

Senator Evan J. Vickers proposes the following substitute bill:

MEDICAL CANNABIDIOL AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Evan J. Vickers

House Sponsor: Brad M. Daw

LONG TITLE

General Description:

This bill modifies and enacts provisions related to medical cannabidiol.

Highlighted Provisions:

This bill:

- ▶ allows an individual with a qualifying illness who registers with a state electronic verification system to possess and use cannabidiol under certain circumstances;
- ▶ directs the Department of Health to issue a medical cannabidiol card to an individual who meets the requirements of:
 - a qualified patient; or
 - a designated caregiver of a qualified patient;
- ▶ directs the Division of Occupational and Professional Licensing to issue:
 - a license to operate a cannabidiol dispensary to a person that meets certain qualifications; and
 - a registration card to an individual to act as an agent of a cannabidiol dispensary to an individual who meets certain qualifications;
- ▶ directs the Department of Agriculture and Food to issue:
 - a license to operate a cannabidiol production establishment to a person that meets certain qualifications; and



- 26 • a registration card to an individual to act as an agent of a medical cannabidiol
- 27 establishment if the individual meets certain qualifications;
- 28 ▶ requires a cannabidiol dispensary to report the distribution of cannabidiol to an
- 29 individual to the Utah Controlled Substance Database;
- 30 ▶ permits a political subdivision to restrict the location of and operations of a
- 31 cannabidiol dispensary or medical cannabidiol establishment through local zoning
- 32 ordinances and business licenses;
- 33 ▶ amends the Controlled Substances Act to allow a licensed person to grow cannabis,
- 34 process cannabis, and to possess and sell cannabidiol under certain circumstances;
- 35 ▶ requires a physician who recommends cannabidiol to a patient to:
- 36 • receive training;
- 37 • report adverse events to the Department of Health; and
- 38 • limit the number of patients for whom the physician will recommend
- 39 cannabidiol;
- 40 ▶ makes the retail sale of medical cannabidiol subject to sales tax;
- 41 ▶ amends provisions related to driving with a measurable metabolite of cannabidiol;
- 42 ▶ modifies the membership of the Controlled Substances Advisory Committee;
- 43 ▶ allows a higher education institution to purchase cannabidiol, possess cannabidiol,
- 44 and give cannabidiol to a patient pursuant to a medical research study approved by
- 45 the Department of Health; and
- 46 ▶ directs the Controlled Substances Advisory Committee to recommend conditions to
- 47 include as qualifying illnesses for treatment using cannabidiol.

48 **Money Appropriated in this Bill:**

49 None

50 **Other Special Clauses:**

51 This bill provides a special effective date.

52 **Utah Code Sections Affected:**

53 AMENDS:

54 **41-6a-517**, as last amended by Laws of Utah 2013, Chapter 333

55 **58-38a-201**, as last amended by Laws of Utah 2011, Chapter 60

56 **58-38a-203**, as last amended by Laws of Utah 2011, Chapters 12 and 340

57 **59-12-103**, as last amended by Laws of Utah 2015, Chapter 283

58 **63I-1-258**, as last amended by Laws of Utah 2015, Chapters 40, 186, 187, 320, 367,

59 and 432

60 ENACTS:

61 **4-42-101**, Utah Code Annotated 1953

62 **4-42-102**, Utah Code Annotated 1953

63 **4-42-103**, Utah Code Annotated 1953

64 **4-42-104**, Utah Code Annotated 1953

65 **4-42-201**, Utah Code Annotated 1953

66 **4-42-202**, Utah Code Annotated 1953

67 **4-42-203**, Utah Code Annotated 1953

68 **4-42-204**, Utah Code Annotated 1953

69 **4-42-301**, Utah Code Annotated 1953

70 **4-42-302**, Utah Code Annotated 1953

71 **4-42-303**, Utah Code Annotated 1953

72 **4-42-401**, Utah Code Annotated 1953

73 **4-42-402**, Utah Code Annotated 1953

74 **4-42-403**, Utah Code Annotated 1953

75 **4-42-404**, Utah Code Annotated 1953

76 **4-42-501**, Utah Code Annotated 1953

77 **4-42-601**, Utah Code Annotated 1953

78 **4-42-602**, Utah Code Annotated 1953

79 **4-42-603**, Utah Code Annotated 1953

80 **4-42-701**, Utah Code Annotated 1953

81 **4-42-702**, Utah Code Annotated 1953

82 **4-42-801**, Utah Code Annotated 1953

83 **26-58-101**, Utah Code Annotated 1953

84 **26-58-102**, Utah Code Annotated 1953

85 **26-58-103**, Utah Code Annotated 1953

86 **26-58-104**, Utah Code Annotated 1953

87 **26-58-201**, Utah Code Annotated 1953

- 88 **26-58-202**, Utah Code Annotated 1953
- 89 **26-58-203**, Utah Code Annotated 1953
- 90 **26-58-204**, Utah Code Annotated 1953
- 91 **26-58-301**, Utah Code Annotated 1953
- 92 **53-1-106.5**, Utah Code Annotated 1953
- 93 **58-37-3.6**, Utah Code Annotated 1953
- 94 **58-37f-204**, Utah Code Annotated 1953
- 95 **58-38a-203.1**, Utah Code Annotated 1953
- 96 **58-67-807**, Utah Code Annotated 1953
- 97 **58-68-807**, Utah Code Annotated 1953
- 98 **58-86-101**, Utah Code Annotated 1953
- 99 **58-86-102**, Utah Code Annotated 1953
- 100 **58-86-201**, Utah Code Annotated 1953
- 101 **58-86-202**, Utah Code Annotated 1953
- 102 **58-86-203**, Utah Code Annotated 1953
- 103 **58-86-204**, Utah Code Annotated 1953
- 104 **58-86-301**, Utah Code Annotated 1953
- 105 **58-86-302**, Utah Code Annotated 1953
- 106 **58-86-303**, Utah Code Annotated 1953
- 107 **58-86-401**, Utah Code Annotated 1953
- 108 **58-86-402**, Utah Code Annotated 1953
- 109 **58-86-403**, Utah Code Annotated 1953
- 110 **58-86-404**, Utah Code Annotated 1953
- 111 **58-86-405**, Utah Code Annotated 1953
- 112 **58-86-406**, Utah Code Annotated 1953
- 113 **58-86-501**, Utah Code Annotated 1953

115 *Be it enacted by the Legislature of the state of Utah:*

116 Section 1. Section **4-42-101** is enacted to read:

117 **CHAPTER 42. CANNABIDIOL PRODUCTION ESTABLISHMENT LICENSE**

118 **Part 1. General Provisions**

119 4-42-101. Title.

120 This chapter is known as "Cannabidiol Production Establishment License."

121 Section 2. Section **4-42-102** is enacted to read:

122 4-42-102. Definitions.

123 As used in this chapter:

124 (1) "Cannabidiol" means the same as that term is defined in Section [58-37-3.6](#).

125 (2) "Cannabidiol cultivation facility" means a person that:

126 (a) grows cannabis; or

127 (b) possesses cannabis with the intent to grow cannabis.

128 (3) "Cannabidiol cultivation facility agent" means an owner, officer, director, board
129 member, shareholder, agent, employee, or volunteer of a cannabidiol cultivation facility.

130 (4) "Cannabidiol dispensary" means a person that:

131 (a) sells cannabidiol; or

132 (b) purchases or possesses cannabidiol with the intent to sell cannabidiol.

133 (5) "Cannabidiol dispensary agent" means the same as that term is defined in Section
134 [58-86-102](#).

135 (6) "Cannabidiol dispensary agent registration card" means the same as that term is
136 defined in Section [58-86-102](#).

137 (7) "Cannabidiol processing facility" means a person that:

138 (a) manufactures cannabidiol from cannabis;

139 (b) purchases or possesses cannabis with the intent to manufacture cannabidiol; or

140 (c) sells or intends to sell cannabidiol to a cannabis dispensary.

141 (8) "Cannabidiol processing facility agent" means an owner, officer, director, board
142 member, shareholder, agent, employee, or volunteer of a cannabidiol processing facility.

143 (9) "Cannabidiol production establishment" means:

144 (a) a cannabidiol cultivation facility;

145 (b) a cannabidiol processing facility; or

146 (c) an independent cannabidiol testing laboratory.

147 (10) "Cannabidiol production establishment agent" means:

148 (a) a cannabidiol cultivation facility agent;

149 (b) a cannabidiol processing facility agent; or

- 150 (c) an independent cannabidiol testing laboratory agent.
- 151 (11) "Cannabidiol production establishment agent registration card" means a
152 registration card issued by the department under Section [4-42-301](#) that:
- 153 (a) authorizes an individual to act as a cannabidiol production establishment agent; and
154 (b) designates the type of cannabidiol production establishment for which the
155 individual is authorized to act as a cannabidiol production establishment agent.
- 156 (12) "Cannabinoid profile" means the percentage of cannabidiol, by weight, that is
157 composed of the cannabinoids:
- 158 (a) tetrahydrocannabinol or THC;
159 (b) tetrahyrdocannabinolic acid or THCa;
160 (c) cannabidiol or CBD;
161 (d) cannabinol or CBN; and
162 (e) cannabigerol or CBG.
- 163 (13) "Cannabis" means the same as that term is defined in Section [58-37-3.6](#).
- 164 (14) "Controlled Substances Advisory Committee" means the committee created in
165 Section [58-38a-201](#).
- 166 (15) "Designated caregiver" means the same as that term is defined in Section
167 [58-86-102](#).
- 168 (16) "Electronic verification system" means the system described in Section [26-58-104](#).
- 169 (17) "Independent cannabis testing laboratory" means a person that:
- 170 (a) conducts a chemical or other analysis of cannabidiol; or
171 (b) possesses cannabidiol with the intent to conduct a chemical or other analysis of the
172 cannabidiol.
- 173 (19) "Inventory control system" means the system described in Section [4-42-103](#).
- 174 (20) "Medical cannabidiol card" means the same as that term is defined in Section
175 [26-58-102](#).
- 176 (21) "Medical cannabidiol establishment agent" means:
- 177 (a) a cannabidiol production establishment agent; or
178 (b) a cannabidiol dispensary agent.
- 179 (22) "Medical cannabidiol establishment agent registration card" means a registration
180 card, issued under Section [26-58-407](#), that authorizes an individual to be a medical cannabidiol

181 establishment agent.

182 (23) "Physician" means the same as that term is defined in Section 26-58-102.

183 (24) "Qualifying illness" means a condition described in Subsection 58-38a-203.1(1).

184 Section 3. Section **4-42-103** is enacted to read:

185 **4-42-103. Inventory control system.**

186 (1) A cannabidiol production establishment and a cannabidiol dispensary shall
187 maintain an inventory control system that meets the requirements of this section.

188 (2) An inventory control system shall track cannabidiol and the cannabis from which
189 the cannabidiol is derived, in real time, from the time that a cannabis plant growing at a
190 cannabidiol cultivation facility is eight inches tall, until the cannabidiol derived from the
191 cannabis is sold by a cannabidiol dispensary.

192 (3) An inventory control system shall store, in real time, a record of the amount of
193 cannabis or cannabidiol in a cannabidiol production establishment's or cannabidiol dispensary's
194 possession.

195 (4) An inventory control system shall include a video recording system that:

196 (a) tracks all handling and processing of cannabis or a cannabis product in a
197 cannabidiol production establishment or cannabidiol dispensary;

198 (b) is tamper proof; and

199 (c) is capable of storing a video record for 180 days.

200 (5) An inventory control system shall maintain compatibility with the electronic
201 verification system.

202 (6) A cannabidiol production establishment or cannabis dispensary shall allow access
203 to the cannabidiol production establishment's or cannabidiol dispensary's inventory control
204 system by:

205 (a) the Department of Public Safety;

206 (b) the Department of Agriculture and Food;

207 (c) the Department of Health; and

208 (d) the Division of Occupational and Professional Licensing within the Department of
209 Commerce.

210 (7) The department shall establish compatibility standards for an inventory control
211 system by rule made in accordance with Title 63G, Chapter 3, Utah Administrative

212 Rulemaking Act.

213 Section 4. Section **4-42-104** is enacted to read:

214 **4-42-104. Preemption.**

215 This chapter does not preempt an ordinance enacted by a political subdivision of the
216 state regarding a cannabidiol production establishment that is more restrictive than this chapter.

217 Section 5. Section **4-42-201** is enacted to read:

218 **4-42-201. Cannabidiol production establishment -- License -- Renewal.**

219 (1) A person may not operate a cannabidiol production establishment without a license
220 issued by the department under this chapter.

221 (2) Subject to Subsections (4) through (6), the department shall, within 30 days after
222 receiving a complete application, issue a license to operate a cannabidiol production
223 establishment to a person that submits to the department:

224 (a) a proposed name, address, and physical location where the person will operate the
225 cannabidiol production establishment;

226 (b) evidence that the person possesses or controls a minimum of \$50,000 in liquid
227 assets for each license for which the person applies;

228 (c) for each location of a cannabidiol production establishment for which the person
229 applies, evidence that the person can obtain a business license and meet zoning requirements
230 established by a political subdivision;

231 (d) an application fee established by the department, in accordance with Section
232 63J-1-504, that is necessary to cover the department's cost to implement this chapter;

233 (e) evidence that the person can comply with the requirements in this chapter;

234 (f) evidence that the person will implement an inventory control system at the
235 cannabidiol production establishment; and

236 (g) an operation plan that complies with Section [4-42-203](#).

237 (3) If the department determines that a cannabidiol production establishment is eligible
238 for a license under this section, the department shall charge the cannabidiol establishment an
239 initial license fee in an amount determined by the department in accordance with Section
240 [63J-1-504](#).

241 (4) The department shall require a separate license for each type of cannabidiol
242 production establishment and each location of a cannabidiol production establishment.

243 (5) Notwithstanding Subsection (4), the department may issue a cannabidiol cultivation
244 facility license and a cannabidiol processing facility license to be operated by:

245 (a) the same person at the same physical location; or

246 (b) the same person at separate physical locations.

247 (6) The department may not issue a license to operate an independent cannabidiol
248 testing laboratory to a person:

249 (a) that holds a license for or has an ownership interest in a cannabidiol dispensary, a
250 cannabidiol processing facility, or a cannabidiol cultivation facility in the state;

251 (b) that has an owner, officer, board member, volunteer, shareholder, agent, director, or
252 employee whose immediate family member holds a license or has an ownership interest in a
253 cannabidiol dispensary, a cannabidiol processing facility, or a cannabidiol cultivation facility;

254 or

255 (c) proposes to operate the independent testing laboratory at the same physical location
256 as a cannabidiol dispensary, a cannabidiol processing facility, or a cannabidiol cultivation
257 facility.

258 (7) The department may not issue a cannabidiol production establishment license to a
259 person that holds a license for, or has an ownership interest in, a cannabidiol dispensary.

260 (8) The department may revoke a license under this chapter if the cannabidiol
261 production establishment is not operational within one year of the issuance of the initial
262 license.

263 Section 6. Section **4-42-202** is enacted to read:

264 **4-42-202. Renewal.**

265 (1) Except as provided in Subsection (2), the department shall renew a person's
266 cannabidiol production establishment license every two years if, at the time of renewal:

267 (a) the person meets the requirements of Section [4-42-201](#); and

268 (b) the person pays the department a license renewal fee in an amount determined by
269 the department in accordance with Section [63J-1-504](#).

270 (2) (a) The department may not renew a cannabidiol production establishment's license
271 for a sixth consecutive time unless the department publishes a notice, in a newspaper of general
272 circulation for the geographic area in which the cannabidiol production establishment is
273 located, one year before the day on which the cannabidiol production establishment's license

274 expires, that includes:

275 (i) the name and location of the cannabidiol production establishment;

276 (ii) the day on which the license for the cannabidiol production establishment will
277 expire; and

278 (iii) a solicitation for cannabidiol production establishment license applicants.

279 (b) If, after the department publishes the notice described in Subsection (2)(a), the
280 department receives an application for a cannabidiol production establishment from a new
281 applicant and also receives an application for renewal from the existing cannabidiol production
282 establishment, the department shall issue the license to the applicant that the department
283 determines best meets the criteria established in Section [4-42-204](#).

284 (3) (a) If a licensed cannabidiol production establishment abandons the cannabidiol
285 production establishment's license, the department shall publish notice of an available license
286 in the same manner as described in Subsection (2)(a).

287 (b) The department may establish criteria, in accordance with Title 63G, Chapter 3,
288 Utah Administrative Rulemaking Act, for what actions by a cannabidiol production
289 establishment constitute abandonment of a cannabidiol production establishment license.

290 Section 7. Section **4-42-203** is enacted to read:

291 **4-42-203. Operating plan.**

292 (1) A person applying for a license to operate a cannabidiol production establishment
293 shall submit to the department, with the person's application, a proposed operation plan that
294 includes:

295 (a) a description of the physical characteristics of the proposed facility;

296 (b) a description of the credentials and experience of any proposed cannabidiol
297 production establishment agent;

298 (c) the cannabidiol production establishment's employee training standards;

299 (d) a security plan;

300 (e) for a cannabidiol cultivation facility, the information described in Subsection (2);

301 (f) for a cannabidiol processing facility, the information described in Subsection (3);

302 and

303 (g) for an independent cannabidiol testing lab, the information described in Subsection

304 (4).

305 (2) A cannabidiol cultivation facility's operating plan shall include the cannabidiol
306 cultivation facility's proposed cannabis cultivation practices, including the cannabidiol
307 cultivation facility's:

- 308 (a) pesticide and fertilizer use;
- 309 (b) proposed square footage under cultivation; and
- 310 (c) anticipated cannabidiol yield.

311 (3) A cannabidiol processing facility's operating plan shall include the cannabidiol
312 processing facility's proposed cannabidiol processing practices, including the cannabidiol
313 processing facility's:

- 314 (a) proposed cannabidiol extraction method;
- 315 (b) processing equipment; and
- 316 (c) other processing techniques.

317 (4) An independent cannabidiol testing laboratory's operating plan shall include the
318 independent cannabidiol testing laboratory's proposed cannabidiol and cannabidiol product
319 testing capability.

320 Section 8. Section **4-42-204** is enacted to read:

321 **4-42-204. Maximum number of licenses.**

322 (1) The department may not issue more than, at any given time:

- 323 (a) two cannabidiol cultivation facility licenses;
- 324 (b) two cannabidiol processing facility licenses; and
- 325 (c) two independent cannabidiol testing laboratory licenses.

326 (2) If the department receives more applications for a license to operate a given type of
327 cannabidiol production establishment than are available under Subsection (1), the department
328 shall evaluate the applicants to determine which applicant has best demonstrated:

- 329 (a) experience with:
 - 330 (i) establishing and running a business in a related field;
 - 331 (ii) operating a secure inventory control system;
 - 332 (iii) complying with a regulatory environment; and
 - 333 (iv) training, evaluating, and monitoring employees; and
- 334 (b) connections to the local community.

335 Section 9. Section **4-42-301** is enacted to read:

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Part 3. Cannabidiol Production Establishment Agents

4-42-301. Cannabidiol production establishment agent -- Registration.

(1) An individual may not act as a cannabidiol production establishment agent of a cannabidiol production establishment unless the individual is registered by the department under this section.

(2) A physician may not serve as a cannabidiol production establishment agent.

(3) An independent cannabidiol testing laboratory agent may not act as an agent for a cannabidiol dispensary, a cannabidiol processing facility, or a cannabidiol cultivation facility.

(4) The department shall, within 15 business days after receiving a complete application, register and issue a cannabidiol production establishment agent registration card to an individual who:

(a) has not been convicted of an offense that is a felony under either state or federal law;

(b) provides to the department:

(i) the individual's name and address;

(ii) the name and location of a licensed cannabidiol production establishment where the individual seeks to act as the cannabidiol production establishment's agent; and

(iii) any other information required by the department by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

(c) pays the department a fee, determined by the department in accordance with Section [63J-1-504](#), that is necessary to cover the department's cost to implement this part; and

(d) complies with the requirement for and passes a criminal background check described in Section [4-42-302](#).

(5) The department shall designate, for a cannabidiol production establishment agent registration card the department issues under Subsection (4), whether the cannabidiol production establishment agent registration card holder is authorized to act as an agent for:

(a) a cannabidiol cultivation facility;

(b) a cannabidiol processing facility;

(c) both a cannabidiol cultivation facility and a cannabidiol processing facility; or

(d) an independent cannabidiol testing laboratory.

(6) A cannabidiol production establishment agent shall complete training in

367 cannabidiol production that complies with minimum standards established by the department
368 by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

369 (7) The department may revoke the cannabidiol production establishment agent
370 registration card of an individual who:

- 371 (a) violates the requirements of this chapter; or
- 372 (b) is convicted of an offense that is a felony under state or federal law.

373 Section 10. Section **4-42-302** is enacted to read:

374 **4-42-302. Cannabidiol production establishment agents -- Criminal background**
375 **checks.**

376 (1) An individual applying for a cannabidiol production establishment agent
377 registration card under this chapter shall:

- 378 (a) submit to the department:
 - 379 (i) a fingerprint card in a form acceptable to the Department of Public Safety; and
 - 380 (ii) a signed waiver in accordance with Section [53-10-108\(4\)](#) indicating that the

381 individual's fingerprints are being registered in the Federal Bureau of Investigation's Next
382 Generation Identification system's Rap Back Service; and

- 383 (b) consent to a fingerprint background check by:
 - 384 (i) the Utah Bureau of Criminal Identification; and
 - 385 (ii) The Federal Bureau of Investigation.

386 (2) The Bureau of Criminal Identification shall:

- 387 (a) check the fingerprints submitted under Subsection (1) against the applicable state,
388 regional and national criminal records databases, including the Federal Bureau of
389 Investigation's Next Generation Identification system;

- 390 (b) report the results of the background check to the department;

- 391 (c) maintain a separate file of fingerprints submitted under Subsection (1) for search by
392 future submissions to the local and regional criminal records databases, including latent prints;

- 393 (d) request that the fingerprints be retained in the Federal Bureau of Investigation's
394 Next Generation Identification system's Rap Back Service for search by future submissions to
395 national criminal records databases, including the Next Generation Identification system and
396 latent prints; and

- 397 (e) establish a privacy risk mitigation strategy to ensure that the entity only receives

398 notifications for an individual with whom the entity maintains an authorizing relationship.

399 (3) The department shall:

400 (a) assess an individual who submits fingerprints in accordance with this section a fee
401 that the Bureau of Criminal Identification is authorized to collect for the services the Bureau of
402 Criminal Identification or other authorized agency provides under this section; and

403 (b) remit a fee collected under Subsection (3)(a) to the Bureau of Criminal
404 Identification.

405 Section 11. Section **4-42-303** is enacted to read:

406 **4-42-303. Cannabidiol production establishment agent registration card --**
407 **Rebuttable presumption.**

408 (1) An individual who has a cannabidiol production establishment agent registration
409 card shall carry the individual's cannabidiol production establishment agent registration card
410 with the individual at all times when:

411 (a) the individual is on the premises of a cannabidiol production establishment; and

412 (b) the individual is transporting cannabis or cannabidiol between two cannabidiol
413 production establishments or between a cannabidiol production establishment and a
414 cannabidiol dispensary.

415 (2) If an individual handling cannabis or cannabidiol at a cannabidiol production
416 establishment, or transporting cannabis or cannabidiol, possesses the cannabis or cannabidiol in
417 compliance with Subsection (1):

418 (a) there is a rebuttable presumption that the individual possesses the cannabis or
419 cannabidiol legally; and

420 (b) a law enforcement officer does not have probable cause, based solely on the
421 individual's possession of the cannabis or cannabidiol in compliance with Subsection (1), to
422 believe that the individual is engaging in illegal activity.

423 (3) An individual who violates Subsection (1) is:

424 (a) guilty of an infraction; and

425 (b) subject to a \$100 fine.

426 Section 12. Section **4-42-401** is enacted to read:

427 **Part 4. General Cannabidiol Production Establishment Operating Requirements**

428 **4-42-401. Cannabidiol production establishment -- General operating**

429 requirements.

430 (1) (a) A cannabidiol production establishment shall operate in accordance with the
431 operating plan the cannabidiol production establishment provides to the department under
432 Section 4-42-203.

433 (b) A cannabidiol production establishment shall notify the department within 30 days
434 of any change in the cannabidiol production establishment's operation plan.

435 (2) Except as provided in Subsection (3), a cannabidiol production establishment shall
436 operate:

437 (a) in a facility that is accessible only by an individual with a valid cannabidiol
438 production establishment agent registration card issued under Section 4-42-301; and

439 (b) at the physical address provided to the department under Section 4-42-201.

440 (3) A cannabidiol production facility may allow the press, a visitor, or a contractor
441 access to the cannabidiol production establishment if:

442 (a) the cannabidiol production facility tracks and monitors the individual at all times
443 while the individual is in the cannabidiol production establishment; and

444 (b) a record of the individual's access to the cannabidiol production establishment is
445 maintained by the cannabidiol production establishment.

446 (4) A cannabidiol production establishment shall have:

447 (a) a single, secure public entrance;

448 (b) a security system with a backup power source that:

449 (i) detects and records entry into the cannabidiol production establishment when the
450 cannabidiol production establishment is closed; and

451 (ii) provides notice of an unauthorized entry to law enforcement; and

452 (c) a lock on any area where the cannabidiol production establishment stores cannabis
453 or cannabidiol.

454 (5) The department shall establish structural standards for a cannabidiol production
455 establishment by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
456 Rulemaking Act.

457 Section 13. Section 4-42-402 is enacted to read:

458 **4-42-402. Inspections.**

459 (1) Subject to Subsection (2), the department shall inspect the records and facility of a

460 cannabidiol production establishment in order to determine if the cannabidiol production
461 establishment complies with the requirements of this chapter.

462 (2) The department may inspect the records and facility of a cannabidiol production
463 establishment:

464 (a) as many as four times per year, scheduled or unscheduled; and

465 (b) if the department has reason to believe that the cannabidiol production
466 establishment has violated the law, at any time, scheduled or unscheduled.

467 Section 14. Section **4-42-403** is enacted to read:

468 **4-42-403. Advertising.**

469 A cannabidiol production establishment may not advertise to the general public in any
470 medium.

471 Section 15. Section **4-42-404** is enacted to read:

472 **4-42-404. Cannabis or cannabidiol transportation.**

473 (1) An individual may not transport cannabis or cannabidiol unless the individual has a
474 valid cannabidiol production establishment agent registration card or valid cannabidiol
475 dispensary agent registration card.

476 (2) An individual transporting cannabidiol or cannabis shall keep a transportation
477 record that includes:

478 (a) a bar code or identification number that links the cannabis or cannabidiol to a
479 related inventory control system;

480 (b) origin and destination information for any cannabis or cannabidiol the individual is
481 transporting; and

482 (c) a record of the departure and arrival time of the individual transporting the cannabis
483 or cannabidiol.

484 (3) In addition to the requirements in Subsections (1) and (2), the department shall
485 establish, by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
486 Rulemaking Act, requirements for transporting cannabis or cannabidiol related to safety for
487 human cannabidiol consumption.

488 (4) An individual who transports cannabis or cannabidiol without a record that
489 complies with Subsection (2) is:

490 (a) guilty of an infraction; and

491 (b) subject to a \$100 fine.

492 Section 16. Section **4-42-501** is enacted to read:

493 **Part 5. Cannabidiol Cultivation Facility Operating Requirements**

494 **4-42-501. Cannabidiol cultivation facility -- Operating requirements.**

495 (1) A cannabidiol cultivation facility shall cultivate cannabis indoors.

496 (2) A cannabidiol cultivation facility shall ensure that any cannabis growing at the
497 cannabidiol cultivation facility is not visible from outside the cannabidiol cultivation facility.

498 (3) A cannabidiol cultivation facility shall use a unique identifier for:

499 (a) each batch of cannabis transferred to a cannabidiol processing facility; and

500 (b) each unique harvest of cannabis plants.

501 (4) The department may establish human safety standards, by rule made in accordance
502 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for a cannabidiol cultivation
503 facility's:

504 (a) use of pesticides;

505 (b) use of fertilizers; and

506 (c) cultivation techniques.

507 Section 17. Section **4-42-601** is enacted to read:

508 **Part 6. Cannabidiol Processing Facility Operating Requirements**

509 **4-42-601. Cannabidiol processing facility -- Operating requirements.**

510 A cannabidiol processing facility shall ensure that cannabidiol that the cannabidiol
511 processing facility sells or provides to a cannabidiol dispensary complies with the requirements
512 of this part.

513 Section 18. Section **4-42-602** is enacted to read:

514 **4-42-602. Cannabidiol -- Product requirements.**

515 (1) A cannabidiol processing facility may only produce cannabidiol in a medical
516 dosage form that is:

517 (a) a tablet;

518 (b) a capsule;

519 (c) a concentrated oil;

520 (d) a trans-dermal preparation; or

521 (e) a sub-lingual preparation.

522 (2) The Controlled Substances Advisory Committee may recommend that the
523 Legislature approve the use of an additional medical dosage form.

524 (3) A cannabidiol processing facility may not manufacture cannabidiol by applying a
525 cannabis agent to the surface of a food product.

526 Section 19. Section **4-42-603** is enacted to read:

527 **4-42-603. Cannabidiol -- Labeling and packaging.**

528 (1) Cannabidiol shall have a label that:

529 (a) clearly and unambiguously states that the cannabidiol contains cannabis;

530 (b) clearly displays the cannabinoid profile of the cannabidiol;

531 (c) has a unique batch identifier that identifies the unique manufacturing process when
532 the cannabidiol was manufactured;

533 (d) has a bar code or other identifier that allows the cannabidiol to be tracked by an
534 inventory control system and the electronic verification system; and

535 (e) contains information required by the department in accordance with Subsection (3).

536 (2) A cannabidiol processing facility shall package cannabidiol in a container that:

537 (a) is tamper resistant and opaque; and

538 (b) complies with physical criteria required by the department in accordance with
539 Subsection (3).

540 (3) The department shall establish cannabidiol labeling and packaging standards by
541 rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

542 Section 20. Section **4-42-701** is enacted to read:

543 **Part 7. Independent Cannabidiol Testing Laboratory Operating Requirements**

544 **4-42-701. Cannabidiol testing.**

545 (1) An independent cannabidiol testing laboratory shall, before cannabidiol is offered
546 for sale at a cannabidiol dispensary, test the cannabidiol as described in this section.

547 (2) An independent cannabidiol testing laboratory may not operate unless the
548 independent cannabidiol testing laboratory is capable of accurately testing cannabidiol as
549 described in this section.

550 (3) An independent testing laboratory shall determine the cannabinoid profile of
551 cannabidiol.

552 (4) An independent cannabidiol testing laboratory shall determine if cannabidiol

553 contains, in an amount that is harmful to human health:

554 (a) mold;

555 (b) fungus;

556 (c) pesticides; or

557 (d) other microbial contaminants.

558 (5) For cannabidiol that is manufactured using a process that involves extraction using
559 hydrocarbons, an independent cannabidiol testing laboratory shall test the cannabidiol for
560 residual solvents.

561 (6) The department may determine, by rule made in accordance with Title 63G,
562 Chapter 3, Utah Administrative Rulemaking Act:

563 (a) the amount of substances described in Subsection (4) and the amount of residual
564 solvents that are safe for human consumption; and

565 (b) additional cannabidiol testing that an independent cannabidiol testing laboratory is
566 required to perform.

567 Section 21. Section **4-42-702** is enacted to read:

568 **4-42-702. Reporting -- Inspections.**

569 (1) An independent cannabidiol testing laboratory shall notify the department if the
570 independent cannabidiol testing laboratory determines that the results of a lab test indicate that
571 a cannabidiol batch:

572 (a) is unsafe for human consumption; or

573 (b) has a ratio of less than 10 grams of the cannabinoid cannabidiol per each one gram
574 of tetrahydrocannabinol.

575 (2) If the independent cannabidiol testing laboratory notifies the department of a
576 cannabidiol batch's test results under Subsection (1), the independent cannabidiol testing
577 laboratory may not release the cannabidiol batch to a cannabidiol dispensary until the
578 department has an opportunity to respond to the department within a period of time,
579 determined by the department.

580 (3) If the department determines that a cannabidiol batch is unsafe for human
581 consumption, the department may seize, embargo, and destroy a cannabidiol batch in
582 accordance with Section [4-42-801](#).

583 (4) The department shall establish, by rule made in accordance with Title 63G, Chapter

584 3, Utah Administrative Rulemaking Act, the amount of time that an independent cannabidiol
585 testing laboratory is required to hold a cannabidiol batch under Subsection (2).

586 Section 22. Section **4-42-801** is enacted to read:

587 **Part 8. Enforcement**

588 **4-42-801. Enforcement -- Fine -- Citation.**

589 (1) The department may, for a violation of the licensing provisions of this chapter by a
590 person that is a cannabidiol production establishment or a cannabidiol production
591 establishment agent:

- 592 (a) revoke the person's license;
- 593 (b) refuse to renew the person's license;
- 594 (c) assess the person an administrative penalty; or
- 595 (d) take any other appropriate administrative action.

596 (2) The department shall deposit an administrative penalty imposed under this section
597 into the General Fund as a dedicated credit to be used by the department to administer and
598 enforce this chapter.

599 (3) (a) The department may take an action described in Subsection (3)(b) if the
600 department concludes, upon inspection or investigation, that, for a person that is a cannabidiol
601 production establishment or a cannabidiol production establishment agent:

- 602 (i) the person has violated the provisions of this chapter, a rule made under this
603 chapter, or an order issued under this chapter; or
- 604 (ii) the person prepared a cannabis or cannabidiol batch in a manner, or such that the
605 batch contains a substance, that poses a threat to human health.

606 (b) If the department makes the determination about a person described in Subsection
607 (3)(a)(i), the department shall:

- 608 (i) issue the person a citation in writing;
- 609 (ii) attempt to negotiate a stipulated settlement; or
- 610 (iii) direct the person to appear before an adjudicative proceeding conducted under
611 Title 63G, Chapter 4, Administrative Procedures Act.

612 (c) If the department makes the determination about a person described in Subsection
613 (3)(a)(ii), the department may:

- 614 (i) seize, embargo, or destroy a cannabis or cannabidiol batch; and

615 (ii) direct the person to appear before an adjudicative proceeding conducted under Title
616 63G, Chapter 4, Administrative Procedures Act.

617 (4) The department may, for a person subject to an uncontested citation, a stipulated
618 settlement, or a finding of a violation in an adjudicative proceeding under this section:

619 (a) assess the person a fine, established in accordance with Section 63J-1-504, of up to
620 \$5,000 per violation, in accordance with a fine schedule established by rule made in accordance
621 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or

622 (b) order the person to cease and desist from the action that creates a violation.

623 (5) The department may not revoke a cannabidiol production establishment's license
624 via a citation.

625 (6) If within 20 calendar days after the day on which a department serves a citation for
626 a violation of this chapter, the person that is the subject of the citation fails to request a hearing
627 to contest the citation, the citation becomes the department's final order.

628 (7) The department may, for a person who fails to comply with a citation under this
629 section:

630 (a) refuse to issue or renew the person's license or cannabidiol production
631 establishment agent registration card; or

632 (b) suspend, revoke, or place on probation the person's license or cannabidiol
633 production establishment agent registration card.

634 (8) If the department makes a final determination under this section that an individual
635 violated a provision of this chapter, the individual is guilty of an infraction.

636 Section 23. Section **26-58-101** is enacted to read:

637 **CHAPTER 58. MEDICAL CANNABIDIOL ACT**

638 **Part 1. General Provisions**

639 **26-58-101. Title.**

640 This chapter is known as "Medical Cannabidiol Act."

641 Section 24. Section **26-58-102** is enacted to read:

642 **26-58-102. Definitions.**

643 As used in this chapter:

644 (1) "Cannabidiol" means the same as that term is defined in Section 58-37-3.6.

645 (2) "Cannabidiol dispensary" means the same as that term is defined in Section

646 [58-85-102.](#)

647 (3) "Designated caregiver" means an individual who a patient with a medical
648 cannabidiol card designates as the patient's caregiver under Section 26-58-202.

649 (4) "Electronic verification system" means the system described in Section [26-58-104.](#)

650 (5) "Inventory control system" means the system described in Section [4-42-103.](#)

651 (6) "Medical cannabidiol card" means a card that is issued to an individual by the
652 Department of Health under Section 26-58-201.

653 (7) "Physician" means an individual who:

654 (a) is licensed to practice:

655 (i) medicine, under Title 58, Chapter 67, Utah Medical Practice Act; or

656 (ii) osteopathic medicine, under Title 58, Chapter 68, Utah Osteopathic Medical
657 Practice Act; and

658 (b) complies with Section 58-67-807 or 58-68-807.

659 (8) "Qualifying illness" means a condition described in Subsection [58-38a-203.1\(1\).](#)

660 Section 25. Section **26-58-103** is enacted to read:

661 **26-58-103. Local ordinances.**

662 This chapter does not prohibit a political subdivision from enacting an ordinance, which
663 restricts the location of, or operating requirements of, a cannabidiol dispensary, that is more
664 restrictive than this chapter.

665 Section 26. Section **26-58-104** is enacted to read:

666 **26-58-104. Electronic verification system.**

667 (1) The Department of Agriculture and Food, the Department of Health, the
668 Department of Public Safety, and the Division of Occupational and Professional Licensing:

669 (a) shall enter into a memorandum of understanding in order to determine the function
670 and operation of a state electronic verification system;

671 (b) may direct the Department of Technology Services to work with a third party
672 provider to develop and maintain the electronic verification system; and

673 (c) shall coordinate with the Division of Purchasing under Title 63G, Chapter 6a, Utah
674 Procurement Code, to select a third party provider described in Subsection (2)(b).

675 (2) The electronic verification system described in Subsection (1) shall:

676 (a) allow an individual to:

- 677 (i) apply, in the presence of a physician, to the Department of Health for a medical
678 cannabidiol card; and
- 679 (ii) designate up to two caregivers for the patient;
- 680 (b) allow a physician to electronically recommend treatment with cannabidiol to a
681 patient during a visit with the patient;
- 682 (c) connect an individual's medical cannabidiol card to a database, and to an inventory
683 control system used by a cannabidiol dispensary, to track, in real time, for the individual's
684 purchase of cannabidiol:
- 685 (i) the time and date of the purchase;
- 686 (ii) the quantity and type of cannabidiol purchased; and
- 687 (iii) a cannabidiol production establishment or cannabidiol dispensary associated with
688 the cannabidiol;
- 689 (d) provide access to an entity described in Subsection (1) to the extent necessary for
690 the entity to carry out the functions and responsibilities given to the entity under this chapter;
- 691 (e) provide access to state or local law enforcement:
- 692 (i) during a traffic stop; or
- 693 (ii) after obtaining a warrant; and
- 694 (f) create a record each time the database is accessed that identifies the individual who
695 accessed the database and the individual whose records were accessed.
- 696 (3) The Department of Health may release the data collected by the system under
697 Subsection (2) for the purpose of conducting medical research, if the medical research is
698 approved by an institutional review board associated with a university medical school.

699 Section 27. Section **26-58-201** is enacted to read:

700 **Part 2. Medical Cannabidiol Card**

701 **26-58-201. Medical cannabidiol card -- Application -- Renewal.**

- 702 (1) The department shall, within 15 days after an individual submits an application in
703 compliance with this section, issue a medical cannabidiol card, via the electronic verification
704 system described in Section [26-58-104](#), to an individual if the individual:
- 705 (a) is at least 18 years old;
- 706 (b) is a Utah resident;
- 707 (c) submits to the department, via the electronic verification system, a recommendation

708 electronically signed by a physician that indicates that the individual:

709 (i) suffers from a qualifying illness, including the type of qualifying illness; and

710 (ii) may benefit from treatment with cannabidiol;

711 (d) pays the department a fee established by the department in accordance with Section

712 [63J-1-504](#); and

713 (e) submits an application to the department, using the electronic verification system

714 that contains:

715 (i) the individual's name, gender, age, and address; and

716 (ii) a copy of the individual's valid photo identification.

717 (2) An individual who applies for a medical cannabidiol card under Subsection (1)

718 shall fill out and submit the application described in Subsection (1):

719 (a) online, in connection with the electronic verification system; and

720 (b) with a physician, during an office visit with the physician.

721 (3) A medical cannabidiol card that the department issues under Subsection (1) or (2)

722 is valid for the lesser of:

723 (a) an amount of time determined by the physician who recommends treatment with

724 cannabidiol; or

725 (b) two years.

726 (4) The department may renew an individual's medical cannabidiol card if, at the time

727 of renewal, the individual meets the requirements of Subsection (1) or (2).

728 (5) The department may revoke an individual's medical cannabidiol card if the

729 individual violates this chapter.

730 Section 28. Section **26-58-202** is enacted to read:

731 **26-58-202. Medical cannabidiol card -- Designated caregiver -- Registration --**

732 **Renewal -- Revocation.**

733 (1) An individual who holds a valid medical cannabidiol card under Section [26-58-201](#)

734 who a physician determines is unable to obtain cannabidiol from a cannabidiol dispensary may

735 register with the department, via the electronic verification system, up to two individuals to

736 serve as designated caregivers of the individual.

737 (2) An individual registered as a designated caregiver of a designating patient under

738 this section may:

739 (a) carry a valid medical cannabidiol card with the designating patient's name and the
740 designated caregiver's name; and

741 (b) purchase and possess cannabidiol, in accordance with this chapter, on behalf of the
742 designating patient.

743 (3) An individual may serve as a designated caregiver under Subsection (1) if the
744 individual:

745 (a) is at least 18 years old;

746 (b) is a Utah resident;

747 (c) submits an application to the department, online via the electronic verification
748 system, that includes:

749 (i) the individual's name and address;

750 (ii) a copy of the individual's photo identification; and

751 (iii) any other information required by the department by rule made in accordance with
752 Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

753 (d) pays, to the department, a fee, established by the department in accordance with
754 Section 63J-1-504, plus the cost of a criminal background check; and

755 (e) complies with Section 26-58-203.

756 (4) A medical cannabidiol card is renewable for a designated caregiver, if at the time of
757 renewal:

758 (a) the individual described in Subsection (1) renews the designation of the caregiver;

759 and

760 (b) the designated caregiver meets the requirements of Subsection (3).

761 (5) The department shall refuse to issue or revoke the registration of a designated
762 caregiver if the designated caregiver is convicted of a felony that is:

763 (a) a crime of violence involving the use of force or violence against another person; or

764 (b) a felony conviction of a state or federal law pertaining to controlled substances.

765 Section 29. Section 26-58-203 is enacted to read:

766 **26-58-203. Designated caregiver -- Criminal background check.**

767 (1) An individual registered as a designated caregiver under Section 26-58-202 shall
768 submit to a criminal background check in accordance with Subsection (2).

769 (2) An individual registered as a designated caregiver shall:

770 (a) submit to the department:
771 (i) a fingerprint card in a form acceptable to the Department of Public Safety; and
772 (ii) a signed waiver in accordance with Section 53-10-108(4) indicating that the
773 individual's fingerprints are being registered in the Federal Bureau of Investigation's Next
774 Generation Identification system's Rap Back Service; and
775 (b) consent to a fingerprint background check by:
776 (i) the Utah Bureau of Criminal Identification; and
777 (ii) The Federal Bureau of Investigation.
778 (3) The Bureau of Criminal Identification shall:
779 (a) check the fingerprints submitted under Subsection (2) against the applicable state,
780 regional and national criminal records databases, including the Federal Bureau of
781 Investigation's Next Generation Identification system;
782 (b) report the results of the background check to the department;
783 (c) maintain a separate file of fingerprints submitted under Subsection (2) for search by
784 future submissions to the local and regional criminal records databases, including latent prints;
785 (d) request that the fingerprints be retained in the Federal Bureau of Investigation's
786 Next Generation Identification system's Rap Back Service for search by future submissions to
787 national criminal records databases, including the Next Generation Identification system and
788 latent prints; and
789 (e) establish a privacy risk mitigation strategy to ensure that the entity only receives
790 notifications for an individual with whom the entity maintains an authorizing relationship.
791 (4) The department shall:
792 (a) assess an individual who submits fingerprints in accordance with this section a fee
793 that the Bureau of Criminal Identification is authorized to collect for the services the Bureau of
794 Criminal Identification or other authorized agency provides under this section; and
795 (b) remit a fee collected under Subsection (4)(a) to the Bureau of Criminal
796 Identification.
797 Section 30. Section **26-58-204** is enacted to read:
798 **26-58-204. Medical cannabidiol card -- Patient and designated caregiver**
799 **requirements -- Rebuttable presumption.**
800 (1) An individual with a valid medical cannabidiol card who possesses cannabidiol

801 outside of the individual's residence shall:

802 (a) carry, with the individual at all times, the individual's medical cannabidiol card;

803 (b) carry, with the cannabidiol or cannabidiol product, a label that identifies that the
804 cannabidiol was originally sold from a licensed cannabidiol dispensary, including the bar code
805 or identification number that links the cannabidiol to the cannabidiol dispensary's inventory
806 control system; and

807 (c) possess no more than a 30-day supply of cannabidiol as established by the
808 recommendation of a physician for the individual's treatment.

809 (2) If an individual possesses cannabidiol in accordance with Subsection (1):

810 (a) there is a rebuttable presumption that the individual possesses the cannabidiol
811 legally; and

812 (b) a law enforcement officer does not have probable cause, solely on the basis of the
813 individual's possession of the cannabidiol, to believe that the individual is engaging in illegal
814 activity.

815 (3) If a law enforcement officer stops an individual who possesses cannabidiol, the
816 individual represents to the law enforcement officer that the individual holds a valid medical
817 cannabidiol card, and the individual does not have the medical cannabidiol card in the
818 individual's possession, the law enforcement officer shall attempt to access the electronic
819 verification system to determine whether the individual holds a valid medical cannabidiol card.

820 (4) An individual who violates Subsection (1) is:

821 (a) guilty of an infraction; and

822 (b) subject to a \$100 fine.

823 Section 31. Section **26-58-301** is enacted to read:

824 **Part 3. Medical Cannabidiol Research License**

825 **26-58-301. Medical cannabidiol research license.**

826 (1) The department may issue a license to a higher education institution to conduct
827 medical research on cannabidiol if the higher education institution submits to the department:

828 (a) the higher education institution's research plan; and

829 (b) the name of an employee of the higher education institution who will supervise the
830 medical cannabidiol research.

831 (2) Notwithstanding the provisions of Title 58, Chapter 37, Utah Controlled

832 Substances Act, a higher education institution to which the department issues a medical
833 cannabidiol research license under this chapter may:

834 (a) purchase cannabidiol from a person licensed under Title 58, Chapter 86,

835 Cannabidiol Dispensary License;

836 (b) possess cannabidiol; or

837 (c) provide cannabidiol to a patient as part of a medical research study approved by the
838 department.

839 (3) The department shall establish rules made in accordance with Title 63G, Chapter 3,
840 Utah Administrative Rulemaking Act, that provide:

841 (a) eligibility criteria for a medical cannabidiol research license; and

842 (b) standards for an acceptable medical research study under Subsection (1)(a).

843 Section 32. Section **41-6a-517** is amended to read:

844 **41-6a-517. Definitions -- Driving with any measurable controlled substance in the**
845 **body -- Penalties -- Arrest without warrant.**

846 (1) As used in this section:

847 (a) "Controlled substance" has the same meaning as in Section [58-37-2](#).

848 (b) "Practitioner" has the same meaning as in Section [58-37-2](#).

849 (c) "Prescribe" has the same meaning as in Section [58-37-2](#).

850 (d) "Prescription" has the same meaning as in Section [58-37-2](#).

851 (2) In cases not amounting to a violation of Section [41-6a-502](#), a person may not
852 operate or be in actual physical control of a motor vehicle within this state if the person has any
853 measurable controlled substance or metabolite of a controlled substance in the person's body.

854 (3) It is an affirmative defense to prosecution under this section that the controlled
855 substance was:

856 (a) involuntarily ingested by the accused;

857 (b) prescribed by a practitioner for use by the accused; [~~or~~]

858 (c) cannabidiol recommended by a physician and the person holds a valid medical
859 cannabidiol card under Title 26, Chapter 58, Medical Cannabidiol Act; or

860 [~~e~~] (d) otherwise legally ingested.

861 (4) (a) A person convicted of a violation of Subsection (2) is guilty of a class B
862 misdemeanor.

863 (b) A person who violates this section is subject to conviction and sentencing under
864 both this section and any applicable offense under Section 58-37-8.

865 (5) A peace officer may, without a warrant, arrest a person for a violation of this
866 section when the officer has probable cause to believe the violation has occurred, although not
867 in the officer's presence, and if the officer has probable cause to believe that the violation was
868 committed by the person.

869 (6) The Driver License Division shall, if the person is 21 years of age or older on the
870 date of arrest:

871 (a) suspend, for a period of 120 days, the driver license of a person convicted under
872 Subsection (2) of an offense committed on or after July 1, 2009; or

873 (b) revoke, for a period of two years, the driver license of a person if:

874 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

875 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,
876 and within a period of 10 years after the date of the prior violation.

877 (7) The Driver License Division shall, if the person is 19 years of age or older but
878 under 21 years of age on the date of arrest:

879 (a) suspend, until the person is 21 years of age or for a period of one year, whichever is
880 longer, the driver license of a person convicted under Subsection (2) of an offense committed
881 on or after July 1, 2011; or

882 (b) revoke, until the person is 21 years of age or for a period of two years, whichever is
883 longer, the driver license of a person if:

884 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

885 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,
886 and within a period of 10 years after the date of the prior violation.

887 (8) The Driver License Division shall, if the person is under 19 years of age on the date
888 of arrest:

889 (a) suspend, until the person is 21 years of age, the driver license of a person convicted
890 under Subsection (2) of an offense committed on or after July 1, 2009; or

891 (b) revoke, until the person is 21 years of age, the driver license of a person if:

892 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

893 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,

894 and within a period of 10 years after the date of the prior violation.

895 (9) The Driver License Division shall subtract from any suspension or revocation
896 period the number of days for which a license was previously suspended under Section
897 53-3-223 or 53-3-231, if the previous suspension was based on the same occurrence upon
898 which the record of conviction is based.

899 (10) The Driver License Division shall:

900 (a) deny, suspend, or revoke a person's license for the denial and suspension periods in
901 effect prior to July 1, 2009, for a conviction of a violation under Subsection (2) that was
902 committed prior to July 1, 2009; or

903 (b) deny, suspend, or revoke the operator's license of a person for the denial,
904 suspension, or revocation periods in effect from July 1, 2009, through June 30, 2011, if:

905 (i) the person was 20 years of age or older but under 21 years of age at the time of
906 arrest; and

907 (ii) the conviction under Subsection (2) is for an offense that was committed on or after
908 July 1, 2009, and prior to July 1, 2011.

909 (11) A court that reported a conviction of a violation of this section for a violation that
910 occurred on or after July 1, 2009, to the Driver License Division may shorten the suspension
911 period imposed under Subsection (7)(a) or (8)(a) prior to completion of the suspension period
912 if the person:

913 (a) completes at least six months of the license suspension;

914 (b) completes a screening;

915 (c) completes an assessment, if it is found appropriate by a screening under Subsection
916 (11)(b);

917 (d) completes substance abuse treatment if it is found appropriate by the assessment
918 under Subsection (11)(c);

919 (e) completes an educational series if substance abuse treatment is not required by the
920 assessment under Subsection (11)(c) or the court does not order substance abuse treatment;

921 (f) has not been convicted of a violation of any motor vehicle law in which the person
922 was involved as the operator of the vehicle during the suspension period imposed under
923 Subsection (7)(a) or (8)(a);

924 (g) has complied with all the terms of the person's probation or all orders of the court if

925 not ordered to probation; and

926 (h) (i) is 18 years of age or older and provides a sworn statement to the court that the
927 person has not consumed a controlled substance not prescribed by a practitioner for use by the
928 person or unlawfully consumed alcohol during the suspension period imposed under
929 Subsection (7)(a) or (8)(a); or

930 (ii) is under 18 years of age and has the person's parent or legal guardian provide an
931 affidavit or other sworn statement to the court certifying that to the parent or legal guardian's
932 knowledge the person has not consumed a controlled substance not prescribed by a practitioner
933 for use by the person or unlawfully consumed alcohol during the suspension period imposed
934 under Subsection (7)(a) or (8)(a).

935 (12) If the court shortens a person's license suspension period in accordance with the
936 requirements of Subsection (11), the court shall forward the order shortening the person's
937 license suspension period prior to the completion of the suspension period imposed under
938 Subsection (7)(a) or (8)(a) to the Driver License Division.

939 (13) (a) The court shall notify the Driver License Division if a person fails to:

940 (i) complete all court ordered screening and assessment, educational series, and
941 substance abuse treatment; or

942 (ii) pay all fines and fees, including fees for restitution and treatment costs.

943 (b) Upon receiving the notification, the division shall suspend the person's driving
944 privilege in accordance with Subsections 53-3-221(2) and (3).

945 (14) The court shall order supervised probation in accordance with Section 41-6a-507
946 for a person convicted under Subsection (2).

947 Section 33. Section 53-1-106.5 is enacted to read:

948 **53-1-106.5. Medical Cannabidiol Act -- Department duties.**

949 In addition to the duties described in Section 53-1-106, the department shall provide
950 standards for the training of peace officers and law enforcement agencies in the use of the
951 electronic verification system as defined in Section 26-58-102.

952 Section 34. Section 58-37-3.6 is enacted to read:

953 **58-37-3.6. Exemption for possession or use of cannabidiol to treat a qualifying**
954 **illness.**

955 (1) As used in this section:

956 (a) "Cannabidiol" means a product intended for human ingestion that:
957 (i) contains an extract or concentrate that:
958 (A) is obtained from cannabis; and
959 (B) contains at least 10 grams of the cannabinoid cannabidiol per one gram of
960 tetrahydrocannabinol content;
961 (ii) is composed of less than 5% tetrahydrocannabinol by weight; and
962 (iii) is prepared in a medicinal dosage form as required by Section [4-42-602](#).
963 (b) "Cannabis" means any part of the plant cannabis sativa, whether growing or not,
964 that has a delta-9 tetrahydrocannabinol concentration of less than 0.5% by dry weight.
965 (c) "Drug paraphernalia" means the same as that term is defined in Section [58-37a-3](#).
966 (d) "Tetrahydrocannabinol" means a substance derived from cannabidiol that meets the
967 description in Subsection [58-37-4\(2\)\(a\)\(iii\)\(AA\)](#).
968 (2) Notwithstanding any other provision of this chapter:
969 (a) an individual who grows, possesses, sells, or offers to sell cannabis is not subject to
970 the penalties described in this title for the growth, possession, sale, or offer for sale of
971 marijuana or tetrahydrocannabinol to the extent that the individual's growth, possession, sale,
972 or offer for sale of cannabis complies with:
973 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License;
974 (ii) Title 26, Chapter 58, Medical Cannabidiol Act; and
975 (iii) Title 58, Chapter 86, Cannabidiol Dispensary License;
976 (b) an individual who grows, possesses, sells, or offers to sell cannabidiol is not subject
977 to the penalties described in this title for the growth, possession, sale, or offer for sale of
978 marijuana or tetrahydrocannabinol to the extent that the individual's growth, possession, sale,
979 or offer for sale of cannabidiol complies with:
980 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License;
981 (ii) Title 26, Chapter 58, Medical Cannabidiol Act; and
982 (iii) Title 58, Chapter 86, Cannabidiol Dispensary License; and
983 (c) an individual who possesses, sells, or offers to sell cannabidiol is not subject to the
984 penalties described in this title for the possession, sale, or offer for sale of marijuana or
985 tetrahydrocannabinol drug paraphernalia to the extent that the individual's growth, possession,
986 sale, or offer for sale of cannabidiol complies with:

- 987 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License;
- 988 (ii) Title 26, Chapter 58, Medical Cannabidiol Act; and
- 989 (iii) Title 58, Chapter 86, Cannabidiol Dispensary License.

990 (3) An individual who is assessed a penalty or convicted of an infraction under Title 4,
991 Chapter 42, Cannabis Production Establishment License, or Title 26, Chapter 58, Medical
992 Cannabidiol Act, or Title 58, Chapter 86, Cannabidiol Dispensary License is not subject to the
993 penalties described in this chapter for:

- 994 (a) the growth, possession, sale, or offer for sale of marijuana or tetrahydrocannabinol;
- 995 or
- 996 (b) the possession, sale, or offer for sale of marijuana or tetrahydrocannabinol
997 paraphernalia.

998 Section 35. Section **58-37f-204** is enacted to read:

999 **58-37f-204. Controlled substance database and medical cannabidiol.**

1000 (1) (a) The division shall establish a process for a cannabidiol dispensary agent to
1001 submit, at a specified time during each 24-hour period, the information required by this section.

1002 (b) A cannabidiol dispensary shall comply with the process established by the division
1003 under Subsection (1)(a).

1004 (2) A cannabidiol dispensary shall, each time the cannabidiol dispensary dispenses
1005 cannabidiol to an individual with a medical cannabidiol card, submit to the division the
1006 following information:

- 1007 (a) the name of the physician who recommended the cannabidiol and the unique
1008 number identifying the recommendation;
- 1009 (b) the date of the recommendation;
- 1010 (c) the date the cannabidiol was dispensed;
- 1011 (d) the name of the individual with the medical cannabidiol card;
- 1012 (e) positive identification of the individual who receives the cannabidiol, including the
1013 type of identification and any identifying numbers on the identification;
- 1014 (f) the amount of cannabidiol dispensed;
- 1015 (g) the dosage, quantity, and frequency recommended by the physician;
- 1016 (h) the name of the cannabidiol dispensary dispensing the cannabidiol product;
- 1017 (i) the name of the cannabidiol dispensary agent who dispensed the cannabidiol

1018 product; and
1019 (j) any other information required by the division under Subsection (8).
1020 (3) If an individual's medical cannabidiol record is in the controlled substance
1021 database:
1022 (a) the individual may obtain the record by requesting the record from the division in
1023 writing; and
1024 (b) the individual may request, in writing, with the individual's postal address included,
1025 that the division correct any incorrect information about the individual contained in the
1026 database.
1027 (4) For a request described in Subsection (3), the division shall:
1028 (a) grant or deny the request no later than 30 days after the day on which the division
1029 receives the request; and
1030 (b) notify the individual who submitted the request of the division's decision by mail
1031 postmarked no later than 35 days after the day on which the division received the request.
1032 (5) If the division denies a request described in Subsection (3), or does not respond to
1033 the request within the time period described in Subsection (4), the individual who submitted
1034 the request may, no later than 60 days after the day on which the individual's initial request is
1035 postmarked, submit an appeal to the Department of Commerce.
1036 (6) The division shall ensure that the database system records and maintains for
1037 reference:
1038 (a) the identity of and a form of identification for each individual who requests
1039 information from the database;
1040 (b) the information accessed by the individual described in Subsection (6)(a); and
1041 (c) the date and time the individual described in Subsection (6)(a) made the request.
1042 (7) A cannabidiol dispensary agent may access the controlled substance database in the
1043 same manner and for the same purpose as a pharmacist may access the database under
1044 Subsection [58-37f-301\(2\)\(i\)](#).
1045 (8) The division shall establish, by rule made in accordance with Title 63G, Chapter 3,
1046 Utah Administrative Rulemaking Act:
1047 (a) requirements for the form and manner of submission of information submitted to
1048 the database under this section; and

1049 (b) for the purpose of collecting health data on medical cannabidiol, additional
 1050 information that a cannabidiol dispensary is required to submit to the controlled substance
 1051 database.

1052 Section 36. Section **58-38a-201** is amended to read:

1053 **58-38a-201. Controlled Substances Advisory Committee.**

1054 There is created within the Division of Occupational and Professional Licensing the
 1055 Controlled Substances Advisory Committee. The committee consists of:

1056 (1) the director of the Department of Health or the director's designee;

1057 (2) the State Medical Examiner or the examiner's designee;

1058 (3) the commissioner of the Department of Public Safety or the commissioner's
 1059 designee;

1060 (4) one physician who is a member of the Physicians Licensing Board and is
 1061 designated by that board;

1062 (5) one pharmacist who is a member of the Utah State Board of Pharmacy and is
 1063 designated by that board;

1064 [~~(6) one dentist who is a member of the Dentist and Dental Hygienist Licensing Board~~
 1065 ~~and is designated by that board;]~~

1066 [~~(7) one physician who is currently licensed and practicing in the state, to be appointed~~
 1067 ~~by the governor;]~~

1068 [(8)] (6) one psychiatrist who is currently licensed and practicing in the state, to be
 1069 appointed by the governor;

1070 [(9)] (7) one individual with expertise in substance abuse addiction, to be appointed by
 1071 the governor;

1072 [(10)] (8) one representative from the Statewide Association of Prosecutors, to be
 1073 designated by that association;

1074 [~~(11) one naturopathic physician who is currently licensed and practicing in the state,~~
 1075 ~~to be appointed by the governor;]~~

1076 [(12)] (9) one advanced practice registered nurse who is currently licensed and
 1077 practicing in this state, to be appointed by the governor; [and]

1078 (10) two medical research professionals with expertise in controlled substances,
 1079 including one medical research professional who is affiliated with a research-based higher

1080 education institution;

1081 (11) one representative of the Utah Chiefs of Police Association; and

1082 [~~(13)~~] (12) one member of the public, to be appointed by the governor.

1083 Section 37. Section **58-38a-203** is amended to read:

1084 **58-38a-203. Duties of the committee.**

1085 (1) The committee serves as a consultative and advisory body to the Legislature

1086 regarding:

1087 (a) the movement of a controlled substance from one schedule or list to another;

1088 (b) the removal of a controlled substance from any schedule or list; [~~and~~]

1089 (c) the designation of a substance as a controlled substance and the placement of the

1090 substance in a designated schedule or list[-]; and

1091 (d) the designation of a medical condition as a qualified illness for treatment using

1092 cannabidiol as described in Subsection [58-38a-203.1\(1\)](#).

1093 (2) On or before September 30 of each year, the committee shall submit to the Health

1094 and Human Services Interim Committee a written report:

1095 (a) describing any substances recommended by the committee for scheduling,

1096 rescheduling, listing, or deletion from the schedules or list by the Legislature; [~~and~~]

1097 (b) containing the report described in Subsection [58-38a-203.1\(1\)](#); and

1098 [~~(b)~~] (c) stating the reasons for the recommendation.

1099 (3) In advising the Legislature regarding the need to add, delete, relist, or reschedule a

1100 substance, the committee shall consider:

1101 (a) the actual or probable abuse of the substance, including:

1102 (i) the history and current pattern of abuse both in Utah and in other states;

1103 (ii) the scope, duration, and significance of abuse;

1104 (iii) the degree of actual or probable detriment to public health which may result from

1105 abuse of the substance; and

1106 (iv) the probable physical and social impact of widespread abuse of the substance;

1107 (b) the biomedical hazard of the substance, including:

1108 (i) its pharmacology, including the effects and modifiers of the effects of the substance;

1109 (ii) its toxicology, acute and chronic toxicity, interaction with other substances,

1110 whether controlled or not, and the degree to which it may cause psychological or physiological

1111 dependence; and

1112 (iii) the risk to public health and the particular susceptibility of segments of the
1113 population;

1114 (c) whether the substance is an immediate precursor, as defined in Section 58-37-2, of
1115 a substance that is currently a controlled substance;

1116 (d) the current state of scientific knowledge regarding the substance, including whether
1117 there is any acceptable means to safely use the substance under medical supervision;

1118 (e) the relationship between the use of the substance and criminal activity, including
1119 whether:

1120 (i) persons engaged in illicit trafficking of the substance are also engaged in other
1121 criminal activity;

1122 (ii) the nature and relative profitability of manufacturing or delivering the substance
1123 encourages illicit trafficking in the substance;

1124 (iii) the commission of other crimes is one of the recognized effects of abuse of the
1125 substance; and

1126 (iv) addiction to the substance relates to the commission of crimes to facilitate the
1127 continued use of the substance;

1128 (f) whether the substance has been scheduled by other states; and

1129 (g) whether the substance has any accepted medical use in treatment in the United
1130 States.

1131 (4) The committee's duties under this chapter do not include tobacco products as
1132 defined in Section 59-14-102 or alcoholic beverages as defined in Section 32B-1-102.

1133 Section 38. Section 58-38a-203.1 is enacted to read:

1134 **58-38a-203.1. Qualifying illness for treatment using medical cannabidiol --**

1135 **Committee duties -- Recommendation to Legislature.**

1136 (1) For the purposes of Title 26, Chapter 58, Medical Cannabidiol Act, the following
1137 conditions are considered a qualifying illness:

1138 (a) epilepsy;

1139 (b) nausea and vomiting during chemotherapy;

1140 (c) appetite stimulation caused by an HIV or AIDS infection;

1141 (d) muscle spasticity or a movement disorder; and

1142 (e) neuropathic pain conditions as follows:

1143 (i) complex regional pain syndrome;

1144 (ii) peripheral neuropathy caused by diabetes;

1145 (iii) post herpetic neuralgia;

1146 (iv) pain related to HIV;

1147 (v) pain related to cancer;

1148 (vi) pain occurring after and related to a stroke; and

1149 (vii) phantom limb pain.

1150 (2) On or before September 30 of each year, the committee shall:

1151 (a) review the list of conditions described in Subsection (1) to determine if, based on

1152 available medically relevant information, it is medically appropriate to add or remove a

1153 condition from the list; and

1154 (b) present the committee's recommendation to the Health and Human Services Interim
1155 Committee.

1156 Section 39. Section **58-67-807** is enacted to read:

1157 **58-67-807. Recommendation of cannabidiol -- Registration with division and**

1158 **Department of Health.**

1159 (1) A physician may recommend the use of cannabidiol to a patient in accordance with

1160 Title 26, Chapter 58, Medical Cannabidiol Act, if the physician:

1161 (a) registers with the division and the Department of Health as a physician who

1162 recommends cannabidiol; and

1163 (b) completes the training required under Subsection (3).

1164 (2) A physician who recommends cannabidiol shall:

1165 (a) recommend cannabidiol to 100 patients or fewer;

1166 (b) consult the controlled substance database before recommending cannabidiol to a
1167 patient to determine if the patient is abusing cannabidiol;

1168 (c) report an adverse event experienced by a patient related to the patient's medical
1169 cannabidiol use to the Department of Health; and

1170 (d) report other data on cannabidiol required by Title 26, Chapter 58, Medical
1171 Cannabidiol Act.

1172 (3) (a) The division shall establish by rule made in accordance with Title 63G, Chapter

1173 3, Utah Administrative Rulemaking Act, training requirements for a physician that
1174 recommends cannabidiol.

1175 (b) The division shall include, in the training requirements the division establishes
1176 under Subsection (3)(a), training on using caution when recommending cannabidiol to avoid
1177 patient cannabidiol abuse.

1178 (4) It is not a breach of the applicable standard of care for a physician to recommend
1179 treatment with cannabidiol to an individual under this section and Title 26, Chapter 58,
1180 Medical Cannabidiol Act.

1181 (5) A physician who recommends treatment with cannabidiol or a cannabidiol product
1182 to an individual under this section and Title 26, Chapter 58, Medical Cannabidiol Act, may not,
1183 solely based on that recommendation, be subject to:

1184 (a) civil liability;

1185 (b) criminal liability; or

1186 (c) licensure sanctions under this chapter.

1187 Section 40. Section **58-68-807** is enacted to read:

1188 **58-68-807. Recommendation of cannabidiol -- Registration with division and**
1189 **Department of Health.**

1190 (1) A physician may recommend the use of cannabidiol to a patient in accordance with
1191 Title 26, Chapter 58, Medical Cannabidiol Act, if the physician:

1192 (a) registers with the division and the Department of Health as a physician who
1193 recommends cannabidiol; and

1194 (b) completes the training required under Subsection (3).

1195 (2) A physician who recommends cannabidiol shall:

1196 (a) recommend cannabidiol to 100 patients or fewer;

1197 (b) consult the controlled substance database before recommending cannabidiol to a
1198 patient to determine if the patient is abusing cannabidiol;

1199 (c) report an adverse event experienced by a patient related to the patient's medical
1200 cannabidiol use to the Department of Health; and

1201 (d) report other data on cannabidiol required by Title 26, Chapter 58, Medical
1202 Cannabidiol Act.

1203 (3) (a) The division shall establish by rule made in accordance with Title 63G, Chapter

1204 3, Utah Administrative Rulemaking Act, training requirements for a physician that
1205 recommends cannabidiol.

1206 (b) The division shall include, in the training requirements the division establishes
1207 under Subsection (3)(a), training on using caution when recommending cannabidiol to avoid
1208 patient cannabidiol abuse.

1209 (4) It is not a breach of the applicable standard of care for a physician to recommend
1210 treatment with cannabidiol to an individual under this section and Title 26, Chapter 58,
1211 Medical Cannabidiol Act.

1212 (5) A physician who recommends treatment with cannabidiol or a cannabidiol product
1213 to an individual under this section and Title 26, Chapter 58, Medical Cannabidiol Act, may not,
1214 solely based on that recommendation, be subject to:

1215 (a) civil liability;

1216 (b) criminal liability; or

1217 (c) licensure sanctions under this chapter.

1218 Section 41. Section **58-86-101** is enacted to read:

1219 **CHAPTER 86. CANNABIDIOL DISPENSARY LICENSE**

1220 **Part 1. General Provisions**

1221 **58-86-101. Title.**

1222 This chapter is known as "Cannabidiol Dispensary License."

1223 Section 42. Section **58-86-102** is enacted to read:

1224 **58-86-102. Definitions.**

1225 As used in this chapter:

1226 (1) "Cannabidiol" means the same as that term is defined in Section [58-37-3.6](#).

1227 (2) "Cannabidiol cultivation facility" means the same as that term is defined in Section
1228 [4-42-102](#).

1229 (3) "Cannabidiol dispensary" means a person that:

1230 (a) sells cannabidiol; or

1231 (b) purchases or possesses cannabidiol with the intent to sell cannabidiol.

1232 (4) "Cannabidiol dispensary agent" means an owner, officer, director, board member,
1233 shareholder, agent, employee or volunteer of a cannabidiol dispensary.

1234 (5) "Cannabidiol dispensary agent registration card" means a registration card, issued

1235 by the division under Section 58-85-301, that authorizes an individual to be a cannabidiol
1236 dispensary agent.

1237 (6) "Cannabidiol production establishment" means the same as that term is defined in
1238 Section 4-42-102.

1239 (7) "Cannabidiol production establishment agent" means the same as that term is
1240 defined in Section 4-42-102.

1241 (8) "Cannabidiol production establishment agent registration card" means the same as
1242 that term is defined in Section 4-42-102.

1243 (9) "Cannabis" means the same as that term is defined in Section 58-37-3.6.

1244 (10) "Designated caregiver" means the same as that term is defined in Section
1245 26-58-102.

1246 (11) "Electronic verification system" means the system described in Section 26-58-104.

1247 (12) "Independent cannabidiol testing laboratory" means the same as that term is
1248 defined in Section 4-42-102.

1249 (13) "Inventory control system" means the system described in Section 4-42-103.

1250 (14) "Medical cannabidiol card" means the same as that term is defined in Section
1251 26-58-102.

1252 (15) "Physician" means the same as that term is defined in Section 26-58-102.

1253 Section 43. Section 58-86-201 is enacted to read:

1254 **Part 2. License and Eligibility**

1255 **58-86-201. Cannabidiol dispensary -- License -- Eligibility.**

1256 (1) A person may not operate as a cannabidiol dispensary without a license from the
1257 division issued under this part.

1258 (2) Subject to the requirements of this part, the division shall, within 30 business days
1259 after receiving a complete application, issue a license to operate a cannabidiol dispensary to a
1260 person who submits to the division:

1261 (a) a proposed name, address, and physical location where the person will operate the
1262 cannabidiol dispensary;

1263 (b) evidence that the person:

1264 (i) possesses or controls a minimum of \$50,000 in liquid assets for each application
1265 submitted to the division;

1266 (ii) can comply with the operating requirements for a cannabidiol dispensary described
1267 in this chapter;

1268 (iii) will implement an inventory control system at the cannabidiol dispensary; and

1269 (iv) can obtain a business license and meet zoning requirements established by a
1270 political subdivision;

1271 (c) an application fee, in an amount determined by the division in accordance with
1272 Section [63J-1-504](#), that is necessary to cover the division's cost to implement this part; and

1273 (d) an operating plan that complies with Section [58-86-203](#).

1274 (3) If the division determines that a cannabidiol dispensary is eligible for a license
1275 under this section, the division shall charge the cannabidiol dispensary an initial license fee in
1276 an amount determined by the division in accordance with Section [63J-1-504](#).

1277 (4) The division may revoke a license under this chapter if the cannabidiol dispensary
1278 is not operational within one year of the issuance of the initial license.

1279 Section 44. Section **58-86-202** is enacted to read:

1280 **58-86-202. Renewal.**

1281 (1) Except as provided in Subsection (3), the division shall renew a person's license
1282 under this part every two years if, at the time of renewal:

1283 (a) the person meets the requirements of Section [58-86-201](#); and

1284 (b) the person pays the division a license renewal fee in an amount determined by the
1285 division in accordance with Section [63J-1-504](#).

1286 (2) (a) The division may not renew a cannabidiol dispensary's license for a sixth
1287 consecutive time unless the division publishes a notice, in a newspaper of general circulation
1288 for the geographic area in which the cannabidiol dispensary is located, one year before the day
1289 on which the cannabidiol dispensary's license expires, that includes:

1290 (i) the name and location of the cannabidiol dispensary;

1291 (ii) the day on which the license for the cannabidiol dispensary will expire; and

1292 (iii) a solicitation for cannabidiol dispensary license applicants.

1293 (b) If, after the division publishes the notice described in Subsection (2)(a), the division
1294 receives an application for a cannabidiol dispensary from a new applicant and also receives an
1295 application for renewal from the existing cannabidiol dispensary, the division shall issue the
1296 license to the applicant that the division determines best meets the criteria established in

1297 Section 58-86-204.

1298 (3) (a) If a licensed cannabidiol dispensary abandons the cannabidiol dispensary's
1299 license, the division shall publish notice of an available license in the same manner as
1300 described in Subsection (2)(a).

1301 (b) The division may establish criteria, in accordance with Title 63G, Chapter 3, Utah
1302 Administrative Rulemaking Act, for what actions by a cannabidiol dispensary constitute
1303 abandonment of a cannabidiol dispensary license.

1304 Section 45. Section **58-86-203** is enacted to read:

1305 **58-86-203. Operating plan.**

1306 (1) A person applying for a cannabidiol dispensary license shall submit to the division
1307 a proposed operating plan for the cannabidiol dispensary.

1308 (2) The operating plan described in Subsection (1) shall include:

1309 (a) a description of the cannabidiol dispensary's employee training standards;

1310 (b) a security plan for the cannabidiol dispensary;

1311 (c) the time period in which the person estimates the cannabidiol dispensary will
1312 become operational; and

1313 (d) the products, and anticipated sources of the products, that a cannabidiol dispensary
1314 plans to sell.

1315 Section 46. Section **58-86-204** is enacted to read:

1316 **58-86-204. Maximum number of licenses.**

1317 (1) The division may not issue more than five cannabidiol dispensary licenses at any
1318 given time.

1319 (2) If more than one applicant for a license meets the qualifications of this chapter for a
1320 cannabidiol dispensary, the division shall evaluate the applicants to determine which applicant
1321 has best demonstrated:

1322 (a) experience with:

1323 (i) establishing and running a business in a related field;

1324 (ii) operating a secure inventory control system;

1325 (iii) complying with a regulatory environment; and

1326 (iv) training, evaluating, and monitoring employees; and

1327 (b) connections to the local community.

1328 Section 47. Section **58-86-301** is enacted to read:

1329 **Part 3. Cannabidiol Dispensary Agents**

1330 **58-86-301. Cannabidiol dispensary agent -- Registration.**

1331 (1) An individual may not act as an owner, officer, director, board member,
1332 shareholder, agent, or employee of a cannabidiol dispensary unless the individual is registered
1333 by the division as a cannabidiol dispensary agent.

1334 (2) A physician may not act as a cannabidiol dispensary agent.

1335 (3) The division shall, within 15 business days after receiving a complete application,
1336 register and issue a cannabidiol dispensary agent registration card to an individual who:

1337 (a) has not been convicted of an offense that is a felony under either state or federal
1338 law;

1339 (b) provides to the division:

1340 (i) the individual's name and address; and

1341 (ii) the name and location of the licensed cannabidiol dispensary where the individual
1342 will act as a cannabidiol dispensary agent;

1343 (c) pays a registration fee to the division, in an amount determined by the division in
1344 accordance with Section [63J-1-504](#), that is necessary to cover the division's cost to implement
1345 this chapter;

1346 (d) complies with the requirement for, and passes, a criminal background check
1347 described in Section [58-86-302](#); and

1348 (e) demonstrates to the division that the individual has completed a training program
1349 designated by the division under Subsection (4).

1350 (4) The division shall establish cannabidiol dispensary agent training requirements by
1351 rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

1352 (5) The division shall revoke the cannabidiol dispensary agent registration card of an
1353 individual who:

1354 (a) violates the requirements of this chapter; or

1355 (b) is convicted of an offense that is a felony under state or federal law.

1356 Section 48. Section **58-86-302** is enacted to read:

1357 **58-86-302. Cannabidiol dispensary agents -- Criminal background checks.**

1358 (1) An individual applying for a cannabidiol dispensary agent registration card under

1359 this chapter shall:

1360 (a) submit to the division:

1361 (i) a fingerprint card in a form acceptable to the Department of Public Safety; and

1362 (ii) a signed waiver in accordance with Section 53-10-108(4) indicating that the
1363 individual's fingerprints are being registered in the Federal Bureau of Investigation's Next
1364 Generation Identification system's Rap Back Service; and

1365 (b) consent to a fingerprint background check by:

1366 (i) the Utah Bureau of Criminal Identification; and

1367 (ii) The Federal Bureau of Investigation.

1368 (2) The Bureau of Criminal Identification shall:

1369 (a) check the fingerprints submitted under Subsection (2) against the applicable state,
1370 regional and national criminal records databases, including the Federal Bureau of
1371 Investigation's Next Generation Identification system;

1372 (b) report the results of the background check to the department;

1373 (c) maintain a separate file of fingerprints submitted under Subsection (2) for search by
1374 future submissions to the local and regional criminal records databases, including latent prints;

1375 (d) request that the fingerprints be retained in the Federal Bureau of Investigation's
1376 Next Generation Identification system's Rap Back Service for search by future submissions to
1377 national criminal records databases, including the Next Generation Identification system and
1378 latent prints; and

1379 (e) establish a privacy risk mitigation strategy to ensure that the entity only receives
1380 notifications for an individual with whom the entity maintains an authorizing relationship.

1381 (4) The division shall:

1382 (a) assess an individual who submits fingerprints in accordance with this section a fee
1383 that the Bureau of Criminal Identification is authorized to collect for the services the Bureau of
1384 Criminal Identification or other authorized agency provides under this section; and

1385 (b) remit a fee collected under Subsection (4)(a) to the Bureau of Criminal
1386 Identification.

1387 Section 49. Section **58-86-303** is enacted to read:

1388 **58-86-303. Cannabidiol dispensary agent registration card -- Rebuttable**
1389 **presumption.**

1390 (1) An individual who has a cannabidiol dispensary agent registration card shall carry
1391 the individual's cannabidiol dispensary agent registration card with the individual at all times
1392 when:

1393 (a) the individual is on the premises of a cannabidiol dispensary; and

1394 (b) the individual is transporting cannabis or cannabidiol between two cannabidiol
1395 production establishments or between a cannabidiol production establishment and a
1396 cannabidiol dispensary.

1397 (2) If an individual handling cannabis or cannabidiol at a cannabidiol dispensary, or
1398 transporting cannabis or cannabidiol, possesses the cannabis or cannabidiol in compliance with
1399 Subsection (1):

1400 (a) there is a rebuttable presumption that the individual possesses the cannabis or
1401 cannabidiol legally; and

1402 (b) a law enforcement officer does not have probable cause to believe, based solely on
1403 the individual's possession of the cannabis or cannabidiol in compliance with Subsection (1),
1404 that the individual is engaging in illegal activity.

1405 (3) An individual who violates Subsection (1) is:

1406 (a) guilty of an infraction; and

1407 (b) subject to a \$100 fine.

1408 Section 50. Section **58-86-401** is enacted to read:

1409 **Part 4. Cannabidiol Dispensary Operation Requirements**

1410 **58-86-401. Operating requirements -- General.**

1411 (1) (a) A cannabidiol dispensary shall operate in accordance with the operating plan
1412 that the cannabidiol dispensary provides to the department under Section [58-86-203](#).

1413 (b) A cannabidiol dispensary shall notify the department within 30 days of any change
1414 in the cannabidiol dispensary's operation plan.

1415 (2) Except as provided in Subsection (3), a cannabidiol dispensary shall operate:

1416 (a) in a facility that is accessible only by an individual with a valid cannabidiol
1417 dispensary agent registration card issued under Section [58-86-301](#); and

1418 (b) at the physical address provided to the department under Section [58-86-201](#).

1419 (3) A cannabidiol production facility may allow the press, a visitor, or a contractor
1420 access to the cannabidiol dispensary if:

1421 (a) the cannabidiol production facility tracks and monitors the individual at all times
1422 while the individual is in the cannabidiol dispensary; and

1423 (b) a record of the individual's access to the cannabidiol dispensary is maintained by
1424 the cannabidiol dispensary.

1425 (4) A cannabidiol dispensary may not operate without:

1426 (a) a security system with a backup power source in the event of a power outage to:

1427 (i) detect and record entry at all times the cannabidiol dispensary is closed; and

1428 (ii) provide notice of unauthorized entry to local law enforcement;

1429 (b) a lock on any entrance to the area of the cannabidiol dispensary where medical
1430 cannabis is stored; and

1431 (c) an inventory control system that complies with Section [4-42-104](#).

1432 (5) Except as provided in Subsection (6), a physician may not:

1433 (a) serve as a cannabidiol dispensary agent;

1434 (b) except online, advertise that the physician may or will recommend cannabidiol.

1435 (6) (a) A cannabidiol dispensary shall employ an individual licensed as a pharmacist
1436 under Title 58, Chapter 17b, Pharmacy Practice Act, to act as a consultant.

1437 (b) The individual described in Subsection (6)(a) shall:

1438 (i) review the records of each individual with a medical cannabidiol card who
1439 purchases cannabidiol from the cannabidiol dispensary; and

1440 (ii) answer questions for an individual with a medical cannabidiol card.

1441 (7) A cannabidiol dispensary may not allow any individual to consume cannabidiol on
1442 the property or premises of the establishment.

1443 (8) A cannabidiol dispensary may not sell cannabidiol before January 1, 2017.

1444 Section 51. Section **58-86-402** is enacted to read:

1445 **58-86-402. Dispensing -- Amount a cannabidiol dispensary may dispense --**
1446 **Reporting -- Form of cannabis or cannabis product.**

1447 (1) A cannabidiol dispensary may only sell, subject to this chapter:

1448 (a) cannabidiol; or

1449 (b) educational materials related to the medical use of cannabidiol.

1450 (2) A cannabidiol dispensary may only sell cannabidiol to an individual with a medical
1451 cannabidiol card issued by the department.

1452 (3) A cannabidiol dispensary may not dispense on behalf of any one individual with a
1453 medical cannabidiol card, in any one 30-day period, an amount of cannabidiol that exceeds a
1454 30-day supply of the dosage recommended by the individual's physician.

1455 (4) An individual with a medical cannabidiol card may not purchase more cannabidiol
1456 than the amounts designated in Subsection (3).

1457 (5) A designated caregiver designated by any one individual with a medical
1458 cannabidiol card may not purchase, for the individual, an amount of cannabidiol that exceeds
1459 the amounts designated in Subsection (3).

1460 (6) A cannabidiol dispensary shall:

1461 (a) submit a record to the electronic verification system of each time the cannabidiol
1462 dispensary dispenses cannabidiol to an individual with a medical cannabidiol card;

1463 (b) access the electronic verification system before dispensing cannabidiol to an
1464 individual with a medical cannabis card in order to determine if the individual has exceeded the
1465 amount of cannabis or cannabis products described in Subsection (3); and

1466 (c) comply with Section [58-37f-204](#).

1467 Section 52. Section **58-86-403** is enacted to read:

1468 **58-86-403. Product quality -- Labeling -- Packaging.**

1469 (1) A cannabidiol dispensary may not sell or offer to sell cannabidiol unless:

1470 (a) the amount of cannabidiol is clearly and accurately stated on the cannabidiol
1471 packaging; and

1472 (b) the cannabidiol is sealed in a tamper resistant, resealable container with a label that
1473 includes a bar code or identification number that links the cannabidiol to the cannabidiol
1474 dispensary's inventory control system.

1475 (2) A cannabidiol dispensary may only sell cannabidiol that has been inspected by an
1476 independent cannabidiol testing laboratory in accordance with Section [4-42-502](#).

1477 Section 53. Section **58-86-404** is enacted to read:

1478 **58-86-404. Advertising.**

1479 (1) Except as provided in Subsection (2), a cannabidiol dispensary may not advertise in
1480 any medium.

1481 (2) A cannabidiol dispensary may advertise using a:

1482 (a) sign on the outside of the cannabidiol dispensary that includes only the cannabidiol

1483 dispensary's name and hours of operation; and

1484 (b) a website that includes information about the location of the dispensary, products
1485 and services available at the dispensary, and educational materials related to the use of
1486 cannabidiol.

1487 Section 54. Section **58-86-405** is enacted to read:

1488 **58-86-405. Inspections.**

1489 (1) The division shall inspect, in accordance with Subsection (2), a cannabidiol
1490 dispensary's facility and records in order to determine if the cannabidiol dispensary complies
1491 with the requirements of this chapter.

1492 (2) The division may inspect the records and facility of a cannabidiol dispensary:

1493 (a) as many as four times per year, scheduled or unscheduled; and

1494 (b) if the division has reason to believe that the cannabidiol dispensary has violated the
1495 law, at any time, scheduled or unscheduled.

1496 Section 55. Section **58-86-406** is enacted to read:

1497 **58-86-406. Cannabidiol transportation.**

1498 (1) An individual may not transport cannabidiol unless the individual has a valid:

1499 (a) cannabidiol production establishment agent registration card; or

1500 (b) cannabidiol dispensary agent registration card.

1501 (2) An individual transporting cannabidiol shall keep a transportation record that
1502 includes:

1503 (a) a bar code or identification number that links the cannabidiol to a relevant inventory
1504 control system;

1505 (b) origin and destination information for any cannabidiol the individual is
1506 transporting; and

1507 (c) monitors the departure and arrival time of the individual transporting the
1508 cannabidiol.

1509 (3) In addition to the requirements in Subsections (1) and (2), the Department of
1510 Agriculture and Food may establish, by rule made in accordance with Title 63G, Chapter 3,
1511 Utah Administrative Rulemaking Act, requirements for transporting cannabidiol related to
1512 human consumption safety.

1513 (4) An individual who transports cannabis or cannabidiol without a record that

1514 complies with Subsection (2) is:

1515 (a) guilty of an infraction; and

1516 (b) subject to a \$100 fine.

1517 Section 56. Section **58-86-501** is enacted to read:

1518 **Part 5. Enforcement**

1519 **58-86-501. Enforcement -- Fine -- Citation.**

1520 (1) The division may, for a violation of this chapter by a person who is a cannabidiol
1521 dispensary or cannabidiol dispensary agent:

1522 (a) revoke the person's license;

1523 (b) refuse to renew the person's license;

1524 (c) assess the person an administrative penalty; or

1525 (d) take any other appropriate administrative action.

1526 (2) The division shall deposit an administrative penalty imposed under this section in
1527 the General Fund as a dedicated credit to be used by the division to administer and enforce this
1528 chapter.

1529 (3) The division may, for a person subject to an uncontested citation, a stipulated
1530 settlement, or a finding of a violation in an adjudicative proceeding under this section:

1531 (a) assess the person a fine, established in accordance with Section [63J-1-504](#), of up to
1532 \$5,000 per violation, in accordance with a fine schedule established by rule made in accordance
1533 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or

1534 (b) order the person to cease and desist from the action that creates a violation.

1535 (4) The division may not revoke a cannabidiol dispensary's license via a citation.

1536 (5) If within 20 calendar days after the day on which a division serves a citation for a
1537 violation of this chapter, the person that is the subject of the citation fails to request a hearing
1538 to contest the citation, the citation becomes the division's final order.

1539 (6) The division may, for a person who fails to comply with a citation under this
1540 section:

1541 (a) refuse to issue or renew the person's license or cannabidiol dispensary agent
1542 registration card; or

1543 (b) suspend, revoke, or place on probation the person's license or cannabidiol
1544 dispensary agent registration card.

1545 (7) If the division makes a final determination under this section that an individual
1546 violated a provision of this chapter, the individual is guilty of an infraction.

1547 Section 57. Section **59-12-103** is amended to read:

1548 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
1549 **tax revenues.**

1550 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or
1551 charged for the following transactions:

1552 (a) retail sales of tangible personal property made within the state;

1553 (b) amounts paid for:

1554 (i) telecommunications service, other than mobile telecommunications service, that
1555 originates and terminates within the boundaries of this state;

1556 (ii) mobile telecommunications service that originates and terminates within the
1557 boundaries of one state only to the extent permitted by the Mobile Telecommunications
1558 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

1559 (iii) an ancillary service associated with a:

1560 (A) telecommunications service described in Subsection (1)(b)(i); or

1561 (B) mobile telecommunications service described in Subsection (1)(b)(ii);

1562 (c) sales of the following for commercial use:

1563 (i) gas;

1564 (ii) electricity;

1565 (iii) heat;

1566 (iv) coal;

1567 (v) fuel oil; or

1568 (vi) other fuels;

1569 (d) sales of the following for residential use:

1570 (i) gas;

1571 (ii) electricity;

1572 (iii) heat;

1573 (iv) coal;

1574 (v) fuel oil; or

1575 (vi) other fuels;

- 1576 (e) sales of prepared food;
- 1577 (f) except as provided in Section 59-12-104, amounts paid or charged as admission or
- 1578 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
- 1579 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
- 1580 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit
- 1581 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
- 1582 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
- 1583 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
- 1584 horseback rides, sports activities, or any other amusement, entertainment, recreation,
- 1585 exhibition, cultural, or athletic activity;
- 1586 (g) amounts paid or charged for services for repairs or renovations of tangible personal
- 1587 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:
- 1588 (i) the tangible personal property; and
- 1589 (ii) parts used in the repairs or renovations of the tangible personal property described
- 1590 in Subsection (1)(g)(i), regardless of whether:
- 1591 (A) any parts are actually used in the repairs or renovations of that tangible personal
- 1592 property; or
- 1593 (B) the particular parts used in the repairs or renovations of that tangible personal
- 1594 property are exempt from a tax under this chapter;
- 1595 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
- 1596 assisted cleaning or washing of tangible personal property;
- 1597 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
- 1598 accommodations and services that are regularly rented for less than 30 consecutive days;
- 1599 (j) amounts paid or charged for laundry or dry cleaning services;
- 1600 (k) amounts paid or charged for leases or rentals of tangible personal property if within
- 1601 this state the tangible personal property is:
- 1602 (i) stored;
- 1603 (ii) used; or
- 1604 (iii) otherwise consumed;
- 1605 (l) amounts paid or charged for tangible personal property if within this state the
- 1606 tangible personal property is:

- 1607 (i) stored;
- 1608 (ii) used; or
- 1609 (iii) consumed; [~~and~~]
- 1610 (m) amounts paid or charged for a sale:
- 1611 (i) (A) of a product transferred electronically; or
- 1612 (B) of a repair or renovation of a product transferred electronically; and
- 1613 (ii) regardless of whether the sale provides:
- 1614 (A) a right of permanent use of the product; or
- 1615 (B) a right to use the product that is less than a permanent use, including a right:
- 1616 (I) for a definite or specified length of time; and
- 1617 (II) that terminates upon the occurrence of a condition[-]; and
- 1618 (n) retail sales of cannabidiol as that term is defined in Section [58-37-3.6](#).
- 1619 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
- 1620 is imposed on a transaction described in Subsection (1) equal to the sum of:
- 1621 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
- 1622 (A) 4.70%; and
- 1623 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
- 1624 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 1625 through [59-12-215](#) is in a county in which the state imposes the tax under Part 18, Additional
- 1626 State Sales and Use Tax Act; and
- 1627 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
- 1628 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
- 1629 through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which the state
- 1630 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
- 1631 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 1632 transaction under this chapter other than this part.
- 1633 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
- 1634 on a transaction described in Subsection (1)(d) equal to the sum of:
- 1635 (i) a state tax imposed on the transaction at a tax rate of 2%; and
- 1636 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
- 1637 transaction under this chapter other than this part.

1638 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
1639 on amounts paid or charged for food and food ingredients equal to the sum of:

1640 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
1641 a tax rate of 1.75%; and

1642 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
1643 amounts paid or charged for food and food ingredients under this chapter other than this part.

1644 (d) (i) For a bundled transaction that is attributable to food and food ingredients and
1645 tangible personal property other than food and food ingredients, a state tax and a local tax is
1646 imposed on the entire bundled transaction equal to the sum of:

1647 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

1648 (I) the tax rate described in Subsection (2)(a)(i)(A); and

1649 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
1650 Sales and Use Tax Act, if the location of the transaction as determined under Sections
1651 [59-12-211](#) through [59-12-215](#) is in a county in which the state imposes the tax under Part 18,
1652 Additional State Sales and Use Tax Act; and

1653 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
1654 Sales and Use Tax Act, if the location of the transaction as determined under Sections
1655 [59-12-211](#) through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which
1656 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

1657 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
1658 described in Subsection (2)(a)(ii).

1659 (ii) If an optional computer software maintenance contract is a bundled transaction that
1660 consists of taxable and nontaxable products that are not separately itemized on an invoice or
1661 similar billing document, the purchase of the optional computer software maintenance contract
1662 is 40% taxable under this chapter and 60% nontaxable under this chapter.

1663 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled
1664 transaction described in Subsection (2)(d)(i) or (ii):

1665 (A) if the sales price of the bundled transaction is attributable to tangible personal
1666 property, a product, or a service that is subject to taxation under this chapter and tangible
1667 personal property, a product, or service that is not subject to taxation under this chapter, the
1668 entire bundled transaction is subject to taxation under this chapter unless:

1669 (I) the seller is able to identify by reasonable and verifiable standards the tangible
1670 personal property, product, or service that is not subject to taxation under this chapter from the
1671 books and records the seller keeps in the seller's regular course of business; or

1672 (II) state or federal law provides otherwise; or

1673 (B) if the sales price of a bundled transaction is attributable to two or more items of
1674 tangible personal property, products, or services that are subject to taxation under this chapter
1675 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
1676 higher tax rate unless:

1677 (I) the seller is able to identify by reasonable and verifiable standards the tangible
1678 personal property, product, or service that is subject to taxation under this chapter at the lower
1679 tax rate from the books and records the seller keeps in the seller's regular course of business; or

1680 (II) state or federal law provides otherwise.

1681 (iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the
1682 seller's regular course of business includes books and records the seller keeps in the regular
1683 course of business for nontax purposes.

1684 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)
1685 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
1686 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
1687 of tangible personal property, other property, a product, or a service that is not subject to
1688 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
1689 the seller, at the time of the transaction:

1690 (A) separately states the portion of the transaction that is not subject to taxation under
1691 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

1692 (B) is able to identify by reasonable and verifiable standards, from the books and
1693 records the seller keeps in the seller's regular course of business, the portion of the transaction
1694 that is not subject to taxation under this chapter.

1695 (ii) A purchaser and a seller may correct the taxability of a transaction if:

1696 (A) after the transaction occurs, the purchaser and the seller discover that the portion of
1697 the transaction that is not subject to taxation under this chapter was not separately stated on an
1698 invoice, bill of sale, or similar document provided to the purchaser because of an error or
1699 ignorance of the law; and

1700 (B) the seller is able to identify by reasonable and verifiable standards, from the books
1701 and records the seller keeps in the seller's regular course of business, the portion of the
1702 transaction that is not subject to taxation under this chapter.

1703 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps
1704 in the seller's regular course of business includes books and records the seller keeps in the
1705 regular course of business for nontax purposes.

1706 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible
1707 personal property, products, or services that are subject to taxation under this chapter at
1708 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate
1709 unless the seller, at the time of the transaction:

1710 (A) separately states the items subject to taxation under this chapter at each of the
1711 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

1712 (B) is able to identify by reasonable and verifiable standards the tangible personal
1713 property, product, or service that is subject to taxation under this chapter at the lower tax rate
1714 from the books and records the seller keeps in the seller's regular course of business.

1715 (ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the
1716 seller's regular course of business includes books and records the seller keeps in the regular
1717 course of business for nontax purposes.

1718 (g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax
1719 rate imposed under the following shall take effect on the first day of a calendar quarter:

1720 (i) Subsection (2)(a)(i)(A);

1721 (ii) Subsection (2)(b)(i);

1722 (iii) Subsection (2)(c)(i); or

1723 (iv) Subsection (2)(d)(i)(A)(I).

1724 (h) (i) A tax rate increase takes effect on the first day of the first billing period that
1725 begins on or after the effective date of the tax rate increase if the billing period for the
1726 transaction begins before the effective date of a tax rate increase imposed under:

1727 (A) Subsection (2)(a)(i)(A);

1728 (B) Subsection (2)(b)(i);

1729 (C) Subsection (2)(c)(i); or

1730 (D) Subsection (2)(d)(i)(A)(I).

1731 (ii) The repeal of a tax or a tax rate decrease applies to a billing
1732 statement for the billing period is rendered on or after the effective date of the repeal of the tax
1733 or the tax rate decrease imposed under:

- 1734 (A) Subsection (2)(a)(i)(A);
- 1735 (B) Subsection (2)(b)(i);
- 1736 (C) Subsection (2)(c)(i); or
- 1737 (D) Subsection (2)(d)(i)(A)(I).

1738 (i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is
1739 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
1740 change in a tax rate takes effect:

- 1741 (A) on the first day of a calendar quarter; and
- 1742 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

1743 (ii) Subsection (2)(i)(i) applies to the tax rates described in the following:

- 1744 (A) Subsection (2)(a)(i)(A);
- 1745 (B) Subsection (2)(b)(i);
- 1746 (C) Subsection (2)(c)(i); or
- 1747 (D) Subsection (2)(d)(i)(A)(I).

1748 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
1749 the commission may by rule define the term "catalogue sale."

1750 (3) (a) The following state taxes shall be deposited into the General Fund:

- 1751 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 1752 (ii) the tax imposed by Subsection (2)(b)(i);
- 1753 (iii) the tax imposed by Subsection (2)(c)(i); or
- 1754 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).

1755 (b) The following local taxes shall be distributed to a county, city, or town as provided
1756 in this chapter:

- 1757 (i) the tax imposed by Subsection (2)(a)(ii);
- 1758 (ii) the tax imposed by Subsection (2)(b)(ii);
- 1759 (iii) the tax imposed by Subsection (2)(c)(ii); and
- 1760 (iv) the tax imposed by Subsection (2)(d)(i)(B).

1761 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,

1762 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
1763 through (g):

1764 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:

1765 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and

1766 (B) for the fiscal year; or

1767 (ii) \$17,500,000.

1768 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount

1769 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the

1770 Department of Natural Resources to:

1771 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to

1772 protect sensitive plant and animal species; or

1773 (B) award grants, up to the amount authorized by the Legislature in an appropriations

1774 act, to political subdivisions of the state to implement the measures described in Subsections

1775 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

1776 (ii) Money transferred to the Department of Natural Resources under Subsection

1777 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other

1778 person to list or attempt to have listed a species as threatened or endangered under the

1779 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

1780 (iii) At the end of each fiscal year:

1781 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources

1782 Conservation and Development Fund created in Section 73-10-24;

1783 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan

1784 Program Subaccount created in Section 73-10c-5; and

1785 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan

1786 Program Subaccount created in Section 73-10c-5.

1787 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in

1788 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund

1789 created in Section 4-18-106.

1790 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described

1791 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water

1792 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of

- 1793 water rights.
- 1794 (ii) At the end of each fiscal year:
- 1795 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
- 1796 Conservation and Development Fund created in Section 73-10-24;
- 1797 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
- 1798 Program Subaccount created in Section 73-10c-5; and
- 1799 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
- 1800 Program Subaccount created in Section 73-10c-5.
- 1801 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
- 1802 in Subsection (4)(a) shall be deposited in the Water Resources Conservation and Development
- 1803 Fund created in Section 73-10-24 for use by the Division of Water Resources.
- 1804 (ii) In addition to the uses allowed of the Water Resources Conservation and
- 1805 Development Fund under Section 73-10-24, the Water Resources Conservation and
- 1806 Development Fund may also be used to:
- 1807 (A) conduct hydrologic and geotechnical investigations by the Division of Water
- 1808 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
- 1809 quantifying surface and ground water resources and describing the hydrologic systems of an
- 1810 area in sufficient detail so as to enable local and state resource managers to plan for and
- 1811 accommodate growth in water use without jeopardizing the resource;
- 1812 (B) fund state required dam safety improvements; and
- 1813 (C) protect the state's interest in interstate water compact allocations, including the
- 1814 hiring of technical and legal staff.
- 1815 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
- 1816 in Subsection (4)(a) shall be deposited in the Utah Wastewater Loan Program Subaccount
- 1817 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.
- 1818 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
- 1819 in Subsection (4)(a) shall be deposited in the Drinking Water Loan Program Subaccount
- 1820 created in Section 73-10c-5 for use by the Division of Drinking Water to:
- 1821 (i) provide for the installation and repair of collection, treatment, storage, and
- 1822 distribution facilities for any public water system, as defined in Section 19-4-102;
- 1823 (ii) develop underground sources of water, including springs and wells; and

1824 (iii) develop surface water sources.

1825 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
1826 2006, the difference between the following amounts shall be expended as provided in this
1827 Subsection (5), if that difference is greater than \$1:

1828 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
1829 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

1830 (ii) \$17,500,000.

1831 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

1832 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
1833 credits; and

1834 (B) expended by the Department of Natural Resources for watershed rehabilitation or
1835 restoration.

1836 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
1837 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
1838 created in Section 73-10-24.

1839 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
1840 remaining difference described in Subsection (5)(a) shall be:

1841 (A) transferred each fiscal year to the Division of Water Resources as dedicated
1842 credits; and

1843 (B) expended by the Division of Water Resources for cloud-seeding projects
1844 authorized by Title 73, Chapter 15, Modification of Weather.

1845 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
1846 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund
1847 created in Section 73-10-24.

1848 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the
1849 remaining difference described in Subsection (5)(a) shall be deposited into the Water
1850 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
1851 Division of Water Resources for:

1852 (i) preconstruction costs:

1853 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
1854 26, Bear River Development Act; and

1855 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
1856 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

1857 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
1858 Chapter 26, Bear River Development Act;

1859 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project
1860 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

1861 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, 73-10-30, and
1862 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

1863 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to
1864 Subsection (5)(f), 6% of the remaining difference described in Subsection (5)(a) shall be
1865 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
1866 incurred for employing additional technical staff for the administration of water rights.

1867 (f) At the end of each fiscal year, any unexpended dedicated credits described in
1868 Subsection (5)(e) over \$150,000 lapse to the Water Resources Conservation and Development
1869 Fund created in Section 73-10-24.

1870 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
1871 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%
1872 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited in
1873 the Transportation Fund created by Section 72-2-102.

1874 (7) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of
1875 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section
1876 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
1877 by a 1/64% tax rate on the taxable transactions under Subsection (1).

1878 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
1879 Subsection (7), and subject to Subsection (8)(b), for a fiscal year beginning on or after July 1,
1880 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
1881 created by Section 72-2-124:

1882 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of
1883 the revenues collected from the following taxes, which represents a portion of the
1884 approximately 17% of sales and use tax revenues generated annually by the sales and use tax
1885 on vehicles and vehicle-related products:

1886 (A) the tax imposed by Subsection (2)(a)(i)(A);
1887 (B) the tax imposed by Subsection (2)(b)(i);
1888 (C) the tax imposed by Subsection (2)(c)(i); and
1889 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus
1890 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the
1891 current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through
1892 (D) that exceeds the amount collected from the sales and use taxes described in Subsections
1893 (8)(a)(i)(A) through (D) in the 2010-11 fiscal year.

1894 (b) (i) Subject to Subsections (8)(b)(ii) and (iii), in any fiscal year that the portion of
1895 the sales and use taxes deposited under Subsection (8)(a) represents an amount that is a total
1896 lower percentage of the sales and use taxes described in Subsections (8)(a)(i)(A) through (D)
1897 generated in the current fiscal year than the total percentage of sales and use taxes deposited in
1898 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection
1899 (8)(a) equal to the product of:

1900 (A) the total percentage of sales and use taxes deposited under Subsection (8)(a) in the
1901 previous fiscal year; and
1902 (B) the total sales and use tax revenue generated by the taxes described in Subsections
1903 (8)(a)(i)(A) through (D) in the current fiscal year.

1904 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
1905 Subsection (8)(a) would exceed 17% of the revenues collected from the sales and use taxes
1906 described in Subsections (8)(a)(i)(A) through (D) in the current fiscal year, the Division of
1907 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in
1908 Subsections (8)(a)(i)(A) through (D) for the current fiscal year under Subsection (8)(a).

1909 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected
1910 from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) was deposited
1911 under Subsection (8)(a), the Division of Finance shall annually deposit 17% of the revenues
1912 collected from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) in the
1913 current fiscal year under Subsection (8)(a).

1914 (9) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
1915 Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2012, the Division of
1916 Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes listed under

1917 Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section
1918 72-2-124.

1919 (10) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
1920 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
1921 created by Section 35A-8-1009 and expended as provided in Section 35A-8-1009.

1922 (11) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (11)(b),
1923 and in addition to any amounts deposited under Subsections (7), (8), and (9), beginning on July
1924 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
1925 created by Section 72-2-124 the amount of tax revenue generated by a .025% tax rate on the
1926 transactions described in Subsection (1).

1927 (b) For purposes of Subsection (11)(a), the Division of Finance may not deposit into
1928 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or
1929 charged for food and food ingredients, except for tax revenue generated by a bundled
1930 transaction attributable to food and food ingredients and tangible personal property other than
1931 food and food ingredients described in Subsection (2)(d).

1932 (12) (a) Notwithstanding Subsection (3)(a), and except as provided in Subsection
1933 (12)(b), beginning on January 1, 2009, the Division of Finance shall deposit into the
1934 Transportation Fund created by Section 72-2-102 the amount of tax revenue generated by a
1935 .025% tax rate on the transactions described in Subsection (1) to be expended to address
1936 chokepoints in construction management.

1937 (b) For purposes of Subsection (12)(a), the Division of Finance may not deposit into
1938 the Transportation Fund any tax revenue generated by amounts paid or charged for food and
1939 food ingredients, except for tax revenue generated by a bundled transaction attributable to food
1940 and food ingredients and tangible personal property other than food and food ingredients
1941 described in Subsection (2)(d).

1942 (13) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
1943 fiscal year during which the Division of Finance receives notice under Subsection
1944 63N-2-510[~~(3)~~](2) that construction on a qualified hotel, as defined in Section 63N-2-502, has
1945 begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit
1946 \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel
1947 Impact Mitigation Fund, created in Section 63N-2-512.

1948 (14) Notwithstanding Subsections (4) through (13), an amount required to be expended
1949 or deposited in accordance with Subsections (4) through (13) may not include an amount the
1950 Division of Finance deposits in accordance with Section [59-12-103.2](#).

1951 Section 58. Section **63I-1-258** is amended to read:

1952 **63I-1-258. Repeal dates, Title 58.**

1953 (1) Title 58, Chapter 13, Health Care Providers Immunity from Liability Act, is
1954 repealed July 1, 2026.

1955 (2) Title 58, Chapter 15, Health Facility Administrator Act, is repealed July 1, 2025.

1956 (3) Title 58, Chapter 20a, Environmental Health Scientist Act, is repealed July 1, 2018.

1957 (4) Section [58-37-4.3](#) is repealed July 1, 2016.

1958 (5) Section [58-38a-203.1](#) is repealed July 1, 2017.

1959 [~~(5)~~] (6) Title 58, Chapter 40, Recreational Therapy Practice Act, is repealed July 1,
1960 2023.

1961 [~~(6)~~] (7) Title 58, Chapter 41, Speech-Language Pathology and Audiology Licensing
1962 Act, is repealed July 1, 2019.

1963 [~~(7)~~] (8) Title 58, Chapter 42a, Occupational Therapy Practice Act, is repealed July 1,
1964 2025.

1965 [~~(8)~~] (9) Title 58, Chapter 46a, Hearing Instrument Specialist Licensing Act, is
1966 repealed July 1, 2023.

1967 [~~(9)~~] (10) Title 58, Chapter 47b, Massage Therapy Practice Act, is repealed July 1,
1968 2024.

1969 [~~(10)~~] (11) Title 58, Chapter 61, Part 7, Behavior Analyst Licensing Act, is repealed
1970 July 1, 2026.

1971 [~~(11)~~] (12) Title 58, Chapter 72, Acupuncture Licensing Act, is repealed July 1, 2017.

1972 Section 59. **Effective date.**

1973 This bill takes effect on July 1, 2016.