

Senate File 469 - Introduced

SENATE FILE 469

BY BOLKCOM

A BILL FOR

1 An Act relating to marijuana, including the manufacture,
2 delivery, and possession of marijuana and the licensure of
3 retail marijuana, providing fees, including excise taxes,
4 establishing a trust fund, and including penalties.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

CRIMINAL PENALTIES

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Section 1. Section 124.401, subsection 1, unnumbered paragraph 1, Code 2019, is amended to read as follows:

Except as authorized by [this chapter](#) or [chapter 124E](#) or [124F](#), it is unlawful for any person to manufacture, deliver, or possess with the intent to manufacture or deliver, a controlled substance, a counterfeit substance, a simulated controlled substance, or an imitation controlled substance, or to act with, enter into a common scheme or design with, or conspire with one or more other persons to manufacture, deliver, or possess with the intent to manufacture or deliver a controlled substance, a counterfeit substance, a simulated controlled substance, or an imitation controlled substance.

Sec. 2. Section 124.401, subsection 1, paragraph a, subparagraph (6), Code 2019, is amended by striking the subparagraph.

Sec. 3. Section 124.401, subsection 1, paragraph b, subparagraph (6), Code 2019, is amended by striking the subparagraph.

Sec. 4. Section 124.401, subsection 1, paragraph c, subparagraph (5), Code 2019, is amended by striking the subparagraph.

Sec. 5. Section 124.401, subsection 1, paragraph c, subparagraph (9), Code 2019, is amended to read as follows:

(9) Any other controlled substance, counterfeit substance, simulated controlled substance, or imitation controlled substance classified in schedule I, II, or III, except as provided in paragraph "d", or in [chapter 124E](#) or [124F](#).

Sec. 6. Section 124.401, subsection 1, paragraph d, Code 2019, is amended to read as follows:

d. Violation of [this subsection](#), with respect to any other controlled substances, counterfeit substances, simulated controlled substances, or imitation controlled substances classified in schedule IV or V is an aggravated misdemeanor.

1 However, violation of **this subsection** involving ~~fifty kilograms~~
2 ~~or less of marijuana or involving~~ flunitrazepam is a class "D"
3 felony.

4 Sec. 7. Section 124.401, subsection 5, unnumbered paragraph
5 2, Code 2019, is amended to read as follows:

6 ~~If the controlled substance is marijuana, the punishment~~
7 ~~shall be by imprisonment in the county jail for not more than~~
8 ~~six months or by a fine of not more than one thousand dollars,~~
9 ~~or by both such fine and imprisonment for a first offense. If~~
10 ~~the controlled substance is marijuana and the person has been~~
11 ~~previously convicted of a violation of **this subsection** in which~~
12 ~~the controlled substance was marijuana, the punishment shall be~~
13 ~~as provided in **section 903.1, subsection 1**, paragraph "b". If~~
14 ~~the controlled substance is marijuana and the person has been~~
15 ~~previously convicted two or more times of a violation of this~~
16 ~~subsection in which the controlled substance was marijuana,~~
17 ~~the person is guilty of an aggravated misdemeanor. This~~
18 ~~subsection does not apply to the possession of marijuana which~~
19 ~~is punishable pursuant to chapter 124F.~~

20 Sec. 8. Section 124.407, subsection 2, Code 2019, is amended
21 to read as follows:

22 2. ~~a.~~ Any person who violates **this section** and where the
23 controlled substance is any one a controlled substance other
24 than marijuana is guilty of a class "D" felony.

25 ~~b.~~ Any person who violates **this section**, and where the
26 controlled substance is marijuana only, is guilty of a serious
27 misdemeanor.

28 Sec. 9. Section 124.411, subsection 2, Code 2019, is amended
29 to read as follows:

30 2. For purposes of **this section**, an offense is considered
31 a second or subsequent offense, if, prior to the person's
32 having been convicted of the offense, the offender has ever
33 been convicted under **this chapter** or under any state or federal
34 statute relating to narcotic drugs or cocaine, ~~marijuana,~~
35 ~~depressant, stimulant, or hallucinogenic drugs.~~

1 Sec. 10. NEW SECTION. 124F.1 Definitions.

2 As used in this subchapter:

3 1. "*Counterfeit substance*" means the same as defined in
4 section 124.101.

5 2. "*Imitation controlled substance*" means the same as
6 defined in section 124.101.

7 3. "*Marijuana*" means the same as defined in section 124.101,
8 and includes a counterfeit substance, imitation controlled
9 substance, or simulated controlled substance containing a
10 detectable amount of marijuana.

11 4. "*Simulated controlled substance*" means the same as
12 defined in section 124.101.

13 Sec. 11. NEW SECTION. 124F.2 Marijuana — penalties.

14 1. Except as otherwise provided in this subchapter and
15 chapter 124E, it is unlawful for any person to manufacture,
16 deliver, or possess with the intent to manufacture or deliver
17 marijuana, or to act with, enter into a common scheme or
18 design with, or conspire with one or more other persons to
19 manufacture, deliver, or possess with the intent to manufacture
20 or deliver marijuana. A violation of this subsection involving
21 the following amounts of marijuana shall be punishable as
22 follows:

23 a. More than twenty-two kilograms shall be a class "B"
24 felony.

25 b. More than two kilograms but not more than twenty-two
26 kilograms shall be a class "C" felony.

27 c. More than twelve ounces but not more than two kilograms
28 shall be a class "D" felony.

29 d. More than four ounces but not more than twelve ounces
30 shall be punishable as an aggravated misdemeanor.

31 e. Four ounces or less shall be punishable as a serious
32 misdemeanor, except as provided in section 124F.3.

33 2. a. It is unlawful for any person knowingly or
34 intentionally to possess marijuana unless such substance was
35 obtained directly from, or pursuant to, a valid prescription

1 or order of a practitioner while acting in the course of the
2 practitioner's professional practice, or except as otherwise
3 authorized by this subsection. A violation of this subsection
4 involving the possession of the following amounts of marijuana
5 shall be punishable as follows:

6 (1) More than six ounces but not more than twelve ounces is
7 an aggravated misdemeanor.

8 (2) More than four ounces but not more than six ounces is
9 a serious misdemeanor.

10 (3) More than one ounce but not more than four ounces is
11 not a criminal offense but shall be assessed as a civil penalty
12 in the amount of one hundred dollars, except if the person is
13 under twenty-one years of age, the person commits a serious
14 misdemeanor.

15 (a) The civil penalty shall be collected by the clerk of the
16 district court pursuant to section 602.8105, subsection 5.

17 (b) Any records relating to the civil penalty shall not
18 be displayed for public viewing on the Iowa court information
19 system.

20 (c) Any records relating to the civil penalty shall not
21 be kept in the criminal history data files maintained by the
22 department of public safety. Any records relating to the civil
23 penalty shall not be disseminated to other criminal or juvenile
24 justice agencies.

25 *b.* (1) Except as provided in subparagraph (2), a person
26 does not violate this subsection if the amount of marijuana
27 involved is one ounce or less.

28 (2) If the person is under twenty-one years of age, the
29 person commits a simple misdemeanor.

30 3. Upon the expiration of two years following a conviction
31 for a violation of subsection 2, paragraph "a", subparagraph
32 (3), or for a violation of subsection 2, paragraph "b",
33 subparagraph (2), a person may petition the court to expunge
34 the conviction, and if the person has had no other criminal
35 convictions, other than local traffic violations or simple

1 misdemeanor violations of chapter 321 during the two-year
2 period, the conviction shall be expunged as a matter of
3 law. The court shall enter an order that the record of the
4 conviction be expunged by the clerk of the district court.
5 Notwithstanding section 692.2, after receipt of notice from
6 the clerk of the district court that a record of conviction
7 has been expunged pursuant to this subsection, the record of
8 conviction shall be removed from the criminal history data
9 files maintained by the department of public safety.

10 Sec. 12. NEW SECTION. **124F.3 Delivery or possession with**
11 **the intent to deliver — small amounts.**

12 If the amount of marijuana delivered or possessed with
13 intent to deliver is two ounces or less and no remuneration was
14 provided, the defendant shall not be prosecuted for a violation
15 of this subchapter.

16 Sec. 13. NEW SECTION. **124F.4 Juvenile offenses.**

17 The juvenile court shall have exclusive original
18 jurisdiction in a proceeding concerning a minor who is alleged
19 to have committed a violation of this subchapter.

20 Sec. 14. NEW SECTION. **124F.5 Marijuana use in public.**

21 1. Marijuana shall not be consumed in areas open and
22 accessible to the public, including but not limited to public
23 transportation facilities, sporting or music venues, parks,
24 playgrounds, sidewalks and roads, outdoor cafes, or indoor but
25 public locations.

26 2. A person who violates this section commits a simple
27 misdemeanor punishable as a scheduled violation under section
28 805.8C, subsection 12.

29 3. Upon the expiration of two years following conviction
30 for a violation of subsection 1, a person may petition the
31 court to expunge the conviction, and if the person has had no
32 other criminal convictions, other than local traffic violations
33 or simple misdemeanor violations of chapter 321 during the
34 two-year period, the conviction shall be expunged as a matter
35 of law. The court shall enter an order that the record of the

1 conviction be expunged by the clerk of the district court.
2 Notwithstanding section 692.2, after receipt of notice from
3 the clerk of the district court that a record of conviction
4 has been expunged pursuant to this subsection, the record of
5 conviction shall be removed from the criminal history data
6 files maintained by the department of public safety.

7 Sec. 15. Section 602.8105, Code 2019, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 5. The clerk of the district court shall
10 collect the civil penalty assessed pursuant to section 124F.2,
11 subsection 2, paragraph "a", subparagraph (3).

12 Sec. 16. Section 805.8C, Code 2019, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 12. *Marijuana violations.* For marijuana
15 use in public violations under section 124F.5, the scheduled
16 fine is fifty dollars for a first violation, and one hundred
17 dollars for a second or subsequent violation.

18 Sec. 17. REPEAL. Section 124.410, Code 2019, is repealed.

19 DIVISION II

20 RETAIL MARIJUANA

21 Sec. 18. NEW SECTION. 124F.6 **Purpose and findings.**

22 In the interest of allowing law enforcement to focus on
23 violent and property crimes, generating revenue for education
24 and other public purposes, and promoting individual freedom,
25 the state of Iowa finds and declares that the use of marijuana
26 should be legal for persons twenty-one years of age and older
27 and taxed in a manner similar to alcohol.

28 Sec. 19. NEW SECTION. 124F.7 **Definitions.**

29 For the purposes of this subchapter:

30 1. "Division" means the alcoholic beverages division of the
31 department of commerce.

32 2. "Immature plant" means a nonflowering marijuana plant
33 that is no taller than eight inches and no wider than eight
34 inches, is produced from a cutting, clipping, or seedling, and
35 is in a cultivating container.

1 3. "*License*" means a license or registration issued pursuant
2 to this subchapter.

3 4. "*Licensed premises*" means the premises specified in an
4 application for a license under this subchapter, which are
5 owned or in possession of the licensee and within which the
6 licensee is authorized to cultivate, manufacture, distribute,
7 sell, or test retail marijuana and retail marijuana products in
8 accordance with this subchapter.

9 5. "*Licensee*" means a person licensed or registered pursuant
10 to this subchapter.

11 6. "*Local jurisdiction*" means a city or county.

12 7. "*Local licensing authority*" means, for any local
13 jurisdiction that has chosen to adopt a local licensing
14 requirement in addition to the state licensing requirements
15 of this subchapter, an authority designated by a municipal
16 or county ordinance, or resolution, or the governing body of
17 a municipality or county, or the board of commissioners of a
18 county if no such authority is designated.

19 8. "*Location*" means a particular parcel of land that may be
20 identified by an address or other descriptive means.

21 9. "*Marijuana*" means the same as defined in section 124.101.

22 10. "*Marijuana accessories*" means any equipment, products,
23 or materials of any kind which are used, intended for use, or
24 designed for use in planting, cultivating, growing, harvesting,
25 composting, manufacturing, compounding, converting, producing,
26 processing, preparing, testing, analyzing, packaging,
27 repackaging, storing, vaporizing, or containing marijuana, or
28 for ingesting, inhaling, or otherwise introducing marijuana
29 into the human body.

30 11. "*Operating fees*" means fees that may be charged by a
31 local jurisdiction for costs, including but not limited to
32 costs associated with the inspection, administration, and
33 enforcement of retail marijuana establishments authorized
34 pursuant to this subchapter.

35 12. "*Person*" means a natural person, partnership,

1 association, company, corporation, limited liability company,
2 or organization; except that *“person”* does not include any
3 governmental organization.

4 13. *“Retail marijuana”* means all parts of the plant of the
5 genus *Cannabis*, whether growing or not, the seeds thereof; the
6 resin extracted from any part of the plant; and every compound,
7 manufacture, salt, derivative, mixture, or preparation of the
8 plant, its seeds or resin, including marijuana concentrate.
9 *“Retail marijuana”* does not include industrial hemp, nor does
10 it include fiber produced from the stalks, oil or cake made
11 from the seeds of the plant, sterilized seeds of the plant
12 which are incapable of germination, or the weight of any other
13 ingredient combined with marijuana to prepare topical or oral
14 administrations, food, drink, or other product.

15 14. *“Retail marijuana cultivation facility”* means an entity
16 licensed to cultivate, prepare, package, and sell marijuana to
17 retail marijuana stores, to marijuana product manufacturing
18 facilities, and to other marijuana cultivation facilities, but
19 not to consumers.

20 15. *“Retail marijuana establishment”* means a retail
21 marijuana store, a retail marijuana cultivation facility, or a
22 retail marijuana products manufacturer.

23 16. *“Retail marijuana products”* means concentrated marijuana
24 products and marijuana products that are comprised of marijuana
25 and other ingredients and are intended for use or consumption,
26 such as but not limited to edible products, ointments, and
27 tinctures.

28 17. *“Retail marijuana products manufacturer”* means an entity
29 licensed to purchase marijuana; manufacture, prepare, and
30 package marijuana products; and sell marijuana and marijuana
31 products to other marijuana product manufacturing facilities
32 and to retail marijuana stores, but not to consumers.

33 18. *“Retail marijuana store”* means an entity licensed
34 to purchase marijuana from marijuana cultivation facilities
35 and sell marijuana and to purchase marijuana products from

1 retail marijuana product manufacturing facilities and to sell
2 marijuana and marijuana products to consumers.

3 19. *“Retail marijuana transporter”* means an entity or person
4 licensed to transport retail marijuana and retail marijuana
5 products from one retail marijuana establishment to another
6 retail marijuana establishment and to temporarily store the
7 transported retail marijuana and retail marijuana products at
8 its licensed premises, but is not authorized to sell retail
9 marijuana or retail marijuana products under any circumstances.

10 Sec. 20. NEW SECTION. **124F.8 Applicability.**

11 1. On or after July 1, 2020, an applicant may apply for
12 licensure pursuant to this subchapter. A license issued to a
13 person pursuant to this subsection shall not be effective until
14 October 1, 2020.

15 2. *a.* Pursuant to subsection 1, an applicant shall complete
16 forms as provided by the division and shall pay the application
17 fee and the licensing fee, which shall be credited to the
18 marijuana cash fund established pursuant to section 124F.19.
19 The division shall forward, within seven days of the date of
20 the application, one-half of the application fee to the local
21 jurisdiction unless the local jurisdiction has prohibited the
22 operation of retail marijuana establishments. If the license
23 is denied, the division shall refund the licensing fee to the
24 applicant.

25 *b.* The division shall act upon an application made pursuant
26 to subsection 1 no sooner than forty-five days and no later
27 than ninety days after the date of the application. The
28 division shall process applications in the order in which
29 completed applications are received by the division.

30 3. Any local jurisdiction may enact ordinances or
31 regulations governing the time, place, manner, and number of
32 retail marijuana establishments, which may include a local
33 licensing requirement, or may prohibit the operation of retail
34 marijuana establishments by ordinance or by a referred or
35 initiated measure. If a county acts through an initiated

1 measure, the proponents shall submit a petition signed by not
2 less than fifteen percent of the registered electors in the
3 county.

4 Sec. 21. NEW SECTION. 124F.9 Retail marijuana licensure.

5 1. The division shall develop and maintain a seed-to-sale
6 tracking system that tracks retail marijuana from either
7 seed or immature plant stage until the marijuana or retail
8 marijuana product is sold to a customer at a retail marijuana
9 establishment to ensure that no marijuana grown or processed
10 by a retail marijuana establishment is sold or otherwise
11 transferred except by a retail marijuana store.

12 2. The division shall adopt all rules necessary for the
13 implementation of this chapter.

14 3. Nothing in this subchapter shall be construed to be
15 a delegation to the division of the power to fix prices for
16 retail marijuana.

17 4. Nothing in this subchapter shall be construed to limit
18 a law enforcement agency's ability to investigate unlawful
19 activity in relation to a retail marijuana establishment. A
20 law enforcement agency shall have the authority to conduct a
21 criminal history record check of a licensee and an employee of
22 a licensee during an investigation of unlawful activity related
23 to retail marijuana and retail marijuana products.

24 5. The division shall create a statewide licensure class
25 system for retail marijuana cultivation facilities. The
26 classifications may be based upon square footage of the
27 facility; lights, lumens, or wattage; canopy lighting; the
28 number of cultivating plants; a combination of the foregoing;
29 or other reasonable metrics. The division shall create a fee
30 structure for the licensure class system.

31 Sec. 22. NEW SECTION. 124F.10 State and local participation
32 in licensure.

33 1. When the division receives an application for an
34 initial license or a renewal of an existing license for
35 any retail marijuana establishment, the division shall

1 provide, within seven days of receipt of an application,
2 a copy of the application to the local jurisdiction in
3 which the establishment is to be located unless the local
4 jurisdiction has prohibited the operation of retail marijuana
5 establishments. The local jurisdiction shall determine whether
6 the application complies with local restrictions relating
7 to time, place, manner, and the number of retail marijuana
8 establishments allowed. The local jurisdiction shall inform
9 the division whether the application complies with local
10 restrictions.

11 2. A local jurisdiction may impose a separate local
12 licensing requirement as a part of its restrictions relating
13 to time, place, manner, and the number of retail marijuana
14 establishments allowed. A local jurisdiction may decline
15 to impose any local licensing requirements, but a local
16 jurisdiction shall notify the division that it either approves
17 or denies each application received by the local jurisdiction.

18 3. If a local jurisdiction issues a local license for
19 a retail marijuana establishment, a local jurisdiction may
20 schedule a public hearing on the application. If the local
21 jurisdiction schedules a hearing, it shall post and publish
22 public notice of the hearing not less than ten days prior
23 to the hearing. The local jurisdiction shall give public
24 notice by posting a sign in a conspicuous place on the license
25 applicant's premises for which a local license application
26 has been made and by publication in a newspaper of general
27 circulation in the county in which the applicant's premises are
28 located.

29 4. If a local jurisdiction does not issue local licenses,
30 the local jurisdiction may give public notice of the state
31 license application by posting a sign in a conspicuous place
32 on the state license applicant's premises for which a state
33 license application has been made and by publication in a
34 newspaper of general circulation in the county in which the
35 applicant's premises are located.

1 5. Applications for a state license under this subchapter
2 must be made to the division on forms prepared and furnished
3 by the division and must set forth such information as the
4 division may require to enable the division to determine
5 whether a state license should be granted.

6 6. The division shall deny a state license if the premises
7 on which the applicant proposes to conduct its business does
8 not meet the requirements of this subchapter. The division
9 may refuse or deny a license renewal, reinstatement, or
10 initial license issuance for good cause. For purposes of this
11 subsection, "good cause" means any of the following:

12 a. The licensee or applicant has violated, does not meet,
13 or has failed to comply with any of the terms, conditions, or
14 provisions of this subchapter, any rules promulgated pursuant
15 to this subchapter, or any supplemental local law, rules, or
16 regulations.

17 b. The licensee or applicant has failed to comply with any
18 special terms or conditions of the license pursuant to an order
19 of the division or local licensing authority.

20 c. The licensed premises have been operated in a manner that
21 adversely affects the public health or safety of the immediate
22 neighborhood in which the retail marijuana establishment is
23 located.

24 7. If the division denies a state license pursuant to
25 subsection 6, the applicant shall be entitled to a hearing
26 pursuant to section 17A.12 and judicial review pursuant to
27 section 17A.19. The division shall provide written notice of
28 the grounds for denial of the state license to the applicant
29 and to the local jurisdiction at least fifteen days prior to
30 the hearing.

31 Sec. 23. NEW SECTION. 124F.11 Establishment and owner
32 requirements.

33 1. An owner who is a natural person must have been either
34 of the following:

35 a. A resident of Iowa for at least one year prior to the

1 date of the application.

2 *b.* A United States citizen prior to the date of the
3 application.

4 2. A retail marijuana establishment may be composed of an
5 unlimited number of owners that have been residents of Iowa for
6 at least one year prior to the date of the application.

7 3. The division shall review the retail marijuana
8 establishment's operating documents to ensure compliance with
9 this section.

10 Sec. 24. NEW SECTION. 124F.12 Retail marijuana
11 establishment licensure.

12 1. Local jurisdictions may adopt and enforce regulations
13 for retail marijuana establishments that are at least as
14 restrictive as the provisions of this subchapter and any rule
15 promulgated pursuant to this subchapter.

16 2. A retail marijuana establishment shall not operate
17 until the retail marijuana establishment is licensed by the
18 division pursuant to this subchapter and approved by the
19 relevant local jurisdiction. If an application is denied by
20 the local licensing authority, the division shall revoke the
21 state license. In connection with a license, the applicant
22 shall provide a complete and accurate application as required
23 by the division.

24 3. A retail marijuana establishment shall notify the
25 division in writing of the name, address, and date of birth of
26 a new owner, officer, or manager before the new owner, officer,
27 or manager begins managing, owning, working, or otherwise
28 associating with the establishment. The owner, officer,
29 manager, or employee shall pass a fingerprint-based criminal
30 history record check as required by the division and shall
31 obtain the required identification prior to managing, owning,
32 working, or otherwise associating with the establishment.

33 4. Before granting a state license, the division may
34 consider, except when this subchapter specifically provides
35 otherwise, the requirements of this subchapter and any

1 rules promulgated pursuant to this subchapter, and all other
2 reasonable restrictions that are or may be placed upon a
3 licensee by the division or local licensing authority.

4 5. *a.* Each license issued under this subchapter is separate
5 and distinct. It is unlawful for a person to exercise any
6 of the privileges granted under a license other than the
7 license that the person holds or for a licensee to allow any
8 other person to exercise the privileges granted under the
9 licensee's license. A separate license shall be required for
10 each specific business or business entity and each geographical
11 location.

12 *b.* At all times, a licensee shall possess and maintain
13 possession of the premises for which the license is issued
14 through ownership, lease, rental, or other arrangement for
15 possession of the premises.

16 6. Each licensee shall manage the licensed premises
17 personally or employ a separate and distinct manager on
18 the premises and shall report the name of the manager to
19 the division and local licensing authority. The licensee
20 shall report any change in manager to the division and local
21 licensing authority within seven days after the change.

22 Sec. 25. NEW SECTION. 124F.13 License renewal.

23 1. Ninety days prior to the expiration date of an existing
24 license, the division shall notify a licensee of the expiration
25 date by first class mail at the licensee's address of record
26 with the division. A licensee may apply for the renewal of
27 an existing license to the division not less than thirty days
28 prior to the date of expiration of the existing license. Upon
29 receipt of an application for renewal of an existing license
30 and any applicable fees, the division shall submit, within
31 seven days of the application, a copy of the application to
32 the local jurisdiction to determine whether the application
33 complies with all local restrictions on renewal of licenses.
34 The division shall not accept an application for renewal of a
35 license after the date of expiration, except as provided in

1 subsection 3. The division may extend the expiration date of
2 the license and accept a late application for renewal of a
3 license if the applicant has filed a timely renewal application
4 with the local licensing authority. The division or the local
5 licensing authority, in its discretion, and subject to the
6 requirements of this subsection and subsection 3 and based upon
7 reasonable grounds, may waive the thirty-day time requirements
8 set forth in this subsection.

9 2. The division may request additional fingerprints from a
10 licensee when there is a demonstrated investigative need.

11 3. *a.* Notwithstanding the provisions of subsection 1,
12 a licensee whose license has been expired for not more than
13 ninety days may file a late renewal application upon the
14 payment of a nonrefundable late application fee of five hundred
15 dollars to the division. A licensee who files a late renewal
16 application and pays the requisite fees may continue to operate
17 until the division takes final action to approve or deny
18 the licensee's late renewal application unless the division
19 summarily suspends the license pursuant to chapter 17A, this
20 subchapter, and rules promulgated pursuant to this subchapter.

21 *b.* The division may administratively continue a license
22 and accept a later application for renewal of a license at the
23 discretion of the division.

24 Sec. 26. NEW SECTION. 124F.14 **Classes of licenses.**

25 For the purpose of regulating the cultivation, manufacture,
26 distribution, sale, and testing of retail marijuana and retail
27 marijuana products, the division in its discretion, upon
28 receipt of an application in the prescribed form, may issue and
29 grant to the applicant a license or registration in any of the
30 following classes, subject to the provisions and restrictions
31 provided by this subchapter:

- 32 1. Retail marijuana store license.
- 33 2. Retail marijuana cultivation facility license.
- 34 3. Retail marijuana products manufacturing license.
- 35 4. Occupational licenses and registrations for owners,

1 managers, operators, employees, contractors, and other support
2 staff employed by, working in, or having access to restricted
3 areas of the licensed premises, as determined by the division.
4 The division may take any action with respect to a registration
5 pursuant to this subchapter as it may with respect to a license
6 pursuant to this subchapter, in accordance with the procedures
7 established pursuant to this subchapter.

8 5. Retail marijuana transporter license.

9 Sec. 27. NEW SECTION. 124F.15 Retail marijuana store
10 license.

11 1. a. A retail marijuana store license shall be issued
12 by the division only to a person selling retail marijuana or
13 retail marijuana products pursuant to the terms and conditions
14 of this subchapter.

15 b. A retail marijuana store shall not accept any retail
16 marijuana purchased from a retail marijuana cultivation
17 facility unless the retail marijuana store is provided with
18 evidence that any applicable excise tax due was paid.

19 2. Notwithstanding the provisions of this section, a
20 retail marijuana store licensee may also sell retail marijuana
21 products that are prepackaged and labeled as required by rules
22 of the division pursuant to section 124F.9.

23 3. a. A retail marijuana store shall not sell more than one
24 ounce of retail marijuana or its equivalent in retail marijuana
25 products, including retail marijuana concentrate, except for
26 nonedible, nonpsychoactive retail marijuana products, including
27 ointments, lotions, balms, and other nontransdermal topical
28 products during a single transaction to a person.

29 b. (1) Prior to initiating a sale, an employee of the
30 retail marijuana store making the sale shall verify that
31 the purchaser has a valid identification card showing the
32 purchaser is twenty-one years of age or older. If a person
33 under twenty-one years of age presents fraudulent proof of age,
34 any action relying on the fraudulent proof of age shall not be
35 grounds for the revocation or suspension of any license issued

1 under this subchapter.

2 (2) (a) If a retail marijuana store licensee or
3 employee has reasonable cause to believe that a person is
4 under twenty-one years of age and is exhibiting fraudulent
5 proof of age in an attempt to obtain any retail marijuana
6 or cannabidiol-infused product, the licensee or employee
7 is authorized to confiscate such fraudulent proof of age,
8 if possible, and shall, within seventy-two hours after the
9 confiscation, remit such fraudulent proof of age to a state
10 or local law enforcement agency. The failure to confiscate
11 such fraudulent proof of age or to remit such fraudulent proof
12 of age to a state or local law enforcement agency within
13 seventy-two hours after the confiscation shall not constitute a
14 criminal offense.

15 (b) If a retail marijuana store licensee or employee
16 believes that a person is under twenty-one years of age and
17 presents fraudulent proof of age in an attempt to obtain any
18 retail marijuana or retail cannabidiol-infused product, the
19 licensee or employee or any peace officer or police officer,
20 acting in good faith and upon probable cause based upon
21 reasonable grounds therefor, may detain and question such
22 person in a reasonable manner for the purpose of ascertaining
23 whether the person is guilty of any unlawful act regarding the
24 purchase of retail marijuana. The questioning of a person by a
25 licensee, employee, peace officer, or police officer does not
26 render the licensee, employee, peace officer, or police officer
27 civilly or criminally liable for slander, false arrest, false
28 imprisonment, malicious prosecution, or unlawful detention.

29 4. All retail marijuana and retail marijuana products
30 sold at a licensed retail marijuana store shall be packaged
31 and labeled as required by rules of the division pursuant to
32 section 124F.9.

33 5. a. A licensed retail marijuana store shall only
34 sell retail marijuana, retail marijuana products, marijuana
35 accessories, nonconsumable products such as apparel, and

1 marijuana-related products such as childproof packaging
2 containers, but shall be prohibited from selling or giving
3 away any consumable product, including but not limited to
4 cigarettes, alcohol, or an edible product that does not contain
5 marijuana, including but not limited to sodas, candies, or
6 baked goods.

7 *b.* A licensed retail marijuana store shall not sell any
8 retail marijuana or retail marijuana products that contain
9 nicotine or alcohol, if the sale of the alcohol would require a
10 license pursuant to chapter 123.

11 *c.* A licensed retail marijuana store shall not sell retail
12 marijuana or retail marijuana products over the internet nor
13 deliver retail marijuana or retail marijuana products to a
14 person who is not physically present in the retail marijuana
15 store's licensed premises.

16 6. Retail marijuana or retail marijuana products shall not
17 be consumed on the premises of a retail marijuana store.

18 7. Notwithstanding any other provision of state law, sales
19 of retail marijuana and retail marijuana products are not
20 exempt from state or local sales tax.

21 Sec. 28. NEW SECTION. 124F.16 **Retail marijuana cultivation**
22 **facility license.**

23 1. A retail marijuana cultivation facility license shall
24 be issued by the division only to a person who cultivates
25 retail marijuana for sale and distribution to licensed retail
26 marijuana stores, retail marijuana products manufacturing
27 licensees, or other retail marijuana cultivation facilities.

28 2. A retail marijuana cultivation facility shall remit any
29 applicable excise tax due.

30 3. A retail marijuana cultivation facility shall track
31 the marijuana it cultivates from seed or immature plant to
32 wholesale purchase of the retail marijuana. Prior to delivery
33 of any retail marijuana that is sold, the retail marijuana
34 cultivation facility shall provide evidence that the facility
35 paid any applicable excise tax on the retail marijuana due.

1 4. A retail marijuana cultivation facility may provide,
2 except as required by section 124F.9, a sample of its products
3 to the state hygienic laboratory for testing and research
4 purposes. A retail marijuana cultivation facility shall
5 maintain a record of the sample provided to the state hygienic
6 laboratory and the testing results.

7 5. Retail marijuana or retail marijuana products shall not
8 be consumed on the premises of a retail marijuana cultivation
9 facility.

10 6. The division shall not issue more than twenty retail
11 marijuana cultivation facility licenses.

12 Sec. 29. NEW SECTION. 124F.17 Retail marijuana products
13 manufacturing license.

14 1. a. A retail marijuana products manufacturing license
15 shall be issued by the division to a person who manufactures
16 retail marijuana products pursuant to the terms and conditions
17 of this subchapter.

18 b. A retail marijuana products manufacturer may cultivate
19 its own retail marijuana if the manufacturer obtains a retail
20 marijuana cultivation facility license, or it may purchase
21 retail marijuana from a licensed retail marijuana cultivation
22 facility. A retail marijuana products manufacturer shall track
23 all of its retail marijuana from the point the retail marijuana
24 is either transferred from its retail marijuana cultivation
25 facility or from the point when the retail marijuana is
26 delivered to the retail marijuana products manufacturer from a
27 licensed retail marijuana cultivation facility to the point of
28 transfer to a licensed retail marijuana store.

29 c. A retail marijuana products manufacturer shall not
30 accept any retail marijuana purchased from a retail marijuana
31 cultivation facility unless the retail marijuana products
32 manufacturer is provided with evidence that any applicable
33 excise tax due was paid.

34 2. All retail marijuana products shall be prepared on
35 a licensed premises used exclusively for the manufacture

1 and preparation of retail marijuana or retail marijuana
2 products and using equipment that is used exclusively for the
3 manufacture and preparation of retail marijuana products;
4 except that, if permitted by the local jurisdiction, a
5 retail marijuana products manufacturing licensee may share
6 the same premises as a medical cannabidiol-infused products
7 manufacturing licensee so long as a virtual or physical
8 separation of inventory is maintained pursuant to rules
9 promulgated by the division.

10 3. All licensed premises on which retail marijuana products
11 are manufactured shall meet the sanitary standards for retail
12 marijuana product preparation promulgated pursuant to section
13 124F.9.

14 4. Retail marijuana or retail marijuana products shall not
15 be consumed on the premises of a retail marijuana products
16 manufacturing facility.

17 5. A retail marijuana products manufacturer may provide,
18 except as required by section 124F.9, a sample of its products
19 to the state hygienic laboratory for testing and research
20 purposes. A retail marijuana products manufacturer shall
21 maintain a record of what was provided to the state hygienic
22 laboratory and the results of the testing.

23 6. A licensed retail marijuana products manufacturer shall
24 package and label each product manufactured as required by
25 rules of the division pursuant to section 124F.9.

26 7. All retail marijuana products that require refrigeration
27 to prevent spoilage must be stored and transported in a
28 refrigerated environment.

29 8. The division shall not issue more than twenty retail
30 marijuana products manufacturer licenses.

31 Sec. 30. NEW SECTION. 124F.18 Retail marijuana transporter
32 license.

33 1. a. A retail marijuana transporter license shall be
34 issued by the division to a person to provide logistics,
35 distribution, and storage of retail marijuana and retail

1 marijuana products. Notwithstanding any other provisions of
2 law, a retail marijuana transporter license shall be valid for
3 two years from the date of issuance, but cannot be transferred
4 with a change of ownership. A licensed retail marijuana
5 transporter shall be responsible for the retail marijuana and
6 retail marijuana products once the transporter takes control
7 of the product.

8 *b.* A licensed retail marijuana transporter may contract with
9 multiple licensed retail marijuana establishments.

10 *c.* On or after July 1, 2020, all retail marijuana
11 transporters shall hold a valid retail marijuana transporter
12 license; except that an entity licensed pursuant to this
13 subchapter that provides its own distribution is not required
14 to hold a retail marijuana transporter license to transport and
15 distribute its products. The division shall begin accepting
16 applications after January 1, 2020.

17 2. A retail marijuana transporter licensee shall use a
18 seed-to-sale tracking system developed pursuant to section
19 124F.9 to create shipping manifests documenting the transport
20 of retail marijuana and retail marijuana products throughout
21 the state.

22 **Sec. 31. NEW SECTION. 124F.19 Marijuana cash fund — fees.**

23 1. A marijuana cash fund is created under the control of
24 the division. Moneys in the fund shall be used to administer
25 this chapter. Any excess funds as determined by the division
26 shall be transferred to the marijuana trust fund established in
27 section 124F.24 at the end of each fiscal quarter.

28 2. The application fee for a person applying pursuant to
29 section 124F.8, subsection 2, shall be five thousand dollars.
30 The division shall transfer two thousand five hundred dollars
31 of the fee to the marijuana cash fund and remit two thousand
32 five hundred dollars to the local jurisdiction in which
33 the license is proposed to be issued. If the division is
34 considering raising the amount of the application fee, it shall
35 confer with each local jurisdiction in which a license under

1 this subchapter is issued prior to raising the application
2 fee. If the application fee amount is changed, it shall be
3 split evenly between the marijuana cash fund and the local
4 jurisdiction in which the license is proposed to be issued.

5 3. A local jurisdiction in which a license under this
6 subchapter may be permitted may adopt and impose operating fees
7 in an amount determined by the local jurisdiction on retail
8 marijuana establishments located within the local jurisdiction.

9 **Sec. 32. NEW SECTION. 124F.20 Discipline.**

10 In addition to any other sanctions prescribed by this
11 subchapter or rules promulgated pursuant to this subchapter,
12 the division has the power, on its own motion or upon
13 complaint, after investigation and opportunity for a public
14 hearing at which a licensee must be afforded an opportunity
15 to be heard, to fine a licensee or to suspend or revoke
16 a license issued by the division for a violation by the
17 licensee or by any of the agents or employees of the licensee
18 of the provisions of this subchapter, or any of the rules
19 promulgated pursuant to this subchapter, or of any of the
20 terms, conditions, or provisions of the license issued by the
21 division. The division has the power to administer oaths and
22 issue subpoenas to require the presence of persons and the
23 production of papers, books, and records necessary to the
24 determination of a hearing that the division is authorized to
25 conduct. The division shall conduct a contested case pursuant
26 to chapter 17A prior to imposing discipline, except in the case
27 of an emergency adjudication.

28 **Sec. 33. NEW SECTION. 124F.21 Disposition of seized**
29 **materials.**

30 1. This section shall apply in addition to any criminal,
31 civil, or administrative penalties and in addition to any
32 other penalties prescribed by this subchapter or any rules
33 promulgated pursuant to this subchapter.

34 2. A state or local agency shall not be required to
35 cultivate or care for any retail marijuana or retail marijuana

1 product belonging to or seized from a licensee. A state or
2 local agency shall not be authorized to sell marijuana or
3 retail marijuana.

4 3. If the division issues a final order imposing a
5 disciplinary action against a licensee pursuant to section
6 124F.20, then, in addition to any other remedies, the
7 division's final order may specify that some or all of the
8 licensee's marijuana or marijuana product is not retail
9 marijuana or a retail marijuana product and is an illegal
10 controlled substance. The final order may further specify that
11 the licensee shall lose any interest in any of the marijuana or
12 marijuana product even if the marijuana or marijuana product
13 previously qualified as retail marijuana or a retail marijuana
14 product.

15 4. On or before January 1, 2020, the division shall
16 promulgate rules governing the implementation of this section.

17 Sec. 34. NEW SECTION. 124F.22 Inspection procedures.

18 1. A licensee shall keep a complete set of all records
19 necessary to show fully the business transactions of the
20 licensee, all of which shall be accessible at all times during
21 business hours for inspection and examination by the division
22 or its authorized representatives. The division may require
23 a licensee to furnish such information as necessary for the
24 proper administration of this subchapter and may require an
25 audit to be made of the books of account and records on such
26 occasions as necessary by an auditor selected by the division
27 who shall have access to all books and records of the licensee.
28 All associated expenses shall be paid by the licensee.

29 2. Any licensed premises, including any places of storage
30 where retail marijuana or retail marijuana products are stored,
31 cultivated, sold, dispensed, or tested shall be subject to
32 inspection by the state or local jurisdictions and their
33 investigators, during all business hours and during other times
34 when employees are present, for the purpose of inspection
35 or investigation. Access shall be required during business

1 hours for examination of any inventory or books and records
2 required to be kept by the licensees. If any part of the
3 licensed premises consists of a locked area, upon demand to
4 the licensee, such area shall be made available for inspection
5 without delay, and, upon request by authorized representatives
6 of the state or local jurisdiction, the licensee shall open the
7 area for inspection.

8 3. A licensee shall retain all books and records necessary
9 to show fully the business transactions of the licensee for
10 a period of the current tax year and the three immediately
11 preceding tax years.

12 Sec. 35. NEW SECTION. 124F.23 Retail marijuana excise tax.

13 1. There is levied and imposed an excise tax on all retail
14 marijuana cultivation facilities within the state in the
15 following amounts:

16 a. On an immature marijuana plant, twenty-five dollars per
17 plant.

18 b. On the flowers of a retail marijuana plant, fifty dollars
19 per ounce, or a proportional amount thereof on any fraction of
20 an ounce.

21 c. On all parts of a retail marijuana plant other the
22 flowers of a retail marijuana plant, fifteen dollars per ounce,
23 or a proportional amount thereof on any fraction of an ounce.

24 2. A retail marijuana cultivation facility shall collect
25 the applicable excise tax at the point of first sale.

26 3. A retail marijuana cultivation facility shall pay the
27 excise tax due on all retail marijuana sold in the previous
28 month by the fifteenth day of each month.

29 4. The excise tax under this section shall be paid to the
30 retail marijuana trust fund established in section 124F.24.

31 Sec. 36. NEW SECTION. 124F.24 Retail marijuana trust fund.

32 1. A retail marijuana trust fund is created in the state
33 treasury under the control of the division. The fund shall
34 consist of all moneys deposited in the fund pursuant to
35 sections 124F.19 and 124F.23, and all interest and earnings

1 thereon.

2 2. The director of the division is the trustee of the fund
3 and shall administer the fund. Any loss to the fund shall
4 be charged against the fund and the director shall not be
5 personally liable for such loss. In addition, the director is
6 the trustee of any trusts referenced in section 457(g) of the
7 federal Internal Revenue Code. Any loss to the trusts shall
8 be charged against the trusts and the director shall not be
9 personally liable for such loss.

10 3. The trustee shall administer the fund and distribute
11 moneys therefrom for the following purposes:

12 a. The support of substance abuse prevention programs.

13 b. The support of drug courts.

14 c. The support of early childhood development programs.

15 d. Making disbursements to the county supervisors for the
16 support of counties that have licensed at least one retail
17 marijuana establishment and to the city council for the support
18 of cities that have licensed at least one retail marijuana
19 establishment.

20 4. Notwithstanding section 8.33, moneys in the trust fund
21 shall not revert. Notwithstanding section 12C.7, subsection
22 2, interest or earnings on moneys deposited in the trust fund
23 shall be credited to the trust fund.

24 Sec. 37. NEW SECTION. 453B.17 Retail marijuana.

25 This chapter shall not apply to retail marijuana or retail
26 marijuana products produced or sold pursuant to chapter 124F.

27 Sec. 38. SUBCHAPTER DESIGNATIONS.

28 1. The Code editor is directed to create two new subchapters
29 in chapter 124F as follows:

30 a. Subchapter I shall be entitled "criminal penalties" and
31 include sections 124F.1 through 124F.5.

32 b. Subchapter II shall be entitled "retail marijuana" and
33 include sections 124F.6 through 124F.24.

34 2. The Code editor may modify subchapter titles if necessary
35 and is directed to correct internal references in the Code as

1 necessary due to enactment of this section.

2 Sec. 39. EFFECTIVE DATE. This Act takes effect January
3 1, 2020, except that the alcoholic beverages division of the
4 department of commerce may adopt rules for the implementation
5 of this Act prior to that date.

6 EXPLANATION

7 The inclusion of this explanation does not constitute agreement with
8 the explanation's substance by the members of the general assembly.

9 DIVISION I — CRIMINAL PENALTIES. This bill modifies
10 criminal penalties relating to marijuana by eliminating and
11 modifying certain criminal provisions in Code chapter 124
12 (uniform controlled substances Act), and transferring certain
13 criminal provisions from Code chapter 124 to new Code chapter
14 124F.

15 MANUFACTURE, DELIVERY, OR POSSESSION WITH INTENT TO DELIVER
16 MARIJUANA. The bill provides that an unauthorized person
17 commits a class "B" felony punishable by confinement of no
18 more than 25 years if the person violates new Code section
19 124F.2(1)(a) and the controlled substance involves more than
20 22 kilograms of marijuana. Currently, such a person commits
21 a class "B" felony punishable by confinement of no more than
22 50 years if the controlled substance involves more than 1,000
23 kilograms of a mixture or substance containing a detectable
24 amount of marijuana, or a class "B" felony punishable by
25 confinement of no more than 25 years if the controlled
26 substance involves more than 100 kilograms of marijuana but not
27 more than 1,000 kilograms.

28 The bill provides that an unauthorized person commits a
29 class "C" felony if the person violates new Code section
30 124F.2(1)(b) and the controlled substance involves more than
31 2 kilograms of marijuana but not more than 22 kilograms.
32 Currently, such a person commits a class "C" felony if the
33 controlled substance involves more than 50 kilograms of
34 marijuana but not more than 100 kilograms.

35 The bill provides that an unauthorized person commits a

1 class "D" felony if the person violates new Code section
2 124F.2(1)(c) and the controlled substance involves more than 12
3 ounces of marijuana but not more than 2 kilograms. Currently,
4 such a person commits a class "D" felony if the controlled
5 substance involves 50 kilograms or less of marijuana.

6 The bill provides that an unauthorized person commits an
7 aggravated misdemeanor if the person violates new Code section
8 124F.2(1)(d) and the controlled substance involves more than 4
9 ounces of marijuana but not more than 12 ounces. Currently,
10 such a person commits a class "D" felony.

11 The bill provides that an unauthorized person commits a
12 serious misdemeanor if the person violates new Code section
13 124F.2(1)(e) and the controlled substance involves 4 ounces or
14 less of marijuana. Currently, such a person commits a class
15 "D" felony.

16 POSSESSION OF MARIJUANA. The bill provides that if a person
17 unlawfully possesses more than 12 ounces of marijuana, the
18 person commits a class "D" felony.

19 The bill provides that if a person unlawfully possesses more
20 than 6 ounces of marijuana but not more than 12 ounces, the
21 person commits an aggravated misdemeanor.

22 The bill provides that if a person unlawfully possesses more
23 than 2 ounces of marijuana but not more than 6 ounces, the
24 person commits a serious misdemeanor.

25 The bill provides that if a person 21 years of age or older
26 possesses more than 1 ounce of marijuana but not more than
27 2 ounces, the person does not commit a criminal offense but
28 shall be assessed a civil penalty in the amount of \$100. If
29 the person is under 21 years of age, the offense shall be
30 punishable as a serious misdemeanor, which may be expunged
31 after two years if the person does not commit additional
32 criminal violations other than traffic offenses. The bill
33 provides that any records relating to the civil penalty
34 shall not be displayed for public viewing on the Iowa court
35 information system and such records shall not be kept in the

1 criminal history files maintained by the department of public
2 safety.

3 A person does not unlawfully possesses marijuana under the
4 bill if the amount of marijuana possessed is one ounce or less.
5 However, if the person is under 21 years of age, the person
6 commits a simple misdemeanor, which may be expunged after
7 two years if the person does not commit additional criminal
8 violations other than traffic offenses.

9 Currently, if a person unlawfully possesses marijuana, the
10 person shall be punished by imprisonment in the county jail for
11 not more than six months or by a fine of not more than \$1,000,
12 or by both for a first offense. If the person has previously
13 been convicted of marijuana possession, the person commits a
14 serious misdemeanor under current law, and if the person has
15 been convicted of marijuana possession two or more times, the
16 person commits an aggravated misdemeanor.

17 SMALL AMOUNTS OF MARIJUANA. If the amount of marijuana
18 delivered or possessed with intent to deliver is one ounce or
19 less and no remuneration was provided, the defendant shall not
20 be prosecuted for a violation of the bill.

21 MARIJUANA USE IN PUBLIC. The bill prohibits the consumption
22 of marijuana in areas open and accessible to the public,
23 including but not limited to public transportation facilities,
24 sporting or music venues, parks, playgrounds, sidewalks and
25 roads, outdoor cafes, or indoor but public locations. A person
26 who violates this provision commits a simple misdemeanor
27 punishable as a scheduled violation in the amount of \$50 for
28 a first offense and \$100 for a second or subsequent offense.
29 This violation may be expunged after two years if the person
30 does not commit additional criminal violations other than
31 traffic offenses.

32 JUVENILE MARIJUANA OFFENSES. The bill specifies that the
33 juvenile court shall have exclusive original jurisdiction in a
34 proceeding concerning a minor who is alleged to have committed
35 a violation of the bill.

1 GATHERINGS WHERE CONTROLLED SUBSTANCES UNLAWFULLY USED.

2 The bill strikes a provision making it a serious misdemeanor
3 for a person to sponsor, promote, or aid in the sponsoring
4 or promoting of a meeting or gathering with the knowledge or
5 intent that marijuana be distributed, used, or possessed at the
6 meeting or gathering in violation of Code chapter 124.

7 ACCOMMODATION OFFENSE. The bill strikes a provision
8 allowing a prosecution for unlawful delivery or possession with
9 intent to deliver marijuana, if the prosecution proves that
10 the defendant delivered or possessed with intent to deliver
11 one-half ounce or less of marijuana which was not offered for
12 sale, the defendant is guilty of an accommodation offense
13 and rather than being sentenced for a class "D" felony under
14 Code section 124.401(1)(d), the person is sentenced for a
15 misdemeanor in violation of Code section 124.401(5).

16 SECOND OR SUBSEQUENT OFFENSES. Currently, a person
17 convicted of a second or subsequent offense under Code chapter
18 124 may be punished by imprisonment for a period not to exceed
19 three times the term otherwise authorized, or fined not more
20 than three times the amount otherwise authorized. The bill
21 strikes the provision that allows for the use of a previous
22 marijuana conviction in determining if a person has been
23 convicted of a second or subsequent offense under Code chapter
24 124.

25 DIVISION II — RETAIL MARIJUANA. Division II of the
26 bill relates to the regulation of retail marijuana in Iowa.
27 The bill grants the alcoholic beverages division of the
28 department of commerce (division) the authority to regulate the
29 cultivation, production, transportation, testing, and sale of
30 retail marijuana and retail marijuana products, including by
31 issuing appropriate licenses and promulgating rules.

32 The bill requires the division to transfer half of any
33 application fee collected to the local jurisdiction in which
34 the retail marijuana establishment will be located and to
35 deposit the other half in the marijuana cash fund under the

1 control of the division. The bill allows local jurisdictions
2 to impose limitations on the operation of retail marijuana
3 establishments, including by prohibiting their operation.

4 The bill directs the division to develop and maintain a
5 seed-to-sale tracking system to track retail marijuana from the
6 seed or immature plant stage until it is sold to a consumer at a
7 retail marijuana establishment.

8 LOCAL LICENSES. The bill requires the division to transmit
9 any application for a retail marijuana establishment it
10 receives to the local jurisdiction where the establishment
11 will be located within seven days of receipt unless the
12 local jurisdiction has prohibited the operation of retail
13 marijuana establishments. The local jurisdiction must then
14 inform the division whether the application complies with
15 any local restrictions on the operation of retail marijuana
16 establishments it may have imposed. The bill requires a person
17 to receive approval from both the division and the local
18 jurisdiction before operating a retail marijuana establishment.
19 A person whose application for a license is denied is entitled
20 to a hearing and judicial review pursuant to Code chapter 17A.

21 LICENSES. Ninety days prior to the expiration date of an
22 existing license, the division shall notify the licensee of the
23 expiration date by first class mail at the licensee's address
24 of record with the division. A licensee may apply for the
25 renewal of an existing license to the division not less than 30
26 days prior to the date of expiration.

27 RETAIL MARIJUANA STORES. The bill allows a retail marijuana
28 store to purchase retail marijuana from a retail marijuana
29 cultivation facility. A retail marijuana store may also
30 sell prepackaged and labeled retail marijuana products. A
31 retail marijuana store must track all of its retail marijuana
32 and retail marijuana products from the point that they are
33 transferred to the retail marijuana store to the point of
34 sale. The bill prohibits a retail marijuana store from selling
35 more than one ounce of retail marijuana or its equivalent

1 in a single transaction to a person, excluding nonedible,
2 nonpsychoactive retail marijuana products.

3 Prior to initiating a sale, the bill requires a retail
4 marijuana store employee to verify that that purchaser has a
5 valid identification card showing that the person is 21 years
6 of age or older. If a purchaser presents a retail marijuana
7 store employee with fraudulent proof of age, any action taken
8 in reliance on that proof of age shall not be grounds for the
9 revocation or suspension of a license.

10 The bill allows a retail marijuana store to provide to the
11 state hygienic laboratory a sample of its products for testing
12 and research purposes. The retail marijuana store shall
13 maintain a record of what was provided to the laboratory and
14 the results of the testing.

15 The bill prohibits a retail marijuana store from selling
16 any products other than retail marijuana, retail marijuana
17 products, marijuana accessories, nonconsumable products such as
18 apparel, and marijuana products such as childproof packaging
19 containers.

20 RETAIL MARIJUANA CULTIVATION. The bill allows the division
21 to issue up to 20 retail marijuana cultivation facility
22 licenses to persons who cultivate retail marijuana for sale
23 and distribution to retail marijuana stores, manufacturers,
24 or other cultivation facilities. The bill requires a retail
25 marijuana cultivation facility to remit any applicable tax due.
26 The bill also requires a retail marijuana cultivation facility
27 to track the marijuana it cultivates from seed or immature
28 plant to wholesale purchase.

29 RETAIL MARIJUANA PRODUCTS MANUFACTURING. The bill allows
30 the division to issue up to 20 retail marijuana products
31 manufacturing license to persons who manufacture retail
32 marijuana products. The bill requires a retail marijuana
33 products manufacturer to track all of its retail marijuana from
34 the point it is either transferred from its retail marijuana
35 cultivation facility or the point when it is delivered to the

1 retail marijuana products manufacturer from a retail marijuana
2 cultivation facility to the point of transfer to a retail
3 marijuana store.

4 The bill requires retail marijuana products to be
5 manufactured and prepared in a facility that only manufactures
6 retail marijuana products, except that premises may be shared
7 with a medical cannabidiol-infused products manufacturer so
8 long as a virtual or physical separation of inventory is
9 maintained.

10 RETAIL MARIJUANA TRANSPORTATION. The bill allows the
11 division to issue a retail marijuana transporter license to
12 a person to provide logistics, distribution, and storage of
13 retail marijuana and retail marijuana products. The bill
14 requires a retail marijuana transporter to use the seed-to-sale
15 tracking system to create shipping manifests documenting the
16 transport of retail marijuana and retail marijuana products.

17 FEES. The bill allows the division to collect and charge
18 fees. The bill sets the application fee for a person applying
19 for a new retail marijuana establishment license at \$5,000,
20 which shall be divided evenly between the marijuana cash fund
21 and the local jurisdiction where the license is proposed to
22 be issued. The bill permits a local jurisdiction to impose
23 operating fees on retail marijuana establishments to which it
24 has granted a license.

25 LICENSE DISCIPLINE. The bill permits the division, on its
26 own motion or complaint, and after investigation, notice,
27 a public hearing, and opportunity to be heard, to suspend
28 or revoke a license if the licensee or any of its agents or
29 employees violate a provision of the bill or a rule promulgated
30 by the division. The division may administer oaths and issue
31 subpoenas to require the presence of persons and the production
32 of documents. The division may impose discipline pursuant to
33 rules and Code chapter 17A.

34 INSPECTION. The bill requires a licensee to keep a complete
35 set of all records necessary to show fully the business

1 transactions of the licensee, all of which shall be open at all
2 times during business hours for the inspection and examination
3 by the division or its duly authorized representatives.

4 The bill requires the licensed premises of a retail
5 marijuana establishment, including any places of storage
6 where retail marijuana or retail marijuana products are
7 stored, cultivated, sold, dispensed, or tested to be subject
8 to inspection by the state or local jurisdictions and their
9 investigators, during all business hours and other times
10 of apparent activity, for the purpose of inspection or
11 investigation.

12 The bill imposes an excise tax on retail marijuana
13 cultivation facilities in the amount \$25 per immature plant,
14 \$50 per ounce of the flowers of a retail marijuana plant,
15 and \$15 per ounce on all other parts of a retail marijuana
16 plant. A retail marijuana cultivation facility is required to
17 collect this tax at the point of first sale. The tax owed for
18 each month's sales must be transferred by a retail marijuana
19 cultivation facility to the retail marijuana trust fund by the
20 15th day of the next month.

21 The bill establishes the retail marijuana trust fund
22 under the control of the division. The fund consists of
23 all excise taxes collected and any excess funds transferred
24 from the retail marijuana cash fund, as well as the interest
25 and earnings thereon. The director of the division is the
26 trustee of the fund and is required to administer the fund and
27 distribute moneys for the support of substance abuse programs,
28 drug courts, early childhood development programs, and counties
29 and cities that have licensed at least one retail marijuana
30 establishment. Moneys in the fund are not subject to reversion
31 to the general fund of the state.