

Senate Study Bill 1177 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON JUDICIARY BILL BY
CHAIRPERSON ZAUN)

A BILL FOR

1 An Act relating to the medical cannabidiol program, including
2 medical cannabidiol registration cards, medical cannabidiol
3 dispensaries, and income tax deductions, and establishing a
4 medical cannabidiol tax fund.

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

1 Section 1. Section 124E.4, subsection 1, paragraph e, Code
2 2021, is amended to read as follows:

3 e. Submits a medical cannabidiol registration card fee of
4 ~~one hundred~~ ten dollars to the department. ~~If the patient~~
5 ~~attests to receiving social security disability benefits,~~
6 ~~supplemental security insurance payments, or being enrolled in~~
7 ~~the medical assistance program, the fee shall be twenty-five~~
8 ~~dollars.~~

9 Sec. 2. Section 124E.4, subsection 3, paragraph c, Code
10 2021, is amended to read as follows:

11 c. Submits a medical cannabidiol registration card fee of
12 ~~twenty-five~~ ten dollars to the department.

13 Sec. 3. Section 124E.4, Code 2021, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 3A. *Issuance to an institution.* The
16 department shall adopt rules for the issuance of a medical
17 cannabidiol registration card to an institution, including but
18 not limited to a school, university, nursing home, long-term
19 care facility, correctional facility, or jail, allowing
20 employees of the institution to administer medical cannabidiol
21 to qualified patients in the care of the institution.

22 Sec. 4. Section 124E.4, subsection 5, Code 2021, is amended
23 to read as follows:

24 5. *Expiration date of card.* A medical cannabidiol
25 registration card issued pursuant to [this section](#) shall expire
26 ~~one year~~ two years after the date of issuance and may be
27 renewed.

28 Sec. 5. Section 124E.7, subsection 4, Code 2021, is amended
29 to read as follows:

30 4. A medical cannabidiol manufacturer shall not share
31 office space ~~with, refer patients to,~~ or have any direct
32 financial relationship with a health care practitioner.

33 Sec. 6. Section 124E.8, subsection 1, paragraph a, Code
34 2021, is amended to read as follows:

35 a. The department shall ~~issue a request for proposals~~

1 accept applications to select and license ~~by April 1, 2018, up~~
2 ~~to five~~ medical cannabidiol dispensaries to dispense medical
3 cannabidiol within this state consistent with the provisions
4 of this chapter. The department shall license new medical
5 cannabidiol dispensaries or relicense the existing medical
6 cannabidiol dispensaries by December 1 of each year.

7 Sec. 7. Section 124E.8, subsection 2, Code 2021, is amended
8 to read as follows:

9 2. As a condition for licensure, a medical cannabidiol
10 dispensary must agree to begin supplying medical cannabidiol
11 to patients by ~~December 1, 2018~~ within one year of the date of
12 licensure.

13 Sec. 8. Section 124E.8, Code 2021, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 3A. The department shall not issue a
16 license for a medical cannabidiol dispensary to be located in a
17 county with a medical cannabidiol dispensary that was licensed
18 prior to July 1, 2021, or in a bordering county of a county with
19 a medical cannabidiol dispensary that was licensed prior to
20 July 1, 2021.

21 Sec. 9. Section 124E.9, subsection 1, paragraph a, Code
22 2021, is amended by striking the paragraph.

23 Sec. 10. Section 124E.9, subsection 4, Code 2021, is amended
24 to read as follows:

25 4. A medical cannabidiol dispensary shall not share office
26 space ~~with, refer patients to,~~ or have any direct financial
27 relationship with a health care practitioner.

28 Sec. 11. Section 124E.11, subsection 2, paragraph f, Code
29 2021, is amended to read as follows:

30 *f.* Establish and collect annual fees not to exceed two
31 thousand dollars from medical cannabidiol manufacturers
32 and medical cannabidiol dispensaries to cover the costs
33 associated with regulating and inspecting medical cannabidiol
34 manufacturers and medical cannabidiol dispensaries.

35 Sec. 12. Section 124E.11, subsection 2, Code 2021, is

1 amended by adding the following new paragraph:

2 NEW PARAGRAPH. *j.* Allow an operator of a medical
3 cannabidiol dispensary to conduct dispensary operations using a
4 mobile location, provided that a mobile dispensary shall not
5 operate in a county with a medical cannabidiol dispensary.

6 Sec. 13. Section 422.7, Code 2021, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. 63. Subtract, to the extent included,
9 the amount of business expense for a medical cannabidiol
10 manufacturer or medical cannabidiol dispensary licensed
11 pursuant to chapter 124E without regard to section 280E of the
12 Internal Revenue Code.

13 Sec. 14. Section 422.35, Code 2021, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 31. Subtract, to the extent included,
16 the amount of business expense for a medical cannabidiol
17 manufacturer or medical cannabidiol dispensary licensed
18 pursuant to chapter 124E without regard to section 280E of the
19 Internal Revenue Code.

20 Sec. 15. Section 423.2A, subsection 2, Code 2021, is amended
21 by adding the following new paragraph:

22 NEW PARAGRAPH. *h.* Beginning the first day of the calendar
23 quarter following July 1, 2021, transfer to the medical
24 cannabidiol tax fund created in section 423.4, subsection 12,
25 the sales tax receipts collected and remitted upon sales of
26 tangible personal property furnished by medical cannabidiol
27 dispensaries or medical cannabidiol manufacturers pursuant to
28 chapter 124E.

29 Sec. 16. Section 423.4, Code 2021, is amended by adding the
30 following new subsection:

31 NEW SUBSECTION. 12. *a.* There is established within the
32 state treasury under the control of the Iowa department of
33 public health a medical cannabidiol tax fund consisting of the
34 amount of state sales tax revenues transferred pursuant to
35 section 423.2A, subsection 2, paragraph "h". Moneys in the fund

1 shall be used by the Iowa department of public health only for
2 the following purposes and in the following order of priority:

3 (1) The repayment of fees paid to the state hygienic
4 laboratory at the university of Iowa in Iowa City by a medical
5 cannabidiol manufacturer pursuant to section 124E.7 on or after
6 the effective date of this Act.

7 (2) The repayment of fees paid to a laboratory, as defined
8 in section 124E.2, other than the state hygienic laboratory at
9 the university of Iowa in Iowa City, by a medical cannabidiol
10 manufacturer pursuant to section 124E.7 on or after the
11 effective date of this Act.

12 (3) For other purposes as provided in section 124E.10.

13 b. Notwithstanding section 8.33, moneys appropriated in this
14 subsection that remain unencumbered or unobligated at the close
15 of the fiscal year shall not revert but shall remain available
16 for expenditure for the purposes designated.

17 EXPLANATION

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

20 This bill relates to the medical cannabidiol Act, including
21 medical cannabidiol registration cards and medical cannabidiol
22 dispensaries.

23 The bill changes the application fee for a medical
24 cannabidiol registration card to \$10. The bill also changes
25 the expiration date of medical cannabidiol registration cards
26 from one year after issuance to two years after issuance.
27 The bill requires the Iowa department of public health (DPH)
28 to develop rules for the issuance of a medical cannabidiol
29 registration card to an institution, which would allow
30 employees of the institution to administer medical cannabidiol
31 to qualified medical cannabidiol patients in the care of the
32 institution.

33 The bill requires DPH to accept applications for the
34 licensure of medical cannabidiol dispensaries beyond the five
35 currently allowed in Code beginning July 1, 2021. The bill

1 prohibits the department from issuing such a license to a
2 dispensary in a county where a dispensary is currently located,
3 or in a county bordering such a county. As a condition for
4 licensure, the medical cannabidiol dispensary must agree to
5 begin supplying medical cannabidiol to patients within one year
6 of the date of licensure.

7 The bill strikes a provision prohibiting a medical
8 cannabidiol dispensary from referring patients to a health care
9 practitioner. The bill requires DPH to adopt rules allowing
10 the operator of a medical cannabidiol dispensary to conduct
11 dispensary operations from a mobile location, and prohibits a
12 mobile dispensary from operating in a county with a medical
13 cannabidiol dispensary. The bill prohibits DPH from imposing
14 annual fees of greater than \$2,000 on medical cannabidiol
15 manufacturers and dispensaries.

16 The bill allows individuals and corporations to subtract
17 from net income, to the extent included, business expenses
18 for a medical cannabidiol manufacturer or medical cannabidiol
19 dispensary.

20 The bill creates a medical cannabidiol tax fund within the
21 state treasury under the control of DPH. Beginning the first
22 day of the calendar quarter following July 1, 2021, sales tax
23 for the sales of medical cannabidiol shall be transferred
24 to the fund. Moneys in the fund shall be used, in order of
25 priority, for the repayment of fees paid to the state hygienic
26 laboratory at the university of Iowa in Iowa City by a medical
27 cannabidiol manufacturer on or after the effective date of the
28 bill, the repayment of fees paid to other laboratories by a
29 medical cannabidiol manufacturer on or after the effective date
30 of the bill, and the administration of the medical cannabidiol
31 program. Moneys in the fund are not subject to reversion.