

Senator Evan J. Vickers proposes the following substitute bill:

MEDICAL CANNABIDIOL AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Evan J. Vickers

House Sponsor: Brad M. Daw

LONG TITLE

General Description:

This bill modifies and enacts provisions related to medical cannabidiol.

Highlighted Provisions:

This bill:

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



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

50 **Money Appropriated in this Bill:**

51 None

52 **Other Special Clauses:**

53 This bill provides a special effective date.

54 **Utah Code Sections Affected:**

55 AMENDS:

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

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

61 and 432

62 ENACTS:

63 **4-42-101**, Utah Code Annotated 1953
64 **4-42-102**, Utah Code Annotated 1953
65 **4-42-103**, Utah Code Annotated 1953
66 **4-42-104**, Utah Code Annotated 1953
67 **4-42-201**, Utah Code Annotated 1953
68 **4-42-202**, Utah Code Annotated 1953
69 **4-42-203**, Utah Code Annotated 1953
70 **4-42-204**, Utah Code Annotated 1953
71 **4-42-205**, Utah Code Annotated 1953
72 **4-42-301**, Utah Code Annotated 1953
73 **4-42-302**, Utah Code Annotated 1953
74 **4-42-303**, Utah Code Annotated 1953
75 **4-42-401**, Utah Code Annotated 1953
76 **4-42-402**, Utah Code Annotated 1953
77 **4-42-403**, Utah Code Annotated 1953
78 **4-42-404**, Utah Code Annotated 1953
79 **4-42-501**, Utah Code Annotated 1953
80 **4-42-601**, Utah Code Annotated 1953
81 **4-42-602**, Utah Code Annotated 1953
82 **4-42-603**, Utah Code Annotated 1953
83 **4-42-701**, Utah Code Annotated 1953
84 **4-42-702**, Utah Code Annotated 1953
85 **4-42-801**, Utah Code Annotated 1953
86 **4-42-802**, Utah Code Annotated 1953
87 **7-26-101**, Utah Code Annotated 1953

- 88 [7-26-102](#), Utah Code Annotated 1953
- 89 [7-26-103](#), Utah Code Annotated 1953
- 90 [7-26-104](#), Utah Code Annotated 1953
- 91 [7-26-105](#), Utah Code Annotated 1953
- 92 [26-58-101](#), Utah Code Annotated 1953
- 93 [26-58-102](#), Utah Code Annotated 1953
- 94 [26-58-103](#), Utah Code Annotated 1953
- 95 [26-58-104](#), Utah Code Annotated 1953
- 96 [26-58-201](#), Utah Code Annotated 1953
- 97 [26-58-202](#), Utah Code Annotated 1953
- 98 [26-58-203](#), Utah Code Annotated 1953
- 99 [26-58-204](#), Utah Code Annotated 1953
- 100 [26-58-205](#), Utah Code Annotated 1953
- 101 [26-58-206](#), Utah Code Annotated 1953
- 102 [26-58-301](#), Utah Code Annotated 1953
- 103 [53-1-106.5](#), Utah Code Annotated 1953
- 104 [58-37-3.6](#), Utah Code Annotated 1953
- 105 [58-37f-204](#), Utah Code Annotated 1953
- 106 [58-38a-203.1](#), Utah Code Annotated 1953
- 107 [58-67-807](#), Utah Code Annotated 1953
- 108 [58-68-807](#), Utah Code Annotated 1953
- 109 [58-86-101](#), Utah Code Annotated 1953
- 110 [58-86-102](#), Utah Code Annotated 1953
- 111 [58-86-201](#), Utah Code Annotated 1953
- 112 [58-86-202](#), Utah Code Annotated 1953
- 113 [58-86-203](#), Utah Code Annotated 1953
- 114 [58-86-204](#), Utah Code Annotated 1953
- 115 [58-86-205](#), Utah Code Annotated 1953
- 116 [58-86-301](#), Utah Code Annotated 1953
- 117 [58-86-302](#), Utah Code Annotated 1953
- 118 [58-86-303](#), Utah Code Annotated 1953

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

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

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

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

130 **Part 1. General Provisions**

131 **4-42-101. Title.**

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

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

134 **4-42-102. Definitions.**

135 As used in this chapter:

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

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

138 (a) grows cannabis; or

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

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

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

143 (a) sells cannabidiol; or

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

145 (5) "Cannabidiol dispensary agent" means the same as that term is defined in Section
146 [58-86-102](#).

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

149 (7) "Cannabidiol payment processor" means the same as that term is defined in Section

150 [7-26-102.](#)

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

152 (a) manufactures cannabidiol from cannabis;

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

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

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

157 (10) "Cannabidiol production establishment" means:

158 (a) a cannabidiol cultivation facility;

159 (b) a cannabidiol processing facility; or

160 (c) an independent cannabidiol testing laboratory.

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

162 (a) a cannabidiol cultivation facility agent;

163 (b) a cannabidiol processing facility agent; or

164 (c) an independent cannabidiol testing laboratory agent.

165 (12) "Cannabidiol production establishment agent registration card" means a
166 registration card issued by the department under Section [4-42-301](#) that:

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

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

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

172 (a) tetrahydrocannabinol or THC;

173 (b) tetrahydrocannabinolic acid or THCa;

174 (c) cannabidiol or CBD;

175 (d) cannabinol or CBN; and

176 (e) cannabigerol or CBG.

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

178 (15) "Controlled Substances Advisory Committee" means the committee created in
179 Section [58-38a-201](#).

180 (16) "Designated caregiver" means the same as that term is defined in Section

181 [58-86-102.](#)

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

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

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

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

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

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

191 (21) "Medical cannabidiol card" means the same as that term is defined in Section
192 [26-58-102.](#)

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

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

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

196 **4-42-103. Inventory control system.**

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

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

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

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

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

210 (b) is tamper proof; and

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

212 (5) An inventory control system shall maintain compatibility with the electronic
213 verification system.

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

215 (a) the Department of Public Safety;

216 (b) the Department of Agriculture and Food;

217 (c) the Department of Health; and

218 (d) the Division of Occupational and Professional Licensing within the Department of
219 Commerce.

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

221 **4-42-104. Preemption.**

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

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

225 **4-42-201. Cannabidiol production establishment -- License -- Renewal.**

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

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

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

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

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

238 (d) an application fee established by the department, in accordance with Section
239 [63J-1-504](#), that is necessary to cover the department's cost to implement this chapter;

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

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

243 (g) an operation plan that complies with Section 4-42-203.

244 (3) If the department determines that a cannabidiol production establishment is eligible
245 for a license under this section, the department shall charge the cannabidiol establishment an
246 initial license fee in an amount determined by the department in accordance with Section
247 63J-1-504.

248 (4) The department shall require a separate license and separate license fee for each
249 type of cannabidiol production establishment and each location of a cannabidiol production
250 establishment.

251 (5) The department may issue a cannabidiol cultivation facility license and a
252 cannabidiol processing facility license to be operated by:

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

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

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

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

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

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

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

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

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

272 **4-42-202. Renewal.**

273 (1) Except as provided in Subsection (2), the department shall renew a person's

274 cannabidiol production establishment license every two years if, at the time of renewal:

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

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

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

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

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

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

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

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

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

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

299 **4-42-203. Operating plan.**

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

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

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

305 production establishment agent;

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

307 (d) a security plan;

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

309 Section 7-26-103.

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

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

312 and

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

314 (4).

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

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

317 cultivation facility's:

318 (a) pesticide and fertilizer use;

319 (b) proposed square footage under cultivation; and

320 (c) anticipated cannabidiol yield.

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

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

323 processing facility's:

324 (a) proposed cannabidiol extraction method;

325 (b) processing equipment; and

326 (c) other processing techniques.

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

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

329 testing capability.

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

331 **4-42-204. Maximum number of licenses.**

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

333 (a) two cannabidiol cultivation facility licenses;

334 (b) two cannabidiol processing facility licenses; and

335 (c) two independent cannabidiol testing laboratory licenses.

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

339 (a) experience with:

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

341 (ii) operating a secure inventory control system;

342 (iii) complying with a regulatory environment; and

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

344 (b) connections to the local community; and

345 (c) that the applicant will keep the cost of the applicant's products or services low.

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

347 **4-42-205. Bond for a cannabidiol production establishment license.**

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

350 (a) for a cannabidiol cultivation facility, \$2,000,000;

351 (b) for a cannabidiol processing facility, \$1,000,000; and

352 (c) for an independent cannabidiol testing laboratory, \$75,000.

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

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

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

359 (b) conditioned upon the cannabidiol production establishment's compliance with this
360 chapter.

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

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

366 (a) during the period when the cannabidiol production establishment's license is in

367 effect; or

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

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

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

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

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

377 **4-42-301. Cannabidiol production establishment agent -- Registration.**

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

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

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

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

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

389 (b) provides to the department:

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

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

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

395 (c) pays the department a fee, determined by the department in accordance with Section
396 63J-1-504, that is necessary to cover the department's cost to implement this part; and

397 (d) complies with the requirement for and passes a criminal background check

398 described in Section 4-42-302.

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

402 (a) a cannabidiol cultivation facility;

403 (b) a cannabidiol processing facility;

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

405 (d) an independent cannabidiol testing laboratory.

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

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

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

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

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

414 **4-42-302. Cannabidiol production establishment agents -- Criminal background**
415 **checks.**

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

418 (a) submit to the department:

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

420 (ii) a signed waiver in accordance with Subsection 53-10-108(4) indicating that the
421 individual's fingerprints are being registered in the Federal Bureau of Investigation's Next

422 Generation Identification system's Rap Back Service; and

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

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

425 (ii) the Federal Bureau of Investigation.

426 (2) The Bureau of Criminal Identification shall:

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

429 Investigation's Next Generation Identification system;

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

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

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

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

439 (3) The department shall:

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

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

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

446 **4-42-303. Cannabidiol production establishment agent registration card --**
447 **Rebuttable presumption.**

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

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

452 (b) the individual is transporting cannabis or cannabidiol between two cannabidiol
453 production establishments or transporting cannabidiol between a cannabidiol production
454 establishment and a cannabidiol dispensary.

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

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

459 (ii) transports cannabis or cannabidiol; and

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

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

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

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

466 **4-42-401. Cannabidiol production establishment -- General operating**
467 **requirements.**

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

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

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

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

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

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

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

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

484 (4) A cannabidiol production establishment shall have:

485 (a) a single, secure public entrance;

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

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

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

490 (c) a lock on any area where the cannabidiol production establishment stores cannabis

491 or cannabidiol.

492 (5) A cannabidiol production establishment may only transmit or accept payments for
493 cannabidiol using a cannabidiol payment processor licensed under Section [7-26-103](#).

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

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

498 **4-42-402. Inspections.**

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

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

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

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

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

508 **4-42-403. Advertising.**

509 A cannabidiol production establishment may not advertise to the general public in any
510 medium.

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

512 **4-42-404. Cannabis or cannabidiol transportation.**

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

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

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

521 (b) origin and destination information for any cannabis or cannabidiol the individual is

522 transporting; and

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

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

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

531 (a) transports cannabis or cannabidiol; and

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

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

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

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

538 **4-42-501. Cannabidiol cultivation facility -- Operating requirements.**

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

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

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

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

545 (b) each unique harvest of cannabis plants.

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

549 (a) use of pesticides;

550 (b) use of fertilizers; and

551 (c) cultivation techniques.

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

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

554 **4-42-601. Cannabidiol processing facility -- Operating requirements.**

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

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

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

561 **4-42-602. Cannabidiol -- Product requirements.**

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

564 (a) a tablet;

565 (b) a capsule;

566 (c) a concentrated oil;

567 (d) a trans-dermal preparation; or

568 (e) a sub-lingual preparation.

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

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

573 (4) A cannabidiol processing facility may manufacture cannabidiol using cannabis or
574 cannabidiol not produced in the state if the cannabidiol processing facility enters a record of the
575 cannabis or cannabidiol into the electronic verification system.

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

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

578 (1) Cannabidiol shall have a label that:

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

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

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

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

584 inventory control system and the electronic verification system; and

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

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

587 (a) is tamper resistant and opaque; and

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

589 Subsection (3).

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

592 Section 21. Section **4-42-701** is enacted to read:

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

594 **4-42-701. Cannabidiol testing.**

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

597 (2) An independent cannabidiol testing laboratory may not operate unless the
598 independent cannabidiol testing laboratory is capable of accurately testing cannabidiol as
599 described in this section.

600 (3) An independent testing laboratory shall determine the cannabinoid profile of
601 cannabidiol.

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

604 (a) mold;

605 (b) fungus;

606 (c) pesticides; or

607 (d) other microbial contaminants.

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

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

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

615 (b) additional cannabidiol testing that an independent cannabidiol testing laboratory is
616 required to perform.

617 Section 22. Section **4-42-702** is enacted to read:

618 **4-42-702. Reporting -- Inspections.**

619 (1) An independent cannabidiol testing laboratory shall notify the department if the
620 independent cannabidiol testing laboratory determines that the results of a lab test indicate that
621 a cannabidiol batch:

622 (a) is unsafe for human consumption; or

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

625 (2) If the independent cannabidiol testing laboratory notifies the department of a
626 cannabidiol batch's test results under Subsection (1), the independent cannabidiol testing
627 laboratory may not release the cannabidiol batch to a cannabidiol dispensary until the
628 department has an opportunity to respond to the department within a period of time,
629 determined by the department.

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

633 (4) The department shall establish, by rule made in accordance with Title 63G, Chapter
634 3, Utah Administrative Rulemaking Act, the amount of time that an independent cannabidiol
635 testing laboratory is required to hold a cannabidiol batch under Subsection (2).

636 Section 23. Section **4-42-801** is enacted to read:

637 **Part 8. Enforcement**

638 **4-42-801. Enforcement -- Fine -- Citation.**

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

642 (a) revoke the person's license;

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

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

645 (d) take any other appropriate administrative action.

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

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

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

654 (ii) the person prepared a cannabis or cannabidiol batch in a manner, or such that the
655 batch contains a substance, that poses a threat to human health.

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

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

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

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

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

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

665 (ii) direct the person to appear before an adjudicative proceeding conducted under Title
666 63G, Chapter 4, Administrative Procedures Act.

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

669 (a) assess the person a fine, established in accordance with Section [63J-1-504](#), of up to
670 \$5,000 per violation, in accordance with a fine schedule established by rule made in accordance
671 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or

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

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

675 (6) If within 20 calendar days after the day on which a department serves a citation for
676 a violation of this chapter, the person that is the subject of the citation fails to request a hearing

677 to contest the citation, the citation becomes the basis of the department's final order.

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

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

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

684 Section 24. Section **4-42-802** is enacted to read:

685 **4-42-802. Report to the Legislature.**

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

689 Section 25. Section **7-26-101** is enacted to read:

690 **CHAPTER 26. CANNABIDIOL PAYMENT PROCESSOR LICENSE**

691 **7-26-101. Title.**

692 This chapter is known as "Cannabidiol Payment Processor License."

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

694 **7-26-102. Definitions.**

695 As used in this chapter:

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

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

698 (3) "Cannabidiol cultivation facility" means the same as that term is defined in Section
699 [4-42-102](#).

700 (4) "Cannabidiol payment processor" means a person that facilitates payment:

701 (a) without using cash;

702 (b) electronically, in connection with the state electronic verification system;

703 (c) (i) by a cannabidiol production establishment:

704 (A) for cannabis, from a cannabidiol processing facility to a cannabidiol cultivation
705 facility;

706 (B) for cannabidiol testing, from a cannabidiol processing facility to an independent
707 cannabidiol testing laboratory; or

708 (C) for cannabidiol, from a cannabidiol dispensary to a cannabidiol processing facility;

709 or

710 (ii) by an individual with a medical cannabidiol card, for cannabidiol, to a cannabidiol
711 dispensary.

712 (5) "Cannabidiol dispensary" means the same as that term is defined in Section
713 26-58-102.

714 (6) "Cannabidiol processing facility" means the same as that term is defined in Section
715 4-42-102.

716 (7) "Electronic verification system" means the same as that term is defined in Section
717 26-58-102.

718 Section 27. Section **7-26-103** is enacted to read:

719 **7-26-103. Cannabidiol payment processor -- License.**

720 (1) Subject to this chapter, the department shall issue a license to a person to operate as
721 a cannabidiol payment processor.

722 (2) A person may not act as a cannabidiol payment processor without a license issued
723 by the department under this section.

724 (3) An applicant for a cannabidiol payment processor license shall:

725 (a) submit to the department:

726 (i) the applicant's name, business address, and place of incorporation; and

727 (ii) the name of each owner, officer, director, board member, shareholder, agent,

728 employee, or volunteer of the applicant; and

729 (b) present evidence to the department that:

730 (i) the applicant is capable of electronically receiving funds from, and distributing
731 funds to:

732 (A) a cannabidiol production establishment;

733 (B) a cannabidiol dispensary; and

734 (C) an individual with a medical cannabidiol card;

735 (ii) the applicant has a relationship with a federally-insured depository institution that
736 agrees to clear cannabidiol transactions; and

737 (iii) the applicant is able to interface with the electronic verification system to enable
738 an individual with a medical cannabidiol card to:

739 (A) add funds, using a bank wire or a credit card, to an account with the applicant
740 associated with the medical cannabidiol card; and

741 (B) use the medical cannabidiol card to pay for cannabidiol at a cannabidiol dispensary
742 using the funds in the individual's account with the cannabidiol payment processor.

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

744 Section 28. Section **7-26-104** is enacted to read:

745 **7-26-104. Renewal.**

746 The department may renew the license of a cannabidiol payment processor under this
747 chapter if the cannabidiol payment processor, at the time of renewal:

748 (1) meets the criteria described in Section 7-26-103; and

749 (2) if there are other applicants for a cannabidiol payment processor license, that the
750 cannabidiol payment processor:

751 (a) meets the criteria described in Section 7-26-105; and

752 (b) best demonstrates, compared to any other applicant for a cannabidiol payment
753 processor that the cannabidiol payment processor:

754 (i) will maximize convenience, efficiency, and security for a cannabidiol production
755 establishment, cannabidiol dispensary, or a medical cannabidiol cardholder; and

756 (ii) will keep the cost of processing cannabidiol payments low.

757 Section 29. Section **7-26-105** is enacted to read:

758 **7-26-105. Number of licenses -- Criteria for awarding license.**

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

761 (2) If there are multiple applicants for a cannabidiol payment processor license under
762 this chapter, the department shall award the license to the applicant that best demonstrates, in
763 the discretion of the board committee described in Subsection (3), the criteria described in
764 Subsection (4).

765 (3) The committee to award a cannabidiol payment processor license shall include:

766 (a) the executive director of the Department of Commerce or the executive director's
767 designee;

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

769 (c) the chief information officer of the Department of Technology Services or the chief

770 information officer's designee;

771 (d) the executive director of the Department of Health or the executive director's
772 designee;

773 (e) the executive director of the Department of Agriculture and Food or the executive
774 director's designee;

775 (f) the commissioner of the Department of Financial Institutions or the commissioner's
776 designee; and

777 (g) the commissioner of the Department of Public Safety or the commissioner's
778 designee.

779 (4) The department shall consult with the committee when awarding a license under
780 Subsection (2).

781 Section 30. Section **26-58-101** is enacted to read:

782 **CHAPTER 58. MEDICAL CANNABIDIOL ACT**

783 **Part 1. General Provisions**

784 **26-58-101. Title.**

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

786 Section 31. Section **26-58-102** is enacted to read:

787 **26-58-102. Definitions.**

788 As used in this chapter:

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

790 (2) "Cannabidiol dispensary" means the same as that term is defined in Section
791 [58-85-102](#).

792 (3) "Cannabidiol payment processor" means the same as that term is defined in Section
793 [7-26-102](#).

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

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

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

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

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

801 (a) is licensed to practice:
802 (i) medicine, under Title 58, Chapter 67, Utah Medical Practice Act; or
803 (ii) osteopathic medicine, under Title 58, Chapter 68, Utah Osteopathic Medical
804 Practice Act; and
805 (b) complies with Section [58-67-807](#) or [58-68-807](#).
806 (9) "Qualifying illness" means a condition described in Subsection [58-38a-203.1\(1\)](#).
807 Section 32. Section **26-58-103** is enacted to read:
808 **26-58-103. Local ordinances.**
809 This chapter does not prohibit a political subdivision from enacting an ordinance, which
810 restricts the location of, or operating requirements of, a cannabidiol dispensary, that is more
811 restrictive than this chapter.
812 Section 33. Section **26-58-104** is enacted to read:
813 **26-58-104. Electronic verification system.**
814 (1) The Department of Agriculture and Food, the Department of Health, the
815 Department of Public Safety, and the Division of Occupational and Professional Licensing:
816 (a) shall enter into a memorandum of understanding in order to determine the function
817 and operation of a state electronic verification system;
818 (b) shall direct the Department of Technology Services to work with a third party
819 provider to develop and maintain the electronic verification system; and
820 (c) shall coordinate with the Division of Purchasing under Title 63G, Chapter 6a, Utah
821 Procurement Code, to select a third party provider described in Subsection (1)(b).
822 (2) The electronic verification system described in Subsection (1) shall:
823 (a) allow an individual to:
824 (i) apply, in the presence of a physician, to the Department of Health for a medical
825 cannabidiol card; and
826 (ii) designate up to two caregivers for the patient;
827 (b) allow a designated caregiver to apply for a medical cannabidiol card;
828 (c) allow a physician to electronically recommend treatment with cannabidiol to a
829 patient during a visit with the patient;
830 (d) connect an individual's medical cannabidiol card to a database, and to an inventory
831 control system used by a cannabidiol dispensary, to track, in real time, for the individual's

- 832 purchase of cannabidiol:
- 833 (i) the time and date of the purchase;
- 834 (ii) the quantity and type of cannabidiol purchased; and
- 835 (iii) a cannabidiol production establishment or cannabidiol dispensary associated with
- 836 the cannabidiol;
- 837 (e) provide access to an entity described in Subsection (1) to the extent necessary for
- 838 the entity to carry out the functions and responsibilities given to the entity under this chapter;
- 839 (f) provide access to state or local law enforcement:
- 840 (i) during a traffic stop; or
- 841 (ii) after obtaining a warrant;
- 842 (g) create a record each time the database is accessed that identifies the individual who
- 843 accessed the database and the individual whose records were accessed have;
- 844 (h) have the capability of interfacing with a cannabidiol payment processor to facilitate
- 845 payment for cannabidiol services; and
- 846 (i) include an inventory control system for each licensed cannabidiol production
- 847 establishment and each licensed cannabidiol dispensary.
- 848 (3) The Department of Health may release the data collected by the system under
- 849 Subsection (2) for the purpose of conducting medical research, if the medical research is
- 850 approved by an institutional review board associated with a university medical school.

851 Section 34. Section **26-58-201** is enacted to read:

852 **Part 2. Medical Cannabidiol Card**

853 **26-58-201. Medical cannabidiol card -- Application -- Renewal.**

854 (1) The department shall, within 45 days after an individual submits an application in

855 compliance with this section, issue a medical cannabidiol card, via the electronic verification

856 system described in Section [26-58-104](#), to an individual if the individual:

- 857 (a) is at least 18 years old;
- 858 (b) is a Utah resident;
- 859 (c) submits to the department, via the electronic verification system, a recommendation
- 860 electronically signed by a physician that indicates that the individual:
- 861 (i) suffers from a qualifying illness, including the type of qualifying illness; and
- 862 (ii) may benefit from treatment with cannabidiol;

863 (d) pays the department a fee established by the department in accordance with Section
864 63J-1-504; and

865 (e) submits an application to the department, using the electronic verification system
866 that contains:

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

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

869 (2) An individual who applies for a medical cannabidiol card under Subsection (1)
870 shall fill out and submit the application described in Subsection (1):

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

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

873 (3) A medical cannabidiol card that the department issues under Subsection (1) is valid
874 for one year.

875 (4) The department may renew an individual's medical cannabidiol card if, at the time
876 of renewal, the individual meets the requirements of Subsection (1) or (2).

877 (5) The department may revoke an individual's medical cannabidiol card if the
878 individual violates this chapter.

879 Section 35. Section **26-58-202** is enacted to read:

880 **26-58-202. Medical cannabidiol card -- Designated caregiver -- Registration --**
881 **Renewal -- Revocation.**

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

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

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

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

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

894 (a) is at least 18 years old;
895 (b) is a Utah resident;
896 (c) submits an application to the department, online via the electronic verification
897 system, that includes:
898 (i) the individual's name and address;
899 (ii) a copy of the individual's photo identification; and
900 (iii) any other information required by the department by rule made in accordance with
901 Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
902 (d) pays, to the department, a fee, established by the department in accordance with
903 Section 63J-1-504, plus the cost of a criminal background check; and
904 (e) complies with Section 26-58-203.
905 (4) A medical cannabidiol card issued to a designated caregiver is valid for one year.
906 (5) A medical cannabidiol card is renewable for a designated caregiver, if at the time of
907 renewal:
908 (a) the individual described in Subsection (1) renews the designation of the caregiver;
909 and
910 (b) the designated caregiver meets the requirements of Subsection (3).
911 (6) The department shall revoke or refuse to issue the registration of a designated
912 caregiver if the designated caregiver is convicted of a felony that is:
913 (a) a crime of violence involving the use of force or violence against another person; or
914 (b) a felony conviction of a state or federal law pertaining to controlled substances.
915 Section 36. Section **26-58-203** is enacted to read:
916 **26-58-203. Designated caregiver -- Criminal background check.**
917 (1) An individual registered as a designated caregiver under Section 26-58-202 shall
918 submit to a criminal background check in accordance with Subsection (2).
919 (2) An individual registered as a designated caregiver shall:
920 (a) submit to the department:
921 (i) a fingerprint card in a form acceptable to the Department of Public Safety; and
922 (ii) a signed waiver in accordance with Subsection 53-10-108(4) indicating that the
923 individual's fingerprints are being registered in the Federal Bureau of Investigation's Next
924 Generation Identification system's Rap Back Service; and

- 925 (b) consent to a fingerprint background check by:
- 926 (i) the Utah Bureau of Criminal Identification; and
- 927 (ii) the Federal Bureau of Investigation.
- 928 (3) The Bureau of Criminal Identification shall:
- 929 (a) check the fingerprints submitted under Subsection (2) against the applicable state,
- 930 regional, and national criminal records databases, including the Federal Bureau of
- 931 Investigation's Next Generation Identification system;
- 932 (b) report the results of the background check to the department;
- 933 (c) maintain a separate file of fingerprints submitted under Subsection (2) for search by
- 934 future submissions to the local and regional criminal records databases, including latent prints;
- 935 (d) request that the fingerprints be retained in the Federal Bureau of Investigation's
- 936 Next Generation Identification system's Rap Back Service for search by future submissions to
- 937 national criminal records databases, including the Next Generation Identification system and
- 938 latent prints; and
- 939 (e) establish a privacy risk mitigation strategy to ensure that the entity only receives
- 940 notifications for an individual with whom the entity maintains an authorizing relationship.
- 941 (4) The department shall:
- 942 (a) assess an individual who submits fingerprints, in accordance with this section, a fee
- 943 that the Bureau of Criminal Identification is authorized to collect for the services the Bureau of
- 944 Criminal Identification or other authorized agency provides under this section; and
- 945 (b) remit a fee collected under Subsection (4)(a) to the Bureau of Criminal
- 946 Identification.

947 Section 37. Section **26-58-204** is enacted to read:

948 **26-58-204. Medical cannabidiol card -- Patient and designated caregiver**
949 **requirements.**

- 950 (1) An individual with a valid medical cannabidiol card who possesses cannabidiol
- 951 outside of the individual's residence shall:
- 952 (a) carry, with the individual at all times, the individual's medical cannabidiol card;
- 953 (b) carry, with the cannabidiol or cannabidiol product, a label that identifies that the
- 954 cannabidiol was originally sold from a licensed cannabidiol dispensary, including the bar code
- 955 or identification number that links the cannabidiol to the cannabidiol dispensary's inventory

956 control system; and

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

959 (2) An individual who has a valid medical cannabidiol card may only purchase
960 cannabidiol via a cannabidiol payment processor licensed under Section [7-26-103](#).

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

963 (a) possesses cannabidiol; and

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

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

967 (4) An individual who is guilty of an infraction under Subsection (3) is subject to a
968 \$100 fine.

969 Section 38. Section **26-58-205** is enacted to read:

970 **26-58-205. Insurance coverage.**

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

973 Section 39. Section **26-58-206** is enacted to read:

974 **26-58-206. Report to the Legislature.**

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

978 Section 40. Section **26-58-301** is enacted to read:

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

980 **26-58-301. Medical cannabidiol research license.**

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

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

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

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

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

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

990 Cannabidiol Dispensary License;

991 (b) possess cannabidiol; or

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

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

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

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

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

999 **41-6a-517. Definitions -- Driving with any measurable controlled substance in the**
1000 **body -- Penalties -- Arrest without warrant.**

1001 (1) As used in this section:

1002 (a) "Controlled substance" has the same meaning as in Section 58-37-2.

1003 (b) "Practitioner" has the same meaning as in Section 58-37-2.

1004 (c) "Prescribe" has the same meaning as in Section 58-37-2.

1005 (d) "Prescription" has the same meaning as in Section 58-37-2.

1006 (2) In cases not amounting to a violation of Section 41-6a-502, a person may not
1007 operate or be in actual physical control of a motor vehicle within this state if the person has any
1008 measurable controlled substance or metabolite of a controlled substance in the person's body.

1009 (3) It is an affirmative defense to prosecution under this section that the controlled
1010 substance was:

1011 (a) involuntarily ingested by the accused;

1012 (b) prescribed by a practitioner for use by the accused; [~~or~~]

1013 (c) cannabidiol recommended by a physician and the person holds a valid medical
1014 cannabidiol card under Title 26, Chapter 58, Medical Cannabidiol Act; or

1015 [~~e~~] (d) otherwise legally ingested.

1016 (4) (a) A person convicted of a violation of Subsection (2) is guilty of a class B
1017 misdemeanor.

1018 (b) A person who violates this section is subject to conviction and sentencing under
1019 both this section and any applicable offense under Section 58-37-8.

1020 (5) A peace officer may, without a warrant, arrest a person for a violation of this
1021 section when the officer has probable cause to believe the violation has occurred, although not
1022 in the officer's presence, and if the officer has probable cause to believe that the violation was
1023 committed by the person.

1024 (6) The Driver License Division shall, if the person is 21 years of age or older on the
1025 date of arrest:

1026 (a) suspend, for a period of 120 days, the driver license of a person convicted under
1027 Subsection (2) of an offense committed on or after July 1, 2009; or

1028 (b) revoke, for a period of two years, the driver license of a person if:

1029 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

1030 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,
1031 and within a period of 10 years after the date of the prior violation.

1032 (7) The Driver License Division shall, if the person is 19 years of age or older but
1033 under 21 years of age on the date of arrest:

1034 (a) suspend, until the person is 21 years of age or for a period of one year, whichever is
1035 longer, the driver license of a person convicted under Subsection (2) of an offense committed
1036 on or after July 1, 2011; or

1037 (b) revoke, until the person is 21 years of age or for a period of two years, whichever is
1038 longer, the driver license of a person if:

1039 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

1040 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,
1041 and within a period of 10 years after the date of the prior violation.

1042 (8) The Driver License Division shall, if the person is under 19 years of age on the date
1043 of arrest:

1044 (a) suspend, until the person is 21 years of age, the driver license of a person convicted
1045 under Subsection (2) of an offense committed on or after July 1, 2009; or

1046 (b) revoke, until the person is 21 years of age, the driver license of a person if:

1047 (i) the person has a prior conviction as defined under Subsection 41-6a-501(2); and

1048 (ii) the current violation under Subsection (2) is committed on or after July 1, 2009,

1049 and within a period of 10 years after the date of the prior violation.

1050 (9) The Driver License Division shall subtract from any suspension or revocation
1051 period the number of days for which a license was previously suspended under Section
1052 53-3-223 or 53-3-231, if the previous suspension was based on the same occurrence upon
1053 which the record of conviction is based.

1054 (10) The Driver License Division shall:

1055 (a) deny, suspend, or revoke a person's license for the denial and suspension periods in
1056 effect prior to July 1, 2009, for a conviction of a violation under Subsection (2) that was
1057 committed prior to July 1, 2009; or

1058 (b) deny, suspend, or revoke the operator's license of a person for the denial,
1059 suspension, or revocation periods in effect from July 1, 2009, through June 30, 2011, if:

1060 (i) the person was 20 years of age or older but under 21 years of age at the time of
1061 arrest; and

1062 (ii) the conviction under Subsection (2) is for an offense that was committed on or after
1063 July 1, 2009, and prior to July 1, 2011.

1064 (11) A court that reported a conviction of a violation of this section for a violation that
1065 occurred on or after July 1, 2009, to the Driver License Division may shorten the suspension
1066 period imposed under Subsection (7)(a) or (8)(a) prior to completion of the suspension period
1067 if the person:

1068 (a) completes at least six months of the license suspension;

1069 (b) completes a screening;

1070 (c) completes an assessment, if it is found appropriate by a screening under Subsection
1071 (11)(b);

1072 (d) completes substance abuse treatment if it is found appropriate by the assessment
1073 under Subsection (11)(c);

1074 (e) completes an educational series if substance abuse treatment is not required by the
1075 assessment under Subsection (11)(c) or the court does not order substance abuse treatment;

1076 (f) has not been convicted of a violation of any motor vehicle law in which the person
1077 was involved as the operator of the vehicle during the suspension period imposed under
1078 Subsection (7)(a) or (8)(a);

1079 (g) has complied with all the terms of the person's probation or all orders of the court if

1080 not ordered to probation; and

1081 (h) (i) is 18 years of age or older and provides a sworn statement to the court that the
1082 person has not consumed a controlled substance not prescribed by a practitioner for use by the
1083 person or unlawfully consumed alcohol during the suspension period imposed under
1084 Subsection (7)(a) or (8)(a); or

1085 (ii) is under 18 years of age and has the person's parent or legal guardian provide an
1086 affidavit or other sworn statement to the court certifying that to the parent or legal guardian's
1087 knowledge the person has not consumed a controlled substance not prescribed by a practitioner
1088 for use by the person or unlawfully consumed alcohol during the suspension period imposed
1089 under Subsection (7)(a) or (8)(a).

1090 (12) If the court shortens a person's license suspension period in accordance with the
1091 requirements of Subsection (11), the court shall forward the order shortening the person's
1092 license suspension period prior to the completion of the suspension period imposed under
1093 Subsection (7)(a) or (8)(a) to the Driver License Division.

1094 (13) (a) The court shall notify the Driver License Division if a person fails to:

1095 (i) complete all court ordered screening and assessment, educational series, and
1096 substance abuse treatment; or

1097 (ii) pay all fines and fees, including fees for restitution and treatment costs.

1098 (b) Upon receiving the notification, the division shall suspend the person's driving
1099 privilege in accordance with Subsections [53-3-221\(2\)](#) and (3).

1100 (14) The court shall order supervised probation in accordance with Section [41-6a-507](#)
1101 for a person convicted under Subsection (2).

1102 Section 42. Section **53-1-106.5** is enacted to read:

1103 **53-1-106.5. Medical Cannabidiol Act -- Department duties.**

1104 In addition to the duties described in Section [53-1-106](#), the department shall provide
1105 standards for the training of peace officers and law enforcement agencies in the use of the
1106 electronic verification system as defined in Section [26-58-102](#).

1107 Section 43. Section **58-37-3.6** is enacted to read:

1108 **58-37-3.6. Exemption for possession or use of cannabidiol to treat a qualifying**
1109 **illness.**

1110 (1) As used in this section:

- 1111 (a) "Cannabidiol" means a product intended for human ingestion that:
1112 (i) contains an extract or concentrate that:
1113 (A) is obtained from cannabis; and
1114 (B) contains at least 10 grams of the cannabinoid cannabidiol per one gram of
1115 tetrahydrocannabinol content;
1116 (ii) is composed of less than 5% tetrahydrocannabinol by weight;
1117 (iii) is composed of at least 5% of the cannabinoid cannabidiol by weight; and
1118 (iv) is prepared in a medicinal dosage form as required by Section [4-42-602](#).
1119 (b) "Cannabis" means any part of the plant cannabis sativa, whether growing or not,
1120 that has a delta-9 tetrahydrocannabinol concentration of less than 0.3% by dry weight.
1121 (c) "Drug paraphernalia" means the same as that term is defined in Section [58-37a-3](#).
1122 (d) "Tetrahydrocannabinol" means a substance derived from cannabidiol that meets the
1123 description in Subsection [58-37-4\(2\)\(a\)\(iii\)\(AA\)](#).
1124 (2) Notwithstanding any other provision of this chapter:
1125 (a) an individual who grows, possesses, sells, or offers to sell cannabis is not subject to
1126 the penalties described in this title for the growth, possession, sale, or offer for sale of
1127 marijuana or tetrahydrocannabinol to the extent that the individual's growth, possession, sale,
1128 or offer for sale of cannabis complies with:
1129 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License;
1130 (ii) Title 26, Chapter 58, Medical Cannabidiol Act; and
1131 (iii) Title 58, Chapter 86, Cannabidiol Dispensary License;
1132 (b) an individual who grows, possesses, sells, or offers to sell cannabidiol is not subject
1133 to the penalties described in this title for the growth, possession, sale, or offer for sale of
1134 marijuana or tetrahydrocannabinol to the extent that the individual's growth, possession, sale,
1135 or offer for sale of cannabidiol complies with:
1136 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License;
1137 (ii) Title 26, Chapter 58, Medical Cannabidiol Act; and
1138 (iii) Title 58, Chapter 86, Cannabidiol Dispensary License; and
1139 (c) an individual who possesses, sells, or offers to sell cannabidiol is not subject to the
1140 penalties described in this title for the possession, sale, or offer for sale of marijuana or
1141 tetrahydrocannabinol drug paraphernalia to the extent that the individual's growth, possession,

1142 sale, or offer for sale of cannabidiol complies with:

1143 (i) Title 4, Chapter 42, Cannabidiol Production Establishment License;

1144 (ii) Title 26, Chapter 58, Medical Cannabidiol Act; and

1145 (iii) Title 58, Chapter 86, Cannabidiol Dispensary License.

1146 Section 44. Section **58-37f-204** is enacted to read:

1147 **58-37f-204. Controlled substance database and medical cannabidiol.**

1148 (1) (a) The division shall establish a process for a cannabidiol dispensary agent to
1149 submit, at a specified time during each 24-hour period, the information required by this section.

1150 (b) A cannabidiol dispensary shall comply with the process established by the division
1151 under Subsection (1)(a).

1152 (2) A cannabidiol dispensary shall, each time the cannabidiol dispensary dispenses
1153 cannabidiol to an individual with a medical cannabidiol card, submit to the division the
1154 following information:

1155 (a) the name of the physician who recommended the cannabidiol and the unique
1156 number identifying the recommendation;

1157 (b) the date of the recommendation;

1158 (c) the date the cannabidiol was dispensed;

1159 (d) the name of the individual with the medical cannabidiol card;

1160 (e) positive identification of the individual who receives the cannabidiol, including the
1161 type of identification and any identifying numbers on the identification;

1162 (f) the amount of cannabidiol dispensed;

1163 (g) the dosage, quantity, and frequency recommended by the physician;

1164 (h) the name of the cannabidiol dispensary dispensing the cannabidiol product;

1165 (i) the name of the cannabidiol dispensary agent who dispensed the cannabidiol
1166 product; and

1167 (j) any other information required by the division under Subsection (8).

1168 (3) If an individual's medical cannabidiol record is in the controlled substance
1169 database:

1170 (a) the individual may obtain the record by requesting the record from the division in
1171 writing; and

1172 (b) the individual may request, in writing, with the individual's postal address included,

1173 that the division correct any incorrect information about the individual contained in the
1174 database.

1175 (4) For a request described in Subsection (3), the division shall:

1176 (a) grant or deny the request no later than 30 days after the day on which the division
1177 receives the request; and

1178 (b) notify the individual who submitted the request of the division's decision by mail
1179 postmarked no later than 35 days after the day on which the division received the request.

1180 (5) If the division denies a request described in Subsection (3), or does not respond to
1181 the request within the time period described in Subsection (4), the individual who submitted
1182 the request may, no later than 60 days after the day on which the individual's initial request is
1183 postmarked, submit an appeal to the Department of Commerce.

1184 (6) The division shall ensure that the database system records and maintains for
1185 reference:

1186 (a) the identity of and a form of identification for each individual who requests
1187 information from the database;

1188 (b) the information accessed by the individual described in Subsection (6)(a); and

1189 (c) the date and time the individual described in Subsection (6)(a) made the request.

1190 (7) A cannabidiol dispensary agent may access the controlled substance database in the
1191 same manner and for the same purpose as a pharmacist may access the database under
1192 Subsection [58-37f-301\(2\)\(i\)](#).

1193 (8) The division shall establish, by rule made in accordance with Title 63G, Chapter 3,
1194 Utah Administrative Rulemaking Act:

1195 (a) requirements for the form and manner of submission of information submitted to
1196 the database under this section; and

1197 (b) for the purpose of collecting health data on medical cannabidiol, additional
1198 information that a cannabidiol dispensary is required to submit to the controlled substance
1199 database.

1200 Section 45. Section **58-38a-201** is amended to read:

1201 **58-38a-201. Controlled Substances Advisory Committee.**

1202 There is created within the Division of Occupational and Professional Licensing the
1203 Controlled Substances Advisory Committee. The committee consists of:

- 1204 (1) the director of the Department of Health or the director's designee;
- 1205 (2) the State Medical Examiner or the examiner's designee;
- 1206 (3) the commissioner of the Department of Public Safety or the commissioner's
- 1207 designee;
- 1208 (4) one physician who is a member of the Physicians Licensing Board and is
- 1209 designated by that board;
- 1210 (5) one pharmacist who is a member of the Utah State Board of Pharmacy and is
- 1211 designated by that board;
- 1212 ~~[(6) one dentist who is a member of the Dentist and Dental Hygienist Licensing Board~~
- 1213 ~~and is designated by that board;]~~
- 1214 ~~[(7) one physician who is currently licensed and practicing in the state, to be appointed~~
- 1215 ~~by the governor;]~~
- 1216 [(8)] (6) one psychiatrist who is currently licensed and practicing in the state, to be
- 1217 appointed by the governor;
- 1218 [(9)] (7) one individual with expertise in substance abuse addiction, to be appointed by
- 1219 the governor;
- 1220 [(10)] (8) one representative from the Statewide Association of Prosecutors, to be
- 1221 designated by that association;
- 1222 ~~[(11) one naturopathic physician who is currently licensed and practicing in the state;~~
- 1223 ~~to be appointed by the governor;]~~
- 1224 [(12)] (9) one advanced practice registered nurse who is currently licensed and
- 1225 practicing in this state, to be appointed by the governor; [and]
- 1226 (10) two medical research professionals with expertise in controlled substances,
- 1227 including one medical research professional who is affiliated with a research-based higher
- 1228 education institution;
- 1229 (11) one representative of the Utah Chiefs of Police Association; and
- 1230 [(13)] (12) one member of the public, to be appointed by the governor.
- 1231 Section 46. Section **58-38a-203** is amended to read:
- 1232 **58-38a-203. Duties of the committee.**
- 1233 (1) The committee serves as a consultative and advisory body to the Legislature
- 1234 regarding:

- 1235 (a) the movement of a controlled substance from one schedule or list to another;
- 1236 (b) the removal of a controlled substance from any schedule or list; [~~and~~]
- 1237 (c) the designation of a substance as a controlled substance and the placement of the
- 1238 substance in a designated schedule or list[-]; and
- 1239 (d) the designation of a medical condition as a qualified illness for treatment using
- 1240 cannabidiol as described in Subsection 58-38a-203.1(1).
- 1241 (2) On or before September 30 of each year, the committee shall submit to the Health
- 1242 and Human Services Interim Committee a written report:
- 1243 (a) describing any substances recommended by the committee for scheduling,
- 1244 rescheduling, listing, or deletion from the schedules or list by the Legislature; [~~and~~]
- 1245 (b) containing the report described in Subsection 58-38a-203.1(1); and
- 1246 [~~(b)~~] (c) stating the reasons for the recommendation.
- 1247 (3) In advising the Legislature regarding the need to add, delete, relist, or reschedule a
- 1248 substance, the committee shall consider:
- 1249 (a) the actual or probable abuse of the substance, including:
- 1250 (i) the history and current pattern of abuse both in Utah and in other states;
- 1251 (ii) the scope, duration, and significance of abuse;
- 1252 (iii) the degree of actual or probable detriment to public health which may result from
- 1253 abuse of the substance; and
- 1254 (iv) the probable physical and social impact of widespread abuse of the substance;
- 1255 (b) the biomedical hazard of the substance, including:
- 1256 (i) its pharmacology, including the effects and modifiers of the effects of the substance;
- 1257 (ii) its toxicology, acute and chronic toxicity, interaction with other substances,
- 1258 whether controlled or not, and the degree to which it may cause psychological or physiological
- 1259 dependence; and
- 1260 (iii) the risk to public health and the particular susceptibility of segments of the
- 1261 population;
- 1262 (c) whether the substance is an immediate precursor, as defined in Section 58-37-2, of
- 1263 a substance that is currently a controlled substance;
- 1264 (d) the current state of scientific knowledge regarding the substance, including whether
- 1265 there is any acceptable means to safely use the substance under medical supervision;

1266 (e) the relationship between the use of the substance and criminal activity, including
1267 whether:

1268 (i) persons engaged in illicit trafficking of the substance are also engaged in other
1269 criminal activity;

1270 (ii) the nature and relative profitability of manufacturing or delivering the substance
1271 encourages illicit trafficking in the substance;

1272 (iii) the commission of other crimes is one of the recognized effects of abuse of the
1273 substance; and

1274 (iv) addiction to the substance relates to the commission of crimes to facilitate the
1275 continued use of the substance;

1276 (f) whether the substance has been scheduled by other states; and

1277 (g) whether the substance has any accepted medical use in treatment in the United
1278 States.

1279 (4) The committee's duties under this chapter do not include tobacco products as
1280 defined in Section 59-14-102 or alcoholic beverages as defined in Section 32B-1-102.

1281 Section 47. Section 58-38a-203.1 is enacted to read:

1282 **58-38a-203.1. Qualifying illness for treatment using medical cannabidiol --**

1283 **Committee duties -- Recommendation to Legislature.**

1284 (1) For the purposes of Title 26, Chapter 58, Medical Cannabidiol Act, the following
1285 conditions are considered a qualifying illness:

1286 (a) epilepsy;

1287 (b) nausea and vomiting during chemotherapy;

1288 (c) appetite stimulation caused by an HIV or AIDS infection;

1289 (d) muscle spasticity or a movement disorder; and

1290 (e) neuropathic pain conditions as follows:

1291 (i) complex regional pain syndrome;

1292 (ii) peripheral neuropathy caused by diabetes;

1293 (iii) post herpetic neuralgia;

1294 (iv) pain related to HIV;

1295 (v) pain related to cancer;

1296 (vi) pain occurring after and related to a stroke; and

1297 (vii) phantom limb pain.

1298 (2) On or before September 30 of each year, the committee shall:

1299 (a) review the list of conditions described in Subsection (1) to determine if, based on
1300 available medically relevant information, it is medically appropriate to add or remove a

1301 condition from the list; and

1302 (b) present the committee's recommendation to the Health and Human Services Interim
1303 Committee.

1304 Section 48. Section **58-67-807** is enacted to read:

1305 **58-67-807. Recommendation of cannabidiol -- Registration with division and**
1306 **Department of Health.**

1307 (1) A physician may recommend the use of cannabidiol to a patient in accordance with
1308 Title 26, Chapter 58, Medical Cannabidiol Act, if the physician:

1309 (a) registers with the division and the Department of Health as a physician who
1310 recommends cannabidiol; and

1311 (b) completes the training required under Subsection (3).

1312 (2) A physician who recommends cannabidiol shall:

1313 (a) recommend cannabidiol to no more than an amount of patients determined by the
1314 Department of Health by rule made in accordance with Title 63G, Chapter 3, Utah

1315 Administrative Rulemaking Act;

1316 (b) consult the controlled substance database before recommending cannabidiol to a
1317 patient to determine if the patient is abusing cannabidiol;

1318 (c) report an adverse event experienced by a patient related to the patient's medical
1319 cannabidiol use to the Department of Health; and

1320 (d) report other data on cannabidiol required by Title 26, Chapter 58, Medical
1321 Cannabidiol Act.

1322 (3) (a) The division shall establish by rule made in accordance with Title 63G, Chapter
1323 3, Utah Administrative Rulemaking Act, training requirements for a physician that
1324 recommends cannabidiol.

1325 (b) The division shall include, in the training requirements the division establishes
1326 under Subsection (3)(a), training on using caution when recommending cannabidiol to avoid
1327 patient cannabidiol abuse.

1328 (4) It is not a breach of the applicable standard of care for a physician to recommend
1329 treatment with cannabidiol to an individual under this section and Title 26, Chapter 58,
1330 Medical Cannabidiol Act.

1331 (5) A physician who recommends treatment with cannabidiol or a cannabidiol product
1332 to an individual under this section and Title 26, Chapter 58, Medical Cannabidiol Act, may not,
1333 solely based on that recommendation, be subject to:

1334 (a) civil liability;

1335 (b) criminal liability; or

1336 (c) licensure sanctions under this chapter.

1337 Section 49. Section **58-68-807** is enacted to read:

1338 **58-68-807. Recommendation of cannabidiol -- Registration with division and**
1339 **Department of Health.**

1340 (1) A physician may recommend the use of cannabidiol to a patient in accordance with
1341 Title 26, Chapter 58, Medical Cannabidiol Act, if the physician:

1342 (a) registers with the division and the Department of Health as a physician who
1343 recommends cannabidiol; and

1344 (b) completes the training required under Subsection (3).

1345 (2) A physician who recommends cannabidiol shall:

1346 (a) recommend cannabidiol to no more than an amount of patients determined by the
1347 Department of Health by rule made in accordance with Title 63G, Chapter 3, Utah

1348 Administrative Rulemaking Act;

1349 (b) consult the controlled substance database before recommending cannabidiol to a
1350 patient to determine if the patient is abusing cannabidiol;

1351 (c) report an adverse event experienced by a patient related to the patient's medical
1352 cannabidiol use to the Department of Health; and

1353 (d) report other data on cannabidiol required by Title 26, Chapter 58, Medical
1354 Cannabidiol Act.

1355 (3) (a) The division shall establish by rule made in accordance with Title 63G, Chapter
1356 3, Utah Administrative Rulemaking Act, training requirements for a physician that
1357 recommends cannabidiol.

1358 (b) The division shall include, in the training requirements the division establishes

1359 under Subsection (3)(a), training on using caution when recommending cannabidiol to avoid
1360 patient cannabidiol abuse.

1361 (4) It is not a breach of the applicable standard of care for a physician to recommend
1362 treatment with cannabidiol to an individual under this section and Title 26, Chapter 58,
1363 Medical Cannabidiol Act.

1364 (5) A physician who recommends treatment with cannabidiol or a cannabidiol product
1365 to an individual under this section and Title 26, Chapter 58, Medical Cannabidiol Act, may not,
1366 solely based on that recommendation, be subject to:

1367 (a) civil liability;

1368 (b) criminal liability; or

1369 (c) licensure sanctions under this chapter.

1370 Section 50. Section **58-86-101** is enacted to read:

1371 **CHAPTER 86. CANNABIDIOL DISPENSARY LICENSE**

1372 **Part 1. General Provisions**

1373 **58-86-101. Title.**

1374 This chapter is known as "Cannabidiol Dispensary License."

1375 Section 51. Section **58-86-102** is enacted to read:

1376 **58-86-102. Definitions.**

1377 As used in this chapter:

1378 (1) "Cannabidiol" means the same as that term is defined in Section [58-37-3.6](#).

1379 (2) "Cannabidiol cultivation facility" means the same as that term is defined in Section
1380 [4-42-102](#).

1381 (3) "Cannabidiol dispensary" means a person that:

1382 (a) sells cannabidiol; or

1383 (b) purchases or possesses cannabidiol with the intent to sell cannabidiol.

1384 (4) "Cannabidiol dispensary agent" means an owner, officer, director, board member,
1385 shareholder, agent, employee or volunteer of a cannabidiol dispensary.

1386 (5) "Cannabidiol dispensary agent registration card" means a registration card, issued
1387 by the division under Section [58-85-301](#), that authorizes an individual to be a cannabidiol
1388 dispensary agent.

1389 (6) "Cannabidiol payment processor" means the same as that term is defined in Section

1390 [7-26-103.](#)

1391 (7) "Cannabidiol production establishment" means the same as that term is defined in
1392 Section [4-42-102.](#)

1393 (8) "Cannabidiol production establishment agent" means the same as that term is
1394 defined in Section [4-42-102.](#)

1395 (9) "Cannabidiol production establishment agent registration card" means the same as
1396 that term is defined in Section [4-42-102.](#)

1397 (10) "Cannabis" means the same as that term is defined in Section [58-37-3.6.](#)

1398 (11) "Designated caregiver" means the same as that term is defined in Section
1399 [26-58-102.](#)

1400 (12) "Electronic verification system" means the system described in Section [26-58-104.](#)

1401 (13) "Independent cannabidiol testing laboratory" means the same as that term is
1402 defined in Section [4-42-102.](#)

1403 (14) "Inventory control system" means the system described in Section [4-42-103.](#)

1404 (15) "Medical cannabidiol card" means the same as that term is defined in Section
1405 [26-58-102.](#)

1406 (16) "Physician" means the same as that term is defined in Section [26-58-102.](#)

1407 Section 52. Section **58-86-201** is enacted to read:

1408 **Part 2. License and Eligibility**

1409 **58-86-201. Cannabidiol dispensary -- License -- Eligibility.**

1410 (1) A person may not operate as a cannabidiol dispensary without a license from the
1411 division issued under this part.

1412 (2) Subject to the requirements of this part, the division shall, within 30 business days
1413 after receiving a complete application, issue a license to operate a cannabidiol dispensary to a
1414 person who submits to the division:

1415 (a) a proposed name, address, and physical location where the person will operate the
1416 cannabidiol dispensary;

1417 (b) a bond, as required by Section [58-86-205](#), for each license for which the person
1418 applies;

1419 (c) evidence that the person:

1420 (i) can comply with the operating requirements for a cannabidiol dispensary described

1421 in this chapter;

1422 (ii) will implement an inventory control system at the cannabidiol dispensary; and

1423 (iii) can obtain a business license and meet zoning requirements established by a

1424 political subdivision;

1425 (c) an application fee, in an amount determined by the division in accordance with

1426 Section 63J-1-504, that is necessary to cover the division's cost to implement this part; and

1427 (d) an operating plan that complies with Section 58-86-203.

1428 (3) If the division determines that a cannabidiol dispensary is eligible for a license

1429 under this section, the division shall charge the cannabidiol dispensary an initial license fee in

1430 an amount determined by the division in accordance with Section 63J-1-504.

1431 (4) The division may revoke a license under this chapter if the cannabidiol dispensary

1432 is not operational within one year of the issuance of the initial license.

1433 Section 53. Section **58-86-202** is enacted to read:

1434 **58-86-202. Renewal.**

1435 (1) Except as provided in Subsection (2), the division shall renew a person's license

1436 under this part every two years if, at the time of renewal:

1437 (a) the person meets the requirements of Section 58-86-201; and

1438 (b) the person pays the division a license renewal fee in an amount determined by the

1439 division in accordance with Section 63J-1-504.

1440 (2) (a) The division may not renew a cannabidiol dispensary's license for a sixth

1441 consecutive time unless the division publishes a notice, in a newspaper of general circulation

1442 for the geographic area in which the cannabidiol dispensary is located, one year before the day

1443 on which the cannabidiol dispensary's license expires, that includes:

1444 (i) the name and location of the cannabidiol dispensary;

1445 (ii) the day on which the license for the cannabidiol dispensary will expire; and

1446 (iii) a solicitation for cannabidiol dispensary license applicants.

1447 (b) If, after the division publishes the notice described in Subsection (2)(a), the division

1448 receives an application for a cannabidiol dispensary from a new applicant and also receives an

1449 application for renewal from the existing cannabidiol dispensary, the division shall issue the

1450 license to the applicant that the division determines best meets the criteria established in

1451 Section 58-86-204.

1452 (3) (a) If a licensed cannabidiol dispensary abandons the cannabidiol dispensary's
1453 license, the division shall publish notice of an available license in the same manner as
1454 described in Subsection (2)(a).

1455 (b) The division may establish criteria, in accordance with Title 63G, Chapter 3, Utah
1456 Administrative Rulemaking Act, for what actions by a cannabidiol dispensary constitute
1457 abandonment of a cannabidiol dispensary license.

1458 Section 54. Section **58-86-203** is enacted to read:

1459 **58-86-203. Operating plan.**

1460 (1) A person applying for a cannabidiol dispensary license shall submit to the division
1461 a proposed operating plan for the cannabidiol dispensary.

1462 (2) The operating plan described in Subsection (1) shall include:

1463 (a) a description of the cannabidiol dispensary's employee training standards;

1464 (b) a security plan for the cannabidiol dispensary;

1465 (c) a plan to process payments through a cannabidiol payment processor licensed under
1466 Section [7-26-103](#).

1467 (d) the time period in which the person estimates the cannabidiol dispensary will
1468 become operational; and

1469 (e) the products, and anticipated sources of the products, that a cannabidiol dispensary
1470 plans to sell.

1471 Section 55. Section **58-86-204** is enacted to read:

1472 **58-86-204. Maximum number of licenses.**

1473 (1) The division may not issue more than five cannabidiol dispensary licenses at any
1474 given time.

1475 (2) If more than one applicant for a license meets the qualifications of this chapter for a
1476 cannabidiol dispensary, the division shall evaluate the applicants to determine which applicant
1477 has best demonstrated:

1478 (a) experience with:

1479 (i) establishing and running a business in a related field;

1480 (ii) operating a secure inventory control system;

1481 (iii) complying with a regulatory environment; and

1482 (iv) training, evaluating, and monitoring employees;

1483 (b) connections to the local community; and

1484 (c) that the applicant will keep the cost of cannabidiol low.

1485 Section 56. Section **58-86-205** is enacted to read:

1486 **58-86-205. Bond for a cannabidiol dispensary license.**

1487 (1) A cannabidiol dispensary licensed under Section [58-86-201](#) shall post a cash bond
1488 or surety bond, payable to the division, in an amount equal to \$750,000.

1489 (2) A cannabidiol dispensary licensed under Section [4-42-201](#) shall maintain the bond
1490 described in Subsection (1) for as long as the cannabidiol dispensary continues to operate.

1491 (3) The division shall require a bond a cannabidiol dispensary posts under this section
1492 to be:

1493 (a) in a form approved by the attorney general; and

1494 (b) conditioned upon the cannabidiol dispensary's compliance with this chapter.

1495 (4) If a bond described in Subsection (1) is canceled due to a cannabidiol dispensary's
1496 negligence, the division may assess the cannabidiol dispensary a \$300 reinstatement fee.

1497 (5) A cannabidiol dispensary may not withdraw any part of a bond posted under
1498 Subsection (1):

1499 (a) during the period when the cannabidiol dispensary's license is in effect; or

1500 (b) while a license revocation proceeding is pending against the cannabidiol
1501 dispensary.

1502 (6) A cannabidiol dispensary forfeits a bond posted under Subsection (1) if the
1503 cannabidiol dispensary's license is revoked.

1504 (7) The division may, without revoking a license, make a claim against a bond posted
1505 by a cannabidiol dispensary under Subsection (1) for money the cannabidiol dispensary owes
1506 the division under this chapter.

1507 Section 57. Section **58-86-301** is enacted to read:

1508 **Part 3. Cannabidiol Dispensary Agents**

1509 **58-86-301. Cannabidiol dispensary agent -- Registration.**

1510 (1) An individual may not act as an owner, officer, director, board member,
1511 shareholder, agent, or employee of a cannabidiol dispensary unless the individual is registered
1512 by the division as a cannabidiol dispensary agent.

1513 (2) A physician may not act as a cannabidiol dispensary agent.

1514 (3) The division shall, within 15 business days after receiving a complete application,
1515 register and issue a cannabidiol dispensary agent registration card to an individual who:

1516 (a) has not been convicted of an offense that is a felony under either state or federal
1517 law;

1518 (b) provides to the division:

1519 (i) the individual's name and address; and

1520 (ii) the name and location of the licensed cannabidiol dispensary where the individual
1521 will act as a cannabidiol dispensary agent;

1522 (c) pays a registration fee to the division, in an amount determined by the division in
1523 accordance with Section 63J-1-504, that is necessary to cover the division's cost to implement
1524 this chapter;

1525 (d) complies with the requirement for, and passes, a criminal background check
1526 described in Section 58-86-302; and

1527 (e) demonstrates to the division that the individual has completed a training program
1528 designated by the division under Subsection (4).

1529 (4) The division shall establish cannabidiol dispensary agent training requirements by
1530 rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

1531 (5) The division shall revoke or refuse to issue the cannabidiol dispensary agent
1532 registration card of an individual who:

1533 (a) violates the requirements of this chapter; or

1534 (b) is convicted of an offense that is a felony under state or federal law.

1535 Section 58. Section **58-86-302** is enacted to read:

1536 **58-86-302. Cannabidiol dispensary agents -- Criminal background checks.**

1537 (1) An individual applying for a cannabidiol dispensary agent registration card under
1538 this chapter shall:

1539 (a) submit to the division:

1540 (i) a fingerprint card in a form acceptable to the Department of Public Safety; and

1541 (ii) a signed waiver in accordance with Subsection 53-10-108(4) indicating that the
1542 individual's fingerprints are being registered in the Federal Bureau of Investigation's Next
1543 Generation Identification system's Rap Back Service; and

1544 (b) consent to a fingerprint background check by:

- 1545 (i) the Utah Bureau of Criminal Identification; and
1546 (ii) the Federal Bureau of Investigation.
1547 (2) The Bureau of Criminal Identification shall:
1548 (a) check the fingerprints submitted under Subsection (1) against the applicable state,
1549 regional and national criminal records databases, including the Federal Bureau of
1550 Investigation's Next Generation Identification system;
1551 (b) report the results of the background check to the department;
1552 (c) maintain a separate file of fingerprints submitted under Subsection (1) for search by
1553 future submissions to the local and regional criminal records databases, including latent prints;
1554 (d) request that the fingerprints be retained in the Federal Bureau of Investigation's
1555 Next Generation Identification system's Rap Back Service for search by future submissions to
1556 national criminal records databases, including the Next Generation Identification system and
1557 latent prints; and
1558 (e) establish a privacy risk mitigation strategy to ensure that the entity only receives
1559 notifications for an individual with whom the entity maintains an authorizing relationship.
1560 (4) The division shall:
1561 (a) assess an individual who submits fingerprints, in accordance with this section, a fee
1562 that the Bureau of Criminal Identification is authorized to collect for the services the Bureau of
1563 Criminal Identification or other authorized agency provides under this section; and
1564 (b) remit a fee collected under Subsection (4)(a) to the Bureau of Criminal
1565 Identification.

1566 Section 59. Section **58-86-303** is enacted to read:

1567 **58-86-303. Cannabidiol dispensary agent registration card -- Required to carry**
1568 **registration card.**

- 1569 (1) An individual who has a cannabidiol dispensary agent registration card shall carry
1570 the individual's cannabidiol dispensary agent registration card with the individual at all times
1571 when:
1572 (a) the individual is on the premises of a cannabidiol dispensary; and
1573 (b) the individual is transporting cannabis or cannabidiol between two cannabidiol
1574 production establishments or transporting cannabidiol between a cannabidiol production
1575 establishment and a cannabidiol dispensary.

1576 (2) A cannabidiol dispensary agent registered with the department is guilty of an
1577 infraction if the registered cannabidiol dispensary agent:

1578 (a) (i) is on the premises of a cannabidiol dispensary where the individual is registered
1579 as an agent; or

1580 (ii) transports cannabis or cannabidiol; and

1581 (b) does not possess, on the registered cannabidiol dispensary agent's person, a valid
1582 cannabidiol dispensary agent registration card.

1583 (3) A registered cannabidiol dispensary agent who is guilty of an infraction under
1584 Subsection (3) is subject to a \$100 fine.

1585 Section 60. Section **58-86-401** is enacted to read:

1586 **Part 4. Cannabidiol Dispensary Operation Requirements**

1587 **58-86-401. Operating requirements -- General.**

1588 (1) (a) A cannabidiol dispensary shall operate in accordance with the operating plan
1589 that the cannabidiol dispensary provides to the department under Section [58-86-203](#).

1590 (b) A cannabidiol dispensary shall notify the department within 30 days of any change
1591 in the cannabidiol dispensary's operation plan.

1592 (2) Except as provided in Subsection (3), a cannabidiol dispensary shall operate:

1593 (a) in a facility that is accessible only by an individual with a valid cannabidiol
1594 dispensary agent registration card issued under Section [58-86-301](#) or by an individual with a
1595 medical cannabidiol card; and

1596 (b) at the physical address provided to the department under Section [58-86-201](#).

1597 (3) A cannabidiol production facility may allow the press, a visitor, or a contractor
1598 access to the cannabidiol dispensary if:

1599 (a) the cannabidiol production facility tracks and monitors the individual at all times
1600 while the individual is in the cannabidiol dispensary; and

1601 (b) a record of the individual's access to the cannabidiol dispensary is maintained by
1602 the cannabidiol dispensary.

1603 (4) A cannabidiol dispensary may not operate without:

1604 (a) a security system with a backup power source in the event of a power outage to:

1605 (i) detect and record entry at all times the cannabidiol dispensary is closed; and

1606 (ii) provide notice of unauthorized entry to local law enforcement;

1607 (b) a lock on any entrance to the area of the cannabidiol dispensary where cannabidiol
 1608 is stored; and

1609 (c) an inventory control system that complies with Section [4-42-104](#).

1610 (5) Except as provided in Subsection (6), a physician may not:

1611 (a) serve as a cannabidiol dispensary agent; or

1612 (b) except online, advertise that the physician may or will recommend cannabidiol.

1613 (6) (a) A cannabidiol dispensary shall employ an individual licensed as a pharmacist
 1614 under Title 58, Chapter 17b, Pharmacy Practice Act, to act as a consultant.

1615 (b) The individual described in Subsection (6)(a) shall:

1616 (i) review the records of each individual with a medical cannabidiol card who
 1617 purchases cannabidiol from the cannabidiol dispensary; and

1618 (ii) answer questions for an individual with a medical cannabidiol card.

1619 (7) A cannabidiol dispensary may only transmit or accept payment for cannabidiol
 1620 through a cannabidiol payment processor licensed under Section [7-26-103](#).

1621 (8) A cannabidiol dispensary may not allow any individual to consume cannabidiol on
 1622 the property or premises of the establishment.

1623 (9) A cannabidiol dispensary may not sell cannabidiol before January 1, 2017.

1623a **Ŝ→ (10) A cannabidiol dispensary shall require any cannabidiol dispensary agent to wear**
 1623b **a white lab coat at all times while the cannabidiol dispensary agent is in the view of a customer**
 1623c **at the cannabidiol dispensary. ←Ŝ**

1624 Section 61. Section **58-86-402** is enacted to read:

1625 **58-86-402. Dispensing -- Amount a cannabidiol dispensary may dispense --**

1626 **Reporting -- Form of cannabis or cannabis product.**

1627 (1) A cannabidiol dispensary may only sell, subject to this chapter:

1628 (a) cannabidiol; or

1629 (b) educational materials related to the medical use of cannabidiol.

1630 (2) A cannabidiol dispensary may only sell cannabidiol to an individual with a medical
 1631 cannabidiol card issued by the department.

1632 (3) A cannabidiol dispensary may not dispense on behalf of any one individual with a
 1633 medical cannabidiol card, in any one 30-day period, an amount of cannabidiol that exceeds a
 1634 30-day supply of the dosage recommended by the individual's physician.

1635 (4) An individual with a medical cannabidiol card may not purchase more cannabidiol
 1636 than the amounts designated in Subsection (3).

1637 (5) A designated caregiver designated by any one individual with a medical

1638 cannabidiol card may not purchase, for the individual, an amount of cannabidiol that exceeds
1639 the amounts designated in Subsection (3).

1640 (6) A cannabidiol dispensary shall:

1641 (a) submit a record to the electronic verification system of each time the cannabidiol
1642 dispensary dispenses cannabidiol to an individual with a medical cannabidiol card;

1643 (b) access the electronic verification system before dispensing cannabidiol to an
1644 individual with a medical cannabis card in order to determine if the individual has exceeded the
1645 amount of cannabis or cannabis products described in Subsection (3); and

1646 (c) comply with Section [58-37f-204](#).

1647 Section 62. Section **58-86-403** is enacted to read:

1648 **58-86-403. Product quality -- Labeling -- Packaging.**

1649 (1) A cannabidiol dispensary may not sell or offer to sell cannabidiol unless:

1650 (a) the amount of cannabidiol is clearly and accurately stated on the cannabidiol
1651 packaging; and

1652 (b) the cannabidiol is sealed in a tamper resistant, resealable container with a label that
1653 includes a bar code or identification number that links the cannabidiol to the cannabidiol
1654 dispensary's inventory control system.

1655 (2) A cannabidiol dispensary may only sell cannabidiol that has been inspected by an
1656 independent cannabidiol testing laboratory in accordance with Section [4-42-701](#).

1657 Section 63. Section **58-86-404** is enacted to read:

1658 **58-86-404. Advertising.**

1659 (1) Except as provided in Subsection (2), a cannabidiol dispensary may not advertise in
1660 any medium.

1661 (2) A cannabidiol dispensary may advertise using a:

1662 (a) sign on the outside of the cannabidiol dispensary that includes only the cannabidiol
1663 dispensary's name and hours of operation; and

1664 (b) a website that includes information about the location of the dispensary, products
1665 and services available at the dispensary, and educational materials related to the use of
1666 cannabidiol.

1667 Section 64. Section **58-86-405** is enacted to read:

1668 **58-86-405. Inspections.**

1669 (1) The division shall inspect, in accordance with Subsection (2), a cannabidiol
1670 dispensary's facility and records in order to determine if the cannabidiol dispensary complies
1671 with the requirements of this chapter.

1672 (2) The division may inspect the records and facility of a cannabidiol dispensary:

1673 (a) as many as four times per year, scheduled or unscheduled; and

1674 (b) if the division has reason to believe that the cannabidiol dispensary has violated the
1675 law, at any time, scheduled or unscheduled.

1676 Section 65. Section **58-86-406** is enacted to read:

1677 **58-86-406. Cannabidiol transportation.**

1678 (1) An individual may not transport cannabidiol unless the individual has a valid:

1679 (a) cannabidiol production establishment agent registration card; or

1680 (b) cannabidiol dispensary agent registration card.

1681 (2) An individual transporting cannabidiol shall keep a transportation record that
1682 includes:

1683 (a) a bar code or identification number that links the cannabidiol to a relevant inventory
1684 control system;

1685 (b) origin and destination information for any cannabidiol the individual is
1686 transporting; and

1687 (c) monitors the departure and arrival time of the individual transporting the
1688 cannabidiol.

1689 (3) In addition to the requirements in Subsections (1) and (2), the Department of
1690 Agriculture and Food may establish, by rule made in accordance with Title 63G, Chapter 3,
1691 Utah Administrative Rulemaking Act, requirements for transporting cannabidiol related to
1692 human consumption safety.

1693 (4) A cannabidiol dispensary agent registered with the department is guilty of an
1694 infraction if the registered cannabidiol dispensary agent:

1695 (a) transports cannabis or cannabidiol; and

1696 (b) does not possess, on the registered cannabidiol dispensary agent's person or in the
1697 transport vehicle, a transportation record that complies with Subsection (2).

1698 (5) A registered cannabidiol dispensary agent who is guilty of an infraction under
1699 Subsection (3) is subject to a \$100 fine.

1700 Section 66. Section **58-86-501** is enacted to read:

1701 **Part 5. Enforcement**

1702 **58-86-501. Enforcement -- Fine -- Citation.**

1703 (1) The division may, for a violation of this chapter by a person who is a cannabidiol
1704 dispensary or cannabidiol dispensary agent:

- 1705 (a) revoke the person's license;
- 1706 (b) refuse to renew the person's license;
- 1707 (c) assess the person an administrative penalty; or
- 1708 (d) take any other appropriate administrative action.

1709 (2) The division shall deposit an administrative penalty imposed under this section into
1710 the General Fund as a dedicated credit to be used by the division to administer and enforce this
1711 chapter.

1712 (3) The division may, for a person subject to an uncontested citation, a stipulated
1713 settlement, or a finding of a violation in an adjudicative proceeding under this section:

- 1714 (a) assess the person a fine, established in accordance with Section [63J-1-504](#), of up to
1715 \$5,000 per violation, in accordance with a fine schedule established by rule made in accordance
1716 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or
- 1717 (b) order the person to cease and desist from the action that creates a violation.

1718 (4) The division may not revoke a cannabidiol dispensary's license via a citation.

1719 (5) If within 20 calendar days after the day on which a division serves a citation for a
1720 violation of this chapter, the person that is the subject of the citation fails to request a hearing
1721 to contest the citation, the citation becomes the basis of the division's final order.

1722 (6) The division may, for a person who fails to comply with a citation under this
1723 section:

- 1724 (a) refuse to issue or renew the person's license or cannabidiol dispensary agent
1725 registration card; or
- 1726 (b) suspend, revoke, or place on probation the person's license or cannabidiol
1727 dispensary agent registration card.

1728 Section 67. Section **59-12-103** is amended to read:

1729 **59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use**
1730 **tax revenues.**

- 1731 (1) A tax is imposed on the purchaser as provided in this part for amounts paid or
1732 charged for the following transactions:
- 1733 (a) retail sales of tangible personal property made within the state;
 - 1734 (b) amounts paid for:
 - 1735 (i) telecommunications service, other than mobile telecommunications service, that
1736 originates and terminates within the boundaries of this state;
 - 1737 (ii) mobile telecommunications service that originates and terminates within the
1738 boundaries of one state only to the extent permitted by the Mobile Telecommunications
1739 Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or
 - 1740 (iii) an ancillary service associated with a:
 - 1741 (A) telecommunications service described in Subsection (1)(b)(i); or
 - 1742 (B) mobile telecommunications service described in Subsection (1)(b)(ii);
 - 1743 (c) sales of the following for commercial use:
 - 1744 (i) gas;
 - 1745 (ii) electricity;
 - 1746 (iii) heat;
 - 1747 (iv) coal;
 - 1748 (v) fuel oil; or
 - 1749 (vi) other fuels;
 - 1750 (d) sales of the following for residential use:
 - 1751 (i) gas;
 - 1752 (ii) electricity;
 - 1753 (iii) heat;
 - 1754 (iv) coal;
 - 1755 (v) fuel oil; or
 - 1756 (vi) other fuels;
 - 1757 (e) sales of prepared food;
 - 1758 (f) except as provided in Section [59-12-104](#), amounts paid or charged as admission or
1759 user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature,
1760 exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries,
1761 fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit

1762 television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf
1763 driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails,
1764 tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises,
1765 horseback rides, sports activities, or any other amusement, entertainment, recreation,
1766 exhibition, cultural, or athletic activity;

1767 (g) amounts paid or charged for services for repairs or renovations of tangible personal
1768 property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

1769 (i) the tangible personal property; and

1770 (ii) parts used in the repairs or renovations of the tangible personal property described
1771 in Subsection (1)(g)(i), regardless of whether:

1772 (A) any parts are actually used in the repairs or renovations of that tangible personal
1773 property; or

1774 (B) the particular parts used in the repairs or renovations of that tangible personal
1775 property are exempt from a tax under this chapter;

1776 (h) except as provided in Subsection 59-12-104(7), amounts paid or charged for
1777 assisted cleaning or washing of tangible personal property;

1778 (i) amounts paid or charged for tourist home, hotel, motel, or trailer court
1779 accommodations and services that are regularly rented for less than 30 consecutive days;

1780 (j) amounts paid or charged for laundry or dry cleaning services;

1781 (k) amounts paid or charged for leases or rentals of tangible personal property if within
1782 this state the tangible personal property is:

1783 (i) stored;

1784 (ii) used; or

1785 (iii) otherwise consumed;

1786 (l) amounts paid or charged for tangible personal property if within this state the
1787 tangible personal property is:

1788 (i) stored;

1789 (ii) used; or

1790 (iii) consumed; [~~and~~]

1791 (m) amounts paid or charged for a sale:

1792 (i) (A) of a product transferred electronically; or

- 1793 (B) of a repair or renovation of a product transferred electronically; and
1794 (ii) regardless of whether the sale provides:
1795 (A) a right of permanent use of the product; or
1796 (B) a right to use the product that is less than a permanent use, including a right:
1797 (I) for a definite or specified length of time; and
1798 (II) that terminates upon the occurrence of a condition[-]; and
1799 (n) retail sales of cannabidiol as that term is defined in Section 58-37-3.6.
1800 (2) (a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax
1801 is imposed on a transaction described in Subsection (1) equal to the sum of:
1802 (i) a state tax imposed on the transaction at a tax rate equal to the sum of:
1803 (A) 4.70%; and
1804 (B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales
1805 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
1806 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional
1807 State Sales and Use Tax Act; and
1808 (II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales
1809 and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211
1810 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state
1811 imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and
1812 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
1813 transaction under this chapter other than this part.
1814 (b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
1815 on a transaction described in Subsection (1)(d) equal to the sum of:
1816 (i) a state tax imposed on the transaction at a tax rate of 2%; and
1817 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the
1818 transaction under this chapter other than this part.
1819 (c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed
1820 on amounts paid or charged for food and food ingredients equal to the sum of:
1821 (i) a state tax imposed on the amounts paid or charged for food and food ingredients at
1822 a tax rate of 1.75%; and
1823 (ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the

1824 amounts paid or charged for food and food ingredients under this chapter other than this part.

1825 (d) (i) For a bundled transaction that is attributable to food and food ingredients and
1826 tangible personal property other than food and food ingredients, a state tax and a local tax is
1827 imposed on the entire bundled transaction equal to the sum of:

1828 (A) a state tax imposed on the entire bundled transaction equal to the sum of:

1829 (I) the tax rate described in Subsection (2)(a)(i)(A); and

1830 (II) (Aa) the tax rate the state imposes in accordance with Part 18, Additional State
1831 Sales and Use Tax Act, if the location of the transaction as determined under Sections
1832 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18,
1833 Additional State Sales and Use Tax Act; and

1834 (Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State
1835 Sales and Use Tax Act, if the location of the transaction as determined under Sections
1836 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which
1837 the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

1838 (B) a local tax imposed on the entire bundled transaction at the sum of the tax rates
1839 described in Subsection (2)(a)(ii).

1840 (ii) If an optional computer software maintenance contract is a bundled transaction that
1841 consists of taxable and nontaxable products that are not separately itemized on an invoice or
1842 similar billing document, the purchase of the optional computer software maintenance contract
1843 is 40% taxable under this chapter and 60% nontaxable under this chapter.

1844 (iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled
1845 transaction described in Subsection (2)(d)(i) or (ii):

1846 (A) if the sales price of the bundled transaction is attributable to tangible personal
1847 property, a product, or a service that is subject to taxation under this chapter and tangible
1848 personal property, a product, or service that is not subject to taxation under this chapter, the
1849 entire bundled transaction is subject to taxation under this chapter unless:

1850 (I) the seller is able to identify by reasonable and verifiable standards the tangible
1851 personal property, product, or service that is not subject to taxation under this chapter from the
1852 books and records the seller keeps in the seller's regular course of business; or

1853 (II) state or federal law provides otherwise; or

1854 (B) if the sales price of a bundled transaction is attributable to two or more items of

1855 tangible personal property, products, or services that are subject to taxation under this chapter
1856 at different rates, the entire bundled transaction is subject to taxation under this chapter at the
1857 higher tax rate unless:

1858 (I) the seller is able to identify by reasonable and verifiable standards the tangible
1859 personal property, product, or service that is subject to taxation under this chapter at the lower
1860 tax rate from the books and records the seller keeps in the seller's regular course of business; or

1861 (II) state or federal law provides otherwise.

1862 (iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the
1863 seller's regular course of business includes books and records the seller keeps in the regular
1864 course of business for nontax purposes.

1865 (e) (i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii)
1866 and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a
1867 product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental
1868 of tangible personal property, other property, a product, or a service that is not subject to
1869 taxation under this chapter, the entire transaction is subject to taxation under this chapter unless
1870 the seller, at the time of the transaction:

1871 (A) separately states the portion of the transaction that is not subject to taxation under
1872 this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

1873 (B) is able to identify by reasonable and verifiable standards, from the books and
1874 records the seller keeps in the seller's regular course of business, the portion of the transaction
1875 that is not subject to taxation under this chapter.

1876 (ii) A purchaser and a seller may correct the taxability of a transaction if:

1877 (A) after the transaction occurs, the purchaser and the seller discover that the portion of
1878 the transaction that is not subject to taxation under this chapter was not separately stated on an
1879 invoice, bill of sale, or similar document provided to the purchaser because of an error or
1880 ignorance of the law; and

1881 (B) the seller is able to identify by reasonable and verifiable standards, from the books
1882 and records the seller keeps in the seller's regular course of business, the portion of the
1883 transaction that is not subject to taxation under this chapter.

1884 (iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps
1885 in the seller's regular course of business includes books and records the seller keeps in the

1886 regular course of business for nontax purposes.

1887 (f) (i) If the sales price of a transaction is attributable to two or more items of tangible
1888 personal property, products, or services that are subject to taxation under this chapter at
1889 different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate
1890 unless the seller, at the time of the transaction:

1891 (A) separately states the items subject to taxation under this chapter at each of the
1892 different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

1893 (B) is able to identify by reasonable and verifiable standards the tangible personal
1894 property, product, or service that is subject to taxation under this chapter at the lower tax rate
1895 from the books and records the seller keeps in the seller's regular course of business.

1896 (ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the
1897 seller's regular course of business includes books and records the seller keeps in the regular
1898 course of business for nontax purposes.

1899 (g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax
1900 rate imposed under the following shall take effect on the first day of a calendar quarter:

1901 (i) Subsection (2)(a)(i)(A);

1902 (ii) Subsection (2)(b)(i);

1903 (iii) Subsection (2)(c)(i); or

1904 (iv) Subsection (2)(d)(i)(A)(I).

1905 (h) (i) A tax rate increase takes effect on the first day of the first billing period that
1906 begins on or after the effective date of the tax rate increase if the billing period for the
1907 transaction begins before the effective date of a tax rate increase imposed under:

1908 (A) Subsection (2)(a)(i)(A);

1909 (B) Subsection (2)(b)(i);

1910 (C) Subsection (2)(c)(i); or

1911 (D) Subsection (2)(d)(i)(A)(I).

1912 (ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing
1913 statement for the billing period is rendered on or after the effective date of the repeal of the tax
1914 or the tax rate decrease imposed under:

1915 (A) Subsection (2)(a)(i)(A);

1916 (B) Subsection (2)(b)(i);

- 1917 (C) Subsection (2)(c)(i); or
- 1918 (D) Subsection (2)(d)(i)(A)(I).
- 1919 (i) (i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is
- 1920 computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or
- 1921 change in a tax rate takes effect:
- 1922 (A) on the first day of a calendar quarter; and
- 1923 (B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.
- 1924 (ii) Subsection (2)(i)(i) applies to the tax rates described in the following:
- 1925 (A) Subsection (2)(a)(i)(A);
- 1926 (B) Subsection (2)(b)(i);
- 1927 (C) Subsection (2)(c)(i); or
- 1928 (D) Subsection (2)(d)(i)(A)(I).
- 1929 (iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 1930 the commission may by rule define the term "catalogue sale."
- 1931 (3) (a) The following state taxes shall be deposited into the General Fund:
- 1932 (i) the tax imposed by Subsection (2)(a)(i)(A);
- 1933 (ii) the tax imposed by Subsection (2)(b)(i);
- 1934 (iii) the tax imposed by Subsection (2)(c)(i); or
- 1935 (iv) the tax imposed by Subsection (2)(d)(i)(A)(I).
- 1936 (b) The following local taxes shall be distributed to a county, city, or town as provided
- 1937 in this chapter:
- 1938 (i) the tax imposed by Subsection (2)(a)(ii);
- 1939 (ii) the tax imposed by Subsection (2)(b)(ii);
- 1940 (iii) the tax imposed by Subsection (2)(c)(ii); and
- 1941 (iv) the tax imposed by Subsection (2)(d)(i)(B).
- 1942 (4) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
- 1943 2003, the lesser of the following amounts shall be expended as provided in Subsections (4)(b)
- 1944 through (g):
- 1945 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated:
- 1946 (A) by a 1/16% tax rate on the transactions described in Subsection (1); and
- 1947 (B) for the fiscal year; or

1948 (ii) \$17,500,000.

1949 (b) (i) For a fiscal year beginning on or after July 1, 2003, 14% of the amount

1950 described in Subsection (4)(a) shall be transferred each year as dedicated credits to the

1951 Department of Natural Resources to:

1952 (A) implement the measures described in Subsections 79-2-303(3)(a) through (d) to

1953 protect sensitive plant and animal species; or

1954 (B) award grants, up to the amount authorized by the Legislature in an appropriations

1955 act, to political subdivisions of the state to implement the measures described in Subsections

1956 79-2-303(3)(a) through (d) to protect sensitive plant and animal species.

1957 (ii) Money transferred to the Department of Natural Resources under Subsection

1958 (4)(b)(i) may not be used to assist the United States Fish and Wildlife Service or any other

1959 person to list or attempt to have listed a species as threatened or endangered under the

1960 Endangered Species Act of 1973, 16 U.S.C. Sec. 1531 et seq.

1961 (iii) At the end of each fiscal year:

1962 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources

1963 Conservation and Development Fund created in Section 73-10-24;

1964 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan

1965 Program Subaccount created in Section 73-10c-5; and

1966 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan

1967 Program Subaccount created in Section 73-10c-5.

1968 (c) For a fiscal year beginning on or after July 1, 2003, 3% of the amount described in

1969 Subsection (4)(a) shall be deposited each year in the Agriculture Resource Development Fund

1970 created in Section 4-18-106.

1971 (d) (i) For a fiscal year beginning on or after July 1, 2003, 1% of the amount described

1972 in Subsection (4)(a) shall be transferred each year as dedicated credits to the Division of Water

1973 Rights to cover the costs incurred in hiring legal and technical staff for the adjudication of

1974 water rights.

1975 (ii) At the end of each fiscal year:

1976 (A) 50% of any unexpended dedicated credits shall lapse to the Water Resources

1977 Conservation and Development Fund created in Section 73-10-24;

1978 (B) 25% of any unexpended dedicated credits shall lapse to the Utah Wastewater Loan

1979 Program Subaccount created in Section 73-10c-5; and
1980 (C) 25% of any unexpended dedicated credits shall lapse to the Drinking Water Loan
1981 Program Subaccount created in Section 73-10c-5.
1982 (e) (i) For a fiscal year beginning on or after July 1, 2003, 41% of the amount described
1983 in Subsection (4)(a) shall be deposited in the Water Resources Conservation and Development
1984 Fund created in Section 73-10-24 for use by the Division of Water Resources.
1985 (ii) In addition to the uses allowed of the Water Resources Conservation and
1986 Development Fund under Section 73-10-24, the Water Resources Conservation and
1987 Development Fund may also be used to:
1988 (A) conduct hydrologic and geotechnical investigations by the Division of Water
1989 Resources in a cooperative effort with other state, federal, or local entities, for the purpose of
1990 quantifying surface and ground water resources and describing the hydrologic systems of an
1991 area in sufficient detail so as to enable local and state resource managers to plan for and
1992 accommodate growth in water use without jeopardizing the resource;
1993 (B) fund state required dam safety improvements; and
1994 (C) protect the state's interest in interstate water compact allocations, including the
1995 hiring of technical and legal staff.
1996 (f) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
1997 in Subsection (4)(a) shall be deposited in the Utah Wastewater Loan Program Subaccount
1998 created in Section 73-10c-5 for use by the Water Quality Board to fund wastewater projects.
1999 (g) For a fiscal year beginning on or after July 1, 2003, 20.5% of the amount described
2000 in Subsection (4)(a) shall be deposited in the Drinking Water Loan Program Subaccount
2001 created in Section 73-10c-5 for use by the Division of Drinking Water to:
2002 (i) provide for the installation and repair of collection, treatment, storage, and
2003 distribution facilities for any public water system, as defined in Section 19-4-102;
2004 (ii) develop underground sources of water, including springs and wells; and
2005 (iii) develop surface water sources.
2006 (5) (a) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
2007 2006, the difference between the following amounts shall be expended as provided in this
2008 Subsection (5), if that difference is greater than \$1:
2009 (i) for taxes listed under Subsection (3)(a), the amount of tax revenue generated for the

2010 fiscal year by a 1/16% tax rate on the transactions described in Subsection (1); and
2011 (ii) \$17,500,000.
2012 (b) (i) The first \$500,000 of the difference described in Subsection (5)(a) shall be:
2013 (A) transferred each fiscal year to the Department of Natural Resources as dedicated
2014 credits; and
2015 (B) expended by the Department of Natural Resources for watershed rehabilitation or
2016 restoration.
2017 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
2018 in Subsection (5)(b)(i) shall lapse to the Water Resources Conservation and Development Fund
2019 created in Section 73-10-24.
2020 (c) (i) After making the transfer required by Subsection (5)(b)(i), \$150,000 of the
2021 remaining difference described in Subsection (5)(a) shall be:
2022 (A) transferred each fiscal year to the Division of Water Resources as dedicated
2023 credits; and
2024 (B) expended by the Division of Water Resources for cloud-seeding projects
2025 authorized by Title 73, Chapter 15, Modification of Weather.
2026 (ii) At the end of each fiscal year, 100% of any unexpended dedicated credits described
2027 in Subsection (5)(c)(i) shall lapse to the Water Resources Conservation and Development Fund
2028 created in Section 73-10-24.
2029 (d) After making the transfers required by Subsections (5)(b) and (c), 94% of the
2030 remaining difference described in Subsection (5)(a) shall be deposited into the Water
2031 Resources Conservation and Development Fund created in Section 73-10-24 for use by the
2032 Division of Water Resources for:
2033 (i) preconstruction costs:
2034 (A) as defined in Subsection 73-26-103(6) for projects authorized by Title 73, Chapter
2035 26, Bear River Development Act; and
2036 (B) as defined in Subsection 73-28-103(8) for the Lake Powell Pipeline project
2037 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act;
2038 (ii) the cost of employing a civil engineer to oversee any project authorized by Title 73,
2039 Chapter 26, Bear River Development Act;
2040 (iii) the cost of employing a civil engineer to oversee the Lake Powell Pipeline project

2041 authorized by Title 73, Chapter 28, Lake Powell Pipeline Development Act; and

2042 (iv) other uses authorized under Sections 73-10-24, 73-10-25.1, 73-10-30, and
2043 Subsection (4)(e)(ii) after funding the uses specified in Subsections (5)(d)(i) through (iii).

2044 (e) After making the transfers required by Subsections (5)(b) and (c) and subject to
2045 Subsection (5)(f), 6% of the remaining difference described in Subsection (5)(a) shall be
2046 transferred each year as dedicated credits to the Division of Water Rights to cover the costs
2047 incurred for employing additional technical staff for the administration of water rights.

2048 (f) At the end of each fiscal year, any unexpended dedicated credits described in
2049 Subsection (5)(e) over \$150,000 lapse to the Water Resources Conservation and Development
2050 Fund created in Section 73-10-24.

2051 (6) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1,
2052 2003, and for taxes listed under Subsection (3)(a), the amount of revenue generated by a 1/16%
2053 tax rate on the transactions described in Subsection (1) for the fiscal year shall be deposited in
2054 the Transportation Fund created by Section 72-2-102.

2055 (7) Notwithstanding Subsection (3)(a), beginning on July 1, 2012, the Division of
2056 Finance shall deposit into the Transportation Investment Fund of 2005 created in Section
2057 72-2-124 a portion of the taxes listed under Subsection (3)(a) equal to the revenues generated
2058 by a 1/64% tax rate on the taxable transactions under Subsection (1).

2059 (8) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in
2060 Subsection (7), and subject to Subsection (8)(b), for a fiscal year beginning on or after July 1,
2061 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
2062 created by Section 72-2-124:

2063 (i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of
2064 the revenues collected from the following taxes, which represents a portion of the
2065 approximately 17% of sales and use tax revenues generated annually by the sales and use tax
2066 on vehicles and vehicle-related products:

- 2067 (A) the tax imposed by Subsection (2)(a)(i)(A);
- 2068 (B) the tax imposed by Subsection (2)(b)(i);
- 2069 (C) the tax imposed by Subsection (2)(c)(i); and
- 2070 (D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

2071 (ii) an amount equal to 30% of the growth in the amount of revenues collected in the

2072 current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through
2073 (D) that exceeds the amount collected from the sales and use taxes described in Subsections
2074 (8)(a)(i)(A) through (D) in the 2010-11 fiscal year.

2075 (b) (i) Subject to Subsections (8)(b)(ii) and (iii), in any fiscal year that the portion of
2076 the sales and use taxes deposited under Subsection (8)(a) represents an amount that is a total
2077 lower percentage of the sales and use taxes described in Subsections (8)(a)(i)(A) through (D)
2078 generated in the current fiscal year than the total percentage of sales and use taxes deposited in
2079 the previous fiscal year, the Division of Finance shall deposit an amount under Subsection
2080 (8)(a) equal to the product of:

2081 (A) the total percentage of sales and use taxes deposited under Subsection (8)(a) in the
2082 previous fiscal year; and

2083 (B) the total sales and use tax revenue generated by the taxes described in Subsections
2084 (8)(a)(i)(A) through (D) in the current fiscal year.

2085 (ii) In any fiscal year in which the portion of the sales and use taxes deposited under
2086 Subsection (8)(a) would exceed 17% of the revenues collected from the sales and use taxes
2087 described in Subsections (8)(a)(i)(A) through (D) in the current fiscal year, the Division of
2088 Finance shall deposit 17% of the revenues collected from the sales and use taxes described in
2089 Subsections (8)(a)(i)(A) through (D) for the current fiscal year under Subsection (8)(a).

2090 (iii) In all subsequent fiscal years after a year in which 17% of the revenues collected
2091 from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) was deposited
2092 under Subsection (8)(a), the Division of Finance shall annually deposit 17% of the revenues
2093 collected from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) in the
2094 current fiscal year under Subsection (8)(a).

2095 (9) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under
2096 Subsections (7) and (8), for a fiscal year beginning on or after July 1, 2012, the Division of
2097 Finance shall annually deposit \$90,000,000 of the revenues generated by the taxes listed under
2098 Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section
2099 [72-2-124](#).

2100 (10) Notwithstanding Subsection (3)(a), for each fiscal year beginning with fiscal year
2101 2009-10, \$533,750 shall be deposited into the Qualified Emergency Food Agencies Fund
2102 created by Section [35A-8-1009](#) and expended as provided in Section [35A-8-1009](#).

2103 (11) (a) Notwithstanding Subsection (3)(a), except as provided in Subsection (11)(b),
2104 and in addition to any amounts deposited under Subsections (7), (8), and (9), beginning on July
2105 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005
2106 created by Section 72-2-124 the amount of tax revenue generated by a .025% tax rate on the
2107 transactions described in Subsection (1).

2108 (b) For purposes of Subsection (11)(a), the Division of Finance may not deposit into
2109 the Transportation Investment Fund of 2005 any tax revenue generated by amounts paid or
2110 charged for food and food ingredients, except for tax revenue generated by a bundled
2111 transaction attributable to food and food ingredients and tangible personal property other than
2112 food and food ingredients described in Subsection (2)(d).

2113 (12) (a) Notwithstanding Subsection (3)(a), and except as provided in Subsection
2114 (12)(b), beginning on January 1, 2009, the Division of Finance shall deposit into the
2115 Transportation Fund created by Section 72-2-102 the amount of tax revenue generated by a
2116 .025% tax rate on the transactions described in Subsection (1) to be expended to address
2117 chokepoints in construction management.

2118 (b) For purposes of Subsection (12)(a), the Division of Finance may not deposit into
2119 the Transportation Fund any tax revenue generated by amounts paid or charged for food and
2120 food ingredients, except for tax revenue generated by a bundled transaction attributable to food
2121 and food ingredients and tangible personal property other than food and food ingredients
2122 described in Subsection (2)(d).

2123 (13) Notwithstanding Subsection (3)(a), beginning the second fiscal year after the
2124 fiscal year during which the Division of Finance receives notice under Subsection
2125 63N-2-510~~(3)~~(2) that construction on a qualified hotel, as defined in Section 63N-2-502, has
2126 begun, the Division of Finance shall, for two consecutive fiscal years, annually deposit
2127 \$1,900,000 of the revenue generated by the taxes listed under Subsection (3)(a) into the Hotel
2128 Impact Mitigation Fund, created in Section 63N-2-512.

2129 (14) Notwithstanding Subsections (4) through (13), an amount required to be expended
2130 or deposited in accordance with Subsections (4) through (13) may not include an amount the
2131 Division of Finance deposits in accordance with Section 59-12-103.2.

2132 Section 68. Section 63I-1-258 is amended to read:

2133 **63I-1-258. Repeal dates, Title 58.**

- 2134 (1) Title 58, Chapter 13, Health Care Providers Immunity from Liability Act, is
2135 repealed July 1, 2026.
- 2136 (2) Title 58, Chapter 15, Health Facility Administrator Act, is repealed July 1, 2025.
- 2137 (3) Title 58, Chapter 20a, Environmental Health Scientist Act, is repealed July 1, 2018.
- 2138 (4) Section [58-37-4.3](#) is repealed July 1, 2016.
- 2139 [\(5\) Section 58-38a-203.1](#) is repealed July 1, 2017.
- 2140 ~~[(5)]~~ [\(6\)](#) Title 58, Chapter 40, Recreational Therapy Practice Act, is repealed July 1,
2141 2023.
- 2142 ~~[(6)]~~ [\(7\)](#) Title 58, Chapter 41, Speech-Language Pathology and Audiology Licensing
2143 Act, is repealed July 1, 2019.
- 2144 ~~[(7)]~~ [\(8\)](#) Title 58, Chapter 42a, Occupational Therapy Practice Act, is repealed July 1,
2145 2025.
- 2146 ~~[(8)]~~ [\(9\)](#) Title 58, Chapter 46a, Hearing Instrument Specialist Licensing Act, is
2147 repealed July 1, 2023.
- 2148 ~~[(9)]~~ [\(10\)](#) Title 58, Chapter 47b, Massage Therapy Practice Act, is repealed July 1,
2149 2024.
- 2150 ~~[(10)]~~ [\(11\)](#) Title 58, Chapter 61, Part 7, Behavior Analyst Licensing Act, is repealed
2151 July 1, 2026.
- 2152 ~~[(11)]~~ [\(12\)](#) Title 58, Chapter 72, Acupuncture Licensing Act, is repealed July 1, 2017.
2153 Section 69. **Effective date.**
- 2154 This bill takes effect on July 1, 2016.