



**COLORADO**  
Department of Revenue  
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**Colorado Department of Revenue  
Marijuana Enforcement Division**

**[SB19-224](#)  
Accelerator Program**

**RULEMAKING WORK GROUP  
Friday, September 13, 2019  
9:00 a.m. – 12:00 p.m.**

**1707 Cole Blvd., Ste. 300  
Lakewood, CO 80401**

*The materials contained herein are for purposes of stakeholder discussion and to solicit feedback to inform rulemaking required for implementation of Senate Bill 19-224. All summaries, outlines, and proposals reflected herein are subject to amendment.*

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**Department of Revenue, Marijuana Enforcement Division  
SB19-224 Work Group - Accelerator Program  
September 13, 2019**

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**Legislation Summary:**

Under [Senate Bill 19-224](#), rules promulgated by the State Licensing Authority (Department of Revenue) must include the implementation of an accelerator program. The legislation extends the program to retail marijuana cultivation and retail marijuana products manufacturing activities, allowing for eligible licensees to host and offer technical and capital support to accelerator licensees [persons residing in an “opportunity zone” as designated by [the Office of Economic Development and International Trade \("OEDIT"\)](#)].

**Terminology for Purposes of Work Group Discussion:**

- **Endorsement Holder:** A retail marijuana cultivation facility licensee or retail marijuana products manufacturer licensee who has been endorsed to host and offer technical and capital support to an accelerator licensee operating on its premises.
- **Accelerator Licensee:** A person who has resided in a census tract designated by the OEDIT as an Opportunity Zone for five of the 10 years prior to application and has not been the beneficial owner of a license issued by the State Licensing Authority.

**Subject Areas for Rulemaking:**

**1. Severed liability for licensees operating on the same physical premises; Severed custodianship of regulated products; Protections of the intellectual property of the accelerator licensee [Required Rulemaking]**

- What kind of severed liability and custodianship safeguards should apply to participants of the accelerator program?

Considerations:

- Sharing of equipment
  - Sharing of ingredients
  - Co-mingling of inventory
  - Primary responsibility for inventory tracking, security, testing, etc.
- What kind of protections of intellectual property should apply to participants of the accelerator program?
  - To what extent should the details of severed liability and intellectual property protections be determined by the accelerator program participants? What minimum standards should be established by rule?
  - Do any similar state programs establish requirements regarding severed liability, severed custodianship, or protection of intellectual property that should inform the discussion?

## **2. Incentives for Endorsement Holders [Required Rulemaking]**

- What types of incentives can the State Licensing Authority provide for endorsement holders to participate in the program?

Examples:

- Reduced fees for participants of the program<sup>1</sup>
- “Industry Leader” or similar designation by the state
- Licensing and compliance assistance

- What are examples of ways the MED can support participants of the program?

Examples:

- Education, training, compliance or other technical assistance/resources

- Are there incentives similar state programs have created that should inform the discussion?

## **3. Additional requirements if a person applying for an Accelerator Endorsement has less than two years experience operating a licensed facility [Required Rulemaking]**

- How should requirements differ for endorsement holders with less than two years experience?

## **4. Requirements regarding expectations of the endorsement holder to provide the accelerator licensee with technical, compliance, and capital assistance**

- Should rules require the submission of a “technical assistance” plan?
- Is the expectation that the endorsement holder directly provide all technical and compliance assistance to the accelerator licensee, or should there be allowances (or requirements) for the endorsement holder to have an independent third-party provide any such assistance?

## **5. Other Rule Considerations**

- Training requirements that endorsement holders must provide to accelerator licensees.
- Restrictions on amount of equity or voting shares endorsement holder may obtain in an accelerator licensee.
- Departure mechanisms (when the accelerator licensee is ready to move off the premises of the endorsement holder or when either participant seeks to end their participation in the accelerator program).
- Contract requirements (to protect the accelerator licensees).

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<sup>1</sup> SB19-224 provides that a Retail Marijuana Cultivation Facility may be eligible to receive a reduction in license fees or other incentives through the Department of Revenue (“DOR”) or Office of Economic Development and International Trade (“OEDIT”), whereas a Retail Marijuana Products Manufacturer may be eligible to receive a reduction in license fees or other incentives only through OEDIT.

- Application requirements, including how the MED verifies an applicant for an accelerator license has resided in an opportunity zone for five of the previous ten years.
- Other requirements on use of shared equipment, space, resources between endorsement holder and accelerator licensee, and record keeping.
- Requirements for changes of ownership, location, etc.

**Potential Work Group Tasks:**

- Severed liability rules
- Intellectual property protections
- Severed custodianship of regulated products
- Training requirements
- Use of shared equipment
- Departure mechanism
- Technical, compliance, and capital assistance (e.g. How will the endorsement holder support the accelerator to succeed?)
- Incentives for investment in Accelerator

**Specific Statutory Language for Reference:**

**44-10-103 definitions**

“Accelerator Cultivator” means a person qualified for an accelerator license, licensed to cultivate on the premises of a retail marijuana cultivation facility licensee and distribute retail marijuana to retail marijuana products manufacturers and retail marijuana stores.

“Accelerator-Endorsed Licensee” means a retail marijuana cultivation facility licensee or retail marijuana products manufacturer licensee who has, pursuant to rule, been endorsed to host and offer technical and capital support to an accelerator licensee operating on its premises.

“Accelerator Licensee” means a person who has resided in a census tract designated by the Office of Economic Development and International Trade as an Opportunity Zone for five of the 10 years prior to application and has not been the beneficial owner of a license issued pursuant to this article 10.

“Accelerator Manufacturer” means a person qualified for an accelerator license, licensed to manufacture and distribute retail marijuana concentrates and retail marijuana products on the premises of an accelerator-endorsed manufacturing licensee.

**44-10-203(2)(aa) rulemaking**

(aa) the implementation of an accelerator program including but not limited to rules to establish severed liability for licensees operating on the same physical premises, severed custodianship of regulated products, protections of the intellectual property of the accelerator licensee, incentives for licensees endorsed as accelerators, and additional requirements if a person applying for an accelerator endorsement has less than two years experience operating a licensed facility under this title 10.

**44-10-307(1)(g)(I) persons prohibited**

A person who was convicted of a felony in the three years immediately preceding his or her application date or who is currently subject to a sentence for a felony conviction; except for an accelerator license, a marijuana conviction is not the sole basis for license denial

**44-10-401(1)(b)(VII)-(VIII) classes of licenses**

**44-10-401(6)**

For a person applying for an accelerator license, the state licensing authority shall not deny an application on the sole basis of the prior marijuana conviction of the applicant and at its discretion may waive other requirements.

**44-10-602(9)-(11) Retail Cultivation**

(9) An accelerator cultivator licensee may operate on the premises of a retail marijuana cultivation facility licensee if before each accelerator licensee operates, the retail marijuana cultivation facility licensee has its premises endorsed pursuant to rule and each accelerator licensee is licensed to operate on that premises.

(10) A retail marijuana cultivation facility licensee that hosts an accelerator licensee may, pursuant to rule, provide technical and compliance assistance to an accelerator licensee operating on its premises. A retail marijuana products manufacturer licensee that hosts an accelerator licensee may, pursuant to rule, provide capital assistance to an accelerator licensee operating on its premises.

(11) A retail marijuana cultivation facility licensee that hosts an accelerator licensee, pursuant to rule and agency discretion, may be eligible for reduction in license fees or other incentives available through the Department of Revenue or the Office of Economic Development and International Trade.

**44-10-603(2)(c) Retail MIP, (13)-(14)**

(2)...except that, if permitted by the local jurisdiction and subject to rules of the state licensing authority, a retail marijuana products manufacturer licensee may share the same premises as a:  
(c) Accelerator manufacturer licensee if the retail marijuana products manufacturer has its premises endorsed pursuant to rule before each accelerator manufacturer licensee operates and each accelerator licensee is licensed to operate on that premises.

(13) A retail marijuana products manufacturer licensee that hosts an accelerator manufacturer licensee may, pursuant to rule, provide technical and compliance assistance to an accelerator licensee operating on its premises. A retail marijuana products manufacturer licensee that hosts an accelerator licensee may, pursuant to rule, provide capital assistance to an accelerator licensee operating on its premises.

(14) A retail marijuana products manufacturer licensee pursuant to rule and agency discretion, may be eligible for reduction in license fees and for grants through the office of economic development and trade.

**44-10-607 Retail accelerator cultivator**

(1) A retail marijuana accelerator cultivator license may be issued to a person to operate a cultivation operation on the site of retail marijuana cultivation facility with an accelerator endorsement. The retail marijuana accelerator cultivator may receive technical assistance and financial support from the retail marijuana cultivation facility licensee with an accelerator endorsement.

(2) The state licensing authority shall begin accepting applications for retail marijuana accelerator cultivator licenses on July 1, 2020.

**44-10-608 Retail accelerator manufacturer**

(1) A retail marijuana accelerator manufacturer license may be issued to a person to operate a retail marijuana products manufacturing operation on the site of retail marijuana products manufacturing facility with an accelerator endorsement. The retail marijuana accelerator manufacturer may receive technical assistance and financial support from the retail marijuana products manufacturer with an accelerator endorsement.