



Performance Note
HB0197S01 - Cannabis
Cultivation Amendments
Sponsor: Rep. Daw, Brad M.



Performance Note Report

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Agency: Financial Institutions

Funding For:

New Services or Benefit

Public Benefit:

Purpose: In conjunction with the Department of Agriculture and Food's efforts to identify and authorize a third-party to cultivate and process cannabis in the State of Utah for academic and medical research purposes, the Department of Financial Institutions is directed to develop a program whereby entities interested in electronically receiving funds from, and distributing funds to, a cannabis producer and an academic or medical research establishment, might obtain a license to be a cannabis payment processor in the State of Utah. The Department would receive applications from one or more parties interested in becoming a licensed cannabis payment processor, containing information required by statute, along with credible supporting evidence, to establish that the entity has sufficient capacity and capability to clear cannabis product transactions.

Services: Applications will be received and evaluated for completeness and to ensure the interested party had the required qualifications necessary to be an effective and efficient cannabis payment processor. When any entity satisfies the requirements identified as being needed to be a cannabis payment processor, the Department will issue a license for that entity to act as cannabis payment processor in the State of Utah. Licenses issued by the Department are valid for two years, but may be suspended or revoked upon a finding that an entity is no longer capable of functioning as a cannabis payment processor, or that they have violated provisions in the statute. At the maturity of each two-year licensing period, the Department will evaluate an entity's capacity and capability to continue functioning as a cannabis payment processor, just like the original application's review and evaluation, and possibly renew the license for an additional two-year period. The Department will also periodically examination the records and activities of entities licensed as a cannabis payment processor to ensure that they are complying with the applicable statutes.

Expected Outcome: One or more interested and qualified parties are identified and a license(s) is issued to permit an electronic transfer of funds to and from a cannabis producer and an academic or medical research establishments to effectively and efficient clear cannabis product transactions. This will allow academic and medical research facilities to purchase cannabis products, and producer to receive payment for their cultivating and processing services, without the need to do so on a cash basis.

Implementations and Resources: This program will be implemented by the Department of Financial Institutions developing the criteria necessary for an application to obtain a license to become a cannabis payment processor to be accepted for consideration. Once the Department is comfortable that we understand what is needed to be effectively and efficiently clear cannabis product transactions, applications can be evaluated, and credible supporting documentation verified to establish an entity processes the attributes and expertise needed to clear cannabis product transactions. The Department will rely upon the application fee required when an applications is submitted to give us the resource needed to implement the program.

How: The proposed activities will result in those private entities contracted to cultivate and process cannabis, and for academic and medical establishments looking to obtain cannabis in medicinal dosage form for research purposes, with the ability to pay for and receive payment from cannabis product transactions. This in turn will facilitate the research of viable benefit and usage of cannabis in medicinal dosage form.

Performance Measures

Goal

Title: Electronically Processed Cannabis Product Transactions

Description: The Department could track the number of cannabis product transactions that are processed electronically and the number of transactions that are processed on a cash basis. This would show how effectively licensed cannabis payment processors are in facilitating transactions between those cultivating and processing cannabis and those using cannabis for academic and medical research. The higher the ratio of electronic payments versus cash payments, the more effective the process.

Collection Method: We could request from entities contracted to cultivate and process cannabis, and academic and medical establishments doing research, through the Department of Agriculture and Food, to provide with the number product transactions competed electronically and by cash for the time period being evaluated.

	2018	2019	2020
Transactions Completed Electronically (%)	0.00	45.00	95.00
0	0.00	0.00	0.00

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