

1 **CANNABINOID MEDICINE ACT**

2 2017 GENERAL SESSION

3 STATE OF UTAH

4

5 **LONG TITLE**

6 **General Description:**

7 This bill enacts and amends provisions related to cannabinoid medicine.

8 **Highlighted Provisions:**

9 This bill:

- 10 ▶ authorizes the cultivation, production, possession, use, and sale of cannabis and
- 11 cannabinoid medicine under certain circumstances;
- 12 ▶ provides for the creation of an electronic monitoring system for cannabinoid
- 13 medicine;
- 14 ▶ creates the Cannabinoid Medicine Board within the Department of Agriculture and
- 15 Food;
- 16 ▶ directs the Department of Agriculture and Food to issue cannabis producer licenses
- 17 and enforce cannabis producer operating requirements;
- 18 ▶ grants the Cannabinoid Medicine Board and the Department of Agriculture and
- 19 Food rulemaking authority.
- 20 ▶ directs the Department of Financial Institutions to issue cannabis payment processor
- 21 licenses and enforce cannabis payment processor operating requirements;
- 22 ▶ directs the Division of Occupational and Professional Licensing within the
- 23 Department of Commerce to issue cannabinoid medicine dispensary licenses and
- 24 enforce cannabinoid medicine dispensary operating requirements;
- 25 ▶ directs the Department of Health to issue cannabinoid medicine cards to individuals
- 26 with qualifying illnesses under certain circumstances;
- 27 ▶ creates an exemption from sales and use tax for sales of cannabinoid medicine;
- 28 ▶ imposes a special tax on the sale of cannabinoid medicine;
- 29 ▶ creates the Cannabinoid Medicine Restricted Account;
- 30 ▶ amends provisions related to driving with a measurable metabolite of cannabinoid
- 31 medicine;
- 32 ▶ prohibits a court from discriminating against a parent in a child custody case based

33 on the parent's legal use of cannabinoid medicine; and
 34 ▶ prohibits a peace officer or child welfare worker from removing a child from an
 35 individual's home on the basis of the individual's lawful use of cannabinoid
 36 medicine.

37 **Money Appropriated in this Bill:**

38 None

39 **Other Special Clauses:**

40 None

41 **Utah Code Sections Affected:**

42 AMENDS:

43 **41-6a-517**, as last amended by Laws of Utah 2013, Chapter 333

44 **62A-4a-202.1**, as last amended by Laws of Utah 2012, Chapters 221 and 293

45 **78A-6-508**, as last amended by Laws of Utah 2014, Chapter 409

46 ENACTS:

47 **4-42-102**, Utah Code Annotated 1953

48 **4-42-103**, Utah Code Annotated 1953

49 **4-42-104**, Utah Code Annotated 1953

50 **4-42-105**, Utah Code Annotated 1953

51 **4-42-106**, Utah Code Annotated 1953

52 **4-42-201**, Utah Code Annotated 1953

53 **4-42-202**, Utah Code Annotated 1953

54 **4-42-203**, Utah Code Annotated 1953

55 **4-42-204**, Utah Code Annotated 1953

56 **4-42-301**, Utah Code Annotated 1953

57 **4-42-302**, Utah Code Annotated 1953

58 **4-42-401**, Utah Code Annotated 1953

59 **4-42-402**, Utah Code Annotated 1953

60 **4-42-403**, Utah Code Annotated 1953

61 **4-42-501**, Utah Code Annotated 1953

62 **4-42-601**, Utah Code Annotated 1953

63 **4-42-602**, Utah Code Annotated 1953

- 64 **4-42-603**, Utah Code Annotated 1953
- 65 **4-42-701**, Utah Code Annotated 1953
- 66 **4-42-702**, Utah Code Annotated 1953
- 67 **4-42-801**, Utah Code Annotated 1953
- 68 **4-42-802**, Utah Code Annotated 1953
- 69 **4-42-803**, Utah Code Annotated 1953
- 70 **7-26-101**, Utah Code Annotated 1953
- 71 **7-26-102**, Utah Code Annotated 1953
- 72 **7-26-201**, Utah Code Annotated 1953
- 73 **7-26-202**, Utah Code Annotated 1953
- 74 **7-26-203**, Utah Code Annotated 1953
- 75 **7-26-204**, Utah Code Annotated 1953
- 76 **7-26-301**, Utah Code Annotated 1953
- 77 **7-26-401**, Utah Code Annotated 1953
- 78 **7-26-402**, Utah Code Annotated 1953
- 79 **26-59-101**, Utah Code Annotated 1953
- 80 **26-59-102**, Utah Code Annotated 1953
- 81 **26-59-103**, Utah Code Annotated 1953
- 82 **26-59-104**, Utah Code Annotated 1953
- 83 **26-59-201**, Utah Code Annotated 1953
- 84 **26-59-202**, Utah Code Annotated 1953
- 85 **26-59-203**, Utah Code Annotated 1953
- 86 **26-59-204**, Utah Code Annotated 1953
- 87 **26-59-205**, Utah Code Annotated 1953
- 88 **26-59-206**, Utah Code Annotated 1953
- 89 **58-37-3.6**, Utah Code Annotated 1953
- 90 **58-87-101**, Utah Code Annotated 1953
- 91 **58-87-102**, Utah Code Annotated 1953
- 92 **58-87-103**, Utah Code Annotated 1953
- 93 **58-87-201**, Utah Code Annotated 1953

- 94 **58-87-202**, Utah Code Annotated 1953
- 95 **58-87-203**, Utah Code Annotated 1953
- 96 **58-87-204**, Utah Code Annotated 1953
- 97 **58-87-301**, Utah Code Annotated 1953
- 98 **58-87-302**, Utah Code Annotated 1953
- 99 **58-87-401**, Utah Code Annotated 1953
- 100 **58-87-402**, Utah Code Annotated 1953
- 101 **58-87-403**, Utah Code Annotated 1953
- 102 **58-87-404**, Utah Code Annotated 1953
- 103 **58-87-501**, Utah Code Annotated 1953
- 104 **58-87-502**, Utah Code Annotated 1953
- 105 **59-12-104.7**, Utah Code Annotated 1953
- 106 **59-28-101**, Utah Code Annotated 1953
- 107 **59-28-102**, Utah Code Annotated 1953
- 108 **59-28-103**, Utah Code Annotated 1953
- 109 **59-28-104**, Utah Code Annotated 1953
- 110 **59-28-105**, Utah Code Annotated 1953
- 111 **59-28-106**, Utah Code Annotated 1953
- 112 **59-28-107**, Utah Code Annotated 1953
- 113 **59-28-108**, Utah Code Annotated 1953



114
115 *Be it enacted by the Legislature of the state of Utah:*

116 Section 1. Section **4-42-102** is enacted to read:

117 **4-42-102. Definitions.**

118 As used in this chapter:

- 119 (1) "Agent" means an employee or independent contractor of an entity.
- 120 (2) "Board" means the Cannabinoid Medicine Board created in Section 4-42-103.
- 121 (3) "Cannabis" means any part of a cannabis plant, whether growing or not.
- 122 (4) "Cannabinoid medicine" means a substance that:
 - 123 (a) contains cannabis; and
 - 124 (b) is intended for human medical use.

125 (5) "Cannabinoid medicine card" means the same as that term is defined in Section
126 26-59-102.

127 (6) "Cannabinoid medicine dispensary" means a person that:

128 (a) sells cannabinoid medicine at retail; or

129 (b) purchases or possesses cannabinoid medicine with the intent to sell cannabinoid
130 medicine.

131 (7) "Cannabinoid Medicine Restricted Account" means the account created in Section
132 4-42-105.

133 (8) "Cannabis cultivator" means a person that:

134 (a) grows cannabis; or

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

136 (9) "Cannabis laboratory" means a person that:

137 (a) conducts a chemical or other analysis of cannabinoid medicine; or

138 (b) possesses cannabinoid medicine with the intent to conduct a chemical or other
139 analysis of the cannabinoid medicine.

140 (10) "Cannabis payment processor" means the same as that term is defined in Section
141 7-26-102.

142 (11) "Cannabis processor" means a person that:

143 (a) manufactures cannabinoid medicine from cannabis;

144 (b) purchases or possesses cannabis with the intent to manufacture cannabinoid
145 medicine; or

146 (c) sells or intends to sell cannabinoid medicine to a cannabis dispensary.

147 (12) "Electronic monitoring system" means the system described in Section 4-42-104.

148 (13) "Medical dosage form" means the same as that term is defined in Section
149 26-59-102.

150 (14) "Physician" means the same as that term is defined in Section 26-59-102.

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

152 (16) "Registered patient" means an individual with a valid cannabinoid medicine card
153 issued by the department under Section 26-59-201.

154 Section 2. Section **4-42-103** is enacted to read:

155 **4-42-103. Cannabinoid Medicine Board --- Creation --- Powers --- Duties.**

- 156 (1) There is created the Cannabinoid Medicine Board within the department.
- 157 (2) The Cannabinoid Medicine Board is composed of the following members:
- 158 (a) one member appointed by the director of the Department of Agriculture and Food;
- 159 (b) one member appointed by the director of the Division of Occupational and
- 160 Professional Licensing within the Department of Commerce;
- 161 (c) one member appointed by the director of the Department of Health;
- 162 (d) one member appointed by the director of the Department of Financial Institutions;
- 163 (e) one member appointed by the Governor;
- 164 (f) two members who are physicians licensed under:
- 165 (i) Title 58, Chapter 67, Utah Medical Practice Act; or
- 166 (ii) Title 58, Chapter 68, Utah Osteopathic Medical Practice Act;
- 167 (g) two state or local public safety officials; and
- 168 (h) one member of the public who is a registered patient appointed by the Speaker of
- 169 the House; and
- 170 (i) one member of the public who is a registered patient appointed by the President of
- 171 the Senate.
- 172 (3) (a) Except as provided in Subsection (3)(b), each member of the board shall serve a
- 173 term of four years.
- 174 (b) The first time members are appointed under Subsections (2)(f) through (2)(i), the
- 175 members shall serve a term of two years.
- 176 (c) An entity that appoints a member to the board shall fill a vacancy in the board that
- 177 occurs other than by expiration of a member's term in the same manner as the entity made the
- 178 original appointment.
- 179 (4) A member may not receive compensation or benefits for the member's service, but
- 180 may receive per diem and travel expenses in accordance with:
- 181 (a) Section 63A-3-106;
- 182 (b) Section 63A-3-107; and
- 183 (c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and
- 184 63A-3-107.
- 185 (5) The director of the Department of Agriculture and Food, or the director's designee,
- 186 shall serve as chair of the board.

- 187 (6) The board shall meet:
188 (a) once every three months; and
189 (b) as often as necessary to carry out the board's duties under state law.
190 (7) A majority of board members constitutes a quorum.
191 (8) An official action by the committee requires a majority vote of a quorum.
192 (9) The board shall:
193 (a) investigate issues related to cannabinoid medicine in the state; and
194 (b) with concurrence by the director, where directed by law, make rules in accordance
195 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
196 Section 3. Section **4-42-104** is enacted to read:
197 **4-42-104. Electronic monitoring system for cannabinoid medicine.**
198 (1) (a) The board, with concurrence by the department, shall develop the required
199 functions of and minimum operating standards for an electronic monitoring system that
200 monitors cannabinoid medicine in the state;
201 (b) The board, with the consent of the department, shall work with a third party
202 provider to develop and maintain the electronic monitoring system
203 (c) The board, with concurrence by the department, shall select the third party provider
204 described in Subsection (1)(a) in accordance with Title 63G, Chapter 6a, Utah Procurement
205 Code.
206 (2) The electronic monitoring system described in Subsection (1) shall maintain a
207 record of:
208 (a) each registered patient;
209 (b) each physician who recommends cannabinoid medicine to a registered patient; and
210 (c) each transaction involving cannabinoid medicine.
211 (3) The electronic monitoring system shall interface with a registered patient's
212 cannabinoid medicine card to track, in real time, for the registered patient's purchase of
213 cannabinoid medicine:
214 (a) the time and date of the purchase;
215 (b) the quantity and type of cannabinoid medicine purchased; and
216 (c) the cannabinoid medicine dispensary where the registered patient purchased the
217 cannabinoid medicine.

218 (4) The electronic monitoring system shall track cannabis and cannabinoid medicine in
219 real time, from the time that a cannabis plant is first planted as a seed or clone until the
220 cannabinoid medicine derived from the cannabis is sold by a cannabinoid medicine dispensary.

221 (5) The electronic monitoring system shall store, in real time, a record of the amount of
222 cannabis or cannabinoid medicine in a cannabis processor's or cannabinoid medicine
223 dispensary's possession.

224 (6) The electronic monitoring system shall provide access to:

225 (d) a state entity to the extent necessary for the entity to carry out the functions and
226 responsibilities given to the entity under this chapter; and

227 (e) state or local law enforcement.

228 (7) The electronic monitoring system shall interface with a cannabis payment processor
229 to facilitate payment for cannabinoid medicine services.

230 (8) The board may, with the concurrence of the department, make rules in accordance
231 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act to facilitate the operation,
232 maintenance, and security of the electronic monitoring system.

233 Section 4. Section **4-42-105** is enacted to read:

234 **4-42-105. Cannabinoid Medicine Restricted Account -- Creation.**

235 (1) There is created in the General Fund a restricted account known as the
236 "Cannabinoid Medicine Restricted Account."

237 (2) The account created in this section is funded from:

238 (a) money deposited by the State Tax Commission under Title 59, Chapter 28,
239 cannabinoid medicine Tax;

240 (b) money deposited into the account by the Department of Agriculture and Food under
241 Title 4, Chapter 42, Cannabis Producer License;

242 (c) money deposited into the account by the Department of Financial institutions under
243 Title 7, Chapter 26, Cannabis Payment Processor;

244 (d) money deposited into the account by the department under Title 26, Chapter 59,
245 Cannabinoid Medicine Act;

246 (e) money deposited into the account by the Division of Occupational and Professional
247 Licensing under Title 58, Chapter 87, cannabinoid medicine dispensary License;

248 (f) appropriations made to the account by the Legislature; and

249 (g) the interest described in Subsection (3).
250 (3) Interest earned on the account is deposited into the account.
251 (4) The money in the account may only be used to fund, upon appropriation:
252 (a) the cost of state regulation of cannabinoid medicine under:
253 (i) Title 4, Chapter 42, Cannabis Producers;
254 (ii) Title 7, Chapter 26, Cannabis Payment Processors;
255 (iii) Title 26, Chapter 59, Cannabinoid Medicine Act;
256 (iv) Title 58, Chapter 87, Cannabinoid Medicine Dispensaries; and
257 (v) Title 59, Chapter 28, Cannabinoid Medicine Tax Act;
258 (b) the cost to the attorney general for investigation and enforcement related to
259 cannabinoid medicine; and
260 (c) cannabis abuse prevention and cannabis education programs developed by the state.
261 (5) At the end of fiscal year 2019 and fiscal year 2020 the director of the Division of
262 Finance shall transfer into the General Fund from the cannabinoid medicine Restricted Account
263 an amount equal to the General Fund appropriation in fiscal year 2017 and fiscal year 2018 to
264 implement the programs described in Subsection (4).
265 Section 5. Section **4-42-106** is enacted to read:
266 **4-42-106. Requirement made by a political subdivision.**
267 (1) Except as provided in Subsection (2), this chapter preempts any requirement related
268 to a cannabis producer imposed by a political subdivision of the state that is more restrictive
269 than this chapter.
270 (2) A political subdivision of the state may impose reasonable zoning requirements on
271 a cannabis producer.
272 Section 6. Section **4-42-201** is enacted to read:
273 **4-42-201. Cannabis cultivator -- Cannabis processor -- Cannabis laboratory --**
274 **License -- Renewal.**
275 (1) A person may not act as a cannabis cultivator, a cannabis processor, or a cannabis
276 laboratory without a cannabis producer license issued by the department in accordance with
277 this chapter.
278 (2) A person may submit an application to the department for a cannabis producer
279 license of the class of:

280 (a) cannabis cultivator;

281 (b) cannabis processor; or

282 (c) cannabis laboratory.

283 (3) An applicant for a license described in Subsection (2) shall submit to the
284 department:

285 (a) an application in a form determined by the department that includes information
286 required by the department by rule made in accordance with Title 63G, Chapter 3, Utah
287 Administrative Rulemaking Act;

288 (b) a bond, as required by Section 4-42-204, for each license for which the person
289 applies;

290 (c) an application fee established by the department, in accordance with Section
291 63J-1-504, in an amount equal to the amount necessary to cover the department's cost to
292 implement this chapter; and

293 (d) an operating plan that complies with minimum operating standards determined by
294 the board by rule, with department concurrence, in accordance with Title 63G, Chapter 3, Utah
295 Administrative Rulemaking Act.

296 (4) The department shall require a separate license and separate license fee for each
297 physical location of a cannabis cultivator, cannabis processor, and cannabis laboratory.

298 (5) An applicant for a license under Subsection (1) shall demonstrate that the location
299 at which the applicant will operate is located 500 feet or more from a school, a church, a public
300 library, a public playground, or a public park.

301 (6) The department may not issue a license to operate a cannabis laboratory to a
302 person:

303 (a) that holds a license for or has an ownership interest in a cannabinoid medicine
304 dispensary, a cannabis processor, or a cannabis cultivator in the state; or

305 (b) that otherwise has an interest in a cannabinoid medicine dispensary, a cannabis
306 processor, or a cannabis cultivator as determined by the department.

307 (6) The board, with department concurrence, may establish additional application
308 criteria and procedures by rule made in accordance with Title 63G, Chapter 3, Utah
309 Administrative Rulemaking Act.

310 Section 7. Section **4-42-202** is enacted to read:

311 **4-42-202. Renewal.**

312 Except as provided in Subsection (2), the department shall renew the license of a
313 cannabis producer licensed under Section 4-42-201 every two years if, at the time of renewal:

- 314 (1) the cannabis producer meets the requirements of Section 4-42-201; and
315 (2) the cannabis producer pays the department a license renewal fee in an amount
316 determined by the department in accordance with Section 63J-1-504.

317 Section 8. Section **4-42-203** is enacted to read:

318 **4-42-203. Department may accept or deny a license -- Maximum number of**
319 **licenses.**

320 (1) The board shall determine, with department concurrence, the number of licenses
321 that the department may issue, at any given time, for the class of:

- 322 (a) cannabis cultivator;
323 (b) cannabis processor; and
324 (c) cannabis laboratory.

325 (2) The board shall determine, with department concurrence, the number of licenses
326 available under Subsection (1) by considering:

- 327 (a) the population of the state; and
328 (b) the number of registered patients.

329 (3) The department may not issue more than, at any given time, a number of licenses
330 greater than the number available under Subsection (1).

331 (4) The department is not required to issue an available license if the department
332 determines that no qualified applicant has applied.

333 (5) A department decision to award or deny a license under this section is final and not
334 subject to judicial review.

335 Section 9. Section **4-42-204** is enacted to read:

336 **4-42-204. Bond required for license -- Cannabis producer.**

337 (1) A cannabis producer licensed under Section 4-42-201 shall post a cash bond or
338 surety bond, payable to the department, in an amount equal to:

- 339 (a) for a cannabis cultivator, \$2,000,000;
340 (b) for a cannabis processor, \$1,000,000; and
341 (c) for a cannabis laboratory, \$75,000.

342 (2) A cannabis producer licensed under Section 4-42-201 shall maintain the bond
343 described in Subsection (1) for as long as the cannabis producer continues to operate.

344 (3) The department shall require a bond a cannabis producer posts under this section to
345 be:

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

347 (b) conditioned upon the cannabis producer's compliance with this chapter.

348 (4) If a bond described in Subsection (1) is canceled due to a cannabis producer's
349 negligence, the department may assess the cannabis producer a \$300 reinstatement fee.

350 (5) A cannabis producer may not withdraw any part of a bond posted under Subsection
351 (1):

352 (a) during the period when the cannabis producer's license is in effect; or

353 (b) while a license revocation proceeding is pending against the cannabis producer.

354 (6) A cannabis producer forfeits a bond posted under Subsection (1) if the cannabis
355 producer's license is revoked.

356 (7) The department may, without revoking a license, make a claim against a bond
357 posted by a cannabis producer under Subsection (1) for money the cannabis producer owes the
358 department under this chapter.

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

360 **Part 3. Cannabis producer agents**

361 **4-42-301. Cannabis producer agents.**

362 (1) A cannabis producer licensed under Section 4-42-201 shall maintain a current list
363 of each agent of the cannabis producer.

364 (2) A cannabis producer shall submit the list described in Subsection (1) to the
365 department before:

366 (a) January 1 of each year; and

367 (b) July 1 of each year.

368 (3) In addition to the list described in Subsection (1), a cannabis producer licensed
369 under Subsection 4-42-201 shall require each agent to submit to a criminal background check
370 in accordance with Section 4-42-302.

371 (4) The department may audit the list described in Subsection (1) at any time, at
372 random in order to determine:

- 373 (a) that the list is accurate; and
374 (b) that each agent has submitted to a criminal background check in accordance with
375 Section 4-42-302.
- 376 (5) A cannabis producer is guilty of an infraction if the cannabis producer:
377 (a) fails to maintain an accurate list of each agent of the cannabis producer in
378 accordance with this section; or
379 (b) has an agent who has not submitted to a background check in accordance with
380 Section 4-42-302.
- 381 Section 11. Section **4-42-302** is enacted to read:
382 **4-42-302. Cannabis producer agents -- Criminal background checks.**
- 383 (1) Each cannabis producer agent shall:
384 (a) submit to the department:
385 (i) a fingerprint card in a form acceptable to the Department of Public Safety; and
386 (ii) a signed waiver in accordance with Subsection 53-10-108(4) indicating that the
387 agent's fingerprints are being registered in the Federal Bureau of Investigation's Next
388 Generation Identification system's Rap Back Service; and
389 (b) consent to a fingerprint background check by:
390 (i) the Bureau of Criminal Identification; and
391 (ii) the Federal Bureau of Investigation.
- 392 (2) The Bureau of Criminal Identification shall:
393 (a) check the fingerprints submitted under Subsection (1) against the applicable state,
394 regional, and national criminal records databases, including the Federal Bureau of
395 Investigation's Next Generation Identification system;
396 (b) report the results of the background check to the department;
397 (c) maintain a separate file of fingerprints submitted under Subsection (1) for search by
398 future submissions to the local and regional criminal records databases, including latent prints;
399 (d) request that the fingerprints be retained in the Federal Bureau of Investigation's
400 Next Generation Identification system's Rap Back Service for search by future submissions to
401 national criminal records databases, including the Next Generation Identification system and
402 latent prints; and
403 (e) establish a privacy risk mitigation strategy to ensure that the entity only receives

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

405 (3) The department shall:

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

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

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

412 **Part 4. General Cannabis Producer Operating Requirements**

413 **4-42-401. Cannabis producer -- General operating requirements.**

414 (1) (a) A cannabis producer shall operate in accordance with the operating plan the
415 cannabis producer provides to the department under Section 4-42-201.

416 (b) A cannabis producer shall notify the department within 30 days of any change in
417 the cannabis producer's operation plan.

418 (c) The department shall review a cannabis producer's operating plan for compliance
419 with state law and administrative rules.

420 (d) A cannabis producer may not operate under an operating plan until the operating
421 plan is reviewed and approved by the department under Subsection (1)(c).

422 (2) Except as provided in Subsection (3), a cannabis producer shall operate:

423 (a) in a facility that is accessible only by an agent of the cannabis producer; and

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

425 (3) A cannabis producer may allow the press, a visitor, or a contractor access to the
426 cannabis producer's facility if:

427 (a) the cannabis producer tracks and monitors the individual at all times while the
428 individual is in the facility; and

429 (b) a record of the individual's access to the facility is maintained by the cannabis
430 producer.

431 (4) A cannabis producer shall operate in a facility that has:

432 (a) a single, secure public entrance;

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

434 (i) detects and records entry into the facility when the cannabis producer is closed; and

435 (ii) provides notice of an unauthorized entry to law enforcement; and
436 (c) a lock on any area where the cannabis producer stores cannabis or cannabinoid
437 medicine.

438 (5) Except when determined by the Department of Financial Institutions under Section
439 7-26-204, a cannabis producer may only transmit or accept payments for cannabinoid medicine
440 using a cannabis payment processor licensed under Section 7-26-201.

441 (6) The board, with department concurrence, shall establish physical facility standards
442 for a cannabis producer by rule made in accordance with Title 63G, Chapter 3, Utah
443 Administrative Rulemaking Act.

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

445 **4-42-402. Cannabis producer -- Inspection by department.**

446 (1) Subject to Subsection (2), the department shall inspect the records and facility of a
447 cannabis producer in order to determine if the cannabis producer complies with the
448 requirements of this chapter.

449 (2) The department may inspect the records and facility of a cannabis producer:

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

451 (b) if the department has reason to believe that the cannabis producer has violated the
452 law, at any time, scheduled or unscheduled.

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

454 **4-42-403. Cannabis or cannabinoid medicine transportation.**

455 (1) An individual may not transport cannabis or cannabinoid medicine between two
456 cannabis producers, or between a cannabis producer and a cannabinoid medicine dispensary,
457 unless the individual is an agent of a licensed cannabis producer or licensed cannabinoid
458 medicine dispensary.

459 (2) An individual transporting cannabinoid medicine or cannabis shall keep a
460 transportation record that includes:

461 (a) a unique identifier that links the cannabis or cannabinoid medicine to the electronic
462 monitoring system;

463 (b) origin and destination information for any cannabis or cannabinoid medicine the
464 individual is transporting; and

465 (c) a record of the departure and arrival time of the individual transporting the cannabis

466 or cannabinoid medicine.

467 (3) In addition to the requirements in Subsections (1) and (2), the board shall establish,
 468 with department concurrence, by rule made in accordance with Title 63G, Chapter 3, Utah
 469 Administrative Rulemaking Act, requirements for transporting cannabis or cannabinoid
 470 medicine related to safety for human consumption of cannabinoid medicine.

471 (4) An agent of a cannabis producer or cannabinoid medicine dispensary is guilty of an
 472 infraction if the agent:

473 (a) transports cannabis or cannabinoid medicine; and

474 (b) does not possess, on the agent's person or in the transport vehicle, a transportation
 475 record that complies with Subsection (2).

476 (5) An agent who is guilty of an infraction under Subsection (4) is subject to a \$100
 477 fine.

478 (6) If the department or a cannabis producer or cannabinoid medicine dispensary agent
 479 discovers a defect in the transportation record, the department or agent shall notify law
 480 enforcement immediately.

481 Section 15. Section **4-42-501** is enacted to read:

Part 5. Cannabis cultivator Operating Requirements

4-42-501. Cannabis cultivator -- Operating requirements.

484 (1) A cannabis cultivator shall cultivate cannabis indoors.

485 (2) A cannabis cultivator shall use a unique identifier for:

486 (a) each batch of cannabis transferred to a cannabis processor; and

487 (b) each unique harvest of cannabis plants.

488 (3) The board, with department concurrence, establish, by rule made in accordance
 489 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

490 (a) human safety standards for a cannabis cultivator's:

491 (i) use of pesticides;

492 (ii) use of fertilizers; and

493 (iii) cultivation techniques; and

494 (b) physical facility standards for a cannabis cultivator.

495 Section 16. Section **4-42-601** is enacted to read:

Part 6. Cannabis Processor Operating Requirements

497 **4-42-601. Cannabis processor -- Operating requirements.**

498 (1) A cannabis processor shall ensure that cannabinoid medicine that the cannabis
499 processor sells or provides to a cannabinoid medicine dispensary complies with the
500 requirements of this part.

501 (2) The board, with department concurrence, shall establish physical facility standards
502 for a cannabis processor.

503 Section 17. Section **4-42-602** is enacted to read:

504 **4-42-602. Cannabinoid medicine -- Product requirements.**

505 A cannabis processor may only produce cannabinoid medicine in a medical dosage
506 form.

507 Section 18. Section **4-42-603** is enacted to read:

508 **4-42-603. Cannabinoid medicine -- Labeling and packaging.**

509 (1) A cannabis processor shall ensure that all cannabinoid medicine that the cannabis
510 processor distributes has a label or package that:

511 (a) clearly displays the cannabinoid profile of the cannabinoid medicine; and

512 (b) has a unique batch identifier that identifies the unique manufacturing process when
513 the cannabinoid medicine was manufactured; and

514 (c) has a unique identifier that allows the cannabinoid medicine to be tracked by the
515 electronic monitoring system.

516 (2) In addition to Subsection (1), the board shall, with department concurrence,
517 establish by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
518 Rulemaking Act, labeling and packaging standards for cannabinoid medicine produced by a
519 cannabis processor.

520 Section 19. Section **4-42-701** is enacted to read:

521 **Part 7. Cannabis Laboratory Operating Requirements**

522 **4-42-701. Cannabis and cannabinoid medicine testing.**

523 (1) A cannabis laboratory may not operate unless the cannabis laboratory is capable of
524 accurately testing cannabinoid medicine as described in this section.

525 (2) A cannabis laboratory shall, before cannabinoid medicine is offered for sale at a
526 cannabinoid medicine dispensary, test the cannabinoid medicine as described in this section.

527 (3) A cannabis laboratory shall determine the cannabinoid profile of cannabinoid
528 medicine.

529 (4) A cannabis laboratory shall determine if cannabinoid medicine contains, in an
530 amount that is harmful to human health:

531 (a) mold;

532 (b) fungus;

533 (c) pesticides;

534 (d) other microbial contaminants; or

535 (e) another harmful substance identified by the board or the department under
536 Subsection (7).

537 (5) For cannabinoid medicine that is manufactured using a process that involves
538 extraction using hydrocarbons, a cannabis laboratory shall test the cannabinoid medicine for
539 residual solvents.

540 (6) A cannabis laboratory shall test any cannabis that the cannabis laboratory receives
541 from a cannabis cultivator using carbon stable isotope testing to determine:

542 (a) the origin of the cannabis;

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

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

546 (7) The board shall determine, with department concurrence, by rule made in
547 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

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

550 (b) additional cannabis or cannabinoid medicine testing that a cannabis laboratory is
551 required to perform; and

552 (c) minimum standards for a cannabis laboratory's testing methods and procedures.

553 Section 20. Section **4-42-702** is enacted to read:

554 **4-42-702. Reporting -- Inspections.**

555 (1) A cannabis laboratory shall report the results of each cannabis or cannabinoid
556 medicine test to the department.

557 (2) A cannabis laboratory shall determine if the results of a lab test indicate that a

558 cannabis or cannabinoid medicine batch is unsafe for human consumption:

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

561 (3) If a cannabis laboratory makes a determination described in Subsection (2), the
562 cannabis laboratory may not release the batch to a cannabis processor or a cannabinoid
563 medicine dispensary until the department has an opportunity to respond to the cannabis
564 laboratory within a period of time determined by the department.

565 (4) (a) If the department determines that a cannabis or cannabinoid medicine batch is
566 unsafe for human consumption, the department shall destroy the cannabis or cannabinoid
567 medicine batch.

568 (b) If the department determines that a cannabis or cannabinoid medicine batch was not
569 cultivated in accordance with this chapter, the department may seize, embargo, or destroy a
570 cannabis or cannabinoid medicine batch in accordance with Section 4-42-801.

571 (5) The board, with department concurrence, shall establish, by rule made in
572 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the amount of
573 time that a cannabis laboratory is required to hold a batch under Subsection (3).

574 (6) The department may conduct a test to:

575 (a) determine the accuracy of a cannabis laboratory's:

576 (i) cannabis or cannabinoid medicine test results; or

577 (ii) analytical method; or

578 (b) validate a cannabis laboratory's testing methods.

579 Section 21. Section **4-42-801** is enacted to read:

580 **Part 8. Enforcement**

581 **4-42-801. Enforcement -- Fine -- Citation.**

582 (1) The department may, for a violation of this chapter by a cannabis producer:

583 (a) revoke the cannabis producer's license;

584 (b) refuse to renew the cannabis producer's license;

585 (c) assess the cannabis producer an administrative penalty; or

586 (d) take any other appropriate administrative action.

587 (2) The department shall deposit an administrative penalty imposed under this section
588 into the Cannabinoid Medicine Restricted Account.

589 (3) (a) The department may take an action described in Subsection (3)(b) if the
590 department concludes, upon inspection or investigation, that, for a person that is a cannabis
591 producer:

592 (i) the person has violated the provisions of this chapter, a rule made under this
593 chapter, or an order issued under this chapter;

594 (ii) the person prepared a cannabis or cannabinoid medicine batch in a manner, or such
595 that the batch contains a substance, that poses a threat to human health; or

596 (iii) the person possessed or used a cannabis batch that was not cultivated in
597 accordance with this chapter.

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

600 (i) issue the person a citation in writing;

601 (ii) attempt to negotiate a stipulated settlement; or

602 (iii) direct the person to appear before an adjudicative proceeding conducted under
603 Title 63G, Chapter 4, Administrative Procedures Act.

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

606 (i) seize, embargo, or destroy a cannabis or cannabinoid medicine batch; and

607 (ii) direct the person to appear before an adjudicative proceeding conducted under Title
608 63G, Chapter 4, Administrative Procedures Act.

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

611 (a) assess the person a fine in an amount determined by the department in accordance
612 with Section 63J-1-504; or

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

614 (5) The department may not revoke a cannabis producer's license via a citation.

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

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

620 (a) refuse to issue or renew the person's license; or

621 (b) suspend, revoke, or place on probation the person's license.

622 Section 22. Section **4-42-802** is enacted to read:

623 **4-42-802. Report to the Legislature.**

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

627 Section 23. Section **4-42-803** is enacted to read:

628 **4-42-803. Fees -- Deposit into Cannabinoid Medicine Restricted Account.**

629 The department shall deposit fees the department collects under this chapter into the
630 Cannabinoid Medicine Restricted Account.

631 Section 24. Section **7-26-101** is enacted to read:

632 **CHAPTER 26. CANNABIS PAYMENT PROCESSOR**

633 **Part 1. General Provisions**

634 **7-26-101. Title.**

635 This chapter is known as "Cannabis Payment Processor."

636 Section 25. Section **7-26-102** is enacted to read:

637 **7-26-102. Definitions.**

638 As used in this chapter:

639 (1) "Board" means the same as that term is defined in Section 4-42-102.

640 (2) "Cannabinoid medicine" means a substance that:

641 (a) contains cannabis; and

642 (b) is intended for human medical use.

643 (3) "Cannabinoid medicine card" means the same as that term is defined in Section
644 26-59-102.

645 (4) "Cannabinoid medicine dispensary" means the same as that term is defined in
646 Section 58-87-102.

647 (5) "Cannabis" means any part of the plant cannabis sativa, whether growing or not.

648 (6) "Cannabis producer" means the same as that term is defined in Section 4-42-102.

649 (7) "Cannabis payment processor" means a person that facilitates payment:

681 federally insured depository institution that agrees to clear cannabinoid medicine transactions:

682 (iii) the applicant is able to interface with the electronic monitoring system to enable a
683 registered patient to:

684 (A) add funds, using a bank wire or a credit card, to an account with the applicant
685 associated with the cannabinoid medicine card; and

686 (B) use the cannabinoid medicine card to pay for cannabinoid medicine at a
687 cannabinoid medicine dispensary using the funds in the individual's account with the cannabis
688 payment processor; and

689 (iv) the applicant is, at minimum:

690 (A) a level one payment card industry data security standard-validated provider;

691 (B) certified by Europay, MasterCard and Visa; and

692 (C) capable of integrating with fifty payment processors.

693 (4) A license issued under this section is valid for two years.

694 (5) The department may determine, by rule made in accordance with Title 63G,

695 Chapter 3, Utah Administrative Rulemaking Act:

696 (a) any additional information an applicant for a cannabis payment processor is
697 required to submit to the department; and

698 (b) procedural requirements for an applicant for a license under this chapter.

699 (6) An applicant for a cannabis payment processor license under this section may
700 request that the department treat information that the applicant submits to the department as
701 confidential under Section 7-1-802.

702 Section 27. Section **7-26-202** is enacted to read:

703 **7-26-202. Renewal -- Abandonment.**

704 The department shall renew a person's cannabis payment processor license every two
705 years if, at the time of renewal, the person:

706 (1) meets the requirements of Section 7-26-201;

707 (2) demonstrates the criteria described in Subsection 7-26-203(2); and

708 (3) the person pays the department a license renewal fee in an amount determined by
709 the department in accordance with Section 7-1-401.

710 Section 28. Section **7-26-203** is enacted to read:

711 **7-26-203. Number of licenses -- Criteria for awarding a license.**

712 (1) The department may issue up to a number of cannabis payment processor licenses
713 determined by the board with department concurrence.

714 (2) The department shall evaluate an applicant for a cannabis payment processor
715 license to determine to what extent the applicant has demonstrated:

716 (a) experience with:

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

718 (ii) operating a payment processing system;

719 (iii) complying with a regulatory environment; and

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

721 (b) connections to the local community;

722 (c) that the applicant will keep the cost of the applicant's products or services low; and

723 (d) that the applicant will maximize convenience, efficiency, and security for
724 processing cannabinoid medicine payments.

725 (3) After a department official reviews an applicant's application under Section
726 7-26-201 and evaluates the application for the criteria described in Subsection (2), the official
727 shall submit the department's findings and recommendations to the commissioner.

728 (4) After reviewing the findings and recommendations described in Subsection (3), the
729 commissioner shall make a final determination that awards or denies a cannabis payment
730 processor license to an applicant.

731 (5) In making a recommendation of which applicant to award a cannabis payment
732 processor license under Subsection (1), the department shall consult, to the extent that the
733 consultation involves compatibility and coordination of a cannabis payment processor licensee
734 with other state cannabinoid medicine regulation, with:

735 (a) the executive director of the Department of Commerce or the executive director's
736 designee;

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

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

740 (d) the executive director of the Department of Health or the executive director's
741 designee;

742 (e) the commissioner of the Department of Agriculture and Food or the commissioner's

743 designee; and

744 (f) the commissioner of the Department of Public Safety or the commissioner's
745 designee.

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

748 Section 29. Section **7-26-204** is enacted to read:

749 **7-26-204. Cash system if no cannabis payment processor available.**

750 (1) The department shall determine if no qualified cannabis payment processor
751 submitted an application for a license under this chapter.

752 (2) If the department makes the determination described in Subsection (1), the
753 department shall issue a statement that a cannabis payment processor is not available and that a
754 cannabis producer, cannabinoid medicine dispensary, or registered patient may use cash to pay
755 for products and services related to cannabinoid medicine.

756 Section 30. Section **7-26-301** is enacted to read:

757 **Part 3. Operating Requirements**

758 **7-26-301. Operating requirements.**

759 (1) A cannabis payment processor may not accept or disburse cash in a transaction
760 involving cannabinoid medicine.

761 (2) A cannabis payment processor may not act as a cannabis payment processor for a
762 person unless the person is:

763 (a) a registered patient;

764 (b) a person who is licensed under:

765 (i) Title 4, Chapter 42, Cannabis Producers; or

766 (ii) Title 58, Chapter 87, Cannabinoid Medicine Dispensaries.

767 (3) A cannabis payment processor shall maintain interoperability with the electronic
768 monitoring system.

769 Section 31. Section **7-26-401** is enacted to read:

770 **Part 4. Enforcement**

771 **7-26-401. Examination -- Administrative action.**

772 (1) The department may examine the records or activities of a cannabis payment
773 processor at any time in order to determine if the cannabis payment processor is complying

774 with this chapter.

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

777 (a) order the person to cease and desist from acting as a cannabis payment processor;

778 and

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

781 (3) If the department determines that a person with a cannabis payment processor
782 license issued by the department has violated this chapter, the department may:

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

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

786 (c) revoke the person's license.

787 Section 32. Section **7-26-402** is enacted to read:

788 **7-26-402. Fees -- Deposit into Medical Cannabis Restricted Account.**

789 The department shall deposit fees the department collects under this chapter into the
790 Cannabinoid Medicine Restricted Account created in Section 4-42-105.

791 Section 33. Section **26-59-101** is enacted to read:

792 **CHAPTER 59. CANNABINOID MEDICINE ACT**

793 **26-59-101. Title.**

794 This chapter is known as "Cannabinoid Medicine Act."

795 Section 34. Section **26-59-102** is enacted to read:

796 **26-59-102. Definitions.**

797 (1) "Agent" means an employee or independent contractor of an entity.

798 (2) "Board" means the Cannabinoid Medicine Board created in Section 4-42-103.

799 (3) "Cannabis" means any part of a cannabis plant, whether growing or not.

800 (4) "Cannabis laboratory" means the same as that term is defined in Section 4-42-102.

801 (5) "Cannabinoid medicine" means a substance that:

802 (a) contains cannabis; and

803 (b) is intended for human medical use.

804 (6) "Cannabinoid medicine card" means a card issued by the department under Section

805 26-59-201 to a patient who qualifies for treatment with cannabinoid medicine.

806 (7) "Cannabinoid medicine dispensary" means a person that:

807 (a) sells cannabinoid medicine; or

808 (b) purchases or possesses cannabinoid medicine with the intent to sell cannabinoid
809 medicine.

810 (8) "Cannabinoid Medicine Restricted Account" means the account created in Section
811 4-42-105.

812 (9) "Cannabis payment processor" means the same as that term is defined in Section
813 7-26-102.

814 (10) "Designated caregiver" means an individual authorized by a registered patient
815 under Section 26-59-202 to retrieve the registered patient's cannabinoid medicine on the
816 registered patient's behalf.

817 (11) "Electronic monitoring system" means the system described in Section 4-42-103.

818 (12) "Medical dosage form" means a qualifying dosage form for cannabinoid medicine
819 under Section 26-59-104.

820 (13) "Physician" means an individual who is licensed to practice:

821 (a) medicine, under Title 58, Chapter 67, Utah Medical Practice Act; or

822 (b) osteopathic medicine, under Title 58, Chapter 68, Utah Osteopathic Medical
823 Practice Act;

824 (14) "Qualifying illness" means a condition for which treatment with cannabinoid
825 medicine is authorized under Section 26-59-103.

826 (15) "Registered patient" means an individual with a valid cannabinoid medicine card
827 issued by the department under Section 26-59-201.

828 Section 35. Section **26-59-103** is enacted to read:

829 **26-59-103. Qualifying illness for treatment using medical cannabis-based**
830 **medicine -- Committee duties -- Recommendation to Legislature.**

831 (1) For the purpose of this chapter, any of the following conditions is considered a
832 qualifying illness for treatment with cannabinoid medicine:

833 (a) epilepsy or a similar condition that causes debilitating seizures;

834 (b) Crohn's disease or a similar gastrointestinal disorder;

835 (c) HIV, acquired immune deficiency syndrome, or an autoimmune disorder;

836 (d) multiple sclerosis or a similar condition that causes persistent and debilitating
837 muscle spasms;

838 (e) nausea and vomiting during chemotherapy;

839 (f) muscle spasticity or a movement disorder;

840 (g) pain conditions as follows:

841 (i) complex regional pain syndrome;

842 (ii) peripheral neuropathy;

843 (iii) post herpetic neuralgia;

844 (iv) pain related to HIV;

845 (v) pain related to cancer;

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

847 (vii) phantom limb pain; and

848 (h) post-traumatic stress disorder related to military service.

849 (2) On or before September 30 of each year, the board shall:

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

853 (b) present the board's recommendation to the Health and Human Services Interim
854 Committee.

855 Section 36. Section **26-59-104** is enacted to read:

856 **26-59-104. Medical dosage form.**

857 (1) For the purpose of this chapter, any of the following is a qualifying medical dosage
858 form for cannabinoid medicine:

859 (a) a tablet;

860 (b) a capsule;

861 (c) a concentrated oil;

862 (d) an injectable;

863 (e) a trans-dermal preparation; and

864 (f) a sub-lingual preparation.

865 (2) A registered patient may not purchase, use, or possess cannabinoid medicine unless
866 the cannabinoid medicine is prepared in a medical dosage form.

867 (3) A cannabinoid dispensary may not purchase, possess, or sell cannabinoid medicine
868 unless the cannabinoid medicine is prepared in a medical dosage form.

869 (4) The board may recommend that the Legislature approve the use of an additional
870 medical dosage form.

871 Section 37. Section **26-59-201** is enacted to read:

872 **Part 2. Cannabinoid Medicine Card**

873 **26-59-201. Cannabinoid Medicine Card -- Application -- Renewal.**

874 (1) An individual may not purchase cannabinoid medicine unless the department issues
875 the individual a cannabinoid medicine card in accordance with this section.

876 (2) The department shall issue a cannabinoid medicine card to an individual who
877 qualifies for a cannabinoid medicine card under this chapter and follows the procedures
878 described in this chapter.

879 (3) An individual qualifies for a cannabinoid medicine card if:

880 (a) the individual is:

881 (i) at least 18 years old; and

882 (ii) is a Utah resident; and

883 (b) a physician determines that the individual:

884 (i) suffers from a qualifying illness; and

885 (ii) may benefit from treatment with cannabinoid medicine.

886 (3) An applicant for a cannabinoid medicine card shall:

887 (a) submit an application to the department, in a form determined by the department,
888 that includes:

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

890 (ii) a copy of the individual's valid government-issued photo identification;

891 (iii) a signed copy of the physician determination described in Subsection (2)(b); and

892 (iv) any other information required by the board, with department concurrence, by rule
893 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; and

894 (b) pay the department a fee established by the department in accordance with Section
895 63J-1-504.

896 (4) A cannabinoid medicine card that the department issues under Subsection (1) is
897 valid for one year.

898 (5) The department may revoke an individual's cannabinoid medicine card if the
899 individual violates this chapter.

900 Section 38. Section **26-59-202** is enacted to read:

901 **26-59-202. Cannabinoid medicine card -- Designated caregiver -- Registration --**
902 **Renewal -- Revocation.**

903 (1) A registered patient who a physician determines is unable to obtain cannabinoid
904 medicine from a cannabinoid medicine dispensary may register with the department, via the
905 electronic monitoring system, one individual to serve as the registered patient's designated
906 caregiver.

907 (2) An individual registered as a designated caregiver of a registered patient under this
908 section may:

909 (a) carry the registered patient's cannabinoid medicine card; and

910 (b) purchase and possess cannabinoid medicine, in accordance with this chapter, on
911 behalf of the designating patient.

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

914 (a) is at least 18 years old; and

915 (b) is a Utah resident.

916 Section 39. Section **26-59-203** is enacted to read:

917 **26-59-203. Cannabinoid medicine card -- Patient and designated caregiver**
918 **requirements.**

919 (1) A registered patient or designated caregiver of the registered patient who possesses
920 cannabinoid medicine outside of the registered patient's residence shall:

921 (a) carry the registered patient's cannabinoid medicine card on the registered patient's
922 or designated caregiver's person at all times;

923 (b) carry, with the cannabinoid medicine, the cannabinoid medicine label or packaging
924 that includes a unique identifier that links the cannabinoid medicine to the electronic
925 monitoring system; and

926 (c) possess no more than a 90-day supply of cannabinoid medicine as established by
927 the recommendation of a physician for the registered patient's treatment.

928 (2) A registered patient or designated caregiver may only purchase cannabinoid

929 medicine via a cannabis payment processor licensed under Section 7-26-201.

930 (3) A registered patient or designated caregiver of a registered patient is guilty of an
931 infraction if the registered patient or designated caregiver:

932 (a) possesses cannabinoid medicine outside of the registered patient's residence; and

933 (b) (i) does not possess, on the registered patient's or designated caregiver's person, the
934 registered patient's cannabinoid medicine card; or

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

936 (4) An individual who is guilty of an infraction under Subsection (3) is subject to a
937 \$100 fine.

938 Section 40. Section **26-59-204** is enacted to read:

939 **26-59-204. Insurance coverage.**

940 An insurance carrier, third-party administrator, or employer is not required to provide
941 reimbursement for treatment of an individual with cannabinoid medicine under this chapter.

942 Section 41. Section **26-59-205** is enacted to read:

943 **26-59-205. Report to the Legislature.**

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

947 Section 42. Section **26-59-206** is enacted to read:

948 **26-59-206. Fees -- Deposit.**

949 The department shall deposit any fee the department collects under this chapter into the
950 Cannabinoid Medicine Restricted Account created in Section 4-42-105.

951 Section 43. Section **41-6a-517** is amended to read:

952 **41-6a-517. Definitions -- Driving with any measurable controlled substance in the**
953 **body -- Penalties -- Arrest without warrant.**

954 (1) As used in this section:

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

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

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

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

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

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

964 (a) involuntarily ingested by the accused;

965 (b) prescribed by a practitioner for use by the accused; ~~or~~

966 (c) for a person who is a registered patient under Title 26, Chapter 59, Cannabinoid
967 Medicine Act, cannabinoid medicine recommended by a physician; or

968 ~~(d)~~ (d) otherwise legally ingested.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1000 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

1001 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,
1002 and within a period of 10 years after the date of the prior violation.

1003 (9) The Driver License Division shall subtract from any suspension or revocation
1004 period the number of days for which a license was previously suspended under Section
1005 53-3-223 or 53-3-231, if the previous suspension was based on the same occurrence upon
1006 which the record of conviction is based.

1007 (10) The Driver License Division shall:

1008 (a) deny, suspend, or revoke a person's license for the denial and suspension periods in
1009 effect prior to July 1, 2009, for a conviction of a violation under Subsection (2) that was
1010 committed prior to July 1, 2009; or

1011 (b) deny, suspend, or revoke the operator's license of a person for the denial,
1012 suspension, or revocation periods in effect from July 1, 2009, through June 30, 2011, if:

1013 (i) the person was 20 years of age or older but under 21 years of age at the time of
1014 arrest; and

1015 (ii) the conviction under Subsection (2) is for an offense that was committed on or after
1016 July 1, 2009, and prior to July 1, 2011.

1017 (11) A court that reported a conviction of a violation of this section for a violation that
1018 occurred on or after July 1, 2009, to the Driver License Division may shorten the suspension
1019 period imposed under Subsection (7)(a) or (8)(a) prior to completion of the suspension period
1020 if the person:

- 1021 (a) completes at least six months of the license suspension;
1022 (b) completes a screening;
1023 (c) completes an assessment, if it is found appropriate by a screening under Subsection
1024 (11)(b);
1025 (d) completes substance abuse treatment if it is found appropriate by the assessment
1026 under Subsection (11)(c);
1027 (e) completes an educational series if substance abuse treatment is not required by the
1028 assessment under Subsection (11)(c) or the court does not order substance abuse treatment;
1029 (f) has not been convicted of a violation of any motor vehicle law in which the person
1030 was involved as the operator of the vehicle during the suspension period imposed under
1031 Subsection (7)(a) or (8)(a);
1032 (g) has complied with all the terms of the person's probation or all orders of the court if
1033 not ordered to probation; and
1034 (h) (i) is 18 years of age or older and provides a sworn statement to the court that the
1035 person has not consumed a controlled substance not prescribed by a practitioner for use by the
1036 person or unlawfully consumed alcohol during the suspension period imposed under
1037 Subsection (7)(a) or (8)(a); or
1038 (ii) is under 18 years of age and has the person's parent or legal guardian provide an
1039 affidavit or other sworn statement to the court certifying that to the parent or legal guardian's
1040 knowledge the person has not consumed a controlled substance not prescribed by a practitioner
1041 for use by the person or unlawfully consumed alcohol during the suspension period imposed
1042 under Subsection (7)(a) or (8)(a).
1043 (12) If the court shortens a person's license suspension period in accordance with the
1044 requirements of Subsection (11), the court shall forward the order shortening the person's
1045 license suspension period prior to the completion of the suspension period imposed under
1046 Subsection (7)(a) or (8)(a) to the Driver License Division.
1047 (13) (a) The court shall notify the Driver License Division if a person fails to:
1048 (i) complete all court ordered screening and assessment, educational series, and
1049 substance abuse treatment; or
1050 (ii) pay all fines and fees, including fees for restitution and treatment costs.
1051 (b) Upon receiving the notification, the division shall suspend the person's driving

1052 privilege in accordance with Subsections 53-3-221(2) and (3).

1053 (14) The court shall order supervised probation in accordance with Section 41-6a-507
1054 for a person convicted under Subsection (2).

1055 Section 44. Section **58-37-3.6** is enacted to read:

1056 **58-37-3.6. Exemption for possession or use of cannabinoid medicine.**

1057 (1) As used in this section:

1058 (a) "Cannabinoid medicine" means a substance that:

1059 (i) contains cannabis; and

1060 (ii) is intended for human medical use.

1061 (b) "Cannabis" means any part of the plant cannabis sativa, whether growing or not.

1062 (c) "Drug paraphernalia" means the same as that term is defined in Section 58-37a-3.

1063 (d) "Tetrahydrocannabinol" means a substance derived from cannabis that meets the
1064 description in Subsection 58-37-4(2)(a)(iii)(AA).

1065 (2) Notwithstanding any other provision of this chapter:

1066 (a) an individual who grows, possesses, sells, or offers to sell cannabis is not subject to
1067 the penalties described in this title for the growth, possession, sale, or offer for sale of
1068 marijuana or tetrahydrocannabinol to the extent that the individual's growth, possession, sale,
1069 or offer for sale of cannabis complies with:

1070 (i) Title 4, Chapter 42, Cannabis Producers;

1071 (ii) Title 26, Chapter 59, Cannabinoid Medicine Act; and

1072 (iii) Title 58, Chapter 87, Cannabinoid Medicine Dispensaries; and

1073 (b) an individual who possesses, sells, or offers to sell cannabinoid medicine is not
1074 subject to the penalties described in this title for the possession, sale, or offer for sale of
1075 marijuana or tetrahydrocannabinol to the extent that the individual's possession, sale, or offer
1076 for sale of cannabinoid medicine complies with:

1077 (i) Title 4, Chapter 42, Cannabis Producers;

1078 (ii) Title 26, Chapter 59, Cannabinoid Medicine Act; and

1079 (iii) Title 58, Chapter 87, Cannabinoid Medicine Dispensaries; and

1080 (c) an individual who possesses, sells, or offers to sell cannabinoid medicine is not
1081 subject to the penalties described in this title for the possession, sale, or offer for sale of
1082 marijuana or tetrahydrocannabinol drug paraphernalia to the extent that the individual's growth,

1083 possession, sale, or offer for sale of cannabinoid medicine complies with:

1084 (i) Title 4, Chapter 42, Cannabis Producers;

1085 (ii) Title 26, Chapter 59, Cannabinoid Medicine Act; and

1086 (iii) Title 58, Chapter 87, Cannabinoid Medicine Dispensaries.

1087 Section 45. Section **58-87-101** is enacted to read:

1088 **CHAPTER 87. CANNABINOID MEDICINE DISPENSARIES**

1089 **Part 1. General Provisions**

1090 **58-87-101. Title.**

1091 This chapter is known as "Cannabinoid Medicine Dispensaries."

1092 Section 46. Section **58-87-102** is enacted to read:

1093 **58-87-102. Definitions.**

1094 As used in this chapter:

1095 (1) "Agent" means an employee or independent contractor of an entity.

1096 (2) "Board" means the Cannabinoid Medicine Board created in Section 4-42-103.

1097 (3) "Cannabis" means any part of a cannabis plant, whether growing or not.

1098 (4) "Cannabis laboratory" means the same as that term is defined in Section 4-42-102.

1099 (5) "Cannabinoid medicine" means a substance that:

1100 (a) contains cannabis; and

1101 (b) is intended for human medical use.

1102 (6) "Cannabinoid medicine dispensary" means a person that:

1103 (a) sells cannabinoid medicine; or

1104 (b) purchases or possesses cannabinoid medicine with the intent to sell cannabinoid
1105 medicine.

1106 (7) "Cannabis cultivation facility" means the same as that term is defined in Section
1107 4-42-102.

1108 (8) "Cannabis payment processor" means the same as that term is defined in Section
1109 7-26-102.

1110 (9) "Cannabis processor" means the same as that term is defined in Section 4-42-102.

1111 (10) "Cannabis producer" means:

1112 (a) a cannabis cultivation facility;

1113 (b) a cannabis processor; or

1114 (c) a cannabis laboratory.

1115 (11) "Electronic monitoring system" means the system described in Section 4-42-104.

1116 (12) "Cannabinoid medicine card" means the same as that term is defined in Section
1117 26-59-102.

1118 (13) "Cannabinoid Medicine Restricted Account" means the account created in Section
1119 4-42-105.

1120 (14) "Physician" means the same as that term is defined in Section 26-59-102.

1121 (15) "Registered patient" means an individual with a valid cannabinoid medicine card
1122 issued by the department under Section 26-59-201.

1123 Section 47. Section **58-87-103** is enacted to read:

1124 **58-87-103. Requirement made by a political subdivision.**

1125 (1) Except as provided in Subsection (2), this chapter preempts any requirement related
1126 to a cannabinoid medicine dispensary imposed by a political subdivision of the state that is
1127 more restrictive than this chapter.

1128 (2) A political subdivision of the state may impose reasonable zoning requirements on
1129 a cannabinoid medicine dispensary.

1130 Section 48. Section **58-87-201** is enacted to read:

1131 **Part 2. Cannabinoid Medicine Dispensary License and Eligibility**

1132 **58-87-201. Cannabinoid medicine dispensary -- License -- Eligibility.**

1133 (1) A person may not operate as a cannabinoid medicine dispensary without a license
1134 from the division issued under this part.

1135 (2) A person may submit an application to the division for a license to act as a
1136 cannabinoid medicine dispensary.

1137 (3) An applicant for a license described in Subsection (2) shall submit to the division:

1138 (a) an application in a form determined by the division that includes information
1139 required by the division by rule made in accordance with Title 63G, Chapter 3, Utah
1140 Administrative Rulemaking Act;

1141 (b) a bond, as required by Section 58-87-205, for each license for which the person
1142 applies;

1143 (c) an application fee established by the division, in accordance with Section
1144 63J-1-504, in an amount equal to the amount necessary to cover the division's cost to

1145 implement this chapter; and

1146 (d) an operating plan that complies with minimum operating standards determined by
1147 the board by rule, with division concurrence, in accordance with Title 63G, Chapter 3, Utah
1148 Administrative Rulemaking Act.

1149 (4) The division shall require a separate license and separate license fee for each
1150 physical location of a cannabinoid medicine dispensary.

1151 (5) An applicant for a license under Subsection (1) shall demonstrate that the location
1152 at which the applicant will operate is located 500 feet or more from a school, a church, a public
1153 library, a public playground, or a public park.

1154 Section 49. Section **58-87-202** is enacted to read:

1155 **58-87-202. Renewal.**

1156 Except as provided in Subsection (2), the division shall renew the license of a
1157 cannabinoid dispensary licensed under Section 58-87-201 if, at the time of renewal:

1158 (1) the cannabinoid dispensary meets the requirements of Section 58-87-201; and

1159 (2) the cannabinoid dispensary pays the division a license renewal fee in an amount
1160 determined by the division in accordance with Section 63J-1-504.

1161 Section 50. Section **58-87-203** is enacted to read:

1162 **58-87-203. Division may accept or deny a license -- Maximum number of licenses.**

1163 (1) The board shall determine, with division concurrence, the number of cannabinoid
1164 dispensary licenses that the division may issue at any given time.

1165 (2) The board shall determine, with division concurrence, the number of licenses
1166 available under Subsection (1) by considering:

1167 (a) the population of the state; and

1168 (b) the number of registered patients.

1169 (3) The division may not issue more than, at any given time, a number of licenses
1170 greater than the number available under Subsection (1).

1171 (4) The division is not required to issue an available license if the division determines
1172 that no qualified applicant has applied.

1173 (5) A division decision to award or deny a license under this section is final and not
1174 subject to judicial review.

1175 Section 51. Section **58-87-204** is enacted to read:

1176 **58-87-204. Bond for a cannabinoid medicine dispensary license.**

1177 (1) A cannabinoid medicine dispensary licensed under Section 58-87-201 shall post a
1178 cash bond or surety bond, payable to the division, in an amount equal to \$750,000.

1179 (2) A cannabinoid medicine dispensary licensed under Section 58-87-201 shall
1180 maintain the bond described in Subsection (1) for as long as the cannabinoid medicine
1181 dispensary continues to operate.

1182 (3) The division shall require a bond a cannabinoid medicine dispensary posts under
1183 this section to be:

1184 (a) in a form approved by the attorney general; and

1185 (b) conditioned upon the cannabinoid medicine dispensary's compliance with this
1186 chapter.

1187 (4) If a bond described in Subsection (1) is canceled due to a cannabinoid medicine
1188 dispensary's negligence, the division may assess the cannabinoid medicine dispensary a \$300
1189 reinstatement fee.

1190 (5) A cannabinoid medicine dispensary may not withdraw any part of a bond posted
1191 under Subsection (1):

1192 (a) during the period when the cannabinoid medicine dispensary's license is in effect;
1193 or

1194 (b) while a license revocation proceeding is pending against the cannabinoid medicine
1195 dispensary.

1196 (6) A cannabinoid medicine dispensary forfeits a bond posted under Subsection (1) if
1197 the cannabinoid medicine dispensary's license is revoked.

1198 (7) The division may, without revoking a license, make a claim against a bond posted
1199 by a cannabinoid medicine dispensary under Subsection (1) for money the cannabinoid
1200 medicine dispensary owes the division under this chapter.

1201 Section 52. Section **58-87-301** is enacted to read:

1202 **58-87-301. Cannabinoid medicine dispensary agents.**

1203 (1) A cannabinoid medicine dispensary licensed under Section 58-87-201 shall
1204 maintain a current list of each agent of the cannabinoid medicine dispensary.

1205 (2) A cannabinoid medicine dispensary shall submit the list described in Subsection (1)
1206 to the division before:

- 1207 (a) January 1 of each year; and
1208 (b) July 1 of each year.
- 1209 (3) In addition to the list described in Subsection (1), a cannabinoid medicine
1210 dispensary licensed under Subsection 58-87-201 shall require each agent to submit to a
1211 criminal background check in accordance with Section 58-87-302.
- 1212 (4) The division may audit the list described in Subsection (1) at any time, at random in
1213 order to determine:
- 1214 (a) that the list is accurate; and
1215 (b) that each agent has submitted to a criminal background check in accordance with
1216 Section 58-87-302.
- 1217 (5) A cannabinoid medicine dispensary is guilty of an infraction if the cannabinoid
1218 medicine dispensary:
- 1219 (a) fails to maintain an accurate list of each agent of the cannabinoid medicine
1220 dispensary in accordance with this section; or
- 1221 (b) has an agent who has not submitted to a background check in accordance with
1222 Section 58-87-302.
- 1223 Section 53. Section **58-87-302** is enacted to read:
- 1224 **58-87-302. Cannabinoid medicine dispensary agents -- Criminal background**
1225 **checks.**
- 1226 (1) Each cannabinoid medicine dispensary agent shall:
- 1227 (a) submit to the division:
- 1228 (i) a fingerprint card in a form acceptable to the Department of Public Safety; and
1229 (ii) a signed waiver in accordance with Subsection 53-10-108(4) indicating that the
1230 agent's fingerprints are being registered in the Federal Bureau of Investigation's Next
1231 Generation Identification system's Rap Back Service; and
- 1232 (b) consent to a fingerprint background check by:
- 1233 (i) the Bureau of Criminal Identification; and
1234 (ii) the Federal Bureau of Investigation.
- 1235 (2) The Bureau of Criminal Identification shall:
- 1236 (a) check the fingerprints submitted under Subsection (1) against the applicable state,
1237 regional, and national criminal records databases, including the Federal Bureau of

1238 Investigation's Next Generation Identification system:

1239 (b) report the results of the background check to the division;

1240 (c) maintain a separate file of fingerprints submitted under Subsection (1) for search by
1241 future submissions to the local and regional criminal records databases, including latent prints;

1242 (d) request that the fingerprints be retained in the Federal Bureau of Investigation's
1243 Next Generation Identification system's Rap Back Service for search by future submissions to
1244 national criminal records databases, including the Next Generation Identification system and
1245 latent prints; and

1246 (e) establish a privacy risk mitigation strategy to ensure that the entity only receives
1247 notifications for an individual with whom the entity maintains an authorizing relationship.

1248 (3) The division shall:

1249 (a) assess an individual who submits fingerprints, in accordance with this section, a fee
1250 that the Bureau of Criminal Identification is authorized to collect for the services the Bureau of
1251 Criminal Identification or other authorized agency provides under this section; and

1252 (b) remit a fee collected under Subsection (3)(a) to the Bureau of Criminal
1253 Identification.

1254 Section 54. Section **58-87-401** is enacted to read:

1255 **Part 4. Cannabinoid medicine dispensary -- Operating requirements**

1256 **58-87-401. Operating requirements -- General.**

1257 (1) (a) A cannabinoid medicine dispensary shall operate in accordance with the
1258 operating plan that the cannabinoid medicine dispensary provides to the department under
1259 Section 58-87-201.

1260 (b) A cannabinoid medicine dispensary shall notify the department within 30 days of
1261 any change in the cannabinoid medicine dispensary's operation plan.

1262 (c) The division shall review a cannabinoid medicine dispensary's operating plan for
1263 compliance with state law and administrative rules.

1264 (d) A cannabinoid medicine dispensary may not operate under an operating plan until
1265 the operating plan is reviewed and approved by the division under Subsection (1)(d).

1266 (2) Except as provided in Subsection (3), a cannabinoid medicine dispensary shall
1267 operate:

1268 (a) in a facility that is accessible only by an agent of a cannabinoid medicine dispensary

1269 or by a registered patient; and

1270 (b) at the physical address provided to the department under Section 58-87-201.

1271 (3) A cannabinoid medicine dispensary may allow the press, a visitor, or a contractor
1272 access to the cannabinoid medicine dispensary if:

1273 (a) the cannabinoid medicine dispensary tracks and monitors the individual at all times
1274 while the individual is in the cannabinoid medicine dispensary; and

1275 (b) a record of the individual's access to the cannabinoid medicine dispensary is
1276 maintained by the cannabinoid medicine dispensary.

1277 (4) A cannabinoid medicine dispensary shall operate in a facility that has:

1278 (a) a single, secure public entrance;

1279 (b) a security system with a backup power source that:

1280 (i) detects and records entry into the facility when the cannabis producer is closed; and

1281 (ii) provides notice of an unauthorized entry to law enforcement; and

1282 (c) a lock on any area where the cannabinoid medicine dispensary stores medicine.

1283 (5) Except when determined by the Department of Financial Institutions under Section
1284 7-26-204, a cannabinoid medicine dispensary may only transmit or accept payment for
1285 cannabinoid medicine through a cannabis payment processor licensed under Section 7-26-201.

1286 (6) The board shall establish, with division concurrence, by rule made in accordance
1287 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act:

1288 (a) additional operating requirements for a cannabinoid medicine dispensary; and

1289 (b) physical facility standards for a cannabinoid medicine dispensary.

1290 Section 55. Section **58-87-402** is enacted to read:

1291 **58-87-402. Dispensing -- Amount a cannabinoid medicine dispensary may**
1292 **dispense -- Reporting -- Form of cannabis or cannabis product.**

1293 (1) A cannabinoid medicine dispensary may only sell, subject to this chapter:

1294 (a) cannabinoid medicine; or

1295 (b) educational materials related to the medical use of cannabinoid medicine.

1296 (2) A cannabinoid medicine dispensary may only sell cannabinoid medicine that has
1297 been inspected by a cannabis laboratory in accordance with Section 4-42-701.

1298 (3) A cannabinoid medicine dispensary may only sell cannabinoid medicine to:

1299 (a) an individual with a cannabinoid medicine card issued by the department; or

1300 (b) an individual with a valid hemp extract registration card issued under Title 26,
1301 Chapter 56, Hemp Extract Registration Act.

1302 (4) A cannabinoid medicine dispensary may not dispense on behalf of any one
1303 registered patient, in any one 90-day period, an amount of cannabinoid medicine that exceeds a
1304 90-day supply of the dosage recommended by the registered patient's physician.

1305 (5) A registered patient may not purchase more cannabinoid medicine than the amounts
1306 designated in Subsection (4).

1307 (6) A designated caregiver designated by a registered patient may not purchase, for the
1308 registered patient, an amount of cannabinoid medicine that exceeds the amounts designated in
1309 Subsection (4).

1310 (7) A cannabinoid medicine dispensary shall submit a record to the electronic
1311 monitoring system of each time the cannabinoid medicine dispensary dispenses cannabinoid
1312 medicine to a registered patient.

1313 Section 56. Section **58-87-403** is enacted to read:

1314 **58-87-403. Cannabinoid medicine dispensary -- Inspection by division.**

1315 (1) The division shall inspect, in accordance with Subsection (2), a cannabinoid
1316 medicine dispensary's facility and records in order to determine if the cannabinoid medicine
1317 dispensary complies with the requirements of this chapter.

1318 (2) The division may inspect the records and facility of a cannabinoid medicine
1319 dispensary:

1320 (a) as many as four times per year, scheduled or unscheduled; and

1321 (b) if the division has reason to believe that the cannabinoid medicine dispensary has
1322 violated the law, at any time, scheduled or unscheduled.

1323 Section 57. Section **58-87-404** is enacted to read:

1324 **58-87-404. Cannabinoid medicine transportation.**

1325 An agent of a cannabinoid medicine dispensary shall transport cannabinoid medicine in
1326 accordance with Section 4-42-403.

1327 Section 58. Section **58-87-501** is enacted to read:

1328 **Part 5. Enforcement**

1329 **58-87-501. Enforcement -- Fine -- Citation.**

1330 (1) The division may, for a violation of this chapter by a cannabinoid medicine

1331 dispensary:

1332 (a) revoke the cannabinoid medicine dispensary's license;

1333 (b) refuse to renew the cannabinoid medicine dispensary's license;

1334 (c) assess the cannabinoid medicine dispensary an administrative penalty; or

1335 (d) take any other appropriate administrative action.

1336 (2) The division shall deposit an administrative penalty imposed under this section into
 1337 the General Fund as a dedicated credit to be used by the division to administer and enforce this
 1338 chapter.

1339 (3) The division may, for a person subject to an uncontested citation, a stipulated
 1340 settlement, or a finding of a violation in an adjudicative proceeding under this section:

1341 (a) assess the person a fine, established in accordance with Section 63J-1-504, of up to
 1342 \$5,000 per violation, in accordance with a fine schedule established by rule made in accordance
 1343 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or

1344 (b) order the person to cease and desist from the action that creates a violation.

1345 (4) The division may not revoke a cannabinoid medicine dispensary's license via a
 1346 citation.

1347 (5) If within 20 calendar days after the day on which a division serves a citation for a
 1348 violation of this chapter, the person that is the subject of the citation fails to request a hearing
 1349 to contest the citation, the citation becomes the basis of the division's final order.

1350 (6) The division may, for a person who fails to comply with a citation under this
 1351 section:

1352 (a) refuse to issue or renew the person's license; or

1353 (b) suspend, revoke, or place on probation the person's license.

1354 Section 59. Section **58-87-502** is enacted to read:

1355 **58-87-502. Fees -- Deposit into Cannabinoid Medicine Restricted Account.**

1356 The division shall deposit fees the division collects under this chapter into the
 1357 Cannabinoid Medicine Restricted Account.

1358 Section 60. Section **59-12-104.7** is enacted to read:

1359 **59-12-104.7. Exemption from sales tax for medical cannabis.**

1360 (1) As used in this section:

1361 (a) "Cannabinoid medicine" means a substance that:

1362 (i) contains cannabis; and
1363 (ii) is intended for human medical use.
1364 (b) "Cannabinoid medicine dispensary" means the same as that term is defined in
1365 Section 58-87-102.

1366 (2) In addition to the exemptions described in Section 59-12-104, the sale by a licensed
1367 cannabinoid medicine dispensary of cannabinoid medicine is not subject to the taxes imposed
1368 by this chapter.

1369 Section 61. Section **59-28-101** is enacted to read:

1370 **CHAPTER 28. CANNABINOID MEDICINE TAX ACT**

1371 **59-28-101. Title.**

1372 This chapter is known as the "Cannabinoid Medicine Tax Act."

1373 Section 62. Section **59-28-102** is enacted to read:

1374 **59-28-102. Definitions.**

1375 As used in this chapter:

1376 (1) "Cannabinoid medicine" means the same as that term is defined in Section
1377 58-37-3.6.

1378 (2) "Cannabinoid medicine dispensary" means the same as that term is defined in
1379 Section 26-58-102.

1380 (3) "Cannabinoid Medicine Restricted Account" means the account created in Section
1381 26-58-105.

1382 Section 63. Section **59-28-103** is enacted to read:

1383 **59-28-103. Imposition of tax -- Rate.**

1384 There is imposed a tax on the retail purchaser of cannabinoid medicine at a cannabinoid
1385 medicine dispensary in the state, in an amount equal to 5.77% of amounts paid or charged for
1386 the cannabis-based medicine.

1387 Section 64. Section **59-28-104** is enacted to read:

1388 **59-28-104. Collection of tax.**

1389 A cannabinoid medicine dispensary shall:

1390 (1) collect the tax imposed by Section 59-28-103 from a cannabinoid medicine
1391 purchaser; and

1392 (2) pay the tax collected under Subsection (1):

1393 (a) to the commission quarterly on or before the last day of the month immediately

1394 following the last day of the previous quarter; and

1395 (b) using a form prescribed by the commission.

1396 Section 65. Section **59-28-105** is enacted to read:

1397 **59-28-105. Deposit of tax revenue.**

1398 The commission shall deposit revenues generated by the tax imposed by this chapter
1399 into the Cannabinoid Medicine Restricted Account.

1400 Section 66. Section **59-28-106** is enacted to read:

1401 **59-28-106. Records.**

1402 (1) A cannabinoid medicine dispensary shall maintain any record typically deemed
1403 necessary to determine the amount of tax that the cannabinoid medicine dispensary is required
1404 to remit to the commission under this chapter.

1405 (2) The commission may require a cannabinoid medicine dispensary to keep any record
1406 the commission reasonably considers necessary to constitute sufficient evidence of the amount
1407 of tax the cannabinoid medicine dispensary is required to remit to the commission under this
1408 chapter:

1409 (a) by notice served upon the cannabinoid medicine dispensary; or

1410 (b) by rule made in accordance with Title 63G, Chapter 3, Utah Administrative
1411 Rulemaking Act.

1412 (3) Upon notice by the commission, a cannabinoid medicine dispensary shall open the
1413 cannabinoid medicine dispensary's records for examination by the commission.

1414 Section 67. Section **59-28-107** is enacted to read:

1415 **59-28-107. Rulemaking authority.**

1416 The commission may make rules in accordance with Title 63G, Chapter 3, Utah
1417 Administrative Rulemaking Act, to:

1418 (1) implement the tax imposed by this chapter; and

1419 (2) enforce payment of the tax imposed by this chapter.

1420 Section 68. Section **59-28-108** is enacted to read:

1421 **59-28-108. Penalties and interest.**

1422 A cannabinoid medicine dispensary that fails to comply with any provision of this

1423 chapter is subject to penalties and interest as provided in Sections 59-1-401 and 59-1-402.

1424 Section 69. Section **62A-4a-202.1** is amended to read:

1425 **62A-4a-202.1. Entering home of a child -- Taking a child into protective custody**
1426 **-- Caseworker accompanied by peace officer -- Preventive services -- Shelter facility or**
1427 **emergency placement.**

1428 (1) A peace officer or child welfare worker may not:

1429 (a) enter the home of a child who is not under the jurisdiction of the court, remove a
1430 child from the child's home or school, or take a child into protective custody unless authorized
1431 under Subsection 78A-6-106(2); or

1432 (b) remove a child from the child's home or take a child into custody under this section
1433 solely on the basis of:

1434 (i) educational neglect, truancy, or failure to comply with a court order to attend
1435 school[-]; or

1436 (ii) the possession or use of cannabinoid medicine in the home, if the use and
1437 possession of the cannabinoid medicine complies with Title 26, Chapter 59, Cannabinoid
1438 Medicine Act.

1439 (2) A child welfare worker within the division may take action under Subsection (1)
1440 accompanied by a peace officer, or without a peace officer when a peace officer is not
1441 reasonably available.

1442 (3) (a) If possible, consistent with the child's safety and welfare, before taking a child
1443 into protective custody, the child welfare worker shall also determine whether there are
1444 services available that, if provided to a parent or guardian of the child, would eliminate the
1445 need to remove the child from the custody of the child's parent or guardian.

1446 (b) If the services described in Subsection (3)(a) are reasonably available, they shall be
1447 utilized.

1448 (c) In determining whether the services described in Subsection (3)(a) are reasonably
1449 available, and in making reasonable efforts to provide those services, the child's health, safety,
1450 and welfare shall be the child welfare worker's paramount concern.

1451 (4) (a) A child removed or taken into custody under this section may not be placed or
1452 kept in a secure detention facility pending court proceedings unless the child is detainable
1453 based on guidelines promulgated by the Division of Juvenile Justice Services.

1454 (b) A child removed from the custody of the child's parent or guardian but who does
1455 not require physical restriction shall be given temporary care in:

1456 (i) a shelter facility; or

1457 (ii) an emergency placement in accordance with Section 62A-4a-209.

1458 (c) When making a placement under Subsection (4)(b), the Division of Child and
1459 Family Services shall give priority to a placement with a noncustodial parent, relative, or
1460 friend, in accordance with Section 62A-4a-209.

1461 (d) If the child is not placed with a noncustodial parent, a relative, or a designated
1462 friend, the caseworker assigned to the child shall file a report with the caseworker's supervisor
1463 explaining why a different placement was in the child's best interest.

1464 (5) When a child is removed from the child's home or school or taken into protective
1465 custody, the caseworker shall give a parent of the child a pamphlet or flier explaining:

1466 (a) the parent's rights under this part, including the right to be present and participate in
1467 any court proceeding relating to the child's case;

1468 (b) that it may be in the parent's best interest to contact an attorney and that, if the
1469 parent cannot afford an attorney, the court will appoint one;

1470 (c) the name and contact information of a division employee the parent may contact
1471 with questions;

1472 (d) resources that are available to the parent, including:

1473 (i) mental health resources;

1474 (ii) substance abuse resources; and

1475 (iii) parenting classes; and

1476 (e) any other information considered relevant by the division.

1477 (6) The pamphlet or flier described in Subsection (5) shall be:

1478 (a) evaluated periodically for its effectiveness at conveying necessary information and
1479 revised accordingly;

1480 (b) written in simple, easy-to-understand language; and

1481 (c) available in English and other languages as the division determines to be
1482 appropriate and necessary.

1483 Section 70. Section **78A-6-508** is amended to read:

1484 **78A-6-508. Evidence of grounds for termination.**

1485 (1) In determining whether a parent or parents have abandoned a child, it is prima facie
1486 evidence of abandonment that the parent or parents:

1487 (a) although having legal custody of the child, have surrendered physical custody of the
1488 child, and for a period of six months following the surrender have not manifested to the child
1489 or to the person having the physical custody of the child a firm intention to resume physical
1490 custody or to make arrangements for the care of the child;

1491 (b) have failed to communicate with the child by mail, telephone, or otherwise for six
1492 months;

1493 (c) failed to have shown the normal interest of a natural parent, without just cause; or

1494 (d) have abandoned an infant, as described in Subsection 78A-6-316(1).

1495 (2) In determining whether a parent or parents are unfit or have neglected a child the
1496 court shall consider, but is not limited to, the following circumstances, conduct, or conditions:

1497 (a) emotional illness, mental illness, or mental deficiency of the parent that renders the
1498 parent unable to care for the immediate and continuing physical or emotional needs of the child
1499 for extended periods of time;

1500 (b) conduct toward a child of a physically, emotionally, or sexually cruel or abusive
1501 nature;

1502 (c) habitual or excessive use of intoxicating liquors, controlled substances, or
1503 dangerous drugs that render the parent unable to care for the child;

1504 (d) repeated or continuous failure to provide the child with adequate food, clothing,
1505 shelter, education, or other care necessary for the child's physical, mental, and emotional health
1506 and development by a parent or parents who are capable of providing that care;

1507 (e) whether the parent is incarcerated as a result of conviction of a felony, and the
1508 sentence is of such length that the child will be deprived of a normal home for more than one
1509 year;

1510 (f) a history of violent behavior; or

1511 (g) whether the parent has intentionally exposed the child to pornography or material
1512 harmful to a minor, as defined in Section 76-10-1201.

1513 (3) Notwithstanding Subsection (2)(c), the court may not discriminate against a parent
1514 because of the parent's possession or consumption of cannabis-based medicine, in accordance
1515 with Title 26, Chapter 59, Cannabinoid Medicine Act.

1516 ~~[(3)]~~ (4) A parent who, legitimately practicing the parent's religious beliefs, does not
1517 provide specified medical treatment for a child is not, for that reason alone, a negligent or unfit
1518 parent.

1519 ~~[(4)]~~ (5) (a) Notwithstanding Subsection (2), a parent may not be considered neglectful
1520 or unfit because of a health care decision made for a child by the child's parent unless the state
1521 or other party to the proceeding shows, by clear and convincing evidence, that the health care
1522 decision is not reasonable and informed.

1523 (b) Nothing in Subsection ~~[(4)]~~ (5)(a) may prohibit a parent from exercising the right to
1524 obtain a second health care opinion.

1525 ~~[(5)]~~ (6) If a child has been placed in the custody of the division and the parent or
1526 parents fail to comply substantially with the terms and conditions of a plan within six months
1527 after the date on which the child was placed or the plan was commenced, whichever occurs
1528 later, that failure to comply is evidence of failure of parental adjustment.

1529 ~~[(6)]~~ (7) The following circumstances constitute prima facie evidence of unfitness:

1530 (a) sexual abuse, sexual exploitation, injury, or death of a sibling of the child, or of any
1531 child, due to known or substantiated abuse or neglect by the parent or parents;

1532 (b) conviction of a crime, if the facts surrounding the crime are of such a nature as to
1533 indicate the unfitness of the parent to provide adequate care to the extent necessary for the
1534 child's physical, mental, or emotional health and development;

1535 (c) a single incident of life-threatening or gravely disabling injury to or disfigurement
1536 of the child;

1537 (d) the parent has committed, aided, abetted, attempted, conspired, or solicited to
1538 commit murder or manslaughter of a child or child abuse homicide; or

1539 (e) the parent intentionally, knowingly, or recklessly causes the death of another parent
1540 of the child, without legal justification.