

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

50 **Money Appropriated in this Bill:**

51 None

52 **Other Special Clauses:**

53 This bill provides a special effective date.

54 **Utah Code Sections Affected:**

55 AMENDS:

56 [41-6a-517](#), as last amended by Laws of Utah 2013, Chapter 333

57 **58-38a-201**, as last amended by Laws of Utah 2011, Chapter 60
58 **58-38a-203**, as last amended by Laws of Utah 2011, Chapters 12 and 340
59 **59-12-103**, as last amended by Laws of Utah 2015, Chapter 283
60 **63I-1-258**, as last amended by Laws of Utah 2015, Chapters 40, 186, 187, 320, 367,

61 and 432

62 ENACTS:

63 **4-42-101**, Utah Code Annotated 1953
64 **4-42-102**, Utah Code Annotated 1953
65 **4-42-103**, Utah Code Annotated 1953
66 **4-42-104**, Utah Code Annotated 1953
67 **4-42-201**, Utah Code Annotated 1953
68 **4-42-202**, Utah Code Annotated 1953
69 **4-42-203**, Utah Code Annotated 1953
70 **4-42-204**, Utah Code Annotated 1953
71 **4-42-205**, Utah Code Annotated 1953
72 **4-42-301**, Utah Code Annotated 1953
73 **4-42-302**, Utah Code Annotated 1953
74 **4-42-303**, Utah Code Annotated 1953
75 **4-42-401**, Utah Code Annotated 1953
76 **4-42-402**, Utah Code Annotated 1953
77 **4-42-403**, Utah Code Annotated 1953
78 **4-42-404**, Utah Code Annotated 1953
79 **4-42-501**, Utah Code Annotated 1953
80 **4-42-601**, Utah Code Annotated 1953
81 **4-42-602**, Utah Code Annotated 1953
82 **4-42-603**, Utah Code Annotated 1953
83 **4-42-604**, Utah Code Annotated 1953
84 **4-42-701**, Utah Code Annotated 1953
85 **4-42-702**, Utah Code Annotated 1953
86 **4-42-801**, Utah Code Annotated 1953
87 **4-42-802**, Utah Code Annotated 1953

- 88 **7-26-101**, Utah Code Annotated 1953
- 89 **7-26-102**, Utah Code Annotated 1953
- 90 **7-26-201**, Utah Code Annotated 1953
- 91 **7-26-202**, Utah Code Annotated 1953
- 92 **7-26-203**, Utah Code Annotated 1953
- 93 **7-26-301**, Utah Code Annotated 1953
- 94 **7-26-401**, Utah Code Annotated 1953
- 95 **26-58-101**, Utah Code Annotated 1953
- 96 **26-58-102**, Utah Code Annotated 1953
- 97 **26-58-103**, Utah Code Annotated 1953
- 98 **26-58-104**, Utah Code Annotated 1953
- 99 **26-58-201**, Utah Code Annotated 1953
- 100 **26-58-202**, Utah Code Annotated 1953
- 101 **26-58-203**, Utah Code Annotated 1953
- 102 **26-58-204**, Utah Code Annotated 1953
- 103 **26-58-205**, Utah Code Annotated 1953
- 104 **26-58-206**, Utah Code Annotated 1953
- 105 **26-58-301**, Utah Code Annotated 1953
- 106 **53-1-106.5**, Utah Code Annotated 1953
- 107 **58-37-3.6**, Utah Code Annotated 1953
- 108 **58-37f-204**, Utah Code Annotated 1953
- 109 **58-38a-203.1**, Utah Code Annotated 1953
- 110 **58-67-807**, Utah Code Annotated 1953
- 111 **58-68-807**, Utah Code Annotated 1953
- 112 **58-86-101**, Utah Code Annotated 1953
- 113 **58-86-102**, Utah Code Annotated 1953
- 114 **58-86-201**, Utah Code Annotated 1953
- 115 **58-86-202**, Utah Code Annotated 1953
- 116 **58-86-203**, Utah Code Annotated 1953
- 117 **58-86-204**, Utah Code Annotated 1953
- 118 **58-86-205**, Utah Code Annotated 1953

- 119 [58-86-301](#), Utah Code Annotated 1953
- 120 [58-86-302](#), Utah Code Annotated 1953
- 121 [58-86-303](#), Utah Code Annotated 1953
- 122 [58-86-401](#), Utah Code Annotated 1953
- 123 [58-86-402](#), Utah Code Annotated 1953
- 124 [58-86-403](#), Utah Code Annotated 1953
- 125 [58-86-404](#), Utah Code Annotated 1953
- 126 [58-86-405](#), Utah Code Annotated 1953
- 127 [58-86-406](#), Utah Code Annotated 1953
- 128 [58-86-501](#), Utah Code Annotated 1953

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

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

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

133 **Part 1. General Provisions**

134 **4-42-101. Title.**

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

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

137 **4-42-102. Definitions.**

138 As used in this chapter:

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

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

141 (a) grows cannabis; or

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

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

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

146 (a) sells cannabidiol; or

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

148 (5) "Cannabidiol dispensary agent" means the same as that term is defined in Section
149 [58-86-102](#).

150 (6) "Cannabidiol dispensary agent registration card" means the same as that term is
151 defined in Section 58-86-102.

152 (7) "Cannabidiol payment processor" means the same as that term is defined in Section
153 7-26-102.

154 (8) "Cannabidiol processing facility" means a person that:

155 (a) manufactures cannabidiol from cannabis;

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

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

158 (9) "Cannabidiol processing facility agent" means an owner, officer, director, board
159 member, shareholder, agent, employee, or volunteer of a cannabidiol processing facility.

160 (10) "Cannabidiol production establishment" means:

161 (a) a cannabidiol cultivation facility;

162 (b) a cannabidiol processing facility; or

163 (c) an independent cannabidiol testing laboratory.

164 (11) "Cannabidiol production establishment agent" means:

165 (a) a cannabidiol cultivation facility agent;

166 (b) a cannabidiol processing facility agent; or

167 (c) an independent cannabidiol testing laboratory agent.

168 (12) "Cannabidiol production establishment agent registration card" means a
169 registration card issued by the department under Section 4-42-301 that:

170 (a) authorizes an individual to act as a cannabidiol production establishment agent; and

171 (b) designates the type of cannabidiol production establishment for which the
172 individual is authorized to act as a cannabidiol production establishment agent.

173 (13) "Cannabinoid profile" means the percentage of cannabidiol, by weight, that is
174 composed of the cannabinoids:

175 (a) tetrahydrocannabinol or THC;

176 (b) tetrahyrdocannabinolic acid or THCa;

177 (c) cannabidiol or CBD;

178 (d) cannabinol or CBN; and

179 (e) cannabigerol or CBG.

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

181 (15) "Controlled Substances Advisory Committee" means the committee created in
182 Section 58-38a-201.

183 (16) "Designated caregiver" means the same as that term is defined in Section
184 58-86-102.

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

186 (18) "Independent cannabidiol testing laboratory" means a person that:

187 (a) conducts a chemical or other analysis of cannabidiol; or

188 (b) possesses cannabidiol with the intent to conduct a chemical or other analysis of the
189 cannabidiol.

190 (19) "Independent cannabidiol testing laboratory agent" means an owner, officer,
191 director, board member, shareholder, agent, employee, or volunteer of an independent
192 cannabidiol testing laboratory.

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

194 (21) "Medical cannabidiol card" means the same as that term is defined in Section
195 26-58-102.

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

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

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

199 **4-42-103. Inventory control system.**

200 (1) The electronic verification system shall include, for each cannabidiol production
201 establishment and cannabidiol dispensary, an inventory control system that meets the
202 requirements of this section.

203 (2) An inventory control system shall track cannabidiol and the cannabis from which
204 the cannabidiol is derived, in real time, from the time that a cannabis plant is first planted as a
205 seed or clone until the cannabidiol derived from the cannabis is sold by a cannabidiol
206 dispensary.

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

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

211 (a) tracks all handling and processing of cannabis or a cannabis product in a

212 cannabidiol production establishment or cannabidiol dispensary;

213 (b) is tamper proof; and

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

215 (5) An inventory control system shall maintain compatibility with the electronic
216 verification system.

217 (6) An inventory control system shall allow access by:

218 (a) the Department of Public Safety;

219 (b) the Department of Agriculture and Food;

220 (c) the Department of Health; and

221 (d) the Division of Occupational and Professional Licensing within the Department of
222 Commerce.

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

224 **4-42-104. Preemption.**

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

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

228 **4-42-201. Cannabidiol production establishment -- License -- Renewal.**

229 (1) A person may not act as a cannabidiol production establishment without a license
230 issued by the department under this chapter.

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

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

236 (b) a bond as required by Section [4-42-205](#), for each license for which the person
237 applies;

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

241 (d) an application fee established by the department, in accordance with Section
242 [63J-1-504](#), that is necessary to cover the department's cost to implement this chapter;

- 243 (e) evidence that the person can comply with the requirements in this chapter;
244 (f) evidence that the person will implement an inventory control system at the
245 cannabidiol production establishment; and
246 (g) an operation plan that complies with Section [4-42-203](#).
247 (3) If the department determines that a cannabidiol production establishment is eligible
248 for a license under this section, the department shall charge the cannabidiol establishment an
249 initial license fee in an amount determined by the department in accordance with Section
250 [63J-1-504](#).
251 (4) The department shall require a separate license and separate license fee for each
252 type of cannabidiol production establishment and each location of a cannabidiol production
253 establishment.
254 (5) The department may issue a cannabidiol cultivation facility license and a
255 cannabidiol processing facility license to be operated by:
256 (a) the same person at the same physical location; or
257 (b) the same person at separate physical locations.
258 (6) The department may not issue a license to operate an independent cannabidiol
259 testing laboratory to a person:
260 (a) that holds a license for or has an ownership interest in a cannabidiol dispensary, a
261 cannabidiol processing facility, or a cannabidiol cultivation facility in the state;
262 (b) that has an owner, officer, board member, volunteer, shareholder, agent, director, or
263 employee whose immediate family member holds a license for or has an ownership interest in a
264 cannabidiol dispensary, a cannabidiol processing facility, or a cannabidiol cultivation facility;
265 or
266 (c) proposes to operate the independent testing laboratory at the same physical location
267 as a cannabidiol dispensary, a cannabidiol processing facility, or a cannabidiol cultivation
268 facility.
269 (7) The department may not issue a cannabidiol production establishment license to a
270 person that holds a license for, or has an ownership interest in, a cannabidiol dispensary.
271 (8) The department may revoke a license under this chapter if the cannabidiol
272 production establishment is not operational within one year of the issuance of the initial
273 license.

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

275 **4-42-202. Renewal.**

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

278 (a) the person meets the requirements of Section 4-42-201; and

279 (b) the person pays the department a license renewal fee in an amount determined by
280 the department in accordance with Section 63J-1-504.

281 (2) (a) The department may not renew a cannabidiol production establishment's license
282 for a sixth consecutive time unless the department publishes a notice, in a newspaper of general
283 circulation for the geographic area in which the cannabidiol production establishment is
284 located, one year before the day on which the cannabidiol production establishment's license
285 expires, that includes:

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

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

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

290 (b) If, after the department publishes the notice described in Subsection (2)(a), the
291 department receives an application for a cannabidiol production establishment from a new
292 applicant and also receives an application for renewal from the existing cannabidiol production
293 establishment, the department shall issue the license to the applicant that the department
294 determines best meets the criteria established in Section 4-42-204.

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

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

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

302 **4-42-203. Operating plan.**

303 (1) A person applying for a license to act as a cannabidiol production establishment
304 shall submit to the department, with the person's application, a proposed operating plan that

305 includes:

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

307 (b) a description of the credentials and experience of any proposed cannabidiol

308 production establishment agent;

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

310 (d) a security plan;

311 (e) a plan to process payments through a cannabidiol payment processor licensed under

312 Section 7-26-201.

313 (f) for a cannabidiol cultivation facility, the information described in Subsection (2);

314 (g) for a cannabidiol processing facility, the information described in Subsection (3);

315 and

316 (h) for an independent cannabidiol testing lab, the information described in Subsection

317 (4).

318 (2) A cannabidiol cultivation facility's operating plan shall include the cannabidiol

319 cultivation facility's proposed cannabis cultivation practices, including the cannabidiol

320 cultivation facility's:

321 (a) pesticide and fertilizer use;

322 (b) proposed square footage under cultivation; and

323 (c) anticipated cannabidiol yield.

324 (3) A cannabidiol processing facility's operating plan shall include the cannabidiol

325 processing facility's proposed cannabidiol processing practices, including the cannabidiol

326 processing facility's:

327 (a) proposed cannabidiol extraction method;

328 (b) processing equipment; and

329 (c) other processing techniques.

330 (4) An independent cannabidiol testing laboratory's operating plan shall include the

331 independent cannabidiol testing laboratory's proposed cannabidiol and cannabidiol product

332 testing capability.

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

334 **4-42-204. Maximum number of licenses.**

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

- 336 (a) two cannabidiol cultivation facility licenses;
- 337 (b) two cannabidiol processing facility licenses; and
- 338 (c) two independent cannabidiol testing laboratory licenses.

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

- 342 (a) experience with:
 - 343 (i) establishing and running a business in a related field;
 - 344 (ii) operating a secure inventory control system;
 - 345 (iii) complying with a regulatory environment; and
 - 346 (iv) training, evaluating, and monitoring employees;
- 347 (b) connections to the local community; and
- 348 (c) that the applicant will keep the cost of the applicant's products or services low.

349 Section 9. Section **4-42-205** is enacted to read:

350 **4-42-205. Bond for a cannabidiol production establishment license.**

351 (1) A cannabidiol production establishment licensed under Section [4-42-201](#) shall post
352 a cash bond or surety bond, payable to the department, in an amount equal to:

- 353 (a) for a cannabidiol cultivation facility, \$2,000,000;
- 354 (b) for a cannabidiol processing facility, \$1,000,000; and
- 355 (c) for an independent cannabidiol testing laboratory, \$75,000.

356 (2) A cannabidiol production establishment licensed under Section [4-42-201](#) shall
357 maintain the bond described in Subsection (1) for as long as the cannabidiol production
358 establishment continues to operate.

359 (3) The department shall require a bond a cannabidiol production establishment posts
360 under this section to be:

- 361 (a) in a form approved by the attorney general; and
- 362 (b) conditioned upon the cannabidiol production establishment's compliance with this
363 chapter.

364 (4) If a bond described in Subsection (1) is canceled due to a cannabidiol production
365 establishment's negligence, the department may assess the cannabidiol production
366 establishment a \$300 reinstatement fee.

367 (5) A cannabidiol production establishment may not withdraw any part of a bond
368 posted under Subsection (1):

369 (a) during the period when the cannabidiol production establishment's license is in
370 effect; or

371 (b) while a license revocation proceeding is pending against the cannabidiol production
372 establishment.

373 (6) A cannabidiol production establishment forfeits a bond posted under Subsection (1)
374 if the cannabidiol production establishment's license is revoked.

375 (7) The department may, without revoking a license, make a claim against a bond
376 posted by a cannabidiol production establishment under Subsection (1) for money the
377 cannabidiol production establishment owes the department under this chapter.

378 Section 10. Section **4-42-301** is enacted to read:

379 **Part 3. Cannabidiol Production Establishment Agents**

380 **4-42-301. Cannabidiol production establishment agent -- Registration.**

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

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

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

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

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

392 (b) provides to the department:

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

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

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

398 (c) pays the department a fee, determined by the department in accordance with Section
399 63J-1-504, that is necessary to cover the department's cost to implement this part; and

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

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

405 (a) a cannabidiol cultivation facility;

406 (b) a cannabidiol processing facility;

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

408 (d) an independent cannabidiol testing laboratory.

409 (6) A cannabidiol production establishment agent shall complete training in
410 cannabidiol production that complies with minimum standards established by the department
411 by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

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

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

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

416 Section 11. Section **4-42-302** is enacted to read:

417 **4-42-302. Cannabidiol production establishment agents -- Criminal background**
418 **checks.**

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

421 (a) submit to the department:

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

423 (ii) a signed waiver in accordance with Subsection 53-10-108(4) indicating that the

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

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

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

428 (ii) the Federal Bureau of Investigation.

429 (2) The Bureau of Criminal Identification shall:

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

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

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

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

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

442 (3) The department shall:

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

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

448 Section 12. Section **4-42-303** is enacted to read:

449 **4-42-303. Cannabidiol production establishment agent registration card --**
450 **Rebuttable presumption.**

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

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

455 (b) the individual is transporting cannabis or cannabidiol between two cannabidiol
456 production establishments or transporting cannabidiol between a cannabidiol production
457 establishment and a cannabidiol dispensary.

458 (2) A cannabidiol production establishment agent registered with the department is
459 guilty of an infraction if the registered cannabidiol production establishment agent:

460 (a) (i) is on the premises of a cannabidiol production establishment where the
461 individual is registered as an agent; or

462 (ii) transports cannabis or cannabidiol; and

463 (b) does not possess, on the registered cannabidiol production establishment agent's
464 person, a valid cannabidiol production establishment agent registration card.

465 (3) A registered cannabidiol production establishment agent who is guilty of an
466 infraction under Subsection (2) is subject to a \$100 fine.

467 Section 13. Section **4-42-401** is enacted to read:

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

469 **4-42-401. Cannabidiol production establishment -- General operating**

470 **requirements.**

471 (1) (a) A cannabidiol production establishment shall operate in accordance with the
472 operating plan the cannabidiol production establishment provides to the department under
473 Section [4-42-203](#).

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

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

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

480 (b) at the physical address provided to the department under Section [4-42-201](#).

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

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

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

487 (4) A cannabidiol production establishment shall have:

488 (a) a single, secure public entrance;

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

490 (i) detects and records entry into the cannabidiol production establishment when the

491 cannabidiol production establishment is closed; and
492 (ii) provides notice of an unauthorized entry to law enforcement; and
493 (c) a lock on any area where the cannabidiol production establishment stores cannabis
494 or cannabidiol.

495 (5) A cannabidiol production establishment may only transmit or accept payments for
496 cannabidiol using a cannabidiol payment processor licensed under Section [7-26-201](#).

497 (6) The department shall establish structural standards for a cannabidiol production
498 establishment by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
499 Rulemaking Act.

500 Section 14. Section **4-42-402** is enacted to read:

501 **4-42-402. Inspections.**

502 (1) Subject to Subsection (2), the department shall inspect the records and facility of a
503 cannabidiol production establishment in order to determine if the cannabidiol production
504 establishment complies with the requirements of this chapter.

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

- 507 (a) as many as four times per year, scheduled or unscheduled; and
- 508 (b) if the department has reason to believe that the cannabidiol production
509 establishment has violated the law, at any time, scheduled or unscheduled.

510 Section 15. Section **4-42-403** is enacted to read:

511 **4-42-403. Advertising.**

512 A cannabidiol production establishment may not advertise to the general public in any
513 medium.

514 Section 16. Section **4-42-404** is enacted to read:

515 **4-42-404. Cannabis or cannabidiol transportation.**

516 (1) An individual may not transport cannabis or cannabidiol between two cannabidiol
517 production establishments, or between a cannabidiol production establishment and a
518 cannabidiol dispensary unless the individual has a valid cannabidiol production establishment
519 agent registration card or valid cannabidiol dispensary agent registration card.

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

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

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

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

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

532 (4) A cannabidiol production establishment agent registered with the department is
533 guilty of an infraction if the registered cannabidiol production establishment agent:

534 (a) transports cannabis or cannabidiol; and

535 (b) does not possess, on the registered cannabidiol production establishment agent's
536 person or in the transport vehicle, a transportation record that complies with Subsection (2).

537 (5) A registered cannabidiol production establishment agent who is guilty of an
538 infraction under Subsection (3) is subject to a \$100 fine.

539 Section 17. Section **4-42-501** is enacted to read:

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

541 **4-42-501. Cannabidiol cultivation facility -- Operating requirements.**

542 (1) A cannabidiol cultivation facility shall cultivate cannabis indoors, in a facility
543 equipped with a carbon filtration system for air output.

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

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

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

548 (b) each unique harvest of cannabis plants.

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

552 (a) use of pesticides;

- 553 (b) use of fertilizers; and
- 554 (c) cultivation techniques.

555 Section 18. Section **4-42-601** is enacted to read:

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

557 **4-42-601. Cannabidiol processing facility -- Operating requirements.**

558 (1) A cannabidiol processing facility shall ensure that cannabidiol that the cannabidiol
559 processing facility sells or provides to a cannabidiol dispensary complies with the requirements
560 of this part.

561 (2) A cannabidiol processing facility shall operate in a facility with a carbon filtration
562 system for air output.

563 Section 19. Section **4-42-602** is enacted to read:

564 **4-42-602. Cannabidiol -- Product requirements.**

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

- 567 (a) a tablet;
- 568 (b) a capsule;
- 569 (c) a concentrated oil;
- 570 (d) a trans-dermal preparation; or
- 571 (e) a sub-lingual preparation.

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

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

576 Section 20. Section **4-42-603** is enacted to read:

577 **4-42-603. Cannabidiol -- Labeling and packaging.**

578 (1) Cannabidiol shall have a label that:

- 579 (a) clearly and unambiguously states that the cannabidiol contains cannabis;
- 580 (b) clearly displays the cannabinoid profile of the cannabidiol;
- 581 (c) has a unique batch identifier that identifies the unique manufacturing process when
582 the cannabidiol was manufactured;

583 (d) has a bar code or other identifier that allows the cannabidiol to be tracked by an

584 inventory control system and the electronic verification system; and

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

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

587 (a) is tamper resistant and opaque; and

588 (b) complies with physical criteria required by the department in accordance with

589 Subsection (3).

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

592 Section 21. Section **4-42-604** is enacted to read:

593 **4-42-604. Importation -- Federal approval.**

594 (1) Except as provided in Subsection (2), a cannabidiol processing facility may only
595 process cannabidiol using cannabis grown in the state.

596 (2) A cannabidiol processing facility may process cannabidiol using cannabis grown
597 out of state, or using cannabidiol produced out of state, if the cannabidiol processing facility
598 imports the out of state cannabis or cannabidiol in compliance with Subsection (3).

599 (3) A cannabidiol processing facility may import from a person cannabis or
600 cannabidiol grown out of state if:

601 (a) the importation occurs under an agreement between the cannabidiol processing
602 facility, the person that grew or produced the cannabis or cannabidiol;

603 (b) the person and the cannabidiol processing facility certifies that the facility where
604 the person grew or produced the cannabis or cannabidiol complies with the operating and
605 product quality requirements of this chapter;

606 (c) before using the cannabis or cannabidiol, an independent cannabidiol testing
607 laboratory licensed in the state tests the cannabis or cannabidiol:

608 (i) to determine if the cannabis or cannabidiol complies with this chapter; and

609 (ii) to determine the origin of the cannabis or cannabidiol using the carbon stable
610 isotope testing method described in Subsection [4-41-701\(5\)](#); and

611 (d) the federal Drug Enforcement Administration:

612 (i) certifies that the cannabidiol processing facility and the person complied with this
613 chapter; and

614 (ii) (A) approves the transfer under federal law; or

615 (B) approves the transfer under a waiver of federal law.

616 Section 22. Section **4-42-701** is enacted to read:

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

618 **4-42-701. Cannabidiol testing.**

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

621 (2) An independent cannabidiol testing laboratory may not operate unless the
622 independent cannabidiol testing laboratory is capable of accurately testing cannabidiol as
623 described in this section.

624 (3) An independent testing laboratory shall determine the cannabinoid profile of
625 cannabidiol.

626 (4) An independent cannabidiol testing laboratory shall determine if cannabidiol
627 contains, in an amount that is harmful to human health:

628 (a) mold;

629 (b) fungus;

630 (c) pesticides; or

631 (d) other microbial contaminants.

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

635 (6) An independent cannabidiol testing laboratory shall test any cannabis that the
636 independent cannabidiol testing laboratory receives from a cannabidiol cultivation facility
637 using carbon stable isotope testing to determine:

638 (a) the origin of the cannabis;

639 (b) the conditions under which the cannabis was grown; and

640 (c) any other information required by the department under Subsection (7) about the
641 cannabis that can be determined using stable isotope testing.

642 (7) The department may determine, by rule made in accordance with Title 63G,
643 Chapter 3, Utah Administrative Rulemaking Act:

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

646 (b) additional cannabis or cannabidiol testing that an independent cannabidiol testing
647 laboratory is required to perform; and

648 (c) minimum standards for an independent cannabidiol testing laboratory's testing
649 methods and procedures.

650 Section 23. Section **4-42-702** is enacted to read:

651 **4-42-702. Reporting -- Inspections.**

652 (1) An independent cannabidiol testing laboratory shall notify the department if the
653 independent cannabidiol testing laboratory determines that the results of a lab test indicate that
654 a cannabidiol batch:

655 (a) is unsafe for human consumption;

656 (b) has a ratio of less than 10 grams of the cannabinoid cannabidiol per each one gram
657 of tetrahydrocannabinol; or

658 (c) using a carbon stable isotope test, was not cultivated in accordance with this
659 chapter.

660 (2) If the independent cannabidiol testing laboratory notifies the department of a
661 cannabidiol batch's test results under Subsection (1), the independent cannabidiol testing
662 laboratory may not release the cannabidiol batch to a cannabidiol dispensary until the
663 department has an opportunity to respond to the independent cannabidiol testing laboratory
664 within a period of time determined by the department.

665 (3) If the department determines that a cannabidiol batch is unsafe for human
666 consumption or non-complying, the department may seize, embargo, and destroy a cannabidiol
667 batch in accordance with Section [4-42-801](#).

668 (4) The department shall establish, by rule made in accordance with Title 63G, Chapter
669 3, Utah Administrative Rulemaking Act, the amount of time that an independent cannabidiol
670 testing laboratory is required to hold a cannabidiol batch under Subsection (2).

671 (5) The department may conduct a test to:

672 (a) to determine the accuracy of an independent cannabidiol testing laboratory's:

673 (i) cannabidiol test results; or

674 (ii) analytical method; or

675 (b) validate an independent cannabidiol testing laboratory's testing methods.

676 Section 24. Section **4-42-801** is enacted to read:

Part 8. Enforcement

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

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

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

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

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

- (i) the person has violated the provisions of this chapter, a rule made under this chapter, or an order issued under this chapter;
- (ii) the person prepared a cannabis or cannabidiol batch in a manner, or such that the batch contains a substance, that poses a threat to human health; or
- (iii) the person possessed or used a cannabis batch that was not cultivated in accordance with this chapter.

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

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

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

- (i) seize, embargo, or destroy a cannabis or cannabidiol batch; and
- (ii) direct the person to appear before an adjudicative proceeding conducted under Title

708 63G, Chapter 4, Administrative Procedures Act.

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

711 (a) assess the person a fine, established in accordance with Section 63J-1-504, of up to
712 \$5,000 per violation, in accordance with a fine schedule established by rule made in accordance
713 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or

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

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

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

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

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

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

726 Section 25. Section **4-42-802** is enacted to read:

727 **4-42-802. Report to the Legislature.**

728 The department shall report, each year before November 1, to the Health and Human
729 Services Interim Committee, on the department's administration and enforcement of this
730 chapter.

731 Section 26. Section **7-26-101** is enacted to read:

732 **CHAPTER 26. CANNABIDIOL PAYMENT PROCESSOR**

733 **Part 1. General Provisions**

734 **7-26-101. Title.**

735 This chapter is known as "Cannabidiol Payment Processor."

736 Section 27. Section **7-26-102** is enacted to read:

737 **7-26-102. Definitions.**

738 As used in this chapter:

- 739 (1) "Cannabis" means the same as that term is defined in Section [58-37-3.6](#).
- 740 (2) "Cannabidiol" means the same as that term is defined in Section [58-37-3.6](#).
- 741 (3) "Cannabidiol cultivation facility" means the same as that term is defined in Section
- 742 [4-42-102](#).
- 743 (4) "Cannabidiol payment processor" means a person that facilitates payment:
- 744 (a) without using cash;
- 745 (b) electronically, in connection with the state electronic verification system;
- 746 (c) (i) by a cannabidiol production establishment:
- 747 (A) for cannabis, from a cannabidiol processing facility to a cannabidiol cultivation
- 748 facility;
- 749 (B) for cannabidiol testing, from a cannabidiol processing facility to an independent
- 750 cannabidiol testing laboratory; or
- 751 (C) for cannabidiol, from a cannabidiol dispensary to a cannabidiol processing facility;
- 752 or
- 753 (ii) by an individual with a medical cannabidiol card, for cannabidiol, to a cannabidiol
- 754 dispensary.
- 755 (5) "Cannabidiol dispensary" means the same as that term is defined in Section
- 756 [26-58-102](#).
- 757 (6) "Cannabidiol processing facility" means the same as that term is defined in Section
- 758 [4-42-102](#).
- 759 (7) "Electronic verification system" means the same as that term is defined in Section
- 760 [26-58-102](#).

761 Section 28. Section **7-26-201** is enacted to read:

762 **Part 2. Cannabidiol Payment Processor License**

763 **7-26-201. Cannabidiol payment processor -- License.**

- 764 (1) Subject to this chapter, the department shall issue a license to a person to operate as
- 765 a cannabidiol payment processor.
- 766 (2) A person may not act as a cannabidiol payment processor without a license issued
- 767 by the department under this section.
- 768 (3) An applicant for a cannabidiol payment processor license shall:
- 769 (a) submit to the department:

770 (i) the applicant's name, business address, and place of incorporation; and
771 (ii) the name of each owner, officer, director, board member, shareholder, agent,
772 employee, or volunteer of the applicant; and
773 (b) present evidence to the department that:
774 (i) the applicant is capable of electronically receiving funds from, and distributing
775 funds to:
776 (A) a cannabidiol production establishment;
777 (B) a cannabidiol dispensary; and
778 (C) an individual with a medical cannabidiol card;
779 (ii) the applicant has a partnership, service agreement, or service contract with a
780 federally-insured depository institution that agrees to clear cannabidiol transactions; and
781 (iii) the applicant is able to interface with the electronic verification system to enable
782 an individual with a medical cannabidiol card to:
783 (A) add funds, using a bank wire or a credit card, to an account with the applicant
784 associated with the medical cannabidiol card; and
785 (B) use the medical cannabidiol card to pay for cannabidiol at a cannabidiol dispensary
786 using the funds in the individual's account with the cannabidiol payment processor.
787 (4) A license issued under this section is valid for two years.
788 (5) The department may determine, by rule made in accordance with Title 63G,
789 Chapter 3, Utah Administrative Rulemaking Act:
790 (a) any additional information an applicant for a cannabidiol payment processor is
791 required to submit to the department; and
792 (b) procedural requirements for an applicant for a license under this chapter.
793 (6) An applicant for a cannabidiol payment processor license under this section may
794 request that the department treat information that the applicant submits to the department as
795 confidential under Section [7-1-802](#).
796 Section 29. Section **7-26-202** is enacted to read:
797 **7-26-202. Renewal -- Abandonment.**
798 (1) Except as provided in Subsection (2), the department shall renew a person's
799 cannabidiol payment processor license every two years if, at the time of renewal:
800 (a) the person meets:

801 (i) the requirements of Section 7-26-201; and
802 (ii) demonstrates the criteria described in Subsection 7-26-203(2); and
803 (b) the person pays the department a license renewal fee in an amount determined by
804 the department in accordance with Section 63J-1-504.

805 (2) (a) The department may not renew a cannabidiol payment processor's license for a
806 consecutive time unless the department publishes a notice, in a newspaper of general
807 circulation for the geographic area in which the cannabidiol payment processor is located, one
808 year before the day on which the cannabidiol payment processor's license expires, that
809 includes:

810 (i) the name and location of the cannabidiol payment processor;
811 (ii) the day on which the license for the cannabidiol payment processor will expire; and
812 (iii) a solicitation for cannabidiol payment processor license applicants.

813 (b) If, after the department publishes the notice described in Subsection (2)(a), the
814 department receives an application for a cannabidiol payment processor license from a new
815 applicant and also receives an application for renewal from the existing cannabidiol production
816 establishment, the department shall issue the license to the applicant that the department
817 determines best meets the criteria established in Section 7-26-203.

818 (3) (a) If a person who is a licensed cannabidiol payment processor abandons the
819 person's cannabidiol payment processor license, or has the person's license revoked, the
820 department shall publish notice of an available license in the same manner as described in
821 Subsection (2)(a).

822 (b) The department may establish criteria, in accordance with Title 63G, Chapter 3,
823 Utah Administrative Rulemaking Act, for what actions by a cannabidiol payment processor
824 constitute abandonment of a cannabidiol payment processor license.

825 Section 30. Section 7-26-203 is enacted to read:

826 **7-26-203. Number of licenses -- Criteria for awarding a license.**

827 (1) The department may only issue one cannabidiol payment processor license under
828 this chapter.

829 (2) The department shall evaluate an applicant for a cannabidiol payment processor
830 license to determine to what extent the applicant has demonstrated:

831 (a) experience with:

- 832 (i) establishing and running a business in a related field;
- 833 (ii) operating a payment processing system;
- 834 (iii) complying with a regulatory environment; and
- 835 (iv) training, evaluating, and monitoring employees;
- 836 (b) connections to the local community;
- 837 (c) that the applicant will keep the cost of the applicant's products or services low; and
- 838 (d) that the applicant will maximize convenience, efficiency, and security for
- 839 processing cannabidiol payments.

840 (3) After the department reviews an applicant's application under Section [7-26-201](#) and
841 evaluates the application for the criteria described in Subsection (2), the department shall
842 submit the department's findings and recommendations to the commissioner.

843 (4) After reviewing the findings and recommendations described in Subsection (3), the
844 commissioner shall make a final determination that awards or denies a cannabidiol payment
845 processor license to an applicant.

846 (5) In making a recommendation of which applicant to award a cannabidiol payment
847 processor license under Subsection (1), the department shall consult, to the extent that the
848 consultation involves compatibility and coordination of a cannabidiol payment processor
849 licensee with other state cannabidiol regulation, with:

850 (a) the executive director of the Department of Commerce or the executive director's
851 designee;

852 (b) the chair of the State Tax Commission or the chair's designee;

853 (c) the chief information officer of the Department of Technology Services or the chief
854 information officer's designee;

855 (d) the executive director of the Department of Health or the executive director's
856 designee;

857 (e) the commissioner of the Department of Agriculture and Food or the executive
858 director's designee;

859 (f) the commissioner of the Department of Financial Institutions or the commissioner's
860 designee; and

861 (g) the commissioner of the Department of Public Safety or the commissioner's
862 designee.

863 (6) An applicant for which the department denies an application is entitled to judicial
864 review under Section 7-1-714.

865 Section 31. Section 7-26-301 is enacted to read:

866 **Part 3. Operating Requirements**

867 **7-26-301. Operating requirements.**

868 (1) A cannabidiol payment processor may not accept or disburse cash in a transaction
869 involving cannabidiol.

870 (2) A cannabidiol payment processor may not act as a cannabidiol payment processor
871 for a person unless the person is:

872 (a) an individual with a medical cannabidiol card issued by the Department of Health
873 under Title 26, Chapter 58, Medical Cannabidiol Act; or

874 (b) a person who is licensed under:

875 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License; or

876 (ii) Title 58, Chapter 86, Cannabidiol Dispensary License.

877 (3) A cannabidiol payment processor shall maintain interoperability with the electronic
878 verification system.

879 Section 32. Section 7-26-401 is enacted to read:

880 **Part 4. Enforcement**

881 **7-26-401. Examination -- Administrative action.**

882 (1) The department may examine the records or activities of a cannabidiol payment
883 processor at any time in order to determine if the cannabidiol payment processor is complying
884 with this chapter.

885 (2) If the department determines that a person is acting as a cannabidiol payment
886 processor without a license issued under this section, the department may:

887 (a) order the person to cease and desist from acting as a cannabidiol payment
888 processor; and

889 (b) assess the person a fine in an amount determined by the department by rule made in
890 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

891 (3) If the department determines that a person with a cannabidiol payment processor
892 license issued by the department has violated this chapter, the department may:

893 (a) order the person to cease and desist from the violation;

894 (b) assess the person a fine in an amount determined by the department by rule made in
895 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or

896 (c) revoke the person's license.

897 Section 33. Section **26-58-101** is enacted to read:

898 **CHAPTER 58. MEDICAL CANNABIDIOL ACT**

899 **Part 1. General Provisions**

900 **26-58-101. Title.**

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

902 Section 34. Section **26-58-102** is enacted to read:

903 **26-58-102. Definitions.**

904 As used in this chapter:

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

906 (2) "Cannabidiol dispensary" means the same as that term is defined in Section
907 [58-85-102](#).

908 (3) "Cannabidiol payment processor" means the same as that term is defined in Section
909 [7-26-102](#).

910 (4) "Designated caregiver" means an individual who a patient with a medical
911 cannabidiol card designates as the patient's caregiver under Section [26-58-202](#).

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

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

914 (7) "Medical cannabidiol card" means a card that is issued to an individual by the
915 Department of Health under Section [26-58-201](#).

916 (8) "Physician" means an individual who:

917 (a) is licensed to practice:

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

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

921 (b) complies with Section [58-67-807](#) or [58-68-807](#).

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

923 Section 35. Section **26-58-103** is enacted to read:

924 **26-58-103. Local ordinances.**

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

928 Section 36. Section **26-58-104** is enacted to read:

929 **26-58-104. Electronic verification system.**

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

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

934 (b) shall direct the Department of Technology Services to work with a third party
935 provider to develop and maintain the electronic verification system; and

936 (c) shall coordinate with the Division of Purchasing under Title 63G, Chapter 6a, Utah
937 Procurement Code, to select a third party provider described in Subsection (1)(b).

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

939 (a) allow an individual to:

940 (i) apply, in the presence of a physician, to the Department of Health for a medical
941 cannabidiol card; and

942 (ii) designate up to two caregivers for the patient;

943 (b) allow a designated caregiver to apply for a medical cannabidiol card;

944 (c) allow a physician to electronically recommend treatment with cannabidiol to a
945 patient during a visit with the patient;

946 (d) connect an individual's medical cannabidiol card to a database, and to an inventory
947 control system used by a cannabidiol dispensary, to track, in real time, for the individual's
948 purchase of cannabidiol:

949 (i) the time and date of the purchase;

950 (ii) the quantity and type of cannabidiol purchased; and

951 (iii) a cannabidiol production establishment or cannabidiol dispensary associated with
952 the cannabidiol;

953 (e) provide access to an entity described in Subsection (1) to the extent necessary for
954 the entity to carry out the functions and responsibilities given to the entity under this chapter;

955 (f) provide access to state or local law enforcement:

- 956 (i) during a traffic stop; or
- 957 (ii) after obtaining a warrant;
- 958 (g) create a record each time the database is accessed that identifies the individual who
- 959 accessed the database and the individual whose records were accessed have;
- 960 (h) have the capability of interfacing with a cannabidiol payment processor to facilitate
- 961 payment for cannabidiol services; and
- 962 (i) include an inventory control system for each licensed cannabidiol production
- 963 establishment and each licensed cannabidiol dispensary.
- 964 (3) The Department of Health may release the data collected by the system under
- 965 Subsection (2) for the purpose of conducting medical research, if the medical research is
- 966 approved by an institutional review board associated with a university medical school.

967 Section 37. Section **26-58-201** is enacted to read:

968 **Part 2. Medical Cannabidiol Card**

969 **26-58-201. Medical cannabidiol card -- Application -- Renewal.**

- 970 (1) The department shall, within 45 days after an individual submits an application in
- 971 compliance with this section, issue a medical cannabidiol card, via the electronic verification
- 972 system described in Section [26-58-104](#), to an individual if the individual:
- 973 (a) is at least 18 years old;
- 974 (b) is a Utah resident;
- 975 (c) submits to the department, via the electronic verification system, a recommendation
- 976 electronically signed by a physician that indicates that the individual:
- 977 (i) suffers from a qualifying illness, including the type of qualifying illness; and
- 978 (ii) may benefit from treatment with cannabidiol;
- 979 (d) pays the department a fee established by the department in accordance with Section
- 980 [63J-1-504](#); and
- 981 (e) submits an application to the department, using the electronic verification system
- 982 that contains:
- 983 (i) the individual's name, gender, age, and address; and
- 984 (ii) a copy of the individual's photo identification.
- 985 (2) An individual who applies for a medical cannabidiol card under Subsection (1)
- 986 shall fill out and submit the application described in Subsection (1):

- 987 (a) online, in connection with the electronic verification system; and
- 988 (b) with a physician, during an office visit with the physician.
- 989 (3) A medical cannabidiol card that the department issues under Subsection (1) is valid
- 990 for one year.
- 991 (4) The department may renew an individual's medical cannabidiol card if, at the time
- 992 of renewal, the individual meets the requirements of Subsection (1) or (2).
- 993 (5) The department may revoke an individual's medical cannabidiol card if the
- 994 individual violates this chapter.

995 Section 38. Section **26-58-202** is enacted to read:

996 **26-58-202. Medical cannabidiol card -- Designated caregiver -- Registration --**
997 **Renewal -- Revocation.**

998 (1) An individual who holds a valid medical cannabidiol card under Section [26-58-201](#)
999 who a physician determines is unable to obtain cannabidiol from a cannabidiol dispensary may
1000 register with the department, via the electronic verification system, up to two individuals to
1001 serve as designated caregivers of the individual.

1002 (2) An individual registered as a designated caregiver of a designating patient under
1003 this section may:

1004 (a) carry a valid medical cannabidiol card issued to the individual by the department
1005 with the designating patient's name and the designated caregiver's name; and

1006 (b) purchase and possess cannabidiol, in accordance with this chapter, on behalf of the
1007 designating patient.

1008 (3) An individual may serve as a designated caregiver under Subsection (1) if the
1009 individual:

1010 (a) is at least 18 years old;

1011 (b) is a Utah resident;

1012 (c) submits an application to the department, online via the electronic verification
1013 system, that includes:

1014 (i) the individual's name and address;

1015 (ii) a copy of the individual's photo identification; and

1016 (iii) any other information required by the department by rule made in accordance with
1017 Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

- 1018 (d) pays, to the department, a fee, established by the department in accordance with
1019 Section 63J-1-504, plus the cost of a criminal background check; and
1020 (e) complies with Section 26-58-203.
- 1021 (4) A medical cannabidiol card issued to a designated caregiver is valid for one year.
1022 (5) A medical cannabidiol card is renewable for a designated caregiver, if at the time of
1023 renewal:
- 1024 (a) the individual described in Subsection (1) renews the designation of the caregiver;
1025 and
- 1026 (b) the designated caregiver meets the requirements of Subsection (3).
- 1027 (6) The department shall revoke or refuse to issue the registration of a designated
1028 caregiver if the designated caregiver is convicted of a felony that is:
- 1029 (a) a crime of violence involving the use of force or violence against another person; or
1030 (b) a felony conviction of a state or federal law pertaining to controlled substances.
- 1031 Section 39. Section **26-58-203** is enacted to read:
- 1032 **26-58-203. Designated caregiver -- Criminal background check.**
- 1033 (1) An individual registered as a designated caregiver under Section 26-58-202 shall
1034 submit to a criminal background check in accordance with Subsection (2).
- 1035 (2) An individual registered as a designated caregiver shall:
- 1036 (a) submit to the department:
- 1037 (i) a fingerprint card in a form acceptable to the Department of Public Safety; and
1038 (ii) a signed waiver in accordance with Subsection 53-10-108(4) indicating that the
1039 individual's fingerprints are being registered in the Federal Bureau of Investigation's Next
1040 Generation Identification system's Rap Back Service; and
- 1041 (b) consent to a fingerprint background check by:
- 1042 (i) the Utah Bureau of Criminal Identification; and
1043 (ii) the Federal Bureau of Investigation.
- 1044 (3) The Bureau of Criminal Identification shall:
- 1045 (a) check the fingerprints submitted under Subsection (2) against the applicable state,
1046 regional, and national criminal records databases, including the Federal Bureau of
1047 Investigation's Next Generation Identification system;
- 1048 (b) report the results of the background check to the department;

1049 (c) maintain a separate file of fingerprints submitted under Subsection (2) for search by
1050 future submissions to the local and regional criminal records databases, including latent prints;

1051 (d) request that the fingerprints be retained in the Federal Bureau of Investigation's
1052 Next Generation Identification system's Rap Back Service for search by future submissions to
1053 national criminal records databases, including the Next Generation Identification system and
1054 latent prints; and

1055 (e) establish a privacy risk mitigation strategy to ensure that the entity only receives
1056 notifications for an individual with whom the entity maintains an authorizing relationship.

1057 (4) The department shall:

1058 (a) assess an individual who submits fingerprints, in accordance with this section, a fee
1059 that the Bureau of Criminal Identification is authorized to collect for the services the Bureau of
1060 Criminal Identification or other authorized agency provides under this section; and

1061 (b) remit a fee collected under Subsection (4)(a) to the Bureau of Criminal
1062 Identification.

1063 Section 40. Section **26-58-204** is enacted to read:

1064 **26-58-204. Medical cannabidiol card -- Patient and designated caregiver**
1065 **requirements.**

1066 (1) An individual with a valid medical cannabidiol card who possesses cannabidiol
1067 outside of the individual's residence shall:

1068 (a) carry, with the individual at all times, the individual's medical cannabidiol card;

1069 (b) carry, with the cannabidiol or cannabidiol product, a label that identifies that the
1070 cannabidiol was originally sold from a licensed cannabidiol dispensary, including the bar code
1071 or identification number that links the cannabidiol to the cannabidiol dispensary's inventory
1072 control system; and

1073 (c) possess no more than a 30-day supply of cannabidiol as established by the
1074 recommendation of a physician for the individual's treatment.

1075 (2) An individual who has a valid medical cannabidiol card may only purchase
1076 cannabidiol via a cannabidiol payment processor licensed under Section [7-26-201](#).

1077 (3) An individual who has a valid medical cannabidiol card is guilty of an infraction if
1078 the individual:

1079 (a) possesses cannabidiol; and

1080 (b) (i) does not possess the individual's medical cannabidiol card on the individual's
1081 person; or

1082 (ii) does not possess a label that complies with Subsection (1)(b).

1083 (4) An individual who is guilty of an infraction under Subsection (3) is subject to a
1084 \$100 fine.

1085 Section 41. Section **26-58-205** is enacted to read:

1086 **26-58-205. Insurance coverage.**

1087 An insurance carrier, third-party administrator, or employer is not required to provide
1088 reimbursement for treatment of an individual with cannabidiol under this chapter.

1089 Section 42. Section **26-58-206** is enacted to read:

1090 **26-58-206. Report to the Legislature.**

1091 The department shall, before November 1 each year, report to the Health and Human
1092 Services Interim Committee on the department's administration and enforcement of this
1093 chapter.

1094 Section 43. Section **26-58-301** is enacted to read:

1095 **Part 3. Medical Cannabidiol Research License**

1096 **26-58-301. Medical cannabidiol research license.**

1097 (1) The department may issue a license to a higher education institution to conduct
1098 medical research on cannabidiol if the higher education institution submits to the department:

1099 (a) the higher education institution's research plan; and

1100 (b) the name of an employee of the higher education institution who will supervise the
1101 medical cannabidiol research.

1102 (2) Notwithstanding the provisions of Title 58, Chapter 37, Utah Controlled
1103 Substances Act, a higher education institution to which the department issues a medical
1104 cannabidiol research license under this chapter may:

1105 (a) purchase cannabidiol from a person licensed under Title 58, Chapter 86,
1106 Cannabidiol Dispensary License;

1107 (b) possess cannabidiol; or

1108 (c) provide cannabidiol to a patient as part of a medical research study approved by the
1109 department.

1110 (3) The department shall establish rules made in accordance with Title 63G, Chapter 3,

1111 Utah Administrative Rulemaking Act, that provide:

1112 (a) eligibility criteria for a medical cannabidiol research license; and

1113 (b) standards for an acceptable medical research study under Subsection (1)(a).

1114 Section 44. Section **41-6a-517** is amended to read:

1115 **41-6a-517. Definitions -- Driving with any measurable controlled substance in the**
1116 **body -- Penalties -- Arrest without warrant.**

1117 (1) As used in this section:

1118 (a) "Controlled substance" has the same meaning as in Section 58-37-2.

1119 (b) "Practitioner" has the same meaning as in Section 58-37-2.

1120 (c) "Prescribe" has the same meaning as in Section 58-37-2.

1121 (d) "Prescription" has the same meaning as in Section 58-37-2.

1122 (2) In cases not amounting to a violation of Section 41-6a-502, a person may not
1123 operate or be in actual physical control of a motor vehicle within this state if the person has any
1124 measurable controlled substance or metabolite of a controlled substance in the person's body.

1125 (3) It is an affirmative defense to prosecution under this section that the controlled
1126 substance was:

1127 (a) involuntarily ingested by the accused;

1128 (b) prescribed by a practitioner for use by the accused; [~~or~~]

1129 (c) cannabidiol recommended by a physician and the person holds a valid medical
1130 cannabidiol card under Title 26, Chapter 58, Medical Cannabidiol Act; or

1131 [~~e~~] (d) otherwise legally ingested.

1132 (4) (a) A person convicted of a violation of Subsection (2) is guilty of a class B
1133 misdemeanor.

1134 (b) A person who violates this section is subject to conviction and sentencing under
1135 both this section and any applicable offense under Section 58-37-8.

1136 (5) A peace officer may, without a warrant, arrest a person for a violation of this
1137 section when the officer has probable cause to believe the violation has occurred, although not
1138 in the officer's presence, and if the officer has probable cause to believe that the violation was
1139 committed by the person.

1140 (6) The Driver License Division shall, if the person is 21 years of age or older on the
1141 date of arrest:

1142 (a) suspend, for a period of 120 days, the driver license of a person convicted under
1143 Subsection (2) of an offense committed on or after July 1, 2009; or

1144 (b) revoke, for a period of two years, the driver license of a person if:

1145 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

1146 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,
1147 and within a period of 10 years after the date of the prior violation.

1148 (7) The Driver License Division shall, if the person is 19 years of age or older but
1149 under 21 years of age on the date of arrest:

1150 (a) suspend, until the person is 21 years of age or for a period of one year, whichever is
1151 longer, the driver license of a person convicted under Subsection (2) of an offense committed
1152 on or after July 1, 2011; or

1153 (b) revoke, until the person is 21 years of age or for a period of two years, whichever is
1154 longer, the driver license of a person if:

1155 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

1156 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,
1157 and within a period of 10 years after the date of the prior violation.

1158 (8) The Driver License Division shall, if the person is under 19 years of age on the date
1159 of arrest:

1160 (a) suspend, until the person is 21 years of age, the driver license of a person convicted
1161 under Subsection (2) of an offense committed on or after July 1, 2009; or

1162 (b) revoke, until the person is 21 years of age, the driver license of a person if:

1163 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

1164 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,
1165 and within a period of 10 years after the date of the prior violation.

1166 (9) The Driver License Division shall subtract from any suspension or revocation
1167 period the number of days for which a license was previously suspended under Section
1168 53-3-223 or 53-3-231, if the previous suspension was based on the same occurrence upon
1169 which the record of conviction is based.

1170 (10) The Driver License Division shall:

1171 (a) deny, suspend, or revoke a person's license for the denial and suspension periods in
1172 effect prior to July 1, 2009, for a conviction of a violation under Subsection (2) that was

1173 committed prior to July 1, 2009; or

1174 (b) deny, suspend, or revoke the operator's license of a person for the denial,
1175 suspension, or revocation periods in effect from July 1, 2009, through June 30, 2011, if:

1176 (i) the person was 20 years of age or older but under 21 years of age at the time of
1177 arrest; and

1178 (ii) the conviction under Subsection (2) is for an offense that was committed on or after
1179 July 1, 2009, and prior to July 1, 2011.

1180 (11) A court that reported a conviction of a violation of this section for a violation that
1181 occurred on or after July 1, 2009, to the Driver License Division may shorten the suspension
1182 period imposed under Subsection (7)(a) or (8)(a) prior to completion of the suspension period
1183 if the person:

1184 (a) completes at least six months of the license suspension;

1185 (b) completes a screening;

1186 (c) completes an assessment, if it is found appropriate by a screening under Subsection
1187 (11)(b);

1188 (d) completes substance abuse treatment if it is found appropriate by the assessment
1189 under Subsection (11)(c);

1190 (e) completes an educational series if substance abuse treatment is not required by the
1191 assessment under Subsection (11)(c) or the court does not order substance abuse treatment;

1192 (f) has not been convicted of a violation of any motor vehicle law in which the person
1193 was involved as the operator of the vehicle during the suspension period imposed under
1194 Subsection (7)(a) or (8)(a);

1195 (g) has complied with all the terms of the person's probation or all orders of the court if
1196 not ordered to probation; and

1197 (h) (i) is 18 years of age or older and provides a sworn statement to the court that the
1198 person has not consumed a controlled substance not prescribed by a practitioner for use by the
1199 person or unlawfully consumed alcohol during the suspension period imposed under
1200 Subsection (7)(a) or (8)(a); or

1201 (ii) is under 18 years of age and has the person's parent or legal guardian provide an
1202 affidavit or other sworn statement to the court certifying that to the parent or legal guardian's
1203 knowledge the person has not consumed a controlled substance not prescribed by a practitioner

1204 for use by the person or unlawfully consumed alcohol during the suspension period imposed
1205 under Subsection (7)(a) or (8)(a).

1206 (12) If the court shortens a person's license suspension period in accordance with the
1207 requirements of Subsection (11), the court shall forward the order shortening the person's
1208 license suspension period prior to the completion of the suspension period imposed under
1209 Subsection (7)(a) or (8)(a) to the Driver License Division.

1210 (13) (a) The court shall notify the Driver License Division if a person fails to:

1211 (i) complete all court ordered screening and assessment, educational series, and
1212 substance abuse treatment; or

1213 (ii) pay all fines and fees, including fees for restitution and treatment costs.

1214 (b) Upon receiving the notification, the division shall suspend the person's driving
1215 privilege in accordance with Subsections [53-3-221](#)(2) and (3).

1216 (14) The court shall order supervised probation in accordance with Section [41-6a-507](#)
1217 for a person convicted under Subsection (2).

1218 Section 45. Section **53-1-106.5** is enacted to read:

1219 **53-1-106.5. Medical Cannabidiol Act -- Department duties.**

1220 In addition to the duties described in Section [53-1-106](#), the department shall provide
1221 standards for the training of peace officers and law enforcement agencies in the use of the
1222 electronic verification system as defined in Section [26-58-102](#).

1223 Section 46. Section **58-37-3.6** is enacted to read:

1224 **58-37-3.6. Exemption for possession or use of cannabidiol to treat a qualifying**
1225 **illness.**

1226 (1) As used in this section:

1227 (a) "Cannabidiol" means a product intended for human ingestion that:

1228 (i) contains an extract or concentrate that:

1229 (A) is obtained from cannabis; and

1230 (B) contains at least 10 grams of the cannabinoid cannabidiol per one gram of
1231 tetrahydrocannabinol content;

1232 (ii) is composed of less than 5% tetrahydrocannabinol by weight;

1233 (iii) is composed of at least 5% of the cannabinoid cannabidiol by weight; and

1234 (iv) is prepared in a medicinal dosage form as required by Section [4-42-602](#).

1235 (b) "Cannabis" means any part of the plant cannabis sativa, whether growing or not,
1236 that has a delta-9 tetrahydrocannabinol concentration of less than 0.3% by dry weight.

1237 (c) "Drug paraphernalia" means the same as that term is defined in Section 58-37a-3.

1238 (d) "Tetrahydrocannabinol" means a substance derived from cannabidiol that meets the
1239 description in Subsection 58-37-4(2)(a)(iii)(AA).

1240 (2) Notwithstanding any other provision of this chapter:

1241 (a) an individual who grows, possesses, sells, or offers to sell cannabis is not subject to
1242 the penalties described in this title for the growth, possession, sale, or offer for sale of
1243 marijuana or tetrahydrocannabinol to the extent that the individual's growth, possession, sale,
1244 or offer for sale of cannabis complies with:

1245 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License;

1246 (ii) Title 26, Chapter 58, Medical Cannabidiol Act; and

1247 (iii) Title 58, Chapter 86, Cannabidiol Dispensary License;

1248 (b) an individual who grows, possesses, sells, or offers to sell cannabidiol is not subject
1249 to the penalties described in this title for the growth, possession, sale, or offer for sale of
1250 marijuana or tetrahydrocannabinol to the extent that the individual's growth, possession, sale,
1251 or offer for sale of cannabidiol complies with:

1252 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License;

1253 (ii) Title 26, Chapter 58, Medical Cannabidiol Act; and

1254 (iii) Title 58, Chapter 86, Cannabidiol Dispensary License; and

1255 (c) an individual who possesses, sells, or offers to sell cannabidiol is not subject to the
1256 penalties described in this title for the possession, sale, or offer for sale of marijuana or
1257 tetrahydrocannabinol drug paraphernalia to the extent that the individual's growth, possession,
1258 sale, or offer for sale of cannabidiol complies with:

1259 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License;

1260 (ii) Title 26, Chapter 58, Medical Cannabidiol Act; and

1261 (iii) Title 58, Chapter 86, Cannabidiol Dispensary License.

1262 Section 47. Section **58-37f-204** is enacted to read:

1263 **58-37f-204. Controlled substance database and medical cannabidiol.**

1264 (1) (a) The division shall establish a process for a cannabidiol dispensary agent to
1265 submit, at a specified time during each 24-hour period, the information required by this section.

1266 (b) A cannabidiol dispensary shall comply with the process established by the division
1267 under Subsection (1)(a).

1268 (2) A cannabidiol dispensary shall, each time the cannabidiol dispensary dispenses
1269 cannabidiol to an individual with a medical cannabidiol card, submit to the division the
1270 following information:

1271 (a) the name of the physician who recommended the cannabidiol and the unique
1272 number identifying the recommendation;

1273 (b) the date of the recommendation;

1274 (c) the date the cannabidiol was dispensed;

1275 (d) the name of the individual with the medical cannabidiol card;

1276 (e) positive identification of the individual who receives the cannabidiol, including the
1277 type of identification and any identifying numbers on the identification;

1278 (f) the amount of cannabidiol dispensed;

1279 (g) the dosage, quantity, and frequency recommended by the physician;

1280 (h) the name of the cannabidiol dispensary dispensing the cannabidiol product;

1281 (i) the name of the cannabidiol dispensary agent who dispensed the cannabidiol
1282 product; and

1283 (j) any other information required by the division under Subsection (8).

1284 (3) If an individual's medical cannabidiol record is in the controlled substance
1285 database:

1286 (a) the individual may obtain the record by requesting the record from the division in
1287 writing; and

1288 (b) the individual may request, in writing, with the individual's postal address included,
1289 that the division correct any incorrect information about the individual contained in the
1290 database.

1291 (4) For a request described in Subsection (3), the division shall:

1292 (a) grant or deny the request no later than 30 days after the day on which the division
1293 receives the request; and

1294 (b) notify the individual who submitted the request of the division's decision by mail
1295 postmarked no later than 35 days after the day on which the division received the request.

1296 (5) If the division denies a request described in Subsection (3), or does not respond to

1297 the request within the time period described in Subsection (4), the individual who submitted
1298 the request may, no later than 60 days after the day on which the individual's initial request is
1299 postmarked, submit an appeal to the Department of Commerce.

1300 (6) The division shall ensure that the database system records and maintains for
1301 reference:

1302 (a) the identity of and a form of identification for each individual who requests
1303 information from the database;

1304 (b) the information accessed by the individual described in Subsection (6)(a); and

1305 (c) the date and time the individual described in Subsection (6)(a) made the request.

1306 (7) A cannabidiol dispensary agent may access the controlled substance database in the
1307 same manner and for the same purpose as a pharmacist may access the database under
1308 Subsection [58-37f-301\(2\)\(i\)](#).

1309 (8) The division shall establish, by rule made in accordance with Title 63G, Chapter 3,
1310 Utah Administrative Rulemaking Act:

1311 (a) requirements for the form and manner of submission of information submitted to
1312 the database under this section; and

1313 (b) for the purpose of collecting health data on medical cannabidiol, additional
1314 information that a cannabidiol dispensary is required to submit to the controlled substance
1315 database.

1316 Section 48. Section **58-38a-201** is amended to read:

1317 **58-38a-201. Controlled Substances Advisory Committee.**

1318 There is created within the Division of Occupational and Professional Licensing the
1319 Controlled Substances Advisory Committee. The committee consists of:

1320 (1) the director of the Department of Health or the director's designee;

1321 (2) the State Medical Examiner or the examiner's designee;

1322 (3) the commissioner of the Department of Public Safety or the commissioner's
1323 designee;

1324 (4) one physician who is a member of the Physicians Licensing Board and is
1325 designated by that board;

1326 (5) one pharmacist who is a member of the Utah State Board of Pharmacy and is
1327 designated by that board;

1328 ~~[(6) one dentist who is a member of the Dentist and Dental Hygienist Licensing Board~~
1329 ~~and is designated by that board;]~~

1330 ~~[(7) one physician who is currently licensed and practicing in the state, to be appointed~~
1331 ~~by the governor;]~~

1332 ~~[(8)]~~ (6) one psychiatrist who is currently licensed and practicing in the state, to be
1333 appointed by the governor;

1334 ~~[(9)]~~ (7) one individual with expertise in substance abuse addiction, to be appointed by
1335 the governor;

1336 ~~[(10)]~~ (8) one representative from the Statewide Association of Prosecutors, to be
1337 designated by that association;

1338 ~~[(11) one naturopathic physician who is currently licensed and practicing in the state,~~
1339 ~~to be appointed by the governor;]~~

1340 ~~[(12)]~~ (9) one advanced practice registered nurse who is currently licensed and
1341 practicing in this state, to be appointed by the governor; ~~[and]~~

1342 (10) two medical research professionals with expertise in controlled substances,
1343 including one medical research professional who is affiliated with a research-based higher
1344 education institution;

1345 (11) one representative of the Utah Chiefs of Police Association; and

1346 ~~[(13)]~~ (12) one member of the public, to be appointed by the governor.

1347 Section 49. Section **58-38a-203** is amended to read:

1348 **58-38a-203. Duties of the committee.**

1349 (1) The committee serves as a consultative and advisory body to the Legislature
1350 regarding:

1351 (a) the movement of a controlled substance from one schedule or list to another;

1352 (b) the removal of a controlled substance from any schedule or list; ~~[and]~~

1353 (c) the designation of a substance as a controlled substance and the placement of the
1354 substance in a designated schedule or list[-]; and

1355 (d) the designation of a medical condition as a qualified illness for treatment using
1356 cannabidiol as described in Subsection 58-38a-203.1(1).

1357 (2) On or before September 30 of each year, the committee shall submit to the Health
1358 and Human Services Interim Committee a written report:

- 1359 (a) describing any substances recommended by the committee for scheduling,
1360 rescheduling, listing, or deletion from the schedules or list by the Legislature; [~~and~~]
1361 (b) containing the report described in Subsection 58-38a-203.1(1); and
1362 [~~(b)~~] (c) stating the reasons for the recommendation.
- 1363 (3) In advising the Legislature regarding the need to add, delete, relist, or reschedule a
1364 substance, the committee shall consider:
- 1365 (a) the actual or probable abuse of the substance, including:
- 1366 (i) the history and current pattern of abuse both in Utah and in other states;
1367 (ii) the scope, duration, and significance of abuse;
1368 (iii) the degree of actual or probable detriment to public health which may result from
1369 abuse of the substance; and
- 1370 (iv) the probable physical and social impact of widespread abuse of the substance;
- 1371 (b) the biomedical hazard of the substance, including:
- 1372 (i) its pharmacology, including the effects and modifiers of the effects of the substance;
1373 (ii) its toxicology, acute and chronic toxicity, interaction with other substances,
1374 whether controlled or not, and the degree to which it may cause psychological or physiological
1375 dependence; and
- 1376 (iii) the risk to public health and the particular susceptibility of segments of the
1377 population;
- 1378 (c) whether the substance is an immediate precursor, as defined in Section 58-37-2, of
1379 a substance that is currently a controlled substance;
- 1380 (d) the current state of scientific knowledge regarding the substance, including whether
1381 there is any acceptable means to safely use the substance under medical supervision;
- 1382 (e) the relationship between the use of the substance and criminal activity, including
1383 whether:
- 1384 (i) persons engaged in illicit trafficking of the substance are also engaged in other
1385 criminal activity;
- 1386 (ii) the nature and relative profitability of manufacturing or delivering the substance
1387 encourages illicit trafficking in the substance;
- 1388 (iii) the commission of other crimes is one of the recognized effects of abuse of the
1389 substance; and

1390 (iv) addiction to the substance relates to the commission of crimes to facilitate the
1391 continued use of the substance;

1392 (f) whether the substance has been scheduled by other states; and

1393 (g) whether the substance has any accepted medical use in treatment in the United
1394 States.

1395 (4) The committee's duties under this chapter do not include tobacco products as
1396 defined in Section 59-14-102 or alcoholic beverages as defined in Section 32B-1-102.

1397 Section 50. Section 58-38a-203.1 is enacted to read:

1398 **58-38a-203.1. Qualifying illness for treatment using medical cannabidiol --**
1399 **Committee duties -- Recommendation to Legislature.**

1400 (1) For the purposes of Title 26, Chapter 58, Medical Cannabidiol Act, the following
1401 conditions are considered a qualifying illness:

1402 (a) epilepsy;

1403 (b) nausea and vomiting during chemotherapy;

1404 (c) appetite stimulation caused by an HIV or AIDS infection;

1405 (d) muscle spasticity or a movement disorder; and

1406 (e) neuropathic pain conditions as follows:

1407 (i) complex regional pain syndrome;

1408 (ii) peripheral neuropathy caused by diabetes;

1409 (iii) post herpetic neuralgia;

1410 (iv) pain related to HIV;

1411 (v) pain related to cancer;

1412 (vi) pain occurring after and related to a stroke; and

1413 (vii) phantom limb pain.

1414 (2) On or before September 30 of each year, the committee shall:

1415 (a) review the list of conditions described in Subsection (1) to determine if, based on
1416 available medically relevant information, it is medically appropriate to add or remove a
1417 condition from the list; and

1418 (b) present the committee's recommendation to the Health and Human Services Interim
1419 Committee.

1420 Section 51. Section 58-67-807 is enacted to read:

1421 58-67-807. Recommendation of cannabidiol -- Registration with division and
1422 Department of Health.

1423 (1) A physician may recommend the use of cannabidiol to a patient in accordance with
1424 Title 26, Chapter 58, Medical Cannabidiol Act, if the physician:

1425 (a) registers with the division and the Department of Health as a physician who
1426 recommends cannabidiol; and

1427 (b) completes the training required under Subsection (3).

1428 (2) A physician who recommends cannabidiol shall:

1429 (a) recommend cannabidiol to no more than an amount of patients determined by the
1430 Department of Health by rule made in accordance with Title 63G, Chapter 3, Utah

1431 Administrative Rulemaking Act;

1432 (b) consult the controlled substance database before recommending cannabidiol to a
1433 patient to determine if the patient is abusing cannabidiol;

1434 (c) report an adverse event experienced by a patient related to the patient's medical
1435 cannabidiol use to the Department of Health; and

1436 (d) report other data on cannabidiol required by Title 26, Chapter 58, Medical
1437 Cannabidiol Act.

1438 (3) (a) The division shall establish by rule made in accordance with Title 63G, Chapter
1439 3, Utah Administrative Rulemaking Act, training requirements for a physician that
1440 recommends cannabidiol.

1441 (b) The division shall include, in the training requirements the division establishes
1442 under Subsection (3)(a), training on using caution when recommending cannabidiol to avoid
1443 patient cannabidiol abuse.

1444 (4) It is not a breach of the applicable standard of care for a physician to recommend
1445 treatment with cannabidiol to an individual under this section and Title 26, Chapter 58,
1446 Medical Cannabidiol Act.

1447 (5) A physician who recommends treatment with cannabidiol or a cannabidiol product
1448 to an individual under this section and Title 26, Chapter 58, Medical Cannabidiol Act, may not,
1449 solely based on that recommendation, be subject to:

1450 (a) civil liability;

1451 (b) criminal liability; or

1452 (c) licensure sanctions under this chapter.

1453 Section 52. Section **58-68-807** is enacted to read:

1454 **58-68-807. Recommendation of cannabidiol -- Registration with division and**
1455 **Department of Health.**

1456 (1) A physician may recommend the use of cannabidiol to a patient in accordance with
1457 Title 26, Chapter 58, Medical Cannabidiol Act, if the physician:

1458 (a) registers with the division and the Department of Health as a physician who
1459 recommends cannabidiol; and

1460 (b) completes the training required under Subsection (3).

1461 (2) A physician who recommends cannabidiol shall:

1462 (a) recommend cannabidiol to no more than an amount of patients determined by the
1463 Department of Health by rule made in accordance with Title 63G, Chapter 3, Utah
1464 Administrative Rulemaking Act;

1465 (b) consult the controlled substance database before recommending cannabidiol to a
1466 patient to determine if the patient is abusing cannabidiol;

1467 (c) report an adverse event experienced by a patient related to the patient's medical
1468 cannabidiol use to the Department of Health; and

1469 (d) report other data on cannabidiol required by Title 26, Chapter 58, Medical
1470 Cannabidiol Act.

1471 (3) (a) The division shall establish by rule made in accordance with Title 63G, Chapter
1472 3, Utah Administrative Rulemaking Act, training requirements for a physician that
1473 recommends cannabidiol.

1474 (b) The division shall include, in the training requirements the division establishes
1475 under Subsection (3)(a), training on using caution when recommending cannabidiol to avoid
1476 patient cannabidiol abuse.

1477 (4) It is not a breach of the applicable standard of care for a physician to recommend
1478 treatment with cannabidiol to an individual under this section and Title 26, Chapter 58,
1479 Medical Cannabidiol Act.

1480 (5) A physician who recommends treatment with cannabidiol or a cannabidiol product
1481 to an individual under this section and Title 26, Chapter 58, Medical Cannabidiol Act, may not,
1482 solely based on that recommendation, be subject to:

- 1483 (a) civil liability;
- 1484 (b) criminal liability; or
- 1485 (c) licensure sanctions under this chapter.

1486 Section 53. Section **58-86-101** is enacted to read:

1487 **CHAPTER 86. CANNABIDIOL DISPENSARY LICENSE**

1488 **Part 1. General Provisions**

1489 **58-86-101. Title.**

1490 This chapter is known as "Cannabidiol Dispensary License."

1491 Section 54. Section **58-86-102** is enacted to read:

1492 **58-86-102. Definitions.**

1493 As used in this chapter:

- 1494 (1) "Cannabidiol" means the same as that term is defined in Section [58-37-3.6](#).
- 1495 (2) "Cannabidiol cultivation facility" means the same as that term is defined in Section
- 1496 [4-42-102](#).
- 1497 (3) "Cannabidiol dispensary" means a person that:
 - 1498 (a) sells cannabidiol; or
 - 1499 (b) purchases or possesses cannabidiol with the intent to sell cannabidiol.
- 1500 (4) "Cannabidiol dispensary agent" means an owner, officer, director, board member,
- 1501 shareholder, agent, employee or volunteer of a cannabidiol dispensary.
- 1502 (5) "Cannabidiol dispensary agent registration card" means a registration card, issued
- 1503 by the division under Section [58-85-301](#), that authorizes an individual to be a cannabidiol
- 1504 dispensary agent.
- 1505 (6) "Cannabidiol payment processor" means the same as that term is defined in Section
- 1506 [7-26-201](#).
- 1507 (7) "Cannabidiol production establishment" means the same as that term is defined in
- 1508 Section [4-42-102](#).
- 1509 (8) "Cannabidiol production establishment agent" means the same as that term is
- 1510 defined in Section [4-42-102](#).
- 1511 (9) "Cannabidiol production establishment agent registration card" means the same as
- 1512 that term is defined in Section [4-42-102](#).
- 1513 (10) "Cannabis" means the same as that term is defined in Section [58-37-3.6](#).

1545 under this section, the division shall charge the cannabidiol dispensary an initial license fee in
1546 an amount determined by the division in accordance with Section [63J-1-504](#).

1547 (4) The division may revoke a license under this chapter if the cannabidiol dispensary
1548 is not operational within one year of the issuance of the initial license.

1549 Section 56. Section **58-86-202** is enacted to read:

1550 **58-86-202. Renewal.**

1551 (1) Except as provided in Subsection (2), the division shall renew a person's license
1552 under this part every two years if, at the time of renewal:

1553 (a) the person meets the requirements of Section [58-86-201](#); and

1554 (b) the person pays the division a license renewal fee in an amount determined by the
1555 division in accordance with Section [63J-1-504](#).

1556 (2) (a) The division may not renew a cannabidiol dispensary's license for a sixth
1557 consecutive time unless the division publishes a notice, in a newspaper of general circulation
1558 for the geographic area in which the cannabidiol dispensary is located, one year before the day
1559 on which the cannabidiol dispensary's license expires, that includes:

1560 (i) the name and location of the cannabidiol dispensary;

1561 (ii) the day on which the license for the cannabidiol dispensary will expire; and

1562 (iii) a solicitation for cannabidiol dispensary license applicants.

1563 (b) If, after the division publishes the notice described in Subsection (2)(a), the division
1564 receives an application for a cannabidiol dispensary from a new applicant and also receives an
1565 application for renewal from the existing cannabidiol dispensary, the division shall issue the
1566 license to the applicant that the division determines best meets the criteria established in
1567 Section [58-86-204](#).

1568 (3) (a) If a licensed cannabidiol dispensary abandons the cannabidiol dispensary's
1569 license, the division shall publish notice of an available license in the same manner as
1570 described in Subsection (2)(a).

1571 (b) The division may establish criteria, in accordance with Title 63G, Chapter 3, Utah
1572 Administrative Rulemaking Act, for what actions by a cannabidiol dispensary constitute
1573 abandonment of a cannabidiol dispensary license.

1574 Section 57. Section **58-86-203** is enacted to read:

1575 **58-86-203. Operating plan.**

1576 (1) A person applying for a cannabidiol dispensary license shall submit to the division
1577 a proposed operating plan for the cannabidiol dispensary.

1578 (2) The operating plan described in Subsection (1) shall include:

1579 (a) a description of the cannabidiol dispensary's employee training standards;

1580 (b) a security plan for the cannabidiol dispensary;

1581 (c) a plan to process payments through a cannabidiol payment processor licensed under
1582 Section [7-26-201](#).

1583 (d) the time period in which the person estimates the cannabidiol dispensary will
1584 become operational; and

1585 (e) the products, and anticipated sources of the products, that a cannabidiol dispensary
1586 plans to sell.

1587 Section 58. Section **58-86-204** is enacted to read:

1588 **58-86-204. Maximum number of licenses.**

1589 (1) The division may not issue more than five cannabidiol dispensary licenses at any
1590 given time.

1591 (2) If more than one applicant for a license meets the qualifications of this chapter for a
1592 cannabidiol dispensary, the division shall evaluate the applicants to determine which applicant
1593 has best demonstrated:

1594 (a) experience with:

1595 (i) establishing and running a business in a related field;

1596 (ii) operating a secure inventory control system;

1597 (iii) complying with a regulatory environment; and

1598 (iv) training, evaluating, and monitoring employees;

1599 (b) connections to the local community; and

1600 (c) that the applicant will keep the cost of cannabidiol low.

1601 Section 59. Section **58-86-205** is enacted to read:

1602 **58-86-205. Bond for a cannabidiol dispensary license.**

1603 (1) A cannabidiol dispensary licensed under Section [58-86-201](#) shall post a cash bond
1604 or surety bond, payable to the division, in an amount equal to \$750,000.

1605 (2) A cannabidiol dispensary licensed under Section [4-42-201](#) shall maintain the bond
1606 described in Subsection (1) for as long as the cannabidiol dispensary continues to operate.

1607 (3) The division shall require a bond a cannabidiol dispensary posts under this section
1608 to be:

1609 (a) in a form approved by the attorney general; and

1610 (b) conditioned upon the cannabidiol dispensary's compliance with this chapter.

1611 (4) If a bond described in Subsection (1) is canceled due to a cannabidiol dispensary's
1612 negligence, the division may assess the cannabidiol dispensary a \$300 reinstatement fee.

1613 (5) A cannabidiol dispensary may not withdraw any part of a bond posted under
1614 Subsection (1):

1615 (a) during the period when the cannabidiol dispensary's license is in effect; or

1616 (b) while a license revocation proceeding is pending against the cannabidiol
1617 dispensary.

1618 (6) A cannabidiol dispensary forfeits a bond posted under Subsection (1) if the
1619 cannabidiol dispensary's license is revoked.

1620 (7) The division may, without revoking a license, make a claim against a bond posted
1621 by a cannabidiol dispensary under Subsection (1) for money the cannabidiol dispensary owes
1622 the division under this chapter.

1623 Section 60. Section **58-86-301** is enacted to read:

1624 **Part 3. Cannabidiol Dispensary Agents**

1625 **58-86-301. Cannabidiol dispensary agent -- Registration.**

1626 (1) An individual may not act as an owner, officer, director, board member,
1627 shareholder, agent, or employee of a cannabidiol dispensary unless the individual is registered
1628 by the division as a cannabidiol dispensary agent.

1629 (2) A physician may not act as a cannabidiol dispensary agent.

1630 (3) The division shall, within 15 business days after receiving a complete application,
1631 register and issue a cannabidiol dispensary agent registration card to an individual who:

1632 (a) has not been convicted of an offense that is a felony under either state or federal
1633 law;

1634 (b) provides to the division:

1635 (i) the individual's name and address; and

1636 (ii) the name and location of the licensed cannabidiol dispensary where the individual
1637 will act as a cannabidiol dispensary agent;

1638 (c) pays a registration fee to the division, in an amount determined by the division in
1639 accordance with Section 63J-1-504, that is necessary to cover the division's cost to implement
1640 this chapter;

1641 (d) complies with the requirement for, and passes, a criminal background check
1642 described in Section 58-86-302; and

1643 (e) demonstrates to the division that the individual has completed a training program
1644 designated by the division under Subsection (4).

1645 (4) The division shall establish cannabidiol dispensary agent training requirements by
1646 rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

1647 (5) The division shall revoke or refuse to issue the cannabidiol dispensary agent
1648 registration card of an individual who:

1649 (a) violates the requirements of this chapter; or

1650 (b) is convicted of an offense that is a felony under state or federal law.

1651 Section 61. Section **58-86-302** is enacted to read:

1652 **58-86-302. Cannabidiol dispensary agents -- Criminal background checks.**

1653 (1) An individual applying for a cannabidiol dispensary agent registration card under
1654 this chapter shall:

1655 (a) submit to the division:

1656 (i) a fingerprint card in a form acceptable to the Department of Public Safety; and

1657 (ii) a signed waiver in accordance with Subsection 53-10-108(4) indicating that the

1658 individual's fingerprints are being registered in the Federal Bureau of Investigation's Next

1659 Generation Identification system's Rap Back Service; and

1660 (b) consent to a fingerprint background check by:

1661 (i) the Utah Bureau of Criminal Identification; and

1662 (ii) the Federal Bureau of Investigation.

1663 (2) The Bureau of Criminal Identification shall:

1664 (a) check the fingerprints submitted under Subsection (1) against the applicable state,
1665 regional and national criminal records databases, including the Federal Bureau of

1666 Investigation's Next Generation Identification system;

1667 (b) report the results of the background check to the department;

1668 (c) maintain a separate file of fingerprints submitted under Subsection (1) for search by

1669 future submissions to the local and regional criminal records databases, including latent prints;

1670 (d) request that the fingerprints be retained in the Federal Bureau of Investigation's
1671 Next Generation Identification system's Rap Back Service for search by future submissions to
1672 national criminal records databases, including the Next Generation Identification system and
1673 latent prints; and

1674 (e) establish a privacy risk mitigation strategy to ensure that the entity only receives
1675 notifications for an individual with whom the entity maintains an authorizing relationship.

1676 (4) The division shall:

1677 (a) assess an individual who submits fingerprints, in accordance with this section, a fee
1678 that the Bureau of Criminal Identification is authorized to collect for the services the Bureau of
1679 Criminal Identification or other authorized agency provides under this section; and

1680 (b) remit a fee collected under Subsection (4)(a) to the Bureau of Criminal
1681 Identification.

1682 Section 62. Section **58-86-303** is enacted to read:

1683 **58-86-303. Cannabidiol dispensary agent registration card -- Required to carry**
1684 **registration card.**

1685 (1) An individual who has a cannabidiol dispensary agent registration card shall carry
1686 the individual's cannabidiol dispensary agent registration card with the individual at all times
1687 when:

1688 (a) the individual is on the premises of a cannabidiol dispensary; and

1689 (b) the individual is transporting cannabis or cannabidiol between two cannabidiol
1690 production establishments or transporting cannabidiol between a cannabidiol production
1691 establishment and a cannabidiol dispensary.

1692 (2) A cannabidiol dispensary agent registered with the department is guilty of an
1693 infraction if the registered cannabidiol dispensary agent:

1694 (a) (i) is on the premises of a cannabidiol dispensary where the individual is registered
1695 as an agent; or

1696 (ii) transports cannabis or cannabidiol; and

1697 (b) does not possess, on the registered cannabidiol dispensary agent's person, a valid
1698 cannabidiol dispensary agent registration card.

1699 (3) A registered cannabidiol dispensary agent who is guilty of an infraction under

1700 Subsection (3) is subject to a \$100 fine.

1701 Section 63. Section **58-86-401** is enacted to read:

1702 **Part 4. Cannabidiol Dispensary Operation Requirements**

1703 **58-86-401. Operating requirements -- General.**

1704 (1) (a) A cannabidiol dispensary shall operate in accordance with the operating plan
1705 that the cannabidiol dispensary provides to the department under Section [58-86-203](#).

1706 (b) A cannabidiol dispensary shall notify the department within 30 days of any change
1707 in the cannabidiol dispensary's operation plan.

1708 (2) Except as provided in Subsection (3), a cannabidiol dispensary shall operate:

1709 (a) in a facility that is accessible only by an individual with a valid cannabidiol
1710 dispensary agent registration card issued under Section [58-86-301](#) or by an individual with a
1711 medical cannabidiol card; and

1712 (b) at the physical address provided to the department under Section [58-86-201](#).

1713 (3) A cannabidiol production facility may allow the press, a visitor, or a contractor
1714 access to the cannabidiol dispensary if:

1715 (a) the cannabidiol production facility tracks and monitors the individual at all times
1716 while the individual is in the cannabidiol dispensary; and

1717 (b) a record of the individual's access to the cannabidiol dispensary is maintained by
1718 the cannabidiol dispensary.

1719 (4) A cannabidiol dispensary may not operate without:

1720 (a) a security system with a backup power source in the event of a power outage to:

1721 (i) detect and record entry at all times the cannabidiol dispensary is closed; and

1722 (ii) provide notice of unauthorized entry to local law enforcement;

1723 (b) a lock on any entrance to the area of the cannabidiol dispensary where cannabidiol
1724 is stored; and

1725 (c) an inventory control system that complies with Section [4-42-104](#).

1726 (5) Except as provided in Subsection (6), a physician may not:

1727 (a) serve as a cannabidiol dispensary agent; or

1728 (b) except online, advertise that the physician may or will recommend cannabidiol.

1729 (6) (a) A cannabidiol dispensary shall employ an individual licensed as a pharmacist
1730 under Title 58, Chapter 17b, Pharmacy Practice Act, to act as a consultant.

1731 (b) The individual described in Subsection (6)(a) shall:

1732 (i) review the records of each individual with a medical cannabidiol card who

1733 purchases cannabidiol from the cannabidiol dispensary; and

1734 (ii) answer questions for an individual with a medical cannabidiol card.

1735 (7) A cannabidiol dispensary may only transmit or accept payment for cannabidiol

1736 through a cannabidiol payment processor licensed under Section [7-26-201](#).

1737 (8) A cannabidiol dispensary may not allow any individual to consume cannabidiol on

1738 the property or premises of the establishment.

1739 (9) A cannabidiol dispensary may not sell cannabidiol before January 1, 2017.

1740 (10) A cannabidiol dispensary shall require any cannabidiol dispensary agent to wear a

1741 white lab coat at all times while the cannabidiol dispensary agent is in the view of a customer

1742 at the cannabidiol dispensary

1743 Section 64. Section **58-86-402** is enacted to read:

1744 **58-86-402. Dispensing -- Amount a cannabidiol dispensary may dispense --**

1745 **Reporting -- Form of cannabis or cannabis product.**

1746 (1) A cannabidiol dispensary may only sell, subject to this chapter:

1747 (a) cannabidiol; or

1748 (b) educational materials related to the medical use of cannabidiol.

1749 (2) A cannabidiol dispensary may only sell cannabidiol to an individual with a medical

1750 cannabidiol card issued by the department.

1751 (3) A cannabidiol dispensary may not dispense on behalf of any one individual with a

1752 medical cannabidiol card, in any one 30-day period, an amount of cannabidiol that exceeds a

1753 30-day supply of the dosage recommended by the individual's physician.

1754 (4) An individual with a medical cannabidiol card may not purchase more cannabidiol

1755 than the amounts designated in Subsection (3).

1756 (5) A designated caregiver designated by any one individual with a medical

1757 cannabidiol card may not purchase, for the individual, an amount of cannabidiol that exceeds

1758 the amounts designated in Subsection (3).

1759 (6) A cannabidiol dispensary shall:

1760 (a) submit a record to the electronic verification system of each time the cannabidiol

1761 dispensary dispenses cannabidiol to an individual with a medical cannabidiol card;

1762 (b) access the electronic verification system before dispensing cannabidiol to an
1763 individual with a medical cannabis card in order to determine if the individual has exceeded the
1764 amount of cannabis or cannabis products described in Subsection (3); and

1765 (c) comply with Section [58-37f-204](#).

1766 Section 65. Section **58-86-403** is enacted to read:

1767 **58-86-403. Product quality -- Labeling -- Packaging.**

1768 (1) A cannabidiol dispensary may not sell or offer to sell cannabidiol unless:

1769 (a) the amount of cannabidiol is clearly and accurately stated on the cannabidiol
1770 packaging; and

1771 (b) the cannabidiol is sealed in a tamper resistant, resealable container with a label that
1772 includes a bar code or identification number that links the cannabidiol to the cannabidiol
1773 dispensary's inventory control system.

1774 (2) A cannabidiol dispensary may only sell cannabidiol that has been inspected by an
1775 independent cannabidiol testing laboratory in accordance with Section [4-42-701](#).

1776 Section 66. Section **58-86-404** is enacted to read:

1777 **58-86-404. Advertising.**

1778 (1) Except as provided in Subsection (2), a cannabidiol dispensary may not advertise in
1779 any medium.

1780 (2) A cannabidiol dispensary may advertise using a:

1781 (a) sign on the outside of the cannabidiol dispensary that includes only the cannabidiol
1782 dispensary's name and hours of operation; and

1783 (b) a website that includes information about the location of the dispensary, products
1784 and services available at the dispensary, and educational materials related to the use of
1785 cannabidiol.

1786 Section 67. Section **58-86-405** is enacted to read:

1787 **58-86-405. Inspections.**

1788 (1) The division shall inspect, in accordance with Subsection (2), a cannabidiol
1789 dispensary's facility and records in order to determine if the cannabidiol dispensary complies
1790 with the requirements of this chapter.

1791 (2) The division may inspect the records and facility of a cannabidiol dispensary:

1792 (a) as many as four times per year, scheduled or unscheduled; and

1793 (b) if the division has reason to believe that the cannabidiol dispensary has violated the
1794 law, at any time, scheduled or unscheduled.

1795 Section 68. Section **58-86-406** is enacted to read:

1796 **58-86-406. Cannabidiol transportation.**

1797 (1) An individual may not transport cannabidiol unless the individual has a valid:

1798 (a) cannabidiol production establishment agent registration card; or

1799 (b) cannabidiol dispensary agent registration card.

1800 (2) An individual transporting cannabidiol shall keep a transportation record that
1801 includes:

1802 (a) a bar code or identification number that links the cannabidiol to a relevant inventory
1803 control system;

1804 (b) origin and destination information for any cannabidiol the individual is
1805 transporting; and

1806 (c) monitors the departure and arrival time of the individual transporting the
1807 cannabidiol.

1808 (3) In addition to the requirements in Subsections (1) and (2), the Department of
1809 Agriculture and Food may establish, by rule made in accordance with Title 63G, Chapter 3,
1810 Utah Administrative Rulemaking Act, requirements for transporting cannabidiol related to
1811 human consumption safety.

1812 (4) A cannabidiol dispensary agent registered with the department is guilty of an
1813 infraction if the registered cannabidiol dispensary agent:

1814 (a) transports cannabis or cannabidiol; and

1815 (b) does not possess, on the registered cannabidiol dispensary agent's person or in the
1816 transport vehicle, a transportation record that complies with Subsection (2).

1817 (5) A registered cannabidiol dispensary agent who is guilty of an infraction under
1818 Subsection (3) is subject to a \$100 fine.

1819 Section 69. Section **58-86-501** is enacted to read:

1820 **Part 5. Enforcement**

1821 **58-86-501. Enforcement -- Fine -- Citation.**

1822 (1) The division may, for a violation of this chapter by a person who is a cannabidiol
1823 dispensary or cannabidiol dispensary agent:

- 1824 (a) revoke the person's license;
- 1825 (b) refuse to renew the person's license;
- 1826 (c) assess the person an administrative penalty; or
- 1827 (d) take any other appropriate administrative action.

1828 (2) The division shall deposit an administrative penalty imposed under this section into
1829 the General Fund as a dedicated credit to be used by the division to administer and enforce this
1830 chapter.

1831 (3) The division may, for a person subject to an uncontested citation, a stipulated
1832 settlement, or a finding of a violation in an adjudicative proceeding under this section:

1833 (a) assess the person a fine, established in accordance with Section [63J-1-504](#), of up to
1834 \$5,000 per violation, in accordance with a fine schedule established by rule made in accordance
1835 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or

1836 (b) order the person to cease and desist from the action that creates a violation.

1837 (4) The division may not revoke a cannabidiol dispensary's license via a citation.

1838 (5) If within 20 calendar days after the day on which a division serves a citation for a
1839 violation of this chapter, the person that is the subject of the citation fails to request a hearing
1840 to contest the citation, the citation becomes the basis of the division's final order.

1841 (6) The division may, for a person who fails to comply with a citation under this
1842 section:

1843 (a) refuse to issue or renew the person's license or cannabidiol dispensary agent
1844 registration card; or

1845 (b) suspend, revoke, or place on probation the person's license or cannabidiol
1846 dispensary agent registration card.

1847 Section 70. Section **59-12-103** is amended to read:

1848 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
1849 **tax revenues.**

1850 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or
1851 charged for the following transactions:

1852 (a) retail sales of tangible personal property made within the state;

1853 (b) amounts paid for:

1854 (i) telecommunications service, other than mobile telecommunications service, that

1855 originates and terminates within the boundaries of this state;

1856 (ii) mobile telecommunications service that originates and terminates within the

1857 boundaries of one state only to the extent permitted by the Mobile Telecommunications

1858 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

1859 (iii) an ancillary service associated with a:

1860 (A) telecommunications service described in Subsection (1)(b)(i); or

1861 (B) mobile telecommunications service described in Subsection (1)(b)(ii);

1862 (c) sales of the following for commercial use:

1863 (i) gas;

1864 (ii) electricity;

1865 (iii) heat;

1866 (iv) coal;

1867 (v) fuel oil; or

1868 (vi) other fuels;

1869 (d) sales of the following for residential use:

1870 (i) gas;

1871 (ii) electricity;

1872 (iii) heat;

1873 (iv) coal;

1874 (v) fuel oil; or

1875 (vi) other fuels;

1876 (e) sales of prepared food;

1877 (f) except as provided in Section [59-12-104](#), amounts paid or charged as admission or

1878 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,

1879 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,

1880 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit

1881 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf

1882 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,

1883 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,

1884 horseback rides, sports activities, or any other amusement, entertainment, recreation,

1885 exhibition, cultural, or athletic activity;

1886 (g) amounts paid or charged for services for repairs or renovations of tangible personal
1887 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

1888 (i) the tangible personal property; and

1889 (ii) parts used in the repairs or renovations of the tangible personal property described
1890 in Subsection (1)(g)(i), regardless of whether:

1891 (A) any parts are actually used in the repairs or renovations of that tangible personal
1892 property; or

1893 (B) the particular parts used in the repairs or renovations of that tangible personal
1894 property are exempt from a tax under this chapter;

1895 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
1896 assisted cleaning or washing of tangible personal property;

1897 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
1898 accommodations and services that are regularly rented for less than 30 consecutive days;

1899 (j) amounts paid or charged for laundry or dry cleaning services;

1900 (k) amounts paid or charged for leases or rentals of tangible personal property if within
1901 this state the tangible personal property is:

1902 (i) stored;

1903 (ii) used; or

1904 (iii) otherwise consumed;

1905 (l) amounts paid or charged for tangible personal property if within this state the
1906 tangible personal property is:

1907 (i) stored;

1908 (ii) used; or

1909 (iii) consumed; [~~and~~]

1910 (m) amounts paid or charged for a sale:

1911 (i) (A) of a product transferred electronically; or

1912 (B) of a repair or renovation of a product transferred electronically; and

1913 (ii) regardless of whether the sale provides:

1914 (A) a right of permanent use of the product; or

1915 (B) a right to use the product that is less than a permanent use, including a right:

1916 (I) for a definite or specified length of time; and

1917 (II) that terminates upon the occurrence of a condition[-]; and
1918 (n) retail sales of cannabidiol as that term is defined in Section [58-37-3.6](#).
1919 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
1920 is imposed on a transaction described in Subsection (1) equal to the sum of:
1921 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
1922 (A) 4.70%; and
1923 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
1924 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
1925 through [59-12-215](#) is in a county in which the state imposes the tax under Part 18, Additional
1926 State Sales and Use Tax Act; and
1927 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
1928 and Use Tax Act, if the location of the transaction as determined under Sections [59-12-211](#)
1929 through [59-12-215](#) is in a city, town, or the unincorporated area of a county in which the state
1930 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
1931 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
1932 transaction under this chapter other than this part.
1933 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
1934 on a transaction described in Subsection (1)(d) equal to the sum of:
1935 (i) a state tax imposed on the transaction at a tax rate of 2%; and
1936 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
1937 transaction under this chapter other than this part.
1938 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
1939 on amounts paid or charged for food and food ingredients equal to the sum of:
1940 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
1941 a tax rate of 1.75%; and
1942 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
1943 amounts paid or charged for food and food ingredients under this chapter other than this part.
1944 (d) (i) For a bundled transaction that is attributable to food and food ingredients and
1945 tangible personal property other than food and food ingredients, a state tax and a local tax is
1946 imposed on the entire bundled transaction equal to the sum of:
1947 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

1948 (I) the tax rate described in Subsection (2)(a)(i)(A); and
1949 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
1950 Sales and Use Tax Act, if the location of the transaction as determined under Sections
1951 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
1952 Additional State Sales and Use Tax Act; and
1953 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
1954 Sales and Use Tax Act, if the location of the transaction as determined under Sections
1955 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
1956 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
1957 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
1958 described in Subsection (2)(a)(ii).
1959 (ii) If an optional computer software maintenance contract is a bundled transaction that
1960 consists of taxable and nontaxable products that are not separately itemized on an invoice or
1961 similar billing document, the purchase of the optional computer software maintenance contract
1962 is 40% taxable under this chapter and 60% nontaxable under this chapter.
1963 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled
1964 transaction described in Subsection (2)(d)(i) or (ii):
1965 (A) if the sales price of the bundled transaction is attributable to tangible personal
1966 property, a product, or a service that is subject to taxation under this chapter and tangible
1967 personal property, a product, or service that is not subject to taxation under this chapter, the
1968 entire bundled transaction is subject to taxation under this chapter unless:
1969 (I) the seller is able to identify by reasonable and verifiable standards the tangible
1970 personal property, product, or service that is not subject to taxation under this chapter from the
1971 books and records the seller keeps in the seller's regular course of business; or
1972 (II) state or federal law provides otherwise; or
1973 (B) if the sales price of a bundled transaction is attributable to two or more items of
1974 tangible personal property, products, or services that are subject to taxation under this chapter
1975 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
1976 higher tax rate unless:
1977 (I) the seller is able to identify by reasonable and verifiable standards the tangible
1978 personal property, product, or service that is subject to taxation under this chapter at the lower

1979 tax rate from the books and records the seller keeps in the seller's regular course of business; or
1980 (II) state or federal law provides otherwise.

1981 (iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the
1982 seller's regular course of business includes books and records the seller keeps in the regular
1983 course of business for nontax purposes.

1984 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)
1985 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
1986 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
1987 of tangible personal property, other property, a product, or a service that is not subject to
1988 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
1989 the seller, at the time of the transaction:

1990 (A) separately states the portion of the transaction that is not subject to taxation under
1991 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

1992 (B) is able to identify by reasonable and verifiable standards, from the books and
1993 records the seller keeps in the seller's regular course of business, the portion of the transaction
1994 that is not subject to taxation under this chapter.

1995 (ii) A purchaser and a seller may correct the taxability of a transaction if:

1996 (A) after the transaction occurs, the purchaser and the seller discover that the portion of
1997 the transaction that is not subject to taxation under this chapter was not separately stated on an
1998 invoice, bill of sale, or similar document provided to the purchaser because of an error or
1999 ignorance of the law; and

2000 (B) the seller is able to identify by reasonable and verifiable standards, from the books
2001 and records the seller keeps in the seller's regular course of business, the portion of the
2002 transaction that is not subject to taxation under this chapter.

2003 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps
2004 in the seller's regular course of business includes books and records the seller keeps in the
2005 regular course of business for nontax purposes.

2006 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible
2007 personal property, products, or services that are subject to taxation under this chapter at
2008 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate
2009 unless the seller, at the time of the transaction:

2010 (A) separately states the items subject to taxation under this chapter at each of the
2011 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

2012 (B) is able to identify by reasonable and verifiable standards the tangible personal
2013 property, product, or service that is subject to taxation under this chapter at the lower tax rate
2014 from the books and records the seller keeps in the seller's regular course of business.

2015 (ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the
2016 seller's regular course of business includes books and records the seller keeps in the regular
2017 course of business for nontax purposes.

2018 (g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax
2019 rate imposed under the following shall take effect on the first day of a calendar quarter:

- 2020 (i) Subsection (2)(a)(i)(A);
- 2021 (ii) Subsection (2)(b)(i);
- 2022 (iii) Subsection (2)(c)(i); or
- 2023 (iv) Subsection (2)(d)(i)(A)(I).

2024 (h) (i) A tax rate increase takes effect on the first day of the first billing period that
2025 begins on or after the effective date of the tax rate increase if the billing period for the
2026 transaction begins before the effective date of a tax rate increase imposed under:

- 2027 (A) Subsection (2)(a)(i)(A);
- 2028 (B) Subsection (2)(b)(i);
- 2029 (C) Subsection (2)(c)(i); or
- 2030 (D) Subsection (2)(d)(i)(A)(I).

2031 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
2032 statement for the billing period is rendered on or after the effective date of the repeal of the tax
2033 or the tax rate decrease imposed under:

- 2034 (A) Subsection (2)(a)(i)(A);
- 2035 (B) Subsection (2)(b)(i);
- 2036 (C) Subsection (2)(c)(i); or
- 2037 (D) Subsection (2)(d)(i)(A)(I).

2038 (i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is
2039 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
2040 change in a tax rate takes effect:

- 2041 (A) on the first day of a calendar quarter; and
- 2042 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.
- 2043 (ii) Subsection (2)(i)(i) applies to the tax rates described in the following:
- 2044 (A) Subsection (2)(a)(i)(A);
- 2045 (B) Subsection (2)(b)(i);
- 2046 (C) Subsection (2)(c)(i); or
- 2047 (D) Subsection (2)(d)(i)(A)(I).
- 2048 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 2049 the commission may by rule define the term "catalogue sale."
- 2050 (3) (a) The following state taxes shall be deposited into the General Fund:
- 2051 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 2052 (ii) the tax imposed by Subsection (2)(b)(i);
- 2053 (iii) the tax imposed by Subsection (2)(c)(i); or
- 2054 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).
- 2055 (b) The following local taxes shall be distributed to a county, city, or town as provided
- 2056 in this chapter:
- 2057 (i) the tax imposed by Subsection (2)(a)(ii);
- 2058 (ii) the tax imposed by Subsection (2)(b)(ii);
- 2059 (iii) the tax imposed by Subsection (2)(c)(ii); and
- 2060 (iv) the tax imposed by Subsection (2)(d)(i)(B).
- 2061 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
- 2062 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
- 2063 through (g):
- 2064 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:
- 2065 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and
- 2066 (B) for the fiscal year; or
- 2067 (ii) \$17,500,000.
- 2068 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount
- 2069 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the
- 2070 Department of Natural Resources to:
- 2071 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to

2072 protect sensitive plant and animal species; or

2073 (B) award grants, up to the amount authorized by the Legislature in an appropriations
2074 act, to political subdivisions of the state to implement the measures described in Subsections
2075 [79-2-303\(3\)\(a\)](#) through (d) to protect sensitive plant and animal species.

2076 (ii) Money transferred to the Department of Natural Resources under Subsection
2077 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other
2078 person to list or attempt to have listed a species as threatened or endangered under the
2079 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

2080 (iii) At the end of each fiscal year:

2081 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
2082 Conservation and Development Fund created in Section [73-10-24](#);

2083 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
2084 Program Subaccount created in Section [73-10c-5](#); and

2085 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
2086 Program Subaccount created in Section [73-10c-5](#).

2087 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in
2088 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund
2089 created in Section [4-18-106](#).

2090 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described
2091 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water
2092 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of
2093 water rights.

2094 (ii) At the end of each fiscal year:

2095 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources
2096 Conservation and Development Fund created in Section [73-10-24](#);

2097 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan
2098 Program Subaccount created in Section [73-10c-5](#); and

2099 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
2100 Program Subaccount created in Section [73-10c-5](#).

2101 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
2102 in Subsection (4)(a) shall be deposited in the Water Resources Conservation and Development

2103 Fund created in Section 73-10-24 for use by the Division of Water Resources.

2104 (ii) In addition to the uses allowed of the Water Resources Conservation and
2105 Development Fund under Section 73-10-24, the Water Resources Conservation and
2106 Development Fund may also be used to:

2107 (A) conduct hydrologic and geotechnical investigations by the Division of Water
2108 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
2109 quantifying surface and ground water resources and describing the hydrologic systems of an
2110 area in sufficient detail so as to enable local and state resource managers to plan for and
2111 accommodate growth in water use without jeopardizing the resource;

2112 (B) fund state required dam safety improvements; and

2113 (C) protect the state's interest in interstate water compact allocations, including the
2114 hiring of technical and legal staff.

2115 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
2116 in Subsection (4)(a) shall be deposited in the Utah Wastewater Loan Program Subaccount
2117 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.

2118 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
2119 in Subsection (4)(a) shall be deposited in the Drinking Water Loan Program Subaccount
2120 created in Section 73-10c-5 for use by the Division of Drinking Water to:

2121 (i) provide for the installation and repair of collection, treatment, storage, and
2122 distribution facilities for any public water system, as defined in Section 19-4-102;

2123 (ii) develop underground sources of water, including springs and wells; and

2124 (iii) develop surface water sources.

2125 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
2126 2006, the difference between the following amounts shall be expended as provided in this
2127 Subsection (5), if that difference is greater than \$1:

2128 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the
2129 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and

2130 (ii) \$17,500,000.

2131 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:

2132 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
2133 credits; and

2134 (B) expended by the Department of Natural Resources for watershed rehabilitation or
2135 restoration.

2136 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
2137 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
2138 created in Section 73-10-24.

2139 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
2140 remaining difference described in Subsection (5)(a) shall be:

2141 (A) transferred each fiscal year to the Division of Water Resources as dedicated
2142 credits; and

2143 (B) expended by the Division of Water Resources for cloud-seeding projects
2144 authorized by Title 73, Chapter 15, Modification of Weather.

2145 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
2146 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund
2147 created in Section 73-10-24.

2148 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the
2149 remaining difference described in Subsection (5)(a) shall be deposited into the Water
2150 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
2151 Division of Water Resources for:

2152 (i) preconstruction costs:

2153 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
2154 26, Bear River Development Act; and

2155 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
2156 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;

2157 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
2158 Chapter 26, Bear River Development Act;

2159 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project
2160 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

2161 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, 73-10-30, and
2162 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

2163 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to
2164 Subsection (5)(f), 6% of the remaining difference described in Subsection (5)(a) shall be

2165 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
2166 incurred for employing additional technical staff for the administration of water rights.

2167 (f) At the end of each fiscal year, any unexpended dedicated credits described in
2168 Subsection (5)(e) over \$150,000 lapse to the Water Resources Conservation and Development
2169 Fund created in Section 73-10-24.

2170 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
2171 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%
2172 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited in
2173 the Transportation Fund created by Section 72-2-102.

2174 (7) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of
2175 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section
2176 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
2177 by a 1/64% tax rate on the taxable transactions under Subsection (1).

2178 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
2179 Subsection (7), and subject to Subsection (8)(b), for a fiscal year beginning on or after July 1,
2180 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
2181 created by Section 72-2-124:

2182 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of
2183 the revenues collected from the following taxes, which represents a portion of the
2184 approximately 17% of sales and use tax revenues generated annually by the sales and use tax
2185 on vehicles and vehicle-related products:

2186 (A) the tax imposed by Subsection (2)(a)(i)(A);

2187 (B) the tax imposed by Subsection (2)(b)(i);

2188 (C) the tax imposed by Subsection (2)(c)(i); and

2189 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

2190 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the
2191 current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through
2192 (D) that exceeds the amount collected from the sales and use taxes described in Subsections
2193 (8)(a)(i)(A) through (D) in the 2010-11 fiscal year.

2194 (b) (i) Subject to Subsections (8)(b)(ii) and (iii), in any fiscal year that the portion of
2195 the sales and use taxes deposited under Subsection (8)(a) represents an amount that is a total

2196 lower percentage of the sales and use taxes described in Subsections (8)(a)(i)(A) through (D)
2197 generated in the current fiscal year than the total percentage of sales and use taxes deposited in
2198 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection
2199 (8)(a) equal to the product of:

2200 (A) the total percentage of sales and use taxes deposited under Subsection (8)(a) in the
2201 previous fiscal year; and

2202 (B) the total sales and use tax revenue generated by the taxes described in Subsections
2203 (8)(a)(i)(A) through (D) in the current fiscal year.

2204 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
2205 Subsection (8)(a) would exceed 17% of the revenues collected from the sales and use taxes
2206 described in Subsections (8)(a)(i)(A) through (D) in the current fiscal year, the Division of
2207 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in
2208 Subsections (8)(a)(i)(A) through (D) for the current fiscal year under Subsection (8)(a).

2209 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected
2210 from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) was deposited
2211 under Subsection (8)(a), the Division of Finance shall annually deposit 17% of the revenues
2212 collected from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) in the
2213 current fiscal year under Subsection (8)(a).

2214 (9) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
2215 Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2012, the Division of
2216 Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes listed under
2217 Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section
2218 [72-2-124](#).

2219 (10) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
2220 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
2221 created by Section [35A-8-1009](#) and expended as provided in Section [35A-8-1009](#).

2222 (11) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (11)(b),
2223 and in addition to any amounts deposited under Subsections (7), (8), and (9), beginning on July
2224 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
2225 created by Section [72-2-124](#) the amount of tax revenue generated by a .025% tax rate on the
2226 transactions described in Subsection (1).

2227 (b) For purposes of Subsection (11)(a), the Division of Finance may not deposit into
2228 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or
2229 charged for food and food ingredients, except for tax revenue generated by a bundled
2230 transaction attributable to food and food ingredients and tangible personal property other than
2231 food and food ingredients described in Subsection (2)(d).

2232 (12) (a) Notwithstanding Subsection (3)(a), and except as provided in Subsection
2233 (12)(b), beginning on January 1, 2009, the Division of Finance shall deposit into the
2234 Transportation Fund created by Section 72-2-102 the amount of tax revenue generated by a
2235 .025% tax rate on the transactions described in Subsection (1) to be expended to address
2236 chokepoints in construction management.

2237 (b) For purposes of Subsection (12)(a), the Division of Finance may not deposit into
2238 the Transportation Fund any tax revenue generated by amounts paid or charged for food and
2239 food ingredients, except for tax revenue generated by a bundled transaction attributable to food
2240 and food ingredients and tangible personal property other than food and food ingredients
2241 described in Subsection (2)(d).

2242 (13) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
2243 fiscal year during which the Division of Finance receives notice under Subsection
2244 63N-2-510[(3)](2) that construction on a qualified hotel, as defined in Section 63N-2-502, has
2245 begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit
2246 \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel
2247 Impact Mitigation Fund, created in Section 63N-2-512.

2248 (14) Notwithstanding Subsections (4) through (13), an amount required to be expended
2249 or deposited in accordance with Subsections (4) through (13) may not include an amount the
2250 Division of Finance deposits in accordance with Section 59-12-103.2.

2251 Section 71. Section 63I-1-258 is amended to read:

2252 **63I-1-258. Repeal dates, Title 58.**

2253 (1) Title 58, Chapter 13, Health Care Providers Immunity from Liability Act, is
2254 repealed July 1, 2026.

2255 (2) Title 58, Chapter 15, Health Facility Administrator Act, is repealed July 1, 2025.

2256 (3) Title 58, Chapter 20a, Environmental Health Scientist Act, is repealed July 1, 2018.

2257 (4) Section 58-37-4.3 is repealed July 1, 2016.

2258 (5) Section 58-38a-203.1 is repealed July 1, 2017.
2259 [~~5~~] (6) Title 58, Chapter 40, Recreational Therapy Practice Act, is repealed July 1,
2260 2023.
2261 [~~6~~] (7) Title 58, Chapter 41, Speech-Language Pathology and Audiology Licensing
2262 Act, is repealed July 1, 2019.
2263 [~~7~~] (8) Title 58, Chapter 42a, Occupational Therapy Practice Act, is repealed July 1,
2264 2025.
2265 [~~8~~] (9) Title 58, Chapter 46a, Hearing Instrument Specialist Licensing Act, is
2266 repealed July 1, 2023.
2267 [~~9~~] (10) Title 58, Chapter 47b, Massage Therapy Practice Act, is repealed July 1,
2268 2024.
2269 [~~10~~] (11) Title 58, Chapter 61, Part 7, Behavior Analyst Licensing Act, is repealed
2270 July 1, 2026.
2271 [~~11~~] (12) Title 58, Chapter 72, Acupuncture Licensing Act, is repealed July 1, 2017.
2272 Section 72. **Effective date.**
2273 This bill takes effect on July 1, 2016.