuana Code and state rules
- Aligns Denver's regulations with the state unless stronger protections are needed*

Reimagines License Distribution

- Replaces the Location Cap and Location Lottery requirements with licensing exclusivity for Social Equity Applicants

Authorizes Marijuana Delivery

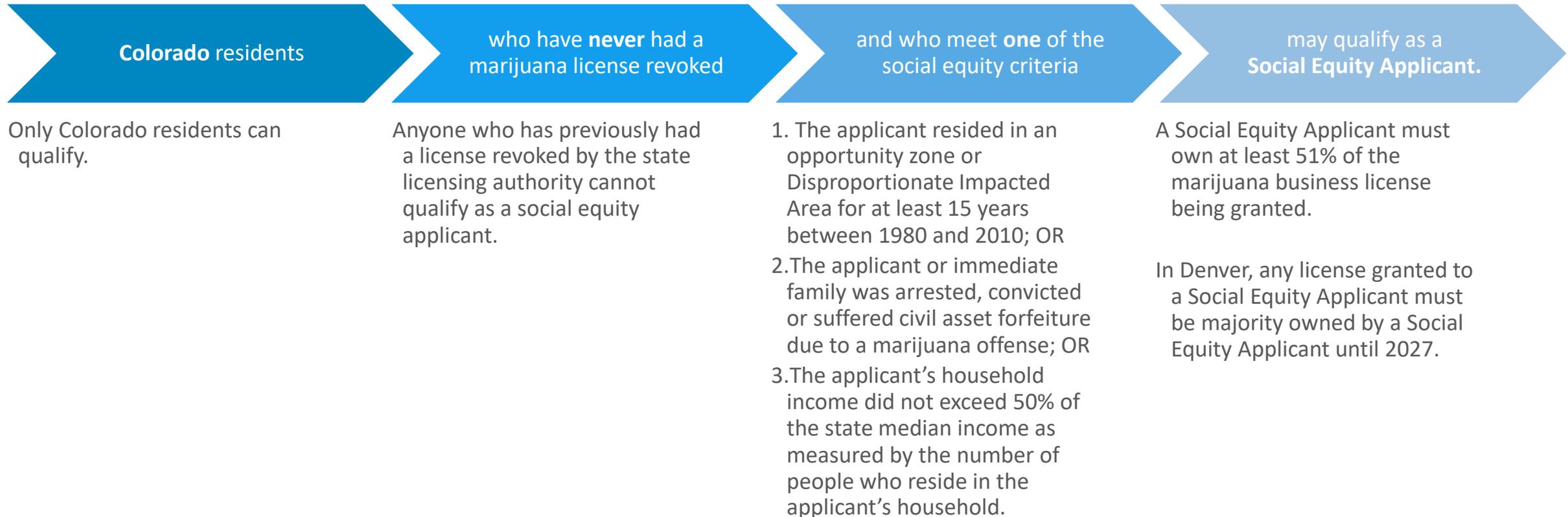
- Creates a Denver Marijuana Delivery Program with exclusive opportunities for Social Equity Applicants

*stronger local protections are marked with a  symbol in this presentation

Denver's Proposed Equity Program

Who qualifies as a Social Equity Applicant?

Denver's bill adopts the same definition as [the state of Colorado](#)



Opportunities for Social Equity Applicants

Note:

The Department would be required to report to City Council on the Exclusivity Periods before they expire

Licensing Exclusivity

Distribute the following licenses exclusively to social equity applicants for a period of **6 years**:

- Stores
- Transporters
- Cultivations
- Manufacturing
- Hospitality, Mobile Hospitality, Hospitality & Sales

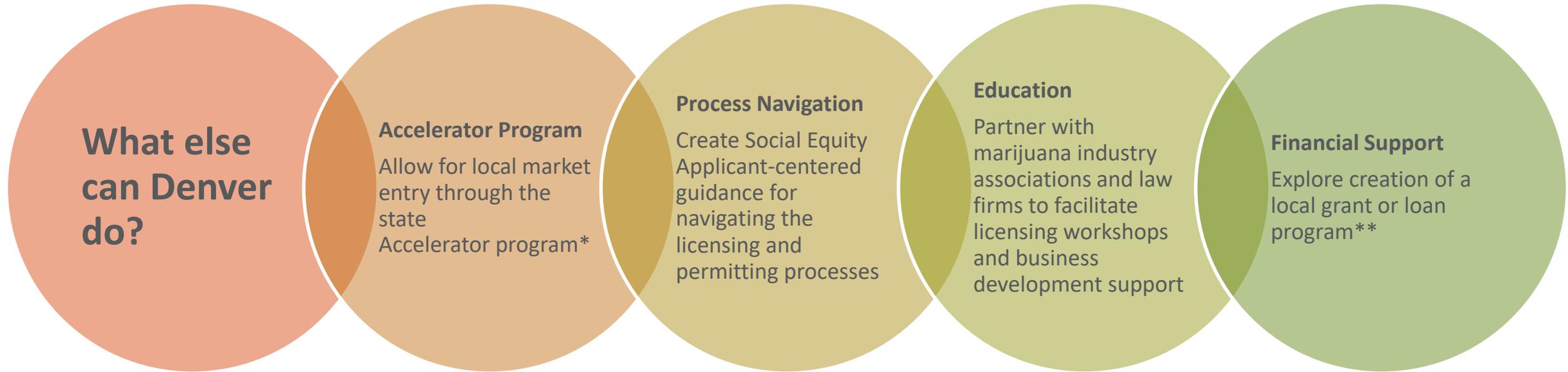
Transporter Delivery Exclusivity

Transporter Licensees will be given exclusivity to conduct delivery for **3 years** before stores are able to also conduct delivery.

Reduced Fees

- Application fees waived
- 50% reduction in license fees for stores, transporters, cultivations, and MIPs
- Low licensing fees for new license types

Other Support for Social Equity Applicants



*currently incorporated into omnibus bill language

**exploring revenue-generating and partnership opportunities to establish programs that help social equity applicants access capital and funding support

The Proposed New Denver Marijuana Code

New Code Basics

Marijuana Codes in Chapter 6

- This bill **relocates** the Medical Marijuana provisions from Chapter 24 to Chapter 6 where Retail Marijuana provisions area already located.

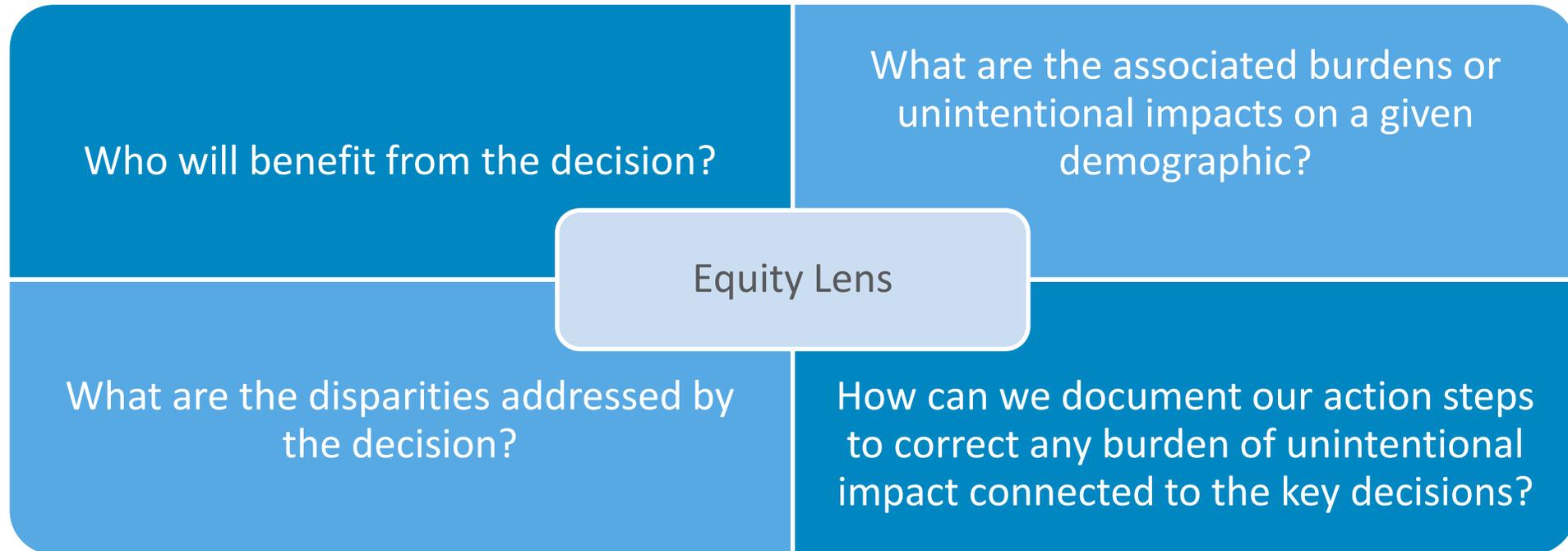
Consistent Terminology

- This bill **aligns** our code with state code by incorporating parallel terminology, such as medical and retail stores and cultivation facilities.

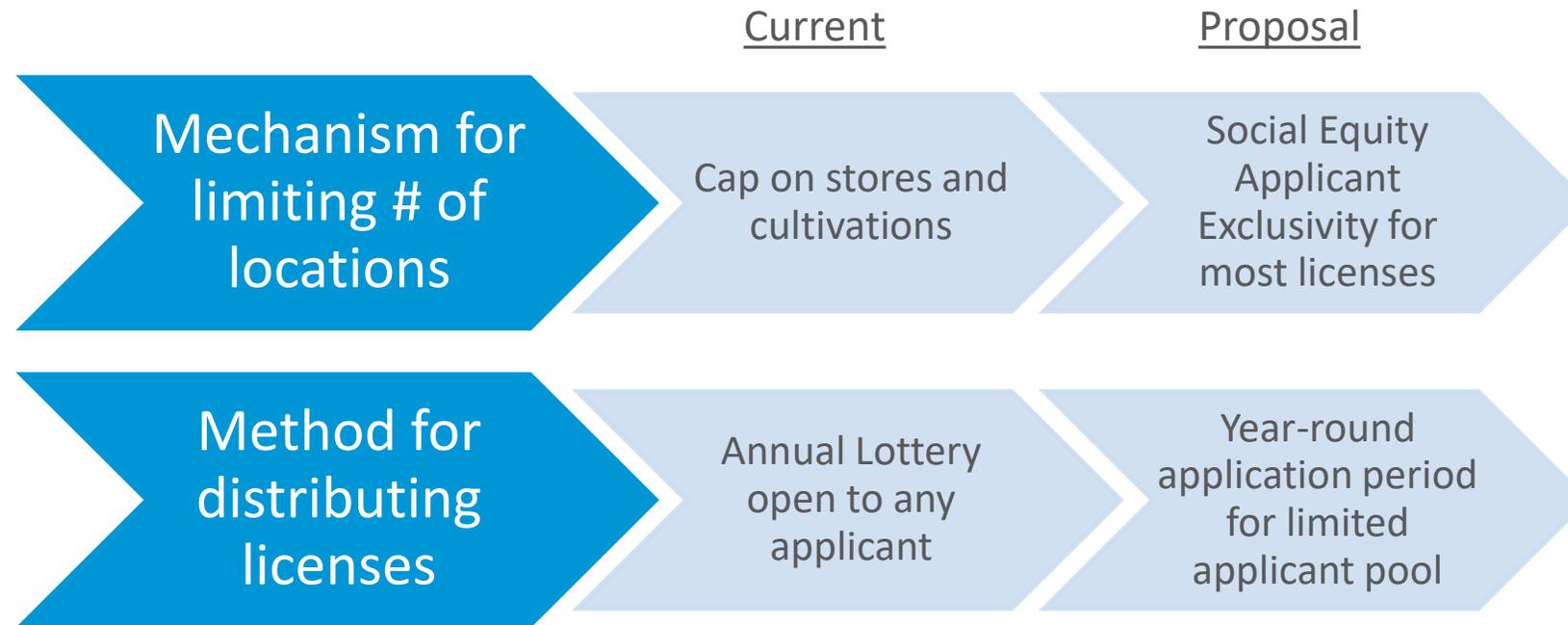
Requirements for existing licenses

- Provisions governing existing licenses have been evaluated using an **equity lens** and revised as necessary to clarify or update licensure requirements and restrictions.

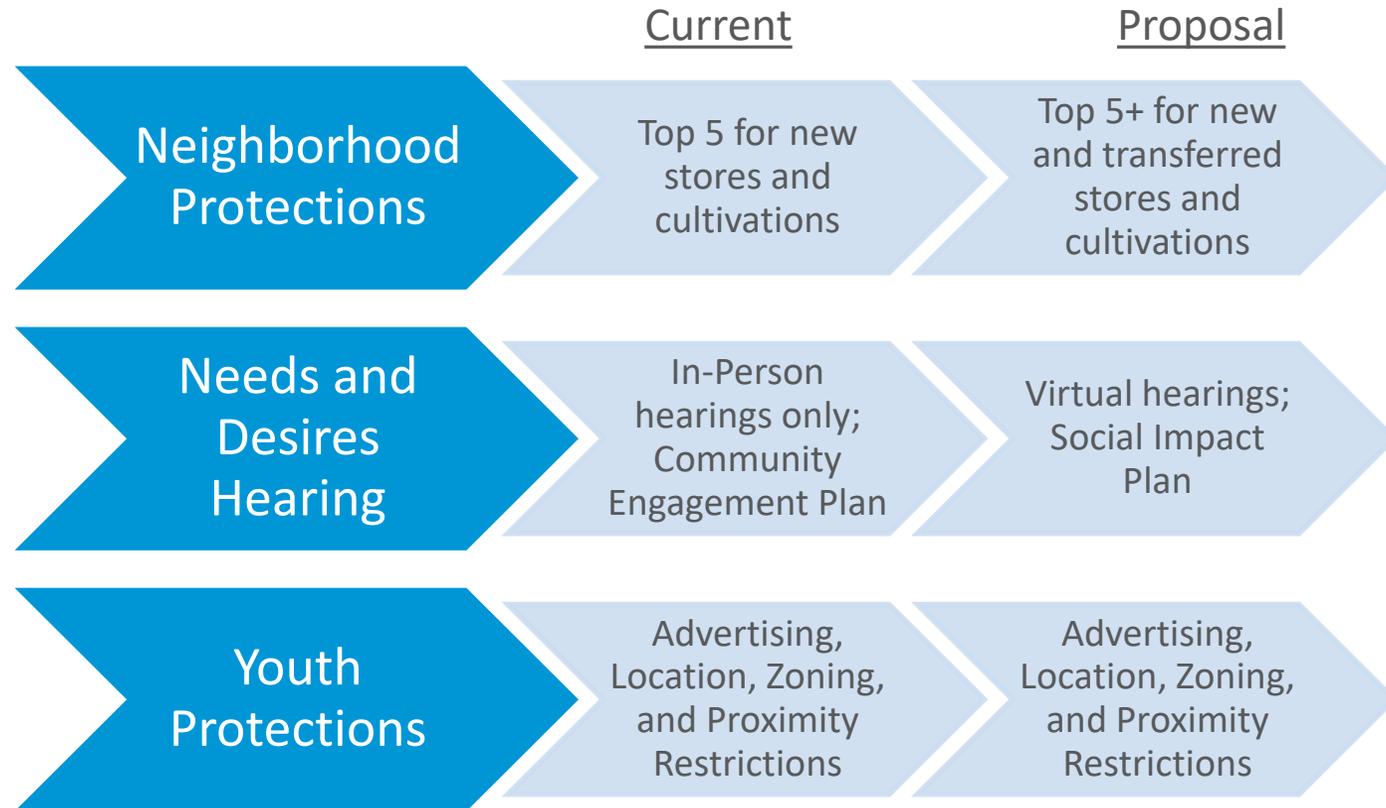
Creating Policy using an Equity Lens



Distribution of Marijuana Licenses



Protections for Neighborhoods and Youth



Public Licensure Process Improvements

Social Impact Plan

- **Requires** all applicants to submit and make publicly available a Social Impact Plan (SIP) detailing information previously contained in the Community Engagement Plan, as well as information about
 - Diversity and inclusion in hiring and employment practices
 - Environmental sustainability practices
- **Requires** applicants to provide specific metrics they will be using to measure the success of their programs
- **Requires** licensees to report on their stated goals, using specific metrics, upon application for renewal

Streamlining Virtual Hearings

- **Allows** for greater accessibility than in-person hearings

Clearer Renewal Hearing Standards

- **Clearly lists** all circumstances under which the director may set a renewal hearing

Youth Protection Regulations

Advertising



- **Maintain** current advertising restrictions
- **Decline** to opt into the state's expansion on branding, except for with consumer goods and apparel

Density

- **Maintain** prohibition on new store or cultivation locations (new or transferred) in the five most saturated neighborhoods
- **Maintain** Director's ability to consider density of outlets when issuing or denying a license
- **Maintain** 1,000 feet buffer between stores

Proximity



- **Maintain** current proximity restrictions for all license types
- **Adjust** the method for measuring proximity for drug and alcohol treatment facilities, city recreation centers, and outdoor pools

Other Omnibus Changes

Hours of Operation

- **Align** with the state by allowing stores to operate from 8:00 a.m. – 12:00 a.m.

Safety Requirements



- **Add** requirement for stores to secure product in a safe or vault at night to deter burglaries and ensure that less product is available for diversion if a burglary occurs



- **Prohibits** drive-up, walk-up, and curbside delivery services outside of emergency rules such as those promulgated to promote social distancing during COVID-19

Fee Increases

- **Increase** Transfer of Location Fee from \$750 to \$1,000 for licenses that don't require a hearing
- **Increase** Transfer of Location Fee from \$750 to \$1,500 for licenses that require a hearing
- **Increase** Modification of Premise Fee from \$150 to \$300
- **Increase** Transfer of Ownership Fee from \$150 to \$250

Denver's Proposed Delivery Program

Marijuana Delivery Basics

Who can receive deliveries?



- A customer or patient must be 21+ to receive deliveries.
- **Additionally:** Delivery drivers will be required to use ID scanners to verify the consumer's age

When can deliveries occur?

8:00 a.m. – 12:00 a.m.

How much product can be delivered?

Medical Sales Limits

2 ounces marijuana | 40 grams marijuana concentrate | marijuana products containing 20,000 mg THC

Retail Sales Limits

1 ounce marijuana | 8 grams marijuana concentrate | marijuana products containing 800 mg THC

Where can Marijuana Delivery occur?

Where can marijuana be delivered?

- A private residence in Denver
- A private residence in any other Colorado jurisdiction that affirmatively allows marijuana delivery

Where is marijuana delivery prohibited?

- Within any Colorado jurisdiction that does not affirmatively allow marijuana delivery
- Any premises located at a school or on the campus of an institution of higher education
- Any premises located on public property
- Any commercial property unit such as offices or retail space
- To a consumer or private residence where the licensee knows or reasonably should know that the consumer or private residence has already received a delivery during that same business day
- **Additionally:** Our proposal also prohibits delivery to a drug or alcohol treatment facility



Marijuana Delivery Safety Regulations

Security Requirements

Video surveillance must record at least the marijuana storage compartment and the front view of the vehicle. Footage must be retained for a minimum of 40 days.

Total Product Limits



Enclosed delivery vehicles

Cannot contain more than \$5,000 in retail value of marijuana (**half** of the amount allowed by state law)

Non-enclosed delivery vehicles

Cannot contain more than \$2,000 in retail value of marijuana

Record Requirements



Additionally: Delivery drivers must keep receipts in the vehicle.

Marijuana Delivery Permits

Licenses that can obtain a Marijuana Delivery Permit

- Medical and retail marijuana stores
- Medical and retail marijuana transporters

Exclusivity for Equity Applicants



2021-2024: Only transporters may conduct deliveries.

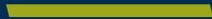
- Transporters must qualify as a Social Equity Applicant and obtain a delivery permit to conduct deliveries. Transporter licenses are non-transferrable.
- Stores that supply marijuana to consumers through transporters must do so pursuant to a contract between the store and the transporter, and the store must obtain a delivery permit.

After 2024: Transporters and stores may conduct deliveries.

Marijuana Delivery Permit Fees

License Transaction	Fee
Application Fee (one-time)	\$500*
License Fee (annual)	\$2,000
Transfer of Location	\$1,000
Transfer of Ownership	\$250

*Application fee waived for Social Equity Applicants



Hospitality Bill

What would this bill do?

Authorizes Marijuana Hospitality Establishments

- In alignment with the Marijuana Hospitality License created at the State level, this creates a Denver Marijuana Hospitality Program to allow for lawful marijuana consumption establishments with smoking and vaping options

Protects Youth

- Maintains strong youth protection provisions in Denver to minimize risks associated with marijuana legalization

Hospitality License Types and Models

Marijuana Hospitality Establishment	Marijuana Hospitality Establishment (Mobile)	Marijuana Hospitality & Sales Establishment
<ul style="list-style-type: none">• Allows for consumption of marijuana by adult patrons within a permanent licensed premises.• No sales of marijuana permitted (BYOC only).	<ul style="list-style-type: none">• Allows for consumption of marijuana by adult patrons within a mobile licensed premises.• Mobile premises must be a vehicle (like a shuttle or a bus).• No sales of marijuana permitted (BYOC only).	<ul style="list-style-type: none">• Allows for consumption of marijuana purchased on-site by adult patrons within a permanent licensed premises.• Limited sales of marijuana are permitted - No BYOC.

Hospitality Establishment Basics

Who can patron a hospitality establishment?

A patron must be 21+ to enter *all types* of hospitality establishment.

When can hospitality establishments operate?

7:00 a.m. – 2:00 a.m. for *all types* of hospitality establishments

What methods of consumption are permitted in a hospitality establishment?

Indoor smoking and vaping are allowed at *all types* of hospitality establishments with proper odor and ventilation controls.

Local Hospitality Establishment Requirements

Overlapping Premises



In Denver: *All types* of Hospitality Establishment are prohibited from allowing their licensed premises to overlap with the licensed premises of a medical or retail marijuana store.

Odor Control



In Denver: An Odor Control Plan will be required for *all types* of hospitality establishments.

Public Hearing



In Denver: Applicants for a hospitality license must undergo a Needs & Desires hearing *unless* the hospitality establishment is mobile. All hospitality applicants must provide evidence of community support at the time of application.

Hospitality Establishment Site Requirements

Outdoor



- Outdoor consumption areas must be surrounded by a sight-obscuring wall, fence, hedge, or other opaque or translucent barrier.
- **Additionally:** Outdoor consumption areas must comply with existing Denver odor control and/or ventilation requirements.

Retail Food Establishment (RFE)



- Hospitality establishments that are co-located with an RFE must be separated from the rest of the RFE by a sight-obscuring barrier and secure door.
- Marijuana cannot be added to food that is served in the RFE.
- **Additionally:** Consumption areas in an RFE must comply with existing Denver odor control and/or ventilation requirements.

Youth Protection: Location and Proximity Requirements

Note: All businesses in Denver must comply with the Denver Zoning Code for their underlying use.

Protected Use	Marijuana: All Hospitality License Types (PROPOSED)	Marijuana: Designated Consumption Areas (REPEALING)	Marijuana: Medical Centers & Retail Stores	Alcohol: Retailers (liquor stores)	Tobacco: Retailers	Alcohol: On-site Consumption (bars)
Schools	1,000 ft.	1,000 ft.	1,000 ft.	500 ft.	1,000 ft.	500 ft.
Childcare Facilities	1,000 ft.	1,000 ft.	1,000 ft.			
City Pools and Rec Centers**	1,000 ft.	1,000 ft.			1,000 ft.	
Alcohol or Drug Treatment Facility**	1,000 ft.	1,000 ft.	1,000 ft.			
Other Similar License Types	1,000 ft. from other hospitality		1,000 ft. from other stores/centers	1500 ft.		

**Modifying measurement methodology in omnibus bill

Hospitality Establishment Specifics

Mobile Hospitality Requirements



- GPS tracking of the mobile premise is required and each route must be logged
- **In Denver:** A mobile marijuana hospitality business shall ensure that the motor vehicle has no external markings, words, or symbols that constitute advertising
- **In Denver:** The applicant must supply the Department with route information and is prohibited from allowing consumption if the vehicle is stopped at any given location for more than 30 minutes.



Sales Limits for Hospitality and Sales Establishments

2 grams marijuana | .5 grams marijuana concentrate | marijuana products containing 20 mg THC or less

Marijuana Hospitality License Fees

License Transaction	Fee
Application Fee (one-time)	\$1,000*
License Fee (annual)	\$2,000
Transfer of Location	\$1,500
Transfer of Ownership	\$250
Modification of Premises	\$300

*Application fee waived for Social Equity Applicants



Designated Consumption Area Repeal Bill

What would this bill do?

Repeals I-300

- Repeals the citizen-initiated consumption establishment ordinance **after** enactment of a Denver Marijuana Hospitality Program in line with state requirements

Converts DCA Licenses

- Establishments currently licensed as a Designated Consumption Area (DCA) will automatically convert to Hospitality licensees
- DCA licensees who are converted to Hospitality licensees would be required to have either a permanent premises or mobile vehicle premises.



Next Steps

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.

Continued Stakeholder Outreach

Stakeholder Feedback Session

- Wednesday, February 17 from 5:00 – 7:00 p.m. [Join the Feedback Session on Zoom](#)

Provide Written Comments

- Written comments can be sent to marijuanainfo@denvergov.org. A [template](#) is available for your convenience, but all comments will be considered.
- The Department will accept written comments until the bill is introduced, but the sooner it is received the more time we will have to consider it for incorporation.

Want to learn more?

- You may contact marijuanainfo@denvergov.org to request a meeting to learn more or provide feedback.
- Sign up for the [marijuana informational bulletin](#) to be notified of additional meetings, including legislative action.





Questions?

Contact us at marijuanainfo@denvergov.org