

# What Licenses are Needed to Start a Dispensary in Colorado?

Dispensary / By Dr. Diana Rangaves



Colorado allows the legal use of marijuana. However, even though it is legal in Colorado, it is still illegal at the federal level. Positioning your business to be the [best dispensary](#) in Colorado is just like starting any other business. Let's look at the common hurdles of creating a dispensary in Colorado.

## What to consider when starting a dispensary in Colorado

### Naming your Dispensary

One of the first considerations of any business is to come up with a unique name. Most companies want to protect their chosen name by registering a trade name or trademark. This prevents competitors within the industry from using the names you have selected for your company. Colorado allows marijuana businesses to register a trading name and a trademark at the state level. So, typically you would select the name of your choice and then go to the Colorado Secretary of State website to see if the name is available.

## State and Federal Taxation

Although marijuana is illegal at the federal level, one must still pay income taxes on profits from a cannabis business. Companies have restricted deductions. Therefore, their effective tax rate is high.

## Location of your Dispensary

Location, location, location is critical for success. Scouting areas, completing a business plan and knowing your ideal customers are vital. Deciding on a location for your dispensary in Colorado, you must comply with local county and city restrictions and requirements. Colorado maintains a list of jurisdictions that impose restrictions on time, place, manner, and number of marijuana dispensaries.

## Inspection Procedures

All areas of the licensed facility are subject to inspection. In addition, the business must be open during stated hours, transactions recorded, and the reports kept for the three tax years.

## Special location rules

A dispensary in Colorado must be within a limited access area and secured. This is either an enclosed building, room, or contagious area. Visitors need to be escorted at all times while on the premises, and personnel in the limited access area must wear an identification badge.

## What medical or retail marijuana licenses does Colorado issue?

While marijuana use is legal in Colorado, cities no longer issue new business licenses for medical marijuana stores and medical marijuana cultivation facilities. Instead, they give the following [licenses](#) and permits.

- Retail Marijuana Store
- Medical Marijuana Store – Renewal
- Retail Marijuana Store – Renewal
- Registration of Owner
- Owner License Renewal
- Registration of Employee
- Employee License Renewal

## Medical Marijuana Store

The [Department of Excise and Licenses](#) convened a Marijuana Rulemaking Work Group as recently as

June 2021. Their objective is to deliver guidelines regulations pertaining to

- Walk-up windows
- Drive-thrus
- Marijuana hospitality
- Sale records
- Secure marijuana storage.

Requirements include marijuana stores and retail marijuana hospitality use a vault or safe to store cash and marijuana.

Scope of the 2021 rules include

- Denver City Council passed a series of bills making comprehensive updates to Denver's marijuana code.
- [Council Bill 21-0216](#) combined the medical and retail marijuana codes into Chapter 6, Article 5; eliminated the cap on store and cultivation locations and eliminated the lottery system for distributing those licenses; adopted a marijuana delivery permitting program; adopted a social equity framework for marijuana licensing; and made other updates to the marijuana code.
- [Council Bill 21-0217](#) adopted a marijuana hospitality licensing program.
- [Council Bill 21-0466](#) repealed the Cannabis Consumption Pilot Program created by a citizen-initiated ordinance in 2016.

## Online Application

To access the online forms, visit [Online Payments Process – City and County of Denver \(denvergov.org\)](#)

## Application Fee Processing

All fees are non-refundable and no-transferable. [Online Payments Process – City and County of Denver \(denvergov.org\)](#)

## Retail Marijuana Store License

This license is for businesses, organizations, and individuals who want to sell cannabis in a retail setting.

Application requirements include:

- Background checks
- Fees
- Municipal approval

- Business requirements
- Retail store requirements

The application process takes approximately two to four months and is subject to review policies.

To apply, the corporate entity completes the Applicant Disclosure Form. The entity possessing 10% interest or more in the retail cannabis store applicant also completes the Associated Applicant Disclosure form.

The fees required for this license include a \$400 non-refundable application fee for each store location, a \$700 annual license fee, and a \$3000 initial deposit for background checks, and additional costs. Any unused amount will be refunded.

## Owner License Renewal

Dispensary [licenses expire annually](#) from the initial date of issuance. You can renew up to [60 days before it expires](#). "You will receive an automated email with instructions when your renewal window opens." You are also required to update your information in the licensing system. Always check that your documents are current. Documents needing updating include premises diagram, cultivation plan, standard operating procedures, product list, and vehicle information. When finished updating, review and sign the application. Make sure that you completed paying your license fee.

## Employee License Renewal

It is essential to note that you cannot renew an expired license. If it expires, you must reapply. The renewal applications may only be submitted online. Submissions cannot be made from a cell phone. Upon submitting your employee application, you will receive an e-Government generated receipt, which you may use to exercise the privileges of your license so long as you maintain the generated receipt.

## Medical Marijuana Store –Renewal

Requirements:

- A legible copy of the individual's valid, government-issued photographic identification includes last name, first name, and date of birth.
- Information, fingerprints, and fees are required for a good conduct check.
- Personal history and any information identified as required.
- Proof that business is registered and has filed an application to register.

## Payment of fees

Application and registration fees are \$4000. This includes a \$3500 registration fee and a \$500 non-refundable application fee that must be paid when you submit your application.

Background check fees are a separate \$35, which must be paid for each listed on the application.

Cannabis tracking system fee of \$480 must be paid annually from the date your CTS account was activated.

## Wrap-up

Licensing is mandatory as it helps to gain access to "new markets that are otherwise inaccessible. In doing so, it grants the licensee the right to market and distribute the product. The licensor can penetrate markets it could not otherwise hope to serve." Because the cannabis industry is continually evolving and heavily **regulated**, licensing for the cannabis business is particularly complicated. For a dispensary in Colorado to operate legally, you must meet all necessary business licenses, permit, registration, and other requirements.

### References

<https://www.covasoftware.com/us-dispensary-laws/colorado>

[What Are Business License Requirements for Cannabis Businesses | Wolters Kluwer](#)

[Cannasseur](#)

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