

**Senate File 406 - Introduced**

SENATE FILE 406

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**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 funds, 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 2021, 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 2021, is amended by striking the subparagraph.

Sec. 3. Section 124.401, subsection 1, paragraph b, subparagraph (6), Code 2021, is amended by striking the subparagraph.

Sec. 4. Section 124.401, subsection 1, paragraph c, subparagraph (5), Code 2021, is amended by striking the subparagraph.

Sec. 5. Section 124.401, subsection 1, paragraph c, subparagraph (9), Code 2021, 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 2021, 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 2021, 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 124.401G, unnumbered paragraph 1, Code  
21 2021, is amended to read as follows:

22 Notwithstanding any provision of **this chapter** to the  
23 contrary, a person shall not be guilty of an offense under  
24 this chapter, including under **section 124.401** ~~or 124.410~~,  
25 for producing, possessing, using, harvesting, handling,  
26 manufacturing, marketing, transporting, delivering, or  
27 distributing the plant cannabis, if all of the following apply:

28 Sec. 9. Section 124.407, subsection 2, Code 2021, is amended  
29 to read as follows:

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

33 ~~b.~~ Any person who violates ~~this section~~, and where the  
34 controlled substance is ~~marijuana only~~, is guilty of a serious  
35 misdemeanor.

1     Sec. 10. Section 124.411, subsection 2, Code 2021, is  
2 amended to read as follows:

3     2. For purposes of **this section**, an offense is considered  
4 a second or subsequent offense, if, prior to the person's  
5 having been convicted of the offense, the offender has ever  
6 been convicted under **this chapter** or under any state or federal  
7 statute relating to narcotic drugs or cocaine, ~~marijuana,~~  
8 depressant, stimulant, or hallucinogenic drugs.

9     Sec. 11. Section 124.413, subsection 2, Code 2021, is  
10 amended to read as follows:

11     2. **This section** shall not apply if:

12     ~~a. The offense is found to be an accommodation pursuant to~~  
13 ~~section 124.410; or~~

14     ~~b. The the controlled substance is marijuana.~~

15     Sec. 12. NEW SECTION. **124F.1 Definitions.**

16     As used in this subchapter:

17     1. "*Counterfeit substance*" means the same as defined in  
18 section 124.101.

19     2. "*Imitation controlled substance*" means the same as  
20 defined in section 124.101.

21     3. "*Marijuana*" means the same as defined in section 124.101,  
22 and includes a counterfeit substance, imitation controlled  
23 substance, or simulated controlled substance containing a  
24 detectable amount of marijuana.

25     4. "*Simulated controlled substance*" means the same as  
26 defined in section 124.101.

27     Sec. 13. NEW SECTION. **124F.2 Marijuana — penalties.**

28     1. Except as otherwise provided in this subchapter and  
29 chapter 124E, it is unlawful for any person to manufacture,  
30 deliver, or possess with the intent to manufacture or deliver  
31 marijuana, or to act with, enter into a common scheme or  
32 design with, or conspire with one or more other persons to  
33 manufacture, deliver, or possess with the intent to manufacture  
34 or deliver marijuana. A violation of this subsection involving  
35 the following amounts of marijuana shall be punishable as

1 follows:

2     *a.* More than twenty-two kilograms shall be a class "C"  
3 felony.

4     *b.* More than two kilograms but not more than twenty-two  
5 kilograms shall be a class "D" felony.

6     *c.* More than twelve ounces but not more than two kilograms  
7 shall be an aggravated misdemeanor.

8     *d.* More than four ounces but not more than twelve ounces  
9 shall be punishable as a serious misdemeanor.

10    *e.* Four ounces or less shall be punishable as a simple  
11 misdemeanor, except as provided in section 124F.3.

12    2. *a.* It is unlawful for any person knowingly or  
13 intentionally to possess marijuana unless such substance was  
14 obtained directly from, or pursuant to, a valid prescription  
15 or order of a practitioner while acting in the course of the  
16 practitioner's professional practice, or except as otherwise  
17 authorized by this subsection. A violation of this subsection  
18 involving the possession of the following amounts of marijuana  
19 shall be punishable as follows:

20       (1) More than six ounces but not more than twelve ounces is  
21 a serious misdemeanor.

22       (2) More than one-half ounce but not more than six ounces  
23 is a simple misdemeanor.

24       (3) One-half ounce or less is not a criminal offense but  
25 shall be assessed as a civil penalty in the amount of one  
26 hundred dollars, except if the person is under twenty-one years  
27 of age, the person commits a serious misdemeanor.

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

30       (b) Any records relating to the civil penalty shall not  
31 be displayed for public viewing on the Iowa court information  
32 system.

33       (c) Any records relating to the civil penalty shall not  
34 be kept in the criminal history data files maintained by the  
35 department of public safety. Any records relating to the civil

1 penalty shall not be disseminated to other criminal or juvenile  
2 justice agencies.

3     **b.** Notwithstanding paragraph "a", a municipality may, by  
4 ordinance, allow for the legal possession of marijuana.

5     3. **a.** A person shall not possess, and a retail marijuana  
6 store not sell, in a single transaction, retail marijuana in  
7 excess of the following amounts:

8       (1) For a resident of Iowa twenty-one years of age or older:

9       (a) Thirty grams of marijuana flower.

10       (b) Five grams of marijuana concentrate.

11       (c) Five hundred milligrams of tetrahydrocannabinol  
12 contained in a product infused with marijuana.

13       (2) For a person twenty-one years of age or older who is not  
14 a resident of Iowa:

15       (a) Fifteen grams of marijuana flower.

16       (b) Two and one-half grams of marijuana concentrate.

17       (c) Two hundred fifty milligrams of tetrahydrocannabinol  
18 contained in a product infused with marijuana.

19     **b.** A person in possession of retail marijuana in excess of  
20 the amounts specified in paragraph "a" equivalent to the amounts  
21 specified in subsection 2, paragraph "a", shall be subject to  
22 the penalties in subsection 2, paragraph "a".

23     **c.** A retail marijuana store in violation of this subsection  
24 shall be subject to licensee discipline pursuant to section  
25 124F.20.

26     **d.** For purposes of this subsection, "*retail marijuana*" and  
27 "*retail marijuana store*" mean the same as defined in section  
28 124F.7.

29     4. Upon the expiration of two years following a conviction  
30 for a violation of subsection 2, paragraph "a", subparagraph  
31 (3), or for a violation of subsection 2, paragraph "b",  
32 subparagraph (2), a person may petition the court to expunge  
33 the conviction, and if the person has had no other criminal  
34 convictions, other than local traffic violations or simple  
35 misdemeanor violations of chapter 321 during the two-year

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

9     Sec. 14. NEW SECTION. **124F.3 Delivery or possession with**  
10 **the intent to deliver — small amounts.**

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

15     Sec. 15. NEW SECTION. **124F.4 Juvenile offenses.**

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

19     Sec. 16. NEW SECTION. **124F.5 Marijuana use in public.**

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

25     2. A person who violates this section commits a simple  
26 misdemeanor punishable as a scheduled violation under section  
27 805.8C, subsection 14.

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

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

6 Sec. 17. NEW SECTION. **321.284B Marijuana in motor vehicles.**

7 1. A driver of a motor vehicle upon a public street or  
8 highway shall not use marijuana in the passenger area of the  
9 motor vehicle. "*Passenger area*" means the area designed to  
10 seat the driver and passengers while the motor vehicle is in  
11 operation and any area that is readily accessible to the driver  
12 or a passenger while in their seating positions, including the  
13 glove compartment.

14 2. A driver or passenger of or in a motor vehicle upon a  
15 public street or highway shall not possess marijuana in the  
16 passenger area of a motor vehicle except in a sealed, odor  
17 proof, child resistant container.

18 3. For the purposes of this section, "*marijuana*" means the  
19 same as defined in section 124.401.

20 4. A person who knowingly violates a provision of this  
21 section is guilty of a simple misdemeanor.

22 Sec. 18. Section 602.8105, Code 2021, is amended by adding  
23 the following new subsection:

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

27 Sec. 19. Section 805.8C, Code 2021, is amended by adding the  
28 following new subsection:

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

33 Sec. 20. REPEAL. Section 124.410, Code 2021, is repealed.

34 DIVISION II  
35 RETAIL MARIJUANA

1     Sec. 21. NEW SECTION. 124F.6 Purpose and findings.

2     The general assembly finds all of the following:

3     1. Marijuana prohibition, like alcohol prohibition before  
4 it, has been a wasteful and destructive failure. About half  
5 of Americans admit to having used marijuana despite more than  
6 eight decades of prohibition.

7     2. The prohibition of marijuana has had an unfair, disparate  
8 impact on persons and communities of color.

9     3. The prohibition of marijuana diverts law enforcement  
10 resources from violent and property crimes and subjects  
11 civilians to unnecessary police interactions.

12     4. Keeping marijuana illegal deprives the state of  
13 thousands of legal jobs and hundreds of millions of dollars in  
14 tax revenue.

15     5. The use of marijuana should be legal for persons  
16 twenty-one years of age or older and subject to taxation and  
17 regulation.

18     Sec. 22. NEW SECTION. 124F.7 Definitions.

19     For the purposes of this subchapter:

20     1. "*Division*" means the alcoholic beverages division of the  
21 department of commerce.

22     2. "*Immature plant*" means a nonflowering marijuana plant  
23 that is no taller than eight inches and no wider than eight  
24 inches, is produced from a cutting, clipping, or seedling, and  
25 is in a cultivating container.

26     3. "*License*" means a license or registration issued pursuant  
27 to this subchapter.

28     4. "*Licensed premises*" means the premises specified in an  
29 application for a license under this subchapter, which are  
30 owned or in possession of the licensee and within which the  
31 licensee is authorized to cultivate, manufacture, distribute,  
32 sell, or test retail marijuana and retail marijuana products in  
33 accordance with this subchapter.

34     5. "*Licensee*" means a person licensed or registered pursuant  
35 to this subchapter.

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

2 7. "*Local licensing authority*" means, for any local  
3 jurisdiction that has chosen to adopt a local licensing  
4 requirement in addition to the state licensing requirements  
5 of this subchapter, an authority designated by a municipal  
6 or county ordinance, or resolution, or the governing body of  
7 a municipality or county, or the board of commissioners of a  
8 county if no such authority is designated.

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

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

12 10. "*Marijuana accessories*" means any equipment, products,  
13 or materials of any kind which are used, intended for use, or  
14 designed for use in planting, cultivating, growing, harvesting,  
15 composting, manufacturing, compounding, converting, producing,  
16 processing, preparing, testing, analyzing, packaging,  
17 repackaging, storing, vaporizing, or containing marijuana, or  
18 for ingesting, inhaling, or otherwise introducing marijuana  
19 into the human body.

20 11. "*Person*" means a natural person, partnership,  
21 association, company, corporation, limited liability company,  
22 or organization; except that "*person*" does not include any  
23 governmental organization.

24 12. "*Retail marijuana*" means all parts of the plant of the  
25 genus *Cannabis*, whether growing or not, the seeds thereof; the  
26 resin extracted from any part of the plant; and every compound,  
27 manufacture, salt, derivative, mixture, or preparation of the  
28 plant, its seeds or resin, including marijuana concentrate.

29 "*Retail marijuana*" does not include industrial hemp, nor does  
30 it include fiber produced from the stalks, oil or cake made  
31 from the seeds of the plant, sterilized seeds of the plant  
32 which are incapable of germination, or the weight of any other  
33 ingredient combined with marijuana to prepare topical or oral  
34 administrations, food, drink, or other product.

35 13. "*Retail marijuana cultivation facility*" means an entity

1 licensed to cultivate, prepare, package, and sell marijuana to  
2 retail marijuana stores, to marijuana product manufacturing  
3 facilities, and to other marijuana cultivation facilities, but  
4 not to consumers.

5 14. *“Retail marijuana establishment”* means a retail  
6 marijuana store, a retail marijuana cultivation facility, or a  
7 retail marijuana products manufacturer.

8 15. *“Retail marijuana products”* means concentrated marijuana  
9 products and marijuana products that are comprised of marijuana  
10 and other ingredients and are intended for use or consumption,  
11 such as but not limited to edible products, ointments, and  
12 tinctures.

13 16. *“Retail marijuana products manufacturer”* means an entity  
14 licensed to purchase marijuana; manufacture, prepare, and  
15 package marijuana products; and sell marijuana and marijuana  
16 products to other marijuana product manufacturing facilities  
17 and to retail marijuana stores, but not to consumers.

18 17. *“Retail marijuana store”* means an entity licensed  
19 to purchase marijuana from marijuana cultivation facilities  
20 and sell marijuana and to purchase marijuana products from  
21 retail marijuana product manufacturing facilities and to sell  
22 marijuana and marijuana products to consumers.

23 18. *“Retail marijuana transporter”* means an entity or person  
24 licensed to transport retail marijuana and retail marijuana  
25 products from one retail marijuana establishment to another  
26 retail marijuana establishment and to temporarily store the  
27 transported retail marijuana and retail marijuana products at  
28 its licensed premises, but is not authorized to sell retail  
29 marijuana or retail marijuana products under any circumstances.

30 Sec. 23. NEW SECTION. 124F.8 **Applicability.**

31 1. On or after July 1, 2022, an applicant may apply for  
32 licensure of a retail marijuana establishment pursuant to this  
33 subchapter.

34 2. *a.* Pursuant to subsection 1, an applicant shall complete  
35 forms as provided by the division and shall pay the application

1 fee and the licensing fee. The division shall forward, within  
2 seven days of the date of the application, one-half of the  
3 application fee to the local jurisdiction unless the local  
4 jurisdiction has prohibited the operation of retail marijuana  
5 establishments. If the license is denied, the division shall  
6 refund the licensing fee to the applicant.

7     *b.* The division shall act upon an application made pursuant  
8 to subsection 1 no sooner than forty-five days and no later  
9 than ninety days after the date of the application. The  
10 division shall process applications in the order in which  
11 completed applications are received by the division.

12     3. Any local jurisdiction may enact ordinances or  
13 regulations governing the time, place, manner, and number of  
14 retail marijuana establishments, which may include a local  
15 licensing requirement, or may prohibit the operation of retail  
16 marijuana establishments by ordinance or by a referred or  
17 initiated measure. If a county acts through an initiated  
18 measure, the proponents shall submit a petition signed by not  
19 less than fifteen percent of the registered electors in the  
20 county.

21     Sec. 24. NEW SECTION. **124F.9 Retail marijuana licensure.**

22     1. The division shall develop and maintain a seed-to-sale  
23 tracking system that tracks retail marijuana from either  
24 seed or immature plant stage until the marijuana or retail  
25 marijuana product is sold to a customer at a retail marijuana  
26 establishment to ensure that no marijuana grown or processed  
27 by a retail marijuana establishment is sold or otherwise  
28 transferred except by a retail marijuana store.

29     2. The division shall adopt all rules necessary for the  
30 implementation of this chapter.

31     3. Nothing in this subchapter shall be construed to be  
32 a delegation to the division of the power to fix prices for  
33 retail marijuana.

34     4. Nothing in this subchapter shall be construed to limit  
35 a law enforcement agency's ability to investigate unlawful

1 activity in relation to a retail marijuana establishment. A  
2 law enforcement agency shall have the authority to conduct a  
3 criminal history record check of a licensee and an employee of  
4 a licensee during an investigation of unlawful activity related  
5 to retail marijuana and retail marijuana products.

6 5. The division shall create a statewide licensure class  
7 system for retail marijuana cultivation facilities. The  
8 classifications may be based upon square footage of the  
9 facility; lights, lumens, or wattage; canopy lighting; the  
10 number of cultivating plants; a combination of the foregoing;  
11 or other reasonable metrics. The division shall create a fee  
12 structure for the licensure class system.

13 Sec. 25. NEW SECTION. 124F.10 State and local participation  
14 in licensure.

15 1. When the division receives an application for an  
16 initial license or a renewal of an existing license for  
17 any retail marijuana establishment, the division shall  
18 provide, within seven days of receipt of an application,  
19 a copy of the application to the local jurisdiction in  
20 which the establishment is to be located unless the local  
21 jurisdiction has prohibited the operation of retail marijuana  
22 establishments. The local jurisdiction shall determine whether  
23 the application complies with local restrictions relating  
24 to time, place, manner, and the number of retail marijuana  
25 establishments allowed. The local jurisdiction shall inform  
26 the division whether the application complies with local  
27 restrictions.

28 2. A local jurisdiction may impose a separate local  
29 licensing requirement as a part of its restrictions relating  
30 to time, place, manner, and the number of retail marijuana  
31 establishments allowed. A local jurisdiction may decline  
32 to impose any local licensing requirements, but a local  
33 jurisdiction shall notify the division that it either approves  
34 or denies each application received by the local jurisdiction.

35 3. If a local jurisdiction issues a local license for

1 a retail marijuana establishment, a local jurisdiction may  
2 schedule a public hearing on the application. If the local  
3 jurisdiction schedules a hearing, it shall post and publish  
4 public notice of the hearing not less than ten days prior  
5 to the hearing. The local jurisdiction shall give public  
6 notice by posting a sign in a conspicuous place on the license  
7 applicant's premises for which a local license application  
8 has been made and by publication in a newspaper of general  
9 circulation in the county in which the applicant's premises are  
10 located.

11 4. If a local jurisdiction does not issue local licenses,  
12 the local jurisdiction may give public notice of the state  
13 license application by posting a sign in a conspicuous place  
14 on the state license applicant's premises for which a state  
15 license application has been made and by publication in a  
16 newspaper of general circulation in the county in which the  
17 applicant's premises are located.

18 5. Applications for a state license under this subchapter  
19 must be made to the division on forms prepared and furnished  
20 by the division and must set forth such information as the  
21 division may require to enable the division to determine  
22 whether a state license should be granted.

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

29 a. The licensee or applicant has violated, does not meet,  
30 or has failed to comply with any of the terms, conditions, or  
31 provisions of this subchapter, any rules promulgated pursuant  
32 to this subchapter, or any supplemental local law, rules, or  
33 regulations.

34 b. The licensee or applicant has failed to comply with any  
35 special terms or conditions of the license pursuant to an order

1 of the division or local licensing authority.

2 *c.* The licensed premises have been operated in a manner that  
3 adversely affects the public health or safety of the immediate  
4 neighborhood in which the retail marijuana establishment is  
5 located.

6 7. If the division denies a state license pursuant to  
7 subsection 6, the applicant shall be entitled to a hearing  
8 pursuant to section 17A.12 and judicial review pursuant to  
9 section 17A.19. The division shall provide written notice of  
10 the grounds for denial of the state license to the applicant  
11 and to the local jurisdiction at least fifteen days prior to  
12 the hearing.

13 **Sec. 26. NEW SECTION. 124F.11 Establishment and owner**  
14 **requirements.**

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

17 *a.* A resident of Iowa for at least one year prior to the  
18 date of the application.

19 *b.* A United States citizen prior to the date of the  
20 application.

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

24 3. The division shall review the retail marijuana  
25 establishment's operating documents to ensure compliance with  
26 this section.

27 **Sec. 27. NEW SECTION. 124F.12 Retail marijuana**  
28 **establishment licensure.**

29 1. Local jurisdictions may adopt and enforce regulations  
30 for retail marijuana establishments that are at least as  
31 restrictive as the provisions of this subchapter and any rule  
32 promulgated pursuant to this subchapter.

33 2. A retail marijuana establishment shall not operate  
34 until the retail marijuana establishment is licensed by the  
35 division pursuant to this subchapter and approved by the

1 relevant local jurisdiction. If an application is denied by  
2 the local licensing authority, the division shall revoke the  
3 state license. In connection with a license, the applicant  
4 shall provide a complete and accurate application as required  
5 by the division.

6 3. A retail marijuana establishment shall notify the  
7 division in writing of the name, address, and date of birth of  
8 a new owner, officer, or manager before the new owner, officer,  
9 or manager begins managing, owning, working, or otherwise  
10 associating with the establishment. The owner, officer,  
11 manager, or employee shall pass a fingerprint-based criminal  
12 history record check as required by the division and shall  
13 obtain the required identification prior to managing, owning,  
14 working, or otherwise associating with the establishment.

15 4. Before granting a state license, the division may  
16 consider, except when this subchapter specifically provides  
17 otherwise, the requirements of this subchapter and any  
18 rules promulgated pursuant to this subchapter, and all other  
19 reasonable restrictions that are or may be placed upon a  
20 licensee by the division or local licensing authority.

21 5. *a.* Each license issued under this subchapter is separate  
22 and distinct. It is unlawful for a person to exercise any  
23 of the privileges granted under a license other than the  
24 license that the person holds or for a licensee to allow any  
25 other person to exercise the privileges granted under the  
26 licensee's license. A separate license shall be required for  
27 each specific business or business entity and each geographical  
28 location.

29 *b.* At all times, a licensee shall possess and maintain  
30 possession of the premises for which the license is issued  
31 through ownership, lease, rental, or other arrangement for  
32 possession of the premises.

33 6. Each licensee shall manage the licensed premises  
34 personally or employ a separate and distinct manager on  
35 the premises and shall report the name of the manager to

1 the division and local licensing authority. The licensee  
2 shall report any change in manager to the division and local  
3 licensing authority within seven days after the change.

4 Sec. 28. NEW SECTION. 124F.13 License renewal.

5 1. Ninety days prior to the expiration date of an existing  
6 license, the division shall notify a licensee of the expiration  
7 date by first class mail at the licensee's address of record  
8 with the division. A licensee may apply for the renewal of  
9 an existing license to the division not less than thirty days  
10 prior to the date of expiration of the existing license. Upon  
11 receipt of an application for renewal of an existing license  
12 and any applicable fees, the division shall submit, within  
13 seven days of the application, a copy of the application to  
14 the local jurisdiction to determine whether the application  
15 complies with all local restrictions on renewal of licenses.  
16 The division shall not accept an application for renewal of a  
17 license after the date of expiration, except as provided in  
18 subsection 3. The division may extend the expiration date of  
19 the license and accept a late application for renewal of a  
20 license if the applicant has filed a timely renewal application  
21 with the local licensing authority. The division or the local  
22 licensing authority, in its discretion, and subject to the  
23 requirements of this subsection and subsection 3 and based upon  
24 reasonable grounds, may waive the thirty-day time requirements  
25 set forth in this subsection.

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

28 3. a. Notwithstanding the provisions of subsection 1,  
29 a licensee whose license has been expired for not more than  
30 ninety days may file a late renewal application upon the  
31 payment of a nonrefundable late application fee of five hundred  
32 dollars to the division. A licensee who files a late renewal  
33 application and pays the requisite fees may continue to operate  
34 until the division takes final action to approve or deny  
35 the licensee's late renewal application unless the division

1 summarily suspends the license pursuant to chapter 17A, this  
2 subchapter, and rules promulgated pursuant to this subchapter.

3     *b.* The division may administratively continue a license  
4 and accept a later application for renewal of a license at the  
5 discretion of the division.

6     Sec. 29. NEW SECTION. **124F.14 Classes of licenses.**

7     For the purpose of regulating the cultivation, manufacture,  
8 distribution, sale, and testing of retail marijuana and retail  
9 marijuana products, the division in its discretion, upon  
10 receipt of an application in the prescribed form, may issue and  
11 grant to the applicant a license or registration in any of the  
12 following classes, subject to the provisions and restrictions  
13 provided by this subchapter:

- 14     1. Retail marijuana store license.
- 15     2. Retail marijuana cultivation facility license.
- 16     3. Retail marijuana products manufacturing license.
- 17     4. Occupational licenses and registrations for owners,  
18 managers, operators, employees, contractors, and other support  
19 staff employed by, working in, or having access to restricted  
20 areas of the licensed premises, as determined by the division.  
21 The division may take any action with respect to a registration  
22 pursuant to this subchapter as it may with respect to a license  
23 pursuant to this subchapter, in accordance with the procedures  
24 established pursuant to this subchapter.
- 25     5. Retail marijuana transporter license.

26     Sec. 30. NEW SECTION. **124F.15 Retail marijuana store  
27 license.**

28     1. *a.* A retail marijuana store license shall be issued  
29 by the division only to a person selling retail marijuana or  
30 retail marijuana products pursuant to the terms and conditions  
31 of this subchapter.

32     *b.* A retail marijuana store shall not accept any retail  
33 marijuana purchased from a retail marijuana cultivation  
34 facility unless the retail marijuana store is provided with  
35 evidence that any applicable excise tax due was paid.

1 2. Notwithstanding the provisions of this section, a  
2 retail marijuana store licensee may also sell retail marijuana  
3 products that are prepackaged and labeled as required by rules  
4 of the division pursuant to section 124F.25.

5 3. a. A retail marijuana store shall not sell more than one  
6 ounce of retail marijuana or its equivalent in retail marijuana  
7 products, including retail marijuana concentrate, except for  
8 nonedible, nonpsychoactive retail marijuana products, including  
9 ointments, lotions, balms, and other nontransdermal topical  
10 products during a single transaction to a person.

11 b. (1) Prior to initiating a sale, an employee of the  
12 retail marijuana store making the sale shall verify that  
13 the purchaser has a valid identification card showing the  
14 purchaser is twenty-one years of age or older. If a person  
15 under twenty-one years of age presents fraudulent proof of age,  
16 any action relying on the fraudulent proof of age shall not be  
17 grounds for the revocation or suspension of any license issued  
18 under this subchapter.

19 (2) (a) If a retail marijuana store licensee or  
20 employee has reasonable cause to believe that a person is  
21 under twenty-one years of age and is exhibiting fraudulent  
22 proof of age in an attempt to obtain any retail marijuana  
23 or cannabidiol-infused product, the licensee or employee  
24 is authorized to confiscate such fraudulent proof of age,  
25 if possible, and shall, within seventy-two hours after the  
26 confiscation, remit such fraudulent proof of age to a state  
27 or local law enforcement agency. The failure to confiscate  
28 such fraudulent proof of age or to remit such fraudulent proof  
29 of age to a state or local law enforcement agency within  
30 seventy-two hours after the confiscation shall not constitute a  
31 criminal offense.

32 (b) If a retail marijuana store licensee or employee  
33 believes that a person is under twenty-one years of age and  
34 presents fraudulent proof of age in an attempt to obtain any  
35 retail marijuana or retail cannabidiol-infused product, the

1 licensee or employee or any peace officer or police officer,  
2 acting in good faith and upon probable cause based upon  
3 reasonable grounds therefor, may detain and question such  
4 person in a reasonable manner for the purpose of ascertaining  
5 whether the person is guilty of any unlawful act regarding the  
6 purchase of retail marijuana. The questioning of a person by a  
7 licensee, employee, peace officer, or police officer does not  
8 render the licensee, employee, peace officer, or police officer  
9 civilly or criminally liable for slander, false arrest, false  
10 imprisonment, malicious prosecution, or unlawful detention.

11 4. All retail marijuana and retail marijuana products  
12 sold at a licensed retail marijuana store shall be packaged  
13 and labeled as required by rules of the division pursuant to  
14 section 124F.25.

15 5. *a.* A licensed retail marijuana store shall only  
16 sell retail marijuana, retail marijuana products, marijuana  
17 accessories, nonconsumable products such as apparel, and  
18 marijuana-related products such as childproof packaging  
19 containers, but shall be prohibited from selling or giving  
20 away any consumable product, including but not limited to  
21 cigarettes, alcohol, or an edible product that does not contain  
22 marijuana, including but not limited to sodas, candies, or  
23 baked goods.

24 *b.* A licensed retail marijuana store shall not sell any  
25 retail marijuana or retail marijuana products that contain  
26 nicotine or alcohol, if the sale of the alcohol would require a  
27 license pursuant to chapter 123.

28 *c.* A licensed retail marijuana store shall not sell retail  
29 marijuana or retail marijuana products over the internet nor  
30 deliver retail marijuana or retail marijuana products to a  
31 person who is not physically present in the retail marijuana  
32 store's licensed premises.

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

35 7. Notwithstanding any other provision of state law, sales

1 of retail marijuana and retail marijuana products are not  
2 exempt from state or local sales tax.

3     Sec. 31. NEW SECTION. 124F.16 **Retail marijuana cultivation**  
4 **facility license.**

5     1. A retail marijuana cultivation facility license shall  
6 be issued by the division only to a person who cultivates  
7 retail marijuana for sale and distribution to licensed retail  
8 marijuana stores, retail marijuana products manufacturing  
9 licensees, or other retail marijuana cultivation facilities.

10    2. A retail marijuana cultivation facility shall remit any  
11 applicable excise tax due.

12    3. A retail marijuana cultivation facility shall track  
13 the marijuana it cultivates from seed or immature plant to  
14 wholesale purchase of the retail marijuana. Prior to delivery  
15 of any retail marijuana that is sold, the retail marijuana  
16 cultivation facility shall provide evidence that the facility  
17 paid any applicable excise tax on the retail marijuana due.

18    4. A retail marijuana cultivation facility may provide,  
19 except as required by section 124F.25, a sample of its products  
20 to the state hygienic laboratory for testing and research  
21 purposes. A retail marijuana cultivation facility shall  
22 maintain a record of the sample provided to the state hygienic  
23 laboratory and the testing results.

24    5. Retail marijuana or retail marijuana products shall not  
25 be consumed on the premises of a retail marijuana cultivation  
26 facility.

27    6. The division shall not issue more than twenty retail  
28 marijuana cultivation facility licenses.

29     Sec. 32. NEW SECTION. 124F.17 **Retail marijuana products**  
30 **manufacturing license.**

31    1. *a.* A retail marijuana products manufacturing license  
32 shall be issued by the division to a person who manufactures  
33 retail marijuana products pursuant to the terms and conditions  
34 of this subchapter.

35    *b.* A retail marijuana products manufacturer may cultivate

1 its own retail marijuana if the manufacturer obtains a retail  
2 marijuana cultivation facility license, or it may purchase  
3 retail marijuana from a licensed retail marijuana cultivation  
4 facility. A retail marijuana products manufacturer shall track  
5 all of its retail marijuana from the point the retail marijuana  
6 is either transferred from its retail marijuana cultivation  
7 facility or from the point when the retail marijuana is  
8 delivered to the retail marijuana products manufacturer from a  
9 licensed retail marijuana cultivation facility to the point of  
10 transfer to a licensed retail marijuana store.

11 c. A retail marijuana products manufacturer shall not  
12 accept any retail marijuana purchased from a retail marijuana  
13 cultivation facility unless the retail marijuana products  
14 manufacturer is provided with evidence that any applicable  
15 excise tax due was paid.

16 2. All retail marijuana products shall be prepared on  
17 a licensed premises used exclusively for the manufacture  
18 and preparation of retail marijuana or retail marijuana  
19 products and using equipment that is used exclusively for the  
20 manufacture and preparation of retail marijuana products;  
21 except that, if permitted by the local jurisdiction, a  
22 retail marijuana products manufacturing licensee may share  
23 the same premises as a medical cannabidiol-infused products  
24 manufacturing licensee so long as a virtual or physical  
25 separation of inventory is maintained pursuant to rules  
26 promulgated by the division.

27 3. All licensed premises on which retail marijuana products  
28 are manufactured shall meet the sanitary standards for retail  
29 marijuana product preparation promulgated pursuant to section  
30 124F.25.

31 4. Retail marijuana or retail marijuana products shall not  
32 be consumed on the premises of a retail marijuana products  
33 manufacturing facility.

34 5. A retail marijuana products manufacturer may provide,  
35 except as required by section 124F.25, a sample of its products

1 to the state hygienic laboratory for testing and research  
2 purposes. A retail marijuana products manufacturer shall  
3 maintain a record of what was provided to the state hygienic  
4 laboratory and the results of the testing.

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

8 7. All retail marijuana products that require refrigeration  
9 to prevent spoilage must be stored and transported in a  
10 refrigerated environment.

11 8. The division shall not issue more than twenty retail  
12 marijuana products manufacturer licenses.

13 Sec. 33. NEW SECTION. 124F.18 Retail marijuana transporter  
14 license.

15 1. *a.* A retail marijuana transporter license shall be  
16 issued by the division to a person to provide logistics,  
17 distribution, and storage of retail marijuana and retail  
18 marijuana products. Notwithstanding any other provisions of  
19 law, a retail marijuana transporter license shall be valid for  
20 two years from the date of issuance, but cannot be transferred  
21 with a change of ownership. A licensed retail marijuana  
22 transporter shall be responsible for the retail marijuana and  
23 retail marijuana products once the transporter takes control  
24 of the product.

25 *b.* A licensed retail marijuana transporter may contract with  
26 multiple licensed retail marijuana establishments.

27 *c.* On or after July 1, 2022, all retail marijuana  
28 transporters shall hold a valid retail marijuana transporter  
29 license; except that an entity licensed pursuant to this  
30 subchapter that provides its own distribution is not required  
31 to hold a retail marijuana transporter license to transport and  
32 distribute its products. The division shall begin accepting  
33 applications after January 1, 2022.

34 2. A retail marijuana transporter licensee shall use a  
35 seed-to-sale tracking system developed pursuant to section

1 124F.25 to create shipping manifests documenting the transport  
2 of retail marijuana and retail marijuana products throughout  
3 the state.

4 Sec. 34. NEW SECTION. 124F.19 Retail marijuana use —  
5 protections.

6 1. No person shall be subject to arrest, prosecution, or  
7 penalty in any manner, or be denied any right or privilege,  
8 including but not limited to disciplinary action by a business,  
9 occupational, or professional licensing board, solely for  
10 conduct permitted under this subchapter.

11 2. *a.* Except as provided in this section, neither the state  
12 nor any of its political subdivisions shall impose any penalty  
13 or deny any benefit or entitlement for conduct permitted  
14 under this subchapter or for the presence of cannabinoids or  
15 cannabinoid metabolites in the urine, blood, saliva, breath,  
16 hair, or other tissue or fluid of a person who is twenty-one  
17 years of age or older.

18 *b.* Except as provided in this section, neither the state  
19 nor any of its political subdivisions shall deny a driver's  
20 license, a professional license, housing assistance, social  
21 services, or other benefits based on marijuana use or for the  
22 presence of cannabinoids or cannabinoid metabolites in the  
23 urine, blood, saliva, breath, hair, or other tissue or fluid of  
24 a person who is twenty-one years of age or older.

25 3. No person shall be denied custody of or visitation with a  
26 minor for acting in accordance with this subchapter, unless the  
27 person's behavior creates an unreasonable danger to the minor  
28 that can be clearly articulated and substantiated.

29 4. Except as provided in this section, neither the state  
30 nor any of its political subdivisions shall deny employment  
31 or a contract to a person for engaging in conduct permitted  
32 under this subchapter, for a prior conviction for a nonviolent  
33 marijuana offense that does not involve distribution to minors,  
34 or for testing positive for the presence of cannabinoids or  
35 cannabinoid metabolites in the urine, blood, saliva, breath,

1 hair, or other tissue or fluid of the individual's body.

2 5. For the purposes of medical care, including organ and  
3 tissue transplants, the use of marijuana does not constitute  
4 the use of an illicit substance or otherwise disqualify a  
5 person from needed medical care and may only be considered with  
6 respect to evidence-based clinical criteria.

7 6. Notwithstanding any other provision of law to the  
8 contrary, unless there is a specific finding that the  
9 individual's use, cultivation, or possession of marijuana could  
10 create a danger to the individual or another person, it shall  
11 not be a violation of conditions of parole, probation, or  
12 pretrial release to do any of the following:

13 a. Engage in conduct allowed by this subchapter.

14 b. Test positive for marijuana, delta-9  
15 tetrahydrocannabinol, or any other cannabinoid or metabolite  
16 of marijuana.

17 7. a. This section does not prevent a governmental employer  
18 from disciplining an employee or contractor for ingesting  
19 marijuana in the workplace or for working while impaired by  
20 marijuana.

21 b. The protections provided by this section do not apply to  
22 the extent that they conflict with a governmental employer's  
23 obligations under federal law or regulations or to the extent  
24 that they would disqualify the entity from a monetary or  
25 licensing-related benefit under federal law or regulations.

26 c. This section does not authorize any person to engage in,  
27 and does not prevent the imposition of any civil, criminal,  
28 discipline, or other penalties, including discipline or  
29 termination by a governmental employer, any task while under  
30 the influence of marijuana, when doing so would constitute  
31 negligence or professional malpractice.

32 Sec. 35. NEW SECTION. 124F.20 Discipline.

33 In addition to any other sanctions prescribed by this  
34 subchapter or rules promulgated pursuant to this subchapter,  
35 the division has the power, on its own motion or upon

1 complaint, after investigation and opportunity for a public  
2 hearing at which a licensee must be afforded an opportunity  
3 to be heard, to fine a licensee or to suspend or revoke  
4 a license issued by the division for a violation by the  
5 licensee or by any of the agents or employees of the licensee  
6 of the provisions of this subchapter, or any of the rules  
7 promulgated pursuant to this subchapter, or of any of the  
8 terms, conditions, or provisions of the license issued by the  
9 division. The division has the power to administer oaths and  
10 issue subpoenas to require the presence of persons and the  
11 production of papers, books, and records necessary to the  
12 determination of a hearing that the division is authorized to  
13 conduct. The division shall conduct a contested case pursuant  
14 to chapter 17A prior to imposing discipline, except in the case  
15 of an emergency adjudication.

16 Sec. 36. NEW SECTION. 124F.21 **Disposition of seized**  
17 **materials.**

18 1. This section shall apply in addition to any criminal,  
19 civil, or administrative penalties and in addition to any  
20 other penalties prescribed by this subchapter or any rules  
21 promulgated pursuant to this subchapter.

22 2. A state or local agency shall not be required to  
23 cultivate or care for any retail marijuana or retail marijuana  
24 product belonging to or seized from a licensee. A state or  
25 local agency shall not be authorized to sell marijuana or  
26 retail marijuana.

27 3. If the division issues a final order imposing a  
28 disciplinary action against a licensee pursuant to section  
29 124F.20, then, in addition to any other remedies, the  
30 division's final order may specify that some or all of the  
31 licensee's marijuana or marijuana product is not retail  
32 marijuana or a retail marijuana product and is an illegal  
33 controlled substance. The final order may further specify that  
34 the licensee shall lose any interest in any of the marijuana or  
35 marijuana product even if the marijuana or marijuana product

1 previously qualified as retail marijuana or a retail marijuana  
2 product.

3 4. On or before January 1, 2022, the division shall adopt  
4 rules governing the implementation of this section.

5 Sec. 37. NEW SECTION. 124F.22 **Inspection procedures.**

6 1. A licensee shall keep a complete set of all records  
7 necessary to show fully the business transactions of the  
8 licensee, all of which shall be accessible at all times during  
9 business hours for inspection and examination by the division  
10 or its authorized representatives. The division may require  
11 a licensee to furnish such information as necessary for the  
12 proper administration of this subchapter and may require an  
13 audit to be made of the books of account and records on such  
14 occasions as necessary by an auditor selected by the division  
15 who shall have access to all books and records of the licensee.  
16 All associated expenses shall be paid by the licensee.

17 2. Any licensed premises, including any places of storage  
18 where retail marijuana or retail marijuana products are stored,  
19 cultivated, sold, dispensed, or tested shall be subject to  
20 inspection by the state or local jurisdictions and their  
21 investigators, during all business hours and during other times  
22 when employees are present, for the purpose of inspection  
23 or investigation. Access shall be required during business  
24 hours for examination of any inventory or books and records  
25 required to be kept by the licensees. If any part of the  
26 licensed premises consists of a locked area, upon demand to  
27 the licensee, such area shall be made available for inspection  
28 without delay, and, upon request by authorized representatives  
29 of the state or local jurisdiction, the licensee shall open the  
30 area for inspection.

31 3. A licensee shall retain all books and records necessary  
32 to show fully the business transactions of the licensee for  
33 a period of the current tax year and the three immediately  
34 preceding tax years.

35 Sec. 38. NEW SECTION. 124F.23 **Marijuana excise tax.**

1 1. An excise tax is imposed on consumers at the rate of  
2 twenty percent of the sales price of each sale of retail  
3 marijuana and retail marijuana products.

4 2. The tax imposed by this section shall be paid by the  
5 consumer to the retail marijuana establishment. Each retail  
6 marijuana establishment shall collect from the consumer the  
7 full amount of the tax payable on each taxable sale.

8 3. On the fifteenth day of each month, each retail marijuana  
9 establishment that sells retail marijuana to a consumer shall  
10 pay the excise taxes due on the retail marijuana that the  
11 retail marijuana establishment sold in the previous calendar  
12 month to the division.

13 4. The retail marijuana excise tax shall be separately  
14 itemized from a local marijuana excise tax on the receipt  
15 provided to the purchaser.

16 Sec. 39. NEW SECTION. 124F.24 Occupational licensing —  
17 **protections.**

18 1. A person holding a professional or occupational license  
19 shall not be subject to professional discipline for providing  
20 advice or services related to retail marijuana establishments  
21 or applications to operate retail marijuana establishments on  
22 the basis that marijuana is illegal under federal law.

23 2. An applicant for a professional or occupational license  
24 shall not be denied a license based on previous employment  
25 related to retail marijuana establishments operating in  
26 accordance with state law.

27 Sec. 40. NEW SECTION. 124F.25 Rulemaking.

28 1. The division shall, within one hundred eighty days of the  
29 effective date of this Act, adopt rules for the implementation  
30 of this subchapter. The rules shall not prohibit the operation  
31 of retail marijuana establishments or require such a high  
32 investment of risk, money, time, or other resource or asset  
33 that the operation of a retail marijuana establishment is not  
34 worthy of being carried out in practice by a reasonably prudent  
35 businessperson. Such rules shall include all of the following:

1     *a.* Procedures for the issuance, renewal, suspension, and  
2 revocation of a registration to operate a retail marijuana  
3 establishment, subject to chapter 17A.

4     *b.* A schedule of reasonable application, registration,  
5 and renewal fees, provided application fees shall not exceed  
6 five thousand dollars, with this upper limit adjusted annually  
7 for inflation, unless the division determines a greater fee  
8 is necessary to carry out its responsibilities under this  
9 subchapter. Fees shall be collected by the division and used  
10 to administer this subchapter.

11    *c.* Qualifications for registration that are directly and  
12 demonstrably related to the operation of a retail marijuana  
13 establishment and that may not disqualify applicants solely for  
14 marijuana offenses prior to the effective date of this Act.

15    *d.* Security requirements.

16    *e.* Requirements for the transportation and storage of retail  
17 marijuana and retail marijuana products by retail marijuana  
18 establishments.

19    *f.* Requirements for the delivery of retail marijuana and  
20 retail marijuana products to consumers, including a prohibition  
21 on business names, logos, and other identifying language or  
22 images on delivery vehicles and a prohibition on delivering  
23 retail marijuana and retail marijuana products to any address  
24 located on land owned by the federal government or any address  
25 on land or in a building leased by the federal government.

26    *g.* Employment and training requirements, including  
27 requiring that each retail marijuana establishment create  
28 an identification badge for each employee or agent. These  
29 requirements shall not disqualify applicants solely for  
30 marijuana offenses prior to the effective date of this Act.

31    *h.* Requirements designed to prevent the sale or diversion of  
32 retail marijuana and retail marijuana products to persons under  
33 the age of twenty-one.

34    *i.* Requirements for retail marijuana and retail  
35 marijuana products sold or distributed by a retail marijuana

1 establishment, including prohibiting any misleading labeling  
2 and requiring retail marijuana product labels to include all  
3 of the following:

4 (1) The length of time it typically takes for the product  
5 to take effect.

6 (2) A disclosure of ingredients and possible allergens.

7 (3) A nutritional fact panel.

8 (4) Requiring opaque, child resistant packaging, which must  
9 be designed or constructed to be significantly difficult for  
10 children under five years of age to open and not difficult for  
11 adults to use properly as defined by 16 C.F.R. §1700.20.

12 (5) Requiring that edible retail marijuana products be  
13 clearly identifiable, when practicable, with a standard symbol  
14 indicating the retail marijuana product contains marijuana.

15 *j.* Health and safety regulations and standards for the  
16 manufacture of retail marijuana products and both the indoor  
17 and outdoor cultivation of retail marijuana by retail marijuana  
18 establishments.

19 *k.* Restrictions on advertising, marketing, and signage  
20 including but not limited to a prohibition on mass-market  
21 campaigns that have a high likelihood of reaching minors.

22 *l.* Rules to create at least six tiers of retail marijuana  
23 cultivation facilities, based on the size of the facility or  
24 the number of plants cultivated, and whether the cultivation  
25 occurs outdoors, indoors, or in a greenhouse. Security  
26 regulations and licensing fees must vary based on the size of  
27 the cultivation facility.

28 *m.* Restrictions or prohibitions on additives in retail  
29 marijuana and retail marijuana-infused products, including but  
30 not limited to those that are toxic or designed to make the  
31 product more addictive.

32 *n.* Prohibitions on products that are designed to make the  
33 product more appealing to children, including prohibiting the  
34 use of any images designed or likely to appeal to minors,  
35 including cartoons, toys, animals, or children, and any other

1 images, characters, or phrases that are popularly used to  
2 advertise to children.

3 o. Restrictions on the use of pesticides that are injurious  
4 to human health.

5 p. Rules governing visits to retail marijuana cultivation  
6 facilities and retail marijuana product manufacturing  
7 facilities, including requiring the retail marijuana  
8 establishment to log visitors.

9 q. A definition of the amount of delta-9  
10 tetrahydrocannabinol that constitutes a single serving  
11 in a retail marijuana product.

12 r. Standards for the safe manufacture of marijuana extracts  
13 and concentrates.

14 s. Requirements that educational materials be disseminated  
15 to consumers who purchase retail marijuana-infused products.

16 t. Requirements for random sample testing to ensure quality  
17 control, including by ensuring that retail marijuana and  
18 retail marijuana-infused products are accurately labeled for  
19 potency. Unless the division determines that remediation or  
20 treatment is sufficient to ensure product safety, the testing  
21 analysis must include testing for residual solvents, poisons,  
22 or toxins; harmful chemicals; dangerous molds or mildew; filth;  
23 and harmful microbials such as E. coli or salmonella and  
24 pesticides.

25 u. Standards for the operation of marijuana testing  
26 facilities, including requirements for equipment and  
27 qualifications for personnel.

28 v. Civil penalties for the failure to comply with rules  
29 adopted pursuant to this subchapter. Civil penalties shall  
30 be collected by the division and used to administer this  
31 subchapter.

32 w. Procedures for collecting taxes levied on retail  
33 marijuana establishments.

34 x. Requirements for on-site consumption establishments,  
35 including for security, ventilation, odor control, and

1 consumption by patrons. These rules may include a prohibition  
2 on smoking indoors.

3 2. After consultation with researchers knowledgeable  
4 about the risks and benefits of marijuana and providing an  
5 opportunity for public comment, the division shall develop a  
6 scientifically accurate safety information label or handout  
7 or both, which shall be available to each adult-use marijuana  
8 consumer. The label or handout shall include all of the  
9 following:

10 a. Advice about the potential risks of marijuana, including  
11 all of the following:

12 (1) The risks of driving under the influence of marijuana,  
13 and the fact that doing so is illegal.

14 (2) Any adverse effects unique to younger adults, including  
15 related to the developing mind.

16 (3) Potential adverse events and other risks.

17 (4) The risks of using marijuana during pregnancy and  
18 breastfeeding.

19 b. The need to safeguard all retail marijuana and retail  
20 marijuana products from children and pets.

21 3. The division shall review and update the safety  
22 information materials at least once every two years to  
23 ensure they remain accurate. The review period shall include  
24 soliciting input from researchers knowledgeable about the  
25 risks and benefits of marijuana and an opportunity for public  
26 comment.

27 4. In order to ensure that individual privacy is protected,  
28 the division shall not require a consumer to provide a  
29 retail marijuana store with personal information other than  
30 government-issued identification to determine the consumer's  
31 age, and a retail marijuana store shall not be required to  
32 acquire and record personal information about consumers.

33 Sec. 41. NEW SECTION. 124F.26 Driving under the influence  
34 of marijuana — prohibited.

35 Nothing in this subchapter allows driving under the

1 influence of marijuana or while impaired by marijuana.

2 Sec. 42. NEW SECTION. 124F.27 Marijuana use by minors —  
3 prohibited.

4 Nothing in this subchapter allows the transfer of marijuana,  
5 with or without remuneration, to a person under the age of  
6 twenty-one years, or the use of marijuana by a person under the  
7 age of twenty-one years.

8 Sec. 43. NEW SECTION. 124F.28 Private property and tenant  
9 rights.

10 1. Except as provided in this section, the provisions of  
11 this subchapter do not require any person, corporation, or any  
12 other entity that occupies, owns, or controls a property to  
13 allow the consumption, cultivation, display, sale, or transfer  
14 of marijuana on or in that property.

15 2. a. Except as provided in this section, a landlord  
16 or property manager shall not refuse to rent to a tenant  
17 or otherwise discriminate against a tenant based on a past  
18 conviction for a marijuana offense that would have been legal  
19 under this chapter.

20 b. Except as provided in this section, in the case of  
21 the rental of a residential dwelling, a landlord or property  
22 manager shall not prohibit the possession of retail marijuana  
23 or the consumption of retail marijuana by nonsmoking means.

24 c. The limitations in this subsection do not apply in any  
25 of the following circumstances:

26 (1) The tenant is a roomer who is not leasing the entire  
27 residential dwelling.

28 (2) The residence is incidental to detention or the  
29 provision of medical, geriatric, educational, counseling,  
30 religious, or similar services.

31 (3) The residence is a transitional housing or sober living  
32 facility.

33 (4) Failing to prohibit marijuana possession or consumption  
34 would violate federal law or regulations or cause a landlord  
35 or property manager to lose a monetary or licensing-related

1 benefit under federal law or regulations.

2 *d.* After a warning, a landlord or property manager may  
3 take action against a tenant if the tenant's use of marijuana  
4 creates an odor that interferes with a person's peaceful  
5 enjoyment of the person's home or property.

6 Sec. 44. NEW SECTION. 124F.29 **Contracts enforceable.**

7 It is the public policy of this state that contracts related  
8 to the operation of a retail marijuana establishment registered  
9 pursuant to this subchapter should be enforceable. It is  
10 the public policy of this state that no contract entered  
11 into by a retail marijuana establishment or its employees  
12 or agents as permitted pursuant to a valid registration, or  
13 by those who allow property to be used by an establishment,  
14 its employees, or its agents as permitted pursuant to a  
15 valid registration, shall be unenforceable on the basis  
16 that cultivating, obtaining, manufacturing, distributing,  
17 dispensing, transporting, selling, possessing, or using  
18 marijuana or hemp is prohibited by federal law.

19 Sec. 45. NEW SECTION. 124F.30 **Law enforcement —**  
20 **limitations.**

21 1. No law enforcement officer employed by an agency that  
22 receives state or local government funds shall expend any state  
23 or local resources, including the officer's time, to effect any  
24 arrest or seizure of marijuana, or conduct any investigation,  
25 on the sole basis of activity the officer believes to  
26 constitute a violation of federal law, if the officer has  
27 reason to believe that such activity is in compliance with  
28 this chapter, nor shall any such officer expend any state or  
29 local resources, including the officer's time, to provide any  
30 information or logistical support related to such activity to  
31 any federal law enforcement authority or prosecuting entity.

32 2. No agency or political subdivision of this state shall  
33 rely on a violation of federal law related to marijuana as the  
34 sole basis for taking an adverse action against a person.

35 Sec. 46. NEW SECTION. 124F.31 **Apportionment of revenue.**

1 Revenues generated in excess of the amount needed to  
2 implement and enforce this subchapter by the marijuana excise  
3 tax shall be distributed by the division every three months as  
4 follows:

5 1. Seven percent to the Iowa department of public health for  
6 use in evidence-based, voluntary programs for the prevention or  
7 treatment of substance abuse.

8 2. Seventeen percent to the Iowa department of public health  
9 for enhancement of the state's mental health systems.

10 3. Up to one percent to the department of public safety  
11 to fund impaired driving enforcement and drug recognition  
12 training. If the entire one percent is not needed for  
13 training, any excess shall be distributed to the general fund.

14 4. Seventy-five percent to the general fund.

15 **Sec. 47. NEW SECTION. 423H.1 Definitions.**

16 For the purposes of this chapter, unless the context  
17 otherwise requires, "*retail marijuana*", "*retail marijuana*  
18 *establishment*", and "*retail marijuana product*" mean the same as  
19 defined in section 124F.7.

20 **Sec. 48. NEW SECTION. 423H.2 Local marijuana excise tax.**

21 1. A municipality may by ordinance adopt an excise tax at a  
22 rate of no more than three percent of the sales price of each  
23 sale of retail marijuana and retail marijuana products to a  
24 consumer under the jurisdiction of the municipality pursuant  
25 to chapter 124F, subchapter II.

26 2. A municipality shall provide notice of the imposition  
27 of an excise tax under this section and the amount of the tax  
28 to the department of revenue at least ninety days prior to  
29 the first day of the tax quarter when the excise tax will be  
30 collected.

31 3. A local marijuana excise tax imposed pursuant to this  
32 section shall be paid by the consumer to the retail marijuana  
33 establishment. Each retail marijuana establishment shall  
34 collect from the consumer the full amount of the tax payable on  
35 each taxable sale.

1 4. On the fifteenth day of each month, each retail marijuana  
2 establishment that sells retail marijuana to a consumer  
3 shall pay the local marijuana excise taxes due on the retail  
4 marijuana that the retail marijuana establishment sold in the  
5 previous calendar month to the municipality.

6 5. The local marijuana excise tax imposed by this section  
7 is separate from and in addition to the marijuana excise tax  
8 imposed pursuant to section 124F.23. The local marijuana  
9 excise tax imposed pursuant to this section shall not be part  
10 of the sales price to which the marijuana excise tax applies.

11 6. The local marijuana excise tax shall be separately  
12 itemized from the marijuana excise tax imposed pursuant to  
13 section 124F.23 on the receipt provided to the purchaser.

14 Sec. 49. NEW SECTION. 453B.17 Retail marijuana.

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

17 Sec. 50. SUBCHAPTER DESIGNATIONS.

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

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

22 b. Subchapter II shall be entitled "retail marijuana" and  
23 include sections 124F.6 through 124F.31.

24 2. The Code editor may modify subchapter titles if necessary  
25 and is directed to correct internal references in the Code as  
26 necessary due to enactment of this section.

27 Sec. 51. EFFECTIVE DATE. This Act takes effect January  
28 1, 2022, except that the alcoholic beverages division of the  
29 department of commerce may adopt rules for the implementation  
30 of this Act prior to that date.

31 EXPLANATION

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

34 DIVISION I — CRIMINAL PENALTIES. This bill modifies  
35 criminal penalties relating to marijuana by eliminating and

1 modifying certain criminal provisions in Code chapter 124  
2 (uniform controlled substances Act), and transferring certain  
3 criminal provisions from Code chapter 124 to new Code chapter  
4 124F.

5 MANUFACTURE, DELIVERY, OR POSSESSION WITH INTENT TO DELIVER  
6 MARIJUANA. The bill provides that an unauthorized person  
7 commits a class "C" felony punishable by confinement for  
8 no more than 10 years and a fine of at least \$1,370 but not  
9 more than \$13,660 if the person violates new Code section  
10 124F.2(1)(a) and the controlled substance involves more than  
11 22 kilograms of marijuana. Currently, such a person commits  
12 a class "B" felony punishable by confinement of no more than  
13 50 years if the controlled substance involves more than 1,000  
14 kilograms of a mixture or substance containing a detectable  
15 amount of marijuana, or a class "B" felony punishable by  
16 confinement of no more than 25 years if the controlled  
17 substance involves more than 100 kilograms of marijuana but not  
18 more than 1,000 kilograms.

19 The bill provides that an unauthorized person commits a  
20 class "D" felony if the person violates new Code section  
21 124F.2(1)(b) and the controlled substance involves more than  
22 2 kilograms of marijuana but not more than 22 kilograms. A  
23 class "D" felony is punishable by confinement for no more than  
24 five years and a fine of at least \$1,025 but not more than  
25 \$10,245. Currently, such a person commits a class "C" felony  
26 if the controlled substance involves more than 50 kilograms of  
27 marijuana but not more than 100 kilograms.

28 The bill provides that an unauthorized person commits an  
29 aggravated misdemeanor if the person violates new Code section  
30 124F.2(1)(c) and the controlled substance involves more than  
31 12 ounces of marijuana but not more than 2 kilograms. An  
32 aggravated misdemeanor is punishable by confinement for no more  
33 than two years and a fine of at least \$855 but not more than  
34 \$8,540. Currently, such a person commits a class "D" felony  
35 if the controlled substance involves 50 kilograms or less of

1 marijuana.

2 The bill provides that an unauthorized person commits a  
3 serious misdemeanor if the person violates new Code section  
4 124F.2(1)(d) and the controlled substance involves more than  
5 4 ounces of marijuana but not more than 12 ounces. A serious  
6 misdemeanor is punishable by confinement for no more than one  
7 year and a fine of at least \$430 but not more than \$2,560.  
8 Currently, such a person commits a class "D" felony.

9 The bill provides that an unauthorized person commits a  
10 simple misdemeanor if the person violates new Code section  
11 124F.2(1)(e) and the controlled substance involves 4 ounces or  
12 less of marijuana except as otherwise provided in the bill. A  
13 simple misdemeanor is punishable by confinement for no more  
14 than 30 days and a fine of at least \$105 but not more than \$855.  
15 Currently, such a person commits a class "D" felony.

16 POSSESSION OF MARIJUANA. The bill provides that if a person  
17 unlawfully possesses more than 6 ounces of marijuana but not  
18 more than 12 ounces, the person commits a serious misdemeanor.

19 The bill provides that if a person unlawfully possesses more  
20 than one-half ounce of marijuana but not more than 6 ounces,  
21 the person commits a simple misdemeanor.

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

34 The bill allows a municipality to adopt an ordinance to allow  
35 for the legal possession of marijuana.

1     RETAIL MARIJUANA — POSSESSION LIMITS. The bill establishes  
2 possession limits for retail marijuana, defined in the  
3 bill. The bill prohibits a resident of Iowa 21 years of  
4 age or older from possessing more than 30 grams of marijuana  
5 flower, 5 grams of marijuana concentrate, or 500 milligrams  
6 of tetrahydrocannabinol contained in a product infused with  
7 marijuana. Persons 21 years of age or older who are not  
8 residents of Iowa may possess retail marijuana of no more  
9 than 15 grams of marijuana flower, 2.5 grams of marijuana  
10 concentrate, or 250 milligrams of tetrahydrocannabinol  
11 contained in a product infused with marijuana. A person in  
12 possession of retail marijuana in excess of amounts equivalent  
13 to the amounts specified in the bill for the possession of  
14 marijuana is subject to prosecution for a simple or serious  
15 misdemeanor or a civil penalty. A retail marijuana store that  
16 sells retail marijuana in excess of such amounts is subject to  
17 a fine or other discipline imposed by the division.

18     Currently, if a person unlawfully possesses marijuana, the  
19 person shall be punished by imprisonment in the county jail for  
20 not more than six months or by a fine of not more than \$1,000,  
21 or by both for a first offense. If the person has previously  
22 been convicted of marijuana possession, the person commits a  
23 serious misdemeanor under current law, and if the person has  
24 been convicted of marijuana possession two or more times, the  
25 person commits an aggravated misdemeanor.

26     DELIVERY OR POSSESSION OF MARIJUANA — SMALL AMOUNTS. If  
27 the amount of marijuana delivered or possessed with intent to  
28 deliver is one ounce or less and no remuneration was provided,  
29 the defendant shall not be prosecuted for a violation of the  
30 bill.

31     MARIJUANA USE IN PUBLIC. The bill prohibits the consumption  
32 of marijuana in areas open and accessible to the public,  
33 including but not limited to public transportation facilities,  
34 sporting or music venues, parks, playgrounds, sidewalks and  
35 roads, outdoor cafes, or indoor but public locations. A person

1 who violates this provision commits a simple misdemeanor  
2 punishable as a scheduled violation in the amount of \$50 for  
3 a first offense and \$100 for a second or subsequent offense.  
4 This violation may be expunged after two years if the person  
5 does not commit additional criminal violations other than  
6 traffic offenses.

7 JUVENILE MARIJUANA OFFENSES. The bill specifies that the  
8 juvenile court shall have exclusive original jurisdiction in a  
9 proceeding concerning a minor who is alleged to have committed  
10 a violation of the bill.

11 GATHERINGS WHERE CONTROLLED SUBSTANCES UNLAWFULLY USED.  
12 The bill strikes a provision making it a serious misdemeanor  
13 for a person to sponsor, promote, or aid in the sponsoring  
14 or promoting of a meeting or gathering with the knowledge or  
15 intent that marijuana be distributed, used, or possessed at the  
16 meeting or gathering in violation of Code chapter 124.

17 ACCOMMODATION OFFENSE. The bill strikes a provision  
18 allowing a prosecution for unlawful delivery or possession with  
19 intent to deliver marijuana, if the prosecution proves that  
20 the defendant delivered or possessed with intent to deliver  
21 one-half ounce or less of marijuana which was not offered for  
22 sale, the defendant is guilty of an accommodation offense  
23 and rather than being sentenced for a class "D" felony under  
24 Code section 124.401(1)(d), the person is sentenced for a  
25 misdemeanor in violation of Code section 124.401(5). The bill  
26 makes conforming changes to Code sections 124.401G (Iowa hemp  
27 Act) and 124.413 (mandatory minimum sentences — controlled  
28 substances).

29 SECOND OR SUBSEQUENT OFFENSES. Currently, a person  
30 convicted of a second or subsequent offense under Code chapter  
31 124 may be punished by imprisonment for a period not to exceed  
32 three times the term otherwise authorized, or fined not more  
33 than three times the amount otherwise authorized. The bill  
34 strikes the provision that allows for the use of a previous  
35 marijuana conviction in determining if a person has been

1 convicted of a second or subsequent offense under Code chapter  
2 124.

3 MARIJUANA IN MOTOR VEHICLES. The bill prohibits a driver  
4 of a motor vehicle upon a public street or highway from using  
5 marijuana in the passenger area of the motor vehicle. The bill  
6 also prohibits a driver or passenger of or in a motor vehicle  
7 upon a public street or highway from possessing marijuana in  
8 the passenger area of a motor vehicle except in a sealed, odor  
9 proof, child resistant container. The bill defines "passenger  
10 area" as the area designed to seat the driver and passengers  
11 while the motor vehicle is in operation and any area that is  
12 readily accessible to the driver or a passenger while in their  
13 seating positions, including the glove compartment. A person  
14 who knowingly violates this provision of the bill is guilty of  
15 a simple misdemeanor. A simple misdemeanor is punishable by  
16 confinement for no more than 30 days and a fine of at least \$105  
17 but not more than \$855.

18 DIVISION II — RETAIL MARIJUANA. Division II of the  
19 bill relates to the regulation of retail marijuana in Iowa.  
20 The bill grants the alcoholic beverages division of the  
21 department of commerce (division) the authority to regulate the  
22 cultivation, production, transportation, testing, and sale of  
23 retail marijuana and retail marijuana products, including by  
24 issuing appropriate licenses and promulgating rules.

25 The bill requires the division to transfer half of any  
26 application fee collected to the local jurisdiction in which  
27 the retail marijuana establishment will be located. The  
28 bill allows local jurisdictions to impose limitations on the  
29 operation of retail marijuana establishments, including by  
30 prohibiting their operation.

31 The bill directs the division to develop and maintain a  
32 seed-to-sale tracking system to track retail marijuana from the  
33 seed or immature plant stage until it is sold to a consumer at a  
34 retail marijuana establishment.

35 LOCAL LICENSES. The bill requires the division to transmit

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

13 LICENSES. Ninety days prior to the expiration date of an  
14 existing license, the division shall notify the licensee of the  
15 expiration date by first class mail at the licensee's address  
16 of record with the division. A licensee may apply for the  
17 renewal of an existing license to the division not less than 30  
18 days prior to the date of expiration.

19 RETAIL MARIJUANA STORES. The bill allows a retail marijuana  
20 store to purchase retail marijuana from a retail marijuana  
21 cultivation facility. A retail marijuana store may also  
22 sell prepackaged and labeled retail marijuana products. A  
23 retail marijuana store must track all of its retail marijuana  
24 and retail marijuana products from the point that they are  
25 transferred to the retail marijuana store to the point of  
26 sale. The bill prohibits a retail marijuana store from selling  
27 more than one ounce of retail marijuana or its equivalent  
28 in a single transaction to a person, excluding nonedible,  
29 nonpsychoactive retail marijuana products.

30 Prior to initiating a sale, the bill requires a retail  
31 marijuana store employee to verify that that purchaser has a  
32 valid identification card showing that the person is 21 years  
33 of age or older. If a purchaser presents a retail marijuana  
34 store employee with fraudulent proof of age, any action taken  
35 in reliance on that proof of age shall not be grounds for the

1 revocation or suspension of a license.

2 The bill allows a retail marijuana store to provide to the  
3 state hygienic laboratory a sample of its products for testing  
4 and research purposes. The retail marijuana store shall  
5 maintain a record of what was provided to the laboratory and  
6 the results of the testing.

7 The bill prohibits a retail marijuana store from selling  
8 any products other than retail marijuana, retail marijuana  
9 products, marijuana accessories, nonconsumable products such as  
10 apparel, and marijuana products such as childproof packaging  
11 containers.

12 RETAIL MARIJUANA CULTIVATION. The bill allows the division  
13 to issue up to 20 retail marijuana cultivation facility  
14 licenses to persons who cultivate retail marijuana for sale  
15 and distribution to retail marijuana stores, manufacturers,  
16 or other cultivation facilities. The bill requires a retail  
17 marijuana cultivation facility to remit any applicable tax due.  
18 The bill also requires a retail marijuana cultivation facility  
19 to track the marijuana it cultivates from seed or immature  
20 plant to wholesale purchase.

21 RETAIL MARIJUANA PRODUCTS MANUFACTURING LICENSES. The bill  
22 allows the division to issue up to 20 retail marijuana products  
23 manufacturing licenses to persons who manufacture retail  
24 marijuana products. The bill requires a retail marijuana  
25 products manufacturer to track all of its retail marijuana from  
26 the point it is either transferred from its retail marijuana  
27 cultivation facility or the point when it is delivered to the  
28 retail marijuana products manufacturer from a retail marijuana  
29 cultivation facility to the point of transfer to a retail  
30 marijuana store.

31 The bill requires retail marijuana products to be  
32 manufactured and prepared in a facility that only manufactures  
33 retail marijuana products, except that premises may be shared  
34 with a medical cannabidiol-infused products manufacturer so  
35 long as a virtual or physical separation of inventory is

1 maintained.

2     RETAIL MARIJUANA TRANSPORTATION. The bill allows the  
3 division to issue a retail marijuana transporter license to  
4 a person to provide logistics, distribution, and storage of  
5 retail marijuana and retail marijuana products. The bill  
6 requires a retail marijuana transporter to use the seed-to-sale  
7 tracking system to create shipping manifests documenting the  
8 transport of retail marijuana and retail marijuana products.

9     RETAIL MARIJUANA USE — PROTECTIONS. The bill prohibits  
10 the state and its political subdivisions from taking certain  
11 actions against a person on the basis that the person has  
12 engaged in conduct allowed by the bill. The state and its  
13 political subdivisions shall not prosecute a person, deny a  
14 person a professional license, deny a person a benefit or  
15 entitlement, deny a person custody or visitation of a child,  
16 deny a person employment or a contract, or deny a person  
17 medical care on the basis that the person has engaged in  
18 conduct allowed by the bill. The bill also prohibits the  
19 state or a political subdivision from denying employment  
20 or a contract to a person on the basis of a person's prior  
21 conviction of a nonviolent marijuana offense that does not  
22 involve distribution to a minor. The bill excludes engaging  
23 in conduct allowed by the bill from being classified as a  
24 violation of a condition of parole, probation, or pretrial  
25 release unless there is a specific finding that the conduct  
26 could create a danger to the individual or another person.  
27 The bill does not prohibit a governmental employer from  
28 disciplining an employee or contractor for ingesting marijuana  
29 at work or working while impaired by marijuana, nor does it  
30 prohibit a licensing board from imposing a penalty on a person  
31 for engaging in conduct that would constitute negligence or  
32 professional malpractice. The protections of the bill do not  
33 apply to the extent that they conflict with a governmental  
34 employer's obligations under federal law or would disqualify  
35 a governmental employer from a monetary or licensing-related

1 benefit under federal law.

2 FEES. The bill allows the division to collect and charge  
3 fees. The bill sets the application fee for a person applying  
4 for a new retail marijuana establishment license at \$5,000,  
5 which shall be divided evenly between the division and the  
6 local jurisdiction where the license is proposed to be issued.  
7 The bill permits a local jurisdiction to impose operating fees  
8 on retail marijuana establishments to which it has granted a  
9 license.

10 LICENSE DISCIPLINE. The bill permits the division, on its  
11 own motion or complaint, and after investigation, notice,  
12 a public hearing, and opportunity to be heard, to suspend  
13 or revoke a license if the licensee or any of its agents or  
14 employees violate a provision of the bill or a rule promulgated  
15 by the division. The division may administer oaths and issue  
16 subpoenas to require the presence of persons and the production  
17 of documents. The division may impose discipline pursuant to  
18 rules and Code chapter 17A.

19 INSPECTION. The bill requires a licensee to keep a complete  
20 set of all records necessary to show fully the business  
21 transactions of the licensee, all of which shall be open at all  
22 times during business hours for the inspection and examination  
23 by the division or its duly authorized representatives.

24 The bill requires the licensed premises of a retail  
25 marijuana establishment, including any places of storage  
26 where retail marijuana or retail marijuana products are  
27 stored, cultivated, sold, dispensed, or tested to be subject  
28 to inspection by the state or local jurisdictions and their  
29 investigators, during all business hours and other times  
30 of apparent activity, for the purpose of inspection or  
31 investigation.

32 STATE EXCISE TAX. The bill imposes an excise tax on  
33 consumers at the rate of 20 percent of the sale price on  
34 each sale of retail marijuana. The tax shall be paid by the  
35 consumer to the retail marijuana establishment at the time

1 of sale, and each retail marijuana establishment shall remit  
2 the tax collected to the division on the 15th day of each  
3 month. Revenues generated by the excise tax shall be used to  
4 administer the retail marijuana program. Excess funds shall be  
5 distributed as provided by the bill to the Iowa department of  
6 public health, the department of public safety, and the general  
7 fund of the state.

8 OCCUPATIONAL LICENSING PROTECTIONS. The bill prohibits a  
9 professional or occupational licensing board from imposing  
10 discipline on a licensee for providing services related to  
11 retail marijuana establishments. The bill also prohibits a  
12 professional or occupational licensing board from denying a  
13 license to a person based on a person's past employment with a  
14 retail marijuana establishment.

15 RULEMAKING. The bill requires the alcoholic beverages  
16 division to adopt rules within 180 days of the effective date  
17 of the bill to adopt rules for the implementation of the bill.  
18 The rules shall not prohibit the operation of retail marijuana  
19 establishments or make the operation of retail marijuana  
20 establishments so costly as to be impractical. Required rules  
21 include but are not limited to rules relating to applications,  
22 fees, licensure, security requirements, labeling requirements,  
23 health and safety requirements, restrictions on advertising,  
24 cultivation, testing, and penalties. The division shall also  
25 develop and regularly update safety materials to be distributed  
26 upon the sale of retail marijuana.

27 ACTS PROHIBITED. The bill does not allow driving while under  
28 the influence of or impaired by marijuana and does not allow  
29 the transfer of marijuana to a person under 21 years of age or  
30 the possession of marijuana by a person under 21 years of age.

31 PROPERTY RIGHTS. The bill does not require the owner of  
32 a property to allow the consumption, cultivation, display,  
33 sale, or transfer of marijuana at that property. However, in  
34 the case of a residential dwelling, a landlord or property  
35 manager shall not prohibit the possession of retail marijuana

1 or the consumption of retail marijuana by means other than  
2 smoking except under certain circumstances. The bill allows  
3 a landlord to take action against a tenant after a warning if  
4 the tenant's use of marijuana creates an odor that interferes  
5 with the peaceful enjoyment of property by other tenants. The  
6 bill prohibits a landlord from discriminating against a tenant  
7 or applicant on the basis of a past conviction of a marijuana  
8 offense that would have been legal under the bill.

9     **CONTRACTS.** The bill states that it is the public policy  
10 of the state that contracts relating to retail marijuana  
11 shall not be unenforceable on the basis that the production,  
12 distribution, and possession of marijuana is prohibited by  
13 federal law.

14     **LAW ENFORCEMENT.** The bill prohibits law enforcement  
15 agencies from expending resources on the investigation of or  
16 arrest for activity related to marijuana that is in violation  
17 of federal law if the officer performing the investigation  
18 or arrest has reason to believe that the activity complies  
19 with the requirements of the bill. The bill also prohibits  
20 an agency or political subdivision of the state from taking  
21 an adverse action against a person on the sole basis that the  
22 person has violated a federal law related to marijuana.

23     **LOCAL EXCISE TAX.** The bill allows a municipality to adopt  
24 by ordinance an excise tax of no more than 3 percent on retail  
25 marijuana sold in the municipality. The bill requires a  
26 municipality to inform the department of revenue at least 90  
27 days prior to the first day of the tax quarter when the excise  
28 tax will be collected. The tax shall be paid by the consumer  
29 to the retail marijuana establishment at the time of sale,  
30 and each retail marijuana establishment shall remit the tax  
31 collected to the municipality on the 15th day of each month.

32     The bill takes effect January 1, 2022, except that the  
33 alcoholic beverages division may adopt rules prior to that date  
34 for the implementation of the bill.