LEGISLATIVE RESEARCH & GENERAL COUNSEL

Bill Analysis

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HB 203, Substitute #2: Cannabis Amendments

HB 203, Substitute #2, Cannabis Amendments, makes various changes to Utah's Medical Cannabis Program.

Key Provisions and Line Numbers

The changes from HB 203, Substitute #2, are categorized below as falling under the purview of the Department of Agriculture and Food, the Department of Health and Human Services, and General Changes that are not connected to an agency.

Department of Agriculture and Food

Administrative Changes

- Lines 428 – 444: Requires the agency to provide draft rules to the medical cannabis ombudsman. Prohibits the agency from filing a new rule if the medical cannabis ombudsman does not agree on filing the rule.

Advertising Changes

- Lines 295 – 426, 1250 – 1257, 2298 - 2300: Repeals advertising sections for specific entities and reenacts Section 4-41a-109 to organize all advertising requirements for various entities in a single section.
- Lines 308 – 317: Allows a nonprofit organization that offers financial assistance to low-income medical cannabis patients to advertise under certain circumstances.
- Lines 364 – 373: Allows a cannabis processing facility to maintain a website.

Enforcement Changes

- Lines 129 – 138, 520 – 524: Defines a "Batch" and prohibits the agency from requiring a third testing of a batch under certain circumstances.
- Lines 554 - 602: Requires the agency to determine that a batch contains a substance that poses a significant threat to human health prior to seizing, embargoing, or destroying the batch. Requires that conduct undermines public health or violates a statutory provision prior to assessing a fine or monetary administrative penalty. Establishes that an appeal of a fine or monetary administrative penalty shall be heard by an administrative law judge. Changes the time period for which an appeal may be brought from 20 to 30 days.
- Lines 624 – 639: Requires the agency to issue a a letter of concern for potential violations and provide the license 30 days to respond to the warning. Provides a warning resolution process in coordination

with the medical cannabis ombudsman. Prohibits the agency from providing warning information to the licensing board unless it is found to have merit.
- Lines 662 – 669: Requires the agency to annually report to the Medical Cannabis Governance Structure Working Group regarding fines issued by the agency.

Licensing Changes
- Line 476: Limits the number of medical cannabis processing facility licenses to 18.
- Lines 752 – 755, 846 – 848: Provides that a licensee fee for a medical cannabis pharmacy in a medically underserved area shall be 50% less than the standard amount. Provides that a license renewal fee for a medical cannabis pharmacy in a county of the third through sixth class shall be 50% less than the standard amount.
- Lines 865 – 872: Changes the number of allowable medical cannabis pharmacy licenses from 15 to 20, with entities selected by the medical cannabis ombudsman.
- Lines 925 – 945: Defines the process for which the medical cannabis ombudsman shall select medical cannabis pharmacy licensees. Allows for increased consideration to applications for pharmacies in medically underserved areas.
- Lines 947 – 953: Instructs the licensing board to issue licenses in accordance with recommendations from the medical cannabis ombudsman.
- Lines 1393 – 1395: Changes the number of closed-door pharmacies from three available licenses to one available license.

Operations Changes
- Lines 498 – 499: Allows a cannabis cultivation facility to use radiation-based methods and equipment for quality assurance and remediation.

Product Information Changes
- Lines 1090 – 1101: Requires a medical cannabis pharmacy to provide certain product information if a patient product information insert is available. Requires a medical cannabis pharmacy to allow a patient to view the back panel of a product and to include a picture of the back panel of the product on the medical cannabis pharmacy's website.

Department of Health and Human Services

Administrative Changes
- Lines 2099 – 2112: Requires the agency to provide draft rules to the medical cannabis ombudsman. Prohibits the agency from filing a new rule if the medical cannabis ombudsman does not agree on filing the rule.

Funding Changes
- Lines 1413 – 1417: Allows monies deposited in the Qualified Patient Enterprise Fund to be used to carry out the duties of the medical cannabis ombudsman and the voucher assistance program.

Medical Cannabis Ombudsman Changes
- Lines 2152 – 2238: Creates the medical cannabis ombudsman and associated duties, including:
  - Developing expertise in law and policies of patients rights and privileges;
  - Providing information and training;
  - Developing a website where information and training is accessible;
  - Receiving, processing, and investigating complaints related to medical cannabis;
  - Reviewing procedures and rules;
  - Cooperating with governmental entities and industry;

- Making recommendations to agencies responsible for medical cannabis oversight;
- Selecting entities to receive new medical cannabis pharmacy licenses;
- Creating and administering an assistance program for Medicaid/Medicare enrolled patients and awarding $150 vouchers that can be used at medical cannabis pharmacies;
- Entering into dispute resolution processes between licensed entities and the Department of Agriculture and Food;
- Hearing complaints from licensed entities and issuing summary opinions on disputes not heard by an administrative law judge;
- Creating rules to implement dispute resolution duties; and
- Providing an annual report.

Medical Cannabis Policy Advisory Board Changes

- Lines 1435 – 1450: Removes the medical research professional member and adds a representative of the Center for Medical Cannabis Research to the policy board's membership.

Medical Cannabis Sales Website Changes

- Lines 2115 – 2149: Requires the agency to issue a request for proposals to establish and maintain a medical cannabis sales website, that:
  - Allows medical cannabis patients to request products from medical cannabis processers; and
  - Establishes a process for medical cannabis pharmacies to fulfill the product request.

Product Information Changes

- Lines 1683 – 1693, 2094 – 2096: Defines "patient product information insert" and instructs the agency, in consultation with the Center for Medical Cannabis Research and the cannabis processing facility that created the product, to develop patient product information inserts for medical cannabis products.

State Central Patient Portal Changes

- Line 2297 (and throughout): Removes references to the state central patient portal.

General Changes

Sunset Changes

- Lines 2243, 2253 - 2255, 2263 – 2266: Changes the repeal of the Cannabis Research Review Board from July 1, 2026, to July 1, 2025.
- Line 2285: Changes the repeal of the Medical Cannabis Governance Structure Working Group from July 1, 2025, to July 1, 2026.