



Compliance Tip

October 23, 2020

Topic: Medical Marijuana Business Operations

Applicable Rules: 5-105, 5-205, 5-225, 5-305

The Colorado Department of Revenue's Marijuana Enforcement Division (MED) is issuing this Compliance Tip to highlight regulations related to the operations of Medical Marijuana Cultivations and Medical Marijuana Products Manufacturers. The regulations that govern Medical Marijuana have significantly changed throughout the last few years, and as such, the MED wanted to provide a reminder to licensees regarding those changes.

- **70/30 and 50/50 Transfer restrictions no longer exist:** A Medical Marijuana Store may Transfer Medical Marijuana to Medical Marijuana Cultivations and may Transfer Medical Marijuana Concentrate and Medical Marijuana Product to other Medical Marijuana Stores or Medical Marijuana Manufacturer licenses. There are no longer restrictions related to the percentage of inventory sold to patients compared to the amount transferred to another licensee.
- **Medical Marijuana wholesale transfers are permitted:** Medical Marijuana Cultivations may wholesale transfer marijuana to any other Medical Marijuana Cultivation, Medical Marijuana Manufacturer, or Medical Marijuana Store.
- **Medical Marijuana Businesses may utilize licensed Medical Marijuana Transporters for transport of Medical Marijuana:** The MED licenses Medical Marijuana Transporters who specialize in the transport of marijuana between licensed businesses. With licenses spread out across the state, the use of a licensed Transporter may assist in the logistics of business to business transfers. A list of licensed Transporters is updated monthly on our [website](#).
- **Transfer of Seeds and/or Clones from Retail Marijuana Cultivations to Medical Marijuana Cultivations is Allowed:** A Medical Marijuana Cultivation may receive seeds and/or clones from a Retail Marijuana Cultivation Licensee if they share at least one identical Controlling Beneficial Owner and utilize a Metrc transfer manifest to document the transfer of seeds and/or clones.
- **Medical Marijuana Cultivations were assigned a plant count class in July 2019:** The maximum authorized plant count for a Medical Marijuana Cultivation is no longer tied to a related store's registered patient designations. As of July 2019, all Medical Marijuana Cultivations were assigned a plant count class. A licensee should check the license issued to them by the MED if they are unaware of their current authorized plant count class. The authorized plant count classes are:
 - Class 1: 1 - 500 plants
 - Class 2: 501 - 1,500 plants
 - Class 3: 1,501 - 3,000 plants
 - Class 3+: Increments of 3,000 plants above 3,000

➤ **A Medical Marijuana Cultivation may apply to increase its maximum authorized plant count by one or two plant count classes:** Using the “[Plant Count Increase Request](#)” form found on the [MED Applications and Forms](#) webpage, a Medical Marijuana Cultivation license may apply to the MED to increase its maximum authorized plant count at any time as long as they can demonstrate at least 180 days of Transfers of Medical Marijuana from their cultivation to other licensed Medical Marijuana Businesses. To be approved for a one-class increase, a licensee must demonstrate the following:

- The licensee has not cultivated above its current maximum authorized plant count;
- The licensee has a daily average plant count of 85% of its current maximum authorized plant count; and
- The licensee has transferred at least 85% of the Medical Marijuana it reported as a package in the last 180 days.

A Medical Marijuana Cultivation license may also request to be approved for a two-class increase. To qualify for a two-class increase, a licensee must demonstrate the following:

- The licensee has not cultivated above its current maximum authorized plant count;
- The licensee has a daily average plant count of 90% of its current maximum authorized plant count; and
- The licensee has transferred at least 90% of the Medical Marijuana it reported as a package in the last 180 days.

In addition to highlighting the changes to the [Regulated Marijuana](#) rules specific to Medical Marijuana in this Compliance Tip, the Division is planning on posting a recording of an educational webinar on our website in the next few weeks. We will send an industry-wide notification when that webinar is posted to our website.