

House File 2206 - Introduced

HOUSE FILE 2206

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A BILL FOR

1 An Act relating to the manufacture, delivery, and possession
2 of marijuana, the licensure of retail marijuana, providing
3 fees, including excise taxes, establishing funds, providing
4 penalties, and including effective date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

MARIJUANA — CRIMINAL PENALTIES

Section 1. Section 124.401, subsection 1, unnumbered paragraph 1, Code 2026, is amended to read as follows:

Except as authorized by this chapter, chapter 124E, or chapter 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 2026, is amended by striking the subparagraph.

Sec. 3. Section 124.401, subsection 1, paragraph b, subparagraph (6), Code 2026, is amended by striking the subparagraph.

Sec. 4. Section 124.401, subsection 1, paragraph c, subparagraph (5), Code 2026, is amended by striking the subparagraph.

Sec. 5. Section 124.401, subsection 1, paragraph c, subparagraph (9), Code 2026, 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", chapter 124E, or chapter 124F.

Sec. 6. Section 124.401, subsection 1, paragraph d, Code 2026, 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, paragraph b, Code
5 2026, is amended to read as follows:

6 b. ~~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, the~~
17 ~~person is guilty of an aggravated misdemeanor. This subsection~~
18 ~~does not apply to the possession of marijuana which is punishable~~
19 ~~pursuant to chapter 124F.~~

20 Sec. 8. Section 124.401G, Code 2026, is amended to read as
21 follows:

22 **124.401G Iowa hemp Act.**

23 Notwithstanding any provision of this chapter to the
24 contrary, a person shall not be guilty of an offense
25 under this chapter, including under section 124.401 ~~or~~
26 ~~124.410~~, for producing, possessing, using, harvesting,
27 handling, manufacturing, marketing, transporting, delivering, or
28 distributing the plant cannabis, to the extent that the person is
29 a USDA licensee acting in accordance with the federal hemp law,
30 as those terms are defined in chapter 204A.

31 Sec. 9. Section 124.407, subsection 2, Code 2026, is amended
32 to read as follows:

33 2. ~~a.~~ Any person who violates this section, and where the
34 controlled substance is ~~any one~~ a controlled substance other than
35 marijuana, is guilty of a class "D" felony.

1 ~~b. Any person who violates this section, and where the~~
2 ~~controlled substance is marijuana only, is guilty of a serious~~
3 ~~misdemeanor.~~

4 Sec. 10. Section 124.411, subsection 2, Code 2026, is amended
5 to read as follows:

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

12 Sec. 11. Section 124.413, subsection 2, Code 2026, is amended
13 to read as follows:

14 2. This section shall not apply if:

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

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

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

19 As used in this subchapter:

20 1. "Counterfeit substance" means the same as defined in
21 section 124.101.

22 2. "Imitation controlled substance" means the same as defined
23 in section 124.101.

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

28 4. "Simulated controlled substance" means the same as defined
29 in section 124.101.

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

31 1. a. Except as otherwise provided in this subchapter and
32 chapter 124E, it is unlawful for any person to manufacture,
33 deliver, or possess with the intent to manufacture or deliver
34 marijuana, or to act with, enter into a common scheme or
35 design with, or conspire with one or more other persons to

1 manufacture, deliver, or possess with the intent to manufacture
2 or deliver marijuana. A violation of this subsection involving
3 the following amounts of marijuana shall be punishable as
4 follows:

5 (1) More than fifty kilograms shall be a class "C" felony.

6 (2) More than two kilograms but not more than fifty kilograms
7 shall be a class "D" felony.

8 (3) More than twelve ounces but not more than two kilograms
9 shall be an aggravated misdemeanor.

10 (4) More than four ounces but not more than twelve ounces
11 shall be punishable as a serious misdemeanor.

12 (5) Four ounces or less shall be punishable as a simple
13 misdemeanor, except as provided in section 124F.3.

14 b. In addition to any other penalties provided in this
15 subsection, a person who is eighteen years of age or older
16 who unlawfully manufactures with the intent to distribute,
17 distributes, or possesses with the intent to distribute marijuana
18 to another person who is eighteen years of age or older in or
19 on, or within one thousand feet of, the real property comprising
20 a public or private elementary or secondary school, public
21 park, public swimming pool, public recreation center, or on a
22 marked school bus, may be sentenced up to an additional term of
23 confinement of five years.

24 2. It is unlawful for any person knowingly or intentionally
25 to possess marijuana unless such substance was obtained directly
26 from, or pursuant to, a valid prescription or order of a
27 practitioner while acting in the course of the practitioner's
28 professional practice, or except as otherwise authorized by
29 this subsection. A violation of this subsection involving
30 the possession of the following amounts of marijuana shall be
31 punishable as follows:

32 a. More than six ounces but not more than twelve ounces is a
33 serious misdemeanor.

34 b. More than one-half ounce but not more than six ounces is a
35 simple misdemeanor.

1 c. One-half ounce or less is not a criminal offense but shall
2 be assessed as a civil penalty in the amount of one hundred
3 dollars, except if the person is under twenty-one years of
4 age, the person shall complete a drug awareness program and ten
5 hours of unpaid community service, and shall notify the person's
6 parents or legal guardian.

7 (1) The civil penalty shall be collected by the clerk of the
8 district court pursuant to section 602.8105, subsection 5.

9 (2) Any records relating to the civil penalty shall not
10 be displayed for public viewing on the Iowa court information
11 system.

12 (3) Any records relating to the civil penalty shall not
13 be kept in the criminal history data files maintained by the
14 department of public safety. Any records relating to the civil
15 penalty shall not be disseminated to other criminal or juvenile
16 justice agencies.

17 3. a. A retail marijuana store shall not sell retail
18 marijuana in excess of the following amounts in a single
19 transaction:

20 (1) Thirty grams of marijuana flower.

21 (2) Five hundred milligrams of tetrahydrocannabinol contained
22 in a product infused with marijuana.

23 b. A person shall not possess more than five ounces of
24 marijuana flower.

25 c. A person in possession of retail marijuana in excess of
26 the amounts specified in paragraph "a" equivalent to the amounts
27 specified in subsection 2, shall be subject to the penalties in
28 subsection 2.

29 d. A retail marijuana store in violation of this subsection
30 shall be subject to licensee discipline pursuant to section
31 124F.16.

32 e. For purposes of this subsection, "retail marijuana" and
33 "retail marijuana store" mean the same as defined in section
34 124F.4.

35 4. a. Upon the expiration of two years following a

1 conviction for a violation of subsection 2, paragraph "a" or
2 "b", a person may petition the court to expunge the conviction,
3 and if the person has had no other criminal convictions, other
4 than local traffic violations or simple misdemeanor violations
5 of chapter 321 during the two-year period, the conviction shall
6 be expunged as a matter of law. The court shall enter an order
7 that the record of the conviction be expunged by the clerk of
8 the district court. Notwithstanding section 692.2, after receipt
9 of notice from the clerk of the district court that a record
10 of conviction has been expunged pursuant to this subsection, the
11 record of conviction shall be removed from the criminal history
12 data files maintained by the department of public safety.

13 b. On the effective date of this Act, each court shall review
14 its records to identify persons who have been convicted of an
15 offense based on conduct allowed under this Act. Each such
16 conviction shall be expunged as a matter of law as provided in
17 paragraph "a".

18 Sec. 14. NEW SECTION. **124F.3 Juvenile offenses.**

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

22 Sec. 15. NEW SECTION. **321.284B Marijuana in motor
23 vehicles.**

24 1. A driver of a motor vehicle upon a public street or
25 highway shall not use marijuana in the passenger area of the
26 motor vehicle. "Passenger area" means the area designed to seat
27 the driver and passengers while the motor vehicle is in operation
28 and any area that is readily accessible to the driver or a
29 passenger while in their seating positions, including the glove
30 compartment.

31 2. A driver or passenger of or in a motor vehicle upon a
32 public street or highway shall not possess marijuana in the
33 passenger area of a motor vehicle except in a sealed, odor proof,
34 child resistant container.

35 3. For the purposes of this section, "marijuana" means the

1 same as defined in section 124.401.

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

4 Sec. 16. Section 321J.2, subsection 1, paragraph c, Code
5 2026, is amended to read as follows:

6 c. ~~While~~ Except as provided in section 321J.2C, any amount of
7 a controlled substance is present in the person, as measured in
8 the person's blood or urine.

9 Sec. 17. NEW SECTION. **321J.2C Operating while under the**
10 **influence of marijuana.**

11 1. A person shall not operate a motor vehicle in this state
12 while having fifty nanograms of tetrahydrocannabinol in the
13 person, as measured in the person's blood.

14 2. A person who violates subsection 1 is guilty of a serious
15 misdemeanor, punishable as follows:

16 a. For a first offense, revocation of the person's driver's
17 license for a period of one hundred eighty days, except that if
18 the person refused to submit to chemical testing, the person's
19 driver's license shall be revoked for a period of one year.

20 b. For a second or subsequent offense, revocation of the
21 person's driver's license for a period of one year, except that
22 if the person refused to submit to chemical testing, the person's
23 driver's license shall be revoked for a period of two years.

24 Sec. 18. Section 602.8105, Code 2026, is amended by adding
25 the following new subsection:

26 NEW SUBSECTION. 5. The clerk of the district court shall
27 collect the civil penalty assessed pursuant to section 124F.2,
28 subsection 2, paragraph "c", subparagraph (1).

29 Sec. 19. NEW SECTION. **901C.4 Felony offenses related to**
30 **marijuana — expungement.**

31 1. In addition to the expungement provisions available to
32 a defendant convicted of a misdemeanor marijuana offense under
33 chapter 124, upon application of a defendant convicted of
34 a felony offense under chapter 124 in the county where the
35 conviction occurred, related to the possession or transfer of

1 marijuana, the court shall enter an order expunging the record
2 of such a criminal case.

3 2. A person shall be granted an expungement of a record under
4 this section one time in the person's lifetime. However, the
5 one application may request the expungement of records relating
6 to more than one nonviolent offense under this section if the
7 offenses arose from the same transaction or occurrence, and the
8 application contains the offenses to be expunged.

9 3. The expunged record under this section is a confidential
10 record exempt from public access under section 22.7 but shall
11 be made available by the clerk of the district court upon court
12 order.

13 4. Notwithstanding section 692.2, after receipt of notice
14 from the clerk of the district court that a record of conviction
15 has been expunged under subsection 1, the record of conviction
16 shall be removed from the criminal history data files maintained
17 by the department of public safety if such a record was
18 maintained in the criminal history data files.

19 5. The supreme court may prescribe rules governing the
20 procedures applicable to the expungement of a criminal case under
21 this section.

22 6. This section applies to a felony conviction that occurred
23 prior to January 1, 2027.

24 Sec. 20. REPEAL. Section 124.410, Code 2026, is repealed.

25 DIVISION II

26 RETAIL MARIJUANA

27 Sec. 21. NEW SECTION. **124F.4 Definitions.**

28 For the purposes of this subchapter:

29 1. "Division" means the division of the department of revenue
30 responsible for the issuance of alcohol licenses.

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

35 3. "License" means a license or registration issued pursuant

1 to this subchapter.

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

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

10 6. "*Local jurisdiction*" means a county.

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

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

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

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

29 11. "*Person*" means a natural person, partnership,
30 association, company, corporation, limited liability company,
31 or organization; except that "*person*" does not include any
32 governmental organization.

33 12. "*Retail marijuana*" means all parts of the plant of the
34 genus *Cannabis*, whether growing or not, the seeds thereof; the
35 resin extracted from any part of the plant; and every compound,

1 manufacture, salt, derivative, mixture, or preparation of the
2 plant, its seeds or resin, including marijuana concentrate.
3 "Retail marijuana" does not include industrial hemp, nor does
4 it include fiber produced from the stalks, oil or cake made
5 from the seeds of the plant, sterilized seeds of the plant
6 which are incapable of germination, or the weight of any other
7 ingredient combined with marijuana to prepare topical or oral
8 administrations, food, drink, or other product.

9 13. "Retail marijuana cultivation facility" means an entity
10 licensed to cultivate, prepare, package, and sell marijuana
11 to retail marijuana stores, to marijuana product manufacturing
12 facilities, and to other marijuana cultivation facilities, but
13 not to consumers.

14 14. "Retail marijuana establishment" means a retail marijuana
15 store, a retail marijuana cultivation facility, or a retail
16 marijuana products manufacturer.

17 15. "Retail marijuana products" means concentrated marijuana
18 products and marijuana products that are comprised of marijuana
19 and other ingredients and are intended for use or consumption,
20 such as but not limited to edible products, ointments, and
21 tinctures.

22 16. "Retail marijuana products manufacturer" means an entity
23 licensed to purchase marijuana; manufacture, prepare, and package
24 marijuana products; and sell marijuana and marijuana products to
25 other marijuana product manufacturing facilities and to retail
26 marijuana stores, but not to consumers.

27 17. "Retail marijuana store" means an entity licensed to
28 purchase marijuana from marijuana cultivation facilities and
29 sell marijuana and to purchase marijuana products from retail
30 marijuana product manufacturing facilities and to sell marijuana
31 and marijuana products to consumers.

32 18. "Retail marijuana transporter" means an entity or person
33 licensed to transport retail marijuana and retail marijuana
34 products from one retail marijuana establishment to another
35 retail marijuana establishment and to temporarily store the

1 transported retail marijuana and retail marijuana products at its
2 licensed premises, but is not authorized to sell retail marijuana
3 or retail marijuana products under any circumstances.

4 Sec. 22. NEW SECTION. **124F.5 Applicability.**

5 1. On or after July 1, 2027, an applicant may apply for
6 licensure of a retail marijuana establishment pursuant to this
7 subchapter.

8 2. a. Pursuant to subsection 1, an applicant shall complete
9 forms as provided by the division and shall pay the application
10 fee and the licensing fee. The division shall forward, within
11 seven days of the date of the application, one-half of the
12 application fee to the local jurisdiction unless the local
13 jurisdiction has prohibited the operation of retail marijuana
14 establishments. If the license is denied, the division shall
15 refund the licensing fee to the applicant.

16 b. The division shall act upon an application made pursuant
17 to subsection 1 no sooner than forty-five days and no later than
18 ninety days after the date of the application. The division
19 shall process applications in the order in which completed
20 applications are received by the division.

21 3. a. Any local jurisdiction may enact ordinances or
22 regulations governing the time, place, manner, and number of
23 retail marijuana establishments, which may include a local
24 licensing requirement, or may prohibit the operation of retail
25 marijuana establishments by ordinance or by a referred or
26 initiated measure. If a county acts through an initiated
27 measure, the proponents shall submit a petition signed by not
28 less than fifteen percent of the registered electors in the
29 county.

30 b. If a county prohibits the operation of retail marijuana
31 establishments, the county shall, upon receipt of a petition
32 signed by fifteen percent of the registered voters in the county,
33 submit to the voters of the county the question of whether the
34 operation of retail marijuana establishments should be allowed in
35 the county at the next general election.

1 Sec. 23. NEW SECTION. **124F.6 Retail marijuana licensure.**

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

9 2. The division shall adopt all rules necessary for the
10 implementation of this chapter.

11 3. Nothing in this subchapter shall be construed to be a
12 delegation to the division of the power to fix prices for retail
13 marijuana.

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

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

28 Sec. 24. NEW SECTION. **124F.7 State and local participation**
29 **in licensure.**

30 1. When the division receives an application for an initial
31 license or a renewal of an existing license for any retail
32 marijuana establishment, the division shall provide, within
33 seven days of receipt of an application, a copy of the
34 application to the local jurisdiction in which the establishment
35 is to be located unless the local jurisdiction has prohibited

1 the operation of retail marijuana establishments. The local
2 jurisdiction shall determine whether the application complies
3 with local restrictions relating to time, place, manner, and the
4 number of retail marijuana establishments allowed. The local
5 jurisdiction shall inform the division whether the application
6 complies with local restrictions.

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

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

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

31 5. Applications for a state license under this subchapter
32 must be made to the division on forms prepared and furnished by
33 the division and must set forth such information as the division
34 may require to enable the division to determine whether a state
35 license should be granted.

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

7 a. The licensee or applicant has violated, does not meet,
8 or has failed to comply with any of the terms, conditions, or
9 provisions of this subchapter, any rules promulgated pursuant
10 to this subchapter, or any supplemental local law, rules, or
11 regulations.

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

15 c. The licensed premises have been operated in a manner that
16 adversely affects the public health or safety of the immediate
17 neighborhood in which the retail marijuana establishment is
18 located.

19 d. The licensed premises are located within two thousand feet
20 of real property comprising a school, child care facility, or
21 public park.

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

29 8. The division shall give primary preference to applicants
30 for licensure who are currently licensed as a medical cannabidiol
31 manufacturer or medical cannabidiol dispensary pursuant to
32 chapter 124E. The division shall also prioritize applicants for
33 licensure that are businesses that are majority-owned by persons
34 who are women, citizens or permanent legal residents of Iowa, or
35 disabled veterans.

1 9. The division shall issue licenses to businesses that
2 are majority-owned by persons who are racial minorities in a
3 proportion that meets or exceeds the percentage of persons in
4 this state who are racial minorities according to the most recent
5 federal decennial census.

6 Sec. 25. NEW SECTION. **124F.8 Establishment and owner**
7 **requirements.**

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

10 a. A resident of Iowa for at least one year prior to the date
11 of the application.

12 b. A United States citizen prior to the date of the
13 application.

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

17 3. A retail marijuana establishment shall not interfere with
18 the creation of or participation in a labor organization, as
19 defined in section 216.2, by employees of the retail marijuana
20 establishment.

21 4. The division shall review the retail marijuana
22 establishment's operating documents to ensure compliance with
23 this section.

24 Sec. 26. NEW SECTION. **124F.9 Retail marijuana establishment**
25 **licensure.**

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

30 2. A retail marijuana establishment shall not operate until
31 the retail marijuana establishment is licensed by the division
32 pursuant to this subchapter and approved by the relevant local
33 jurisdiction. If an application is denied by the local licensing
34 authority, the division shall revoke the state license. In
35 connection with a license, the applicant shall provide a complete

1 and accurate application as required by the division.

2 3. A retail marijuana establishment shall notify the division
3 in writing of the name, address, and date of birth of a
4 new owner, officer, or manager before the new owner, officer,
5 or manager begins managing, owning, working, or otherwise
6 associating with the establishment. The owner, officer, manager,
7 or employee shall pass a fingerprint-based criminal history
8 record check as required by the division and shall obtain the
9 required identification prior to managing, owning, working, or
10 otherwise associating with the establishment. The division shall
11 not deny licensure to a retail marijuana establishment on the
12 basis that an owner, officer, manager, or employee has been
13 convicted of a crime other than a violent crime, as defined in
14 section 915.10, if the person has completed any term of probation
15 or parole imposed by the court.

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

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

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

4 Sec. 27. NEW SECTION. **124F.10 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 seven
13 days of the application, a copy of the application to the local
14 jurisdiction to determine whether the application complies with
15 all local restrictions on renewal of licenses. The division
16 shall not accept an application for renewal of a license after
17 the date of expiration, except as provided in subsection 3. The
18 division may extend the expiration date of the license and accept
19 a late application for renewal of a license if the applicant
20 has filed a timely renewal application with the local licensing
21 authority. The division or the local licensing authority, in its
22 discretion, and subject to the requirements of this subsection
23 and subsection 3 and based upon reasonable grounds, may waive the
24 thirty-day time requirements set forth in this subsection.

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

27 3. a. Notwithstanding the provisions of subsection 1, a
28 licensee whose license has been expired for not more than ninety
29 days may file a late renewal application upon the payment of a
30 nonrefundable late application fee of five hundred dollars to
31 the division. A licensee who files a late renewal application
32 and pays the requisite fees may continue to operate until the
33 division takes final action to approve or deny the licensee's
34 late renewal application unless the division summarily suspends
35 the license pursuant to chapter 17A, this subchapter, and rules

1 adopted pursuant to this subchapter.

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

5 Sec. 28. NEW SECTION. **124F.11 Classes of licenses.**

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

13 1. Retail marijuana store license.

14 2. Retail marijuana cultivation facility license.

15 3. Retail marijuana products manufacturing license.

16 4. Occupational licenses and registrations for owners,
17 managers, operators, employees, contractors, and other support
18 staff employed by, working in, or having access to restricted
19 areas of the licensed premises, as determined by the division.

20 The division may take any action with respect to a registration
21 pursuant to this subchapter as it may with respect to a license
22 pursuant to this subchapter, in accordance with the procedures
23 established pursuant to this subchapter.

24 5. Retail marijuana transporter license.

25 Sec. 29. NEW SECTION. **124F.12 Retail marijuana store**
26 **license.**

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

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

35 2. Notwithstanding the provisions of this section, a retail

1 marijuana store licensee may also sell retail marijuana products
2 that are prepackaged and labeled as required by rules of the
3 division pursuant to section 124F.21.

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

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

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

30 (b) If a retail marijuana store licensee or employee believes
31 that a person is under twenty-one years of age and presents
32 fraudulent proof of age in an attempt to obtain any retail
33 marijuana or retail cannabis-infused product, the licensee or
34 employee or any peace officer or police officer, acting in good
35 faith and upon probable cause based upon reasonable grounds

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

9 4. All retail marijuana and retail marijuana products sold at
10 a licensed retail marijuana store shall be packaged and labeled
11 as required by rules of the division pursuant to section 124F.21.

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

20 b. A licensed retail marijuana store shall not sell any
21 retail marijuana or retail marijuana products that contain
22 nicotine or alcohol, if the sale of the alcohol would require a
23 license pursuant to chapter 123.

24 c. A licensed retail marijuana store shall not sell retail
25 marijuana or retail marijuana products over the internet nor
26 deliver retail marijuana or retail marijuana products to a person
27 who is not physically present in the retail marijuana store's
28 licensed premises.

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

31 7. Notwithstanding any other provision of state law, sales
32 of retail marijuana and retail marijuana products are not exempt
33 from state or local sales tax.

34 8. The division shall not issue more than one retail
35 marijuana store license per county, except that the division may,

1 upon receipt of a petition, issue one additional retail marijuana
2 store license per one hundred thousand population in the county
3 according to the most recent federal decennial census.

4 9. A retail marijuana store may also be licensed as a medical
5 cannabis dispensary pursuant to chapter 124E. The division shall,
6 in consultation with the department of public health, adopt rules
7 for the implementation of this subsection.

8 Sec. 30. NEW SECTION. **124F.13 Retail marijuana cultivation**
9 **facility license.**

10 1. A retail marijuana cultivation facility license shall be
11 issued by the division only to a person who cultivates retail
12 marijuana for sale and distribution to licensed retail marijuana
13 stores, retail marijuana products manufacturing licensees, or
14 other retail marijuana cultivation facilities.

15 2. A retail marijuana cultivation facility shall remit any
16 applicable excise tax due.

17 3. A retail marijuana cultivation facility shall track the
18 marijuana it cultivates from seed or immature plant to wholesale
19 purchase of the retail marijuana. Prior to delivery of any
20 retail marijuana that is sold, the retail marijuana cultivation
21 facility shall provide evidence that the facility paid any
22 applicable excise tax on the retail marijuana due.

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

29 5. Retail marijuana or retail marijuana products shall not
30 be consumed on the premises of a retail marijuana cultivation
31 facility.

32 Sec. 31. NEW SECTION. **124F.14 Retail marijuana products**
33 **manufacturing license.**

34 1. a. A retail marijuana products manufacturing license
35 shall be issued by the division to a person who manufactures

1 retail marijuana products pursuant to the terms and conditions of
2 this subchapter.

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

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

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

29 3. All licensed premises on which retail marijuana products
30 are manufactured shall meet the sanitary standards for retail
31 marijuana product preparation promulgated pursuant to section
32 124F.21.

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

1 5. A retail marijuana products manufacturer may provide,
2 except as required by section 124F.21, a sample of its products
3 to the state hygienic laboratory for testing and research
4 purposes. A retail marijuana products manufacturer shall
5 maintain a record of what was provided to the state hygienic
6 laboratory and the results of the testing.

7 6. A licensed retail marijuana products manufacturer shall
8 package and label each product manufactured as required by rules
9 of the division pursuant to section 124F.21.

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

13 Sec. 32. NEW SECTION. **124F.15 Retail marijuana use —**
14 **protections.**

15 1. No person shall be subject to arrest, prosecution, or
16 penalty in any manner, or be denied any right or privilege,
17 including but not limited to disciplinary action by a business,
18 occupational, or professional licensing board, solely for conduct
19 permitted under this subchapter.

20 2. a. Except as provided in this section, neither the state
21 nor any of its political subdivisions shall impose any penalty or
22 deny any benefit or entitlement for conduct permitted under this
23 subchapter or for the presence of cannabinoids or cannabinoid
24 metabolites in the urine, blood, saliva, breath, hair, or other
25 tissue or fluid of a person who is twenty-one years of age or
26 older.

27 b. Except as provided in this section and section 321J.2C,
28 neither the state nor any of its political subdivisions
29 shall deny a driver's license, a professional license, housing
30 assistance, social services, or other benefits based on marijuana
31 use or for the presence of cannabinoids or cannabinoid
32 metabolites in the urine, blood, saliva, breath, hair, or other
33 tissue or fluid of a person who is twenty-one years of age or
34 older.

35 3. No person shall be denied custody of or visitation with

1 a minor for acting in accordance with this subchapter, unless
2 the person's behavior creates an unreasonable danger to the minor
3 that can be clearly articulated and substantiated.

4 4. Except as provided in this section, neither the state nor
5 any of its political subdivisions shall deny employment or a
6 contract to a person for engaging in conduct permitted under this
7 subchapter, for a prior conviction for a nonviolent marijuana
8 offense that does not involve distribution to minors, or for
9 testing positive for the presence of cannabinoids or cannabinoid
10 metabolites in the urine, blood, saliva, breath, hair, or other
11 tissue or fluid of the individual's body.

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

17 6. Notwithstanding any other provision of law to the
18 contrary, unless there is a specific finding that the
19 individual's use, cultivation, or possession of marijuana could
20 create a danger to the individual or another person, it shall not
21 be a violation of conditions of parole, probation, or pretrial
22 release to do any of the following:

23 a. Engage in conduct allowed by this subchapter.

24 b. Test positive for marijuana, delta-9 tetrahydrocannabinol,
25 or any other cannabinoid or metabolite of marijuana, except as
26 provided in section 321J.2C.

27 7. a. This section does not prevent a governmental employer
28 from disciplining an employee or contractor for ingesting
29 marijuana in the workplace or for working while under the
30 influence of marijuana.

31 b. The protections provided by this section do not apply to
32 the extent that they conflict with a governmental employer's
33 obligations under federal law or regulations or to the extent
34 that they would disqualify the entity from a monetary or
35 licensing-related benefit under federal law or regulations.

1 c. This section does not authorize any person to engage
2 in, and does not prevent the imposition of any civil,
3 criminal, discipline, or other penalties, including discipline or
4 termination by a governmental employer, any task while under the
5 influence of marijuana, when doing so would constitute negligence
6 or professional malpractice.

7 Sec. 33. NEW SECTION. **124F.16 Discipline.**

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

25 Sec. 34. NEW SECTION. **124F.17 Disposition of seized**
26 **materials.**

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

31 2. A state or local agency shall not be required to cultivate
32 or care for any retail marijuana or retail marijuana product
33 belonging to or seized from a licensee. A state or local agency
34 shall not be authorized to sell marijuana or retail marijuana.

35 3. If the division issues a final order imposing a

1 disciplinary action against a licensee pursuant to section
2 124F.16, then, in addition to any other remedies, the division's
3 final order may specify that some or all of the licensee's
4 marijuana or marijuana product is not retail marijuana or a
5 retail marijuana product and is an illegal controlled substance.
6 The final order may further specify that the licensee shall lose
7 any interest in any of the marijuana or marijuana product even if
8 the marijuana or marijuana product previously qualified as retail
9 marijuana or a retail marijuana product.

10 4. On or before January 1, 2027, the division shall adopt
11 rules governing the implementation of this section.

12 Sec. 35. NEW SECTION. **124F.18 Inspection procedures.**

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

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

1 jurisdiction, the licensee shall open the area for inspection.

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

6 Sec. 36. NEW SECTION. **124F.19 Marijuana excise tax.**

7 1. An excise tax is imposed on consumers at the rate of ten
8 percent of the sales price of each sale of retail marijuana and
9 retail marijuana products.

10 2. The tax imposed by this section shall be paid by the
11 consumer to the retail marijuana establishment. Each retail
12 marijuana establishment shall collect from the consumer the full
13 amount of the tax payable on each taxable sale.

14 3. On the fifteenth day of each month, each retail marijuana
15 establishment that sells retail marijuana to a consumer shall pay
16 the excise taxes due on the retail marijuana that the retail
17 marijuana establishment sold in the previous calendar month to
18 the division.

19 Sec. 37. NEW SECTION. **124F.20 Occupational licensing —**
20 **protections.**

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

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

30 Sec. 38. NEW SECTION. **124F.21 Rulemaking.**

31 1. The division shall, within one year of the effective
32 date of this Act, adopt rules for the implementation of this
33 subchapter. The rules shall not prohibit the operation of retail
34 marijuana establishments or require such a high investment of
35 risk, money, time, or other resource or asset that the operation

1 of a retail marijuana establishment is not worthy of being
2 carried out in practice by a reasonably prudent businessperson.
3 Such rules shall include all of the following:

4 a. Procedures for the issuance, renewal, suspension, and
5 revocation of a registration to operate a retail marijuana
6 establishment, subject to chapter 17A.

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

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

18 d. Security requirements.

19 e. Requirements for the transportation and storage of retail
20 marijuana and retail marijuana products by retail marijuana
21 establishments.

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

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

34 h. Requirements designed to prevent the sale or diversion of
35 retail marijuana and retail marijuana products to persons under

1 the age of twenty-one.

2 i. Requirements for retail marijuana and retail marijuana
3 products sold or distributed by a retail marijuana establishment,
4 including prohibiting any misleading labeling and requiring
5 retail marijuana product labels to include all of the following:

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

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

9 (3) A nutritional fact panel.

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

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

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

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

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

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

34 n. Prohibitions on products that are designed to make the
35 product more appealing to children, including prohibiting the use

1 of any images designed or likely to appeal to minors, including
2 cartoons, toys, animals, or children, and any other images,
3 characters, or phrases that are popularly used to advertise to
4 children.

5 o. Restrictions on the use of pesticides that are injurious
6 to human health.

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

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

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

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

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

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

33 x. Requirements for on-site consumption establishments,
34 including for security, ventilation, odor control, and
35 consumption by patrons. These rules may include a prohibition

1 on smoking indoors.

2 y. Requirements for the verification of licensure in
3 transactions between licensees.

4 2. After consultation with researchers knowledgeable about
5 the risks and benefits of marijuana and providing an opportunity
6 for public comment, the division shall develop a scientifically
7 accurate safety information label or handout or both, which shall
8 be available to each adult-use marijuana consumer. The label or
9 handout shall include all of the 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 ensure
23 they remain accurate. The review period shall include soliciting
24 input from researchers knowledgeable about the risks and benefits
25 of marijuana and an opportunity for public comment.

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

32 Sec. 39. NEW SECTION. **124F.22 Marijuana use by minors —**
33 **prohibited.**

34 Nothing in this subchapter allows the transfer of marijuana,
35 with or without remuneration, to a person under the age of

1 twenty-one years, or the use of marijuana by a person under the
2 age of twenty-one years.

3 Sec. 40. NEW SECTION. **124F.23 Private property and tenant**
4 **rights.**

5 1. Except as provided in this section, the provisions of this
6 subchapter do not require any person, corporation, or any other
7 entity that occupies, owns, or controls a property to allow the
8 consumption, cultivation, display, sale, or transfer of marijuana
9 on or in that property.

10 2. a. Except as provided in this section, a landlord
11 or property manager shall not refuse to rent to a tenant
12 or otherwise discriminate against a tenant based on a past
13 conviction for a marijuana offense that would have been legal
14 under this chapter.

15 b. Except as provided in this section, in the case of the
16 rental of a residential dwelling, a landlord or property manager
17 shall not prohibit the possession of retail marijuana or medical
18 cannabis, as defined in section 124E.2, or the consumption of
19 retail marijuana or medical cannabis, as defined in section
20 124E.2, by nonsmoking means.

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

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

25 (2) The residence is incidental to detention or the provision
26 of medical, geriatric, educational, counseling, religious, or
27 similar services.

28 (3) The residence is a transitional housing or sober living
29 facility.

30 (4) Failing to prohibit marijuana possession or consumption
31 would violate federal law or regulations or cause a landlord or
32 property manager to lose a monetary or licensing-related benefit
33 under federal law or regulations.

34 d. After a warning, a landlord or property manager may
35 take action against a tenant if the tenant's use of marijuana

1 or medical cannabis, as defined in section 124E.2, creates an
2 odor that interferes with a person's peaceful enjoyment of the
3 person's home or property.

4 Sec. 41. NEW SECTION. **124F.24 Apportionment of revenue.**

5 Revenues generated by the marijuana excise tax shall be
6 deposited as follows:

7 1. Thirty-five percent in the community reinvestment fund
8 created pursuant to section 124F.25.

9 2. Thirty-two and one-half percent in the mental health
10 services and substance use disorder prevention fund created
11 pursuant to section 124F.26.

12 3. Thirty-two and one-half percent in the local public safety
13 fund created pursuant to section 124F.27.

14 Sec. 42. NEW SECTION. **124F.25 Community reinvestment
15 fund.**

16 1. A community reinvestment fund is created under the control
17 of the division. Moneys in the fund shall be appropriated by the
18 general assembly as provided in subsection 2.

19 2. Moneys in the community reinvestment fund shall be
20 appropriated exclusively for the purpose of funding scholarships
21 for Iowa students for two years of postsecondary education at
22 Iowa schools.

23 3. Notwithstanding section 12C.7, subsection 2, interest
24 or earnings on moneys deposited in the community reinvestment
25 fund shall be credited to the community reinvestment fund.
26 Notwithstanding section 8.33, moneys credited to the community
27 reinvestment fund shall not revert at the close of a fiscal year.

28 Sec. 43. NEW SECTION. **124F.26 Mental health services and
29 substance use disorder prevention fund.**

30 1. A mental health services and substance use disorder
31 prevention fund is created under the control of the division.
32 Moneys in the fund shall be appropriated by the general assembly
33 as provided in subsection 2.

34 2. Moneys in the mental health services and substance use
35 disorder prevention fund shall be appropriated exclusively for

1 the purposes of providing mental health services and preventing
2 substance use disorders.

3 3. Notwithstanding section 12C.7, subsection 2, interest or
4 earnings on moneys deposited in the mental health services and
5 substance use disorder prevention fund shall be credited to the
6 mental health services and substance use disorder prevention
7 fund. Notwithstanding section 8.33, moneys credited to the
8 mental health services and substance use disorder prevention fund
9 shall not revert at the close of a fiscal year.

10 Sec. 44. NEW SECTION. **124F.27 Local public safety fund.**

11 1. A local public safety fund is created under the control of
12 the division. Moneys in the fund shall be appropriated by the
13 general assembly as provided in subsection 2.

14 2. Moneys in the local public safety fund shall be
15 appropriated exclusively for the purposes of supporting local law
16 enforcement personnel, fire department personnel, and emergency
17 medical personnel in municipalities.

18 3. Notwithstanding section 12C.7, subsection 2, interest
19 or earnings on moneys deposited in the local public safety
20 fund shall be credited to the local public safety fund.
21 Notwithstanding section 8.33, moneys credited to the local public
22 safety fund shall not revert at the close of a fiscal year.

23 Sec. 45. NEW SECTION. **332.1 Definitions.**

24 1. "Department" means the department of revenue.

25 2. "Director" means the director of the department of
26 revenue.

27 3. "Retail marijuana" means the same as defined in section
28 124F.4.

29 4. "Retail marijuana store" means the same as defined in
30 section 124F.4.

31 5. "Retail sale" means the same as defined in section 423.1.

32 6. "Surcharge" means a retail marijuana surcharge imposed
33 pursuant to this chapter.

34 Sec. 46. NEW SECTION. **332.2 Retail marijuana surcharge.**

35 1. A surcharge may be imposed, in accordance with the

1 provisions of this section, by ordinance of the board of
2 supervisors of a county that has not prohibited the sale of
3 retail marijuana. The surcharge shall be imposed at a rate of
4 one percent upon the retail sales price of retail marijuana.

5 2. The surcharge shall be in addition to the state sales tax
6 imposed pursuant to chapter 423, subchapter II, and the local
7 sales and services tax imposed pursuant to chapter 423B.

8 3. a. Within ten days of the passage of an ordinance
9 imposing a surcharge, the county auditor shall give written
10 notice to the director by sending a copy of the ordinance to the
11 director.

12 b. A surcharge shall be imposed either January 1 or July 1
13 following the notification of the director but not sooner than
14 ninety days following the passage of the ordinance imposing the
15 surcharge and not sooner than sixty days following notice to
16 sellers, as defined in section 423.1.

17 c. A surcharge shall be repealed only on June 30 or December
18 31 but not sooner than ninety days following repeal of the
19 ordinance. At least forty days before the repeal of the
20 surcharge, the board of supervisors shall provide notice of the
21 action by certified mail to the director of revenue.

22 4. Upon the remittance of the revenues from the state
23 surcharge revenue fund to each county that has imposed a retail
24 marijuana surcharge under section 332.4, the revenues shall be
25 deposited into the general fund of the county.

26 Sec. 47. NEW SECTION. **332.3 Administration of surcharge.**

27 1. The director shall administer the surcharge imposed
28 pursuant to this chapter as nearly as possible in conjunction
29 with the administration of state sales tax laws. The director
30 shall provide appropriate forms, or provide space on the regular
31 state tax forms, for reporting surcharge liability.

32 2. a. Section 422.25, subsection 4, sections 422.30, 422.67,
33 and 422.68, section 422.69, subsection 1, sections 422.70,
34 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
35 1, and sections 423.23, 423.24, 423.25, 423.31, 423.33, 423.35,

1 423.37 through 423.42, and 423.47, consistent with the provisions
2 of this chapter, apply with respect to the surcharge authorized
3 under this chapter, in the same manner and with the same effect
4 as retail sales taxes within the meaning of those statutes.
5 The director may require all persons who are engaged in the
6 business of deriving any sales price subject to a surcharge under
7 this chapter to register with the department. All surcharges
8 collected under this chapter are deemed to be held in trust
9 for the state of Iowa and the counties imposing the surcharges.
10 County officials shall confer with the director of revenue for
11 assistance in drafting the ordinance imposing the surcharge. A
12 certified copy of the ordinance shall be filed with the director
13 as soon as possible after passage.

14 b. Frequency of deposits and quarterly reports of the
15 surcharge with the department of revenue are governed by the
16 provisions in section 423.31. Local surcharge collections shall
17 not be included in computation of the total tax to determine
18 frequency of filing under section 423.31.

19 3. a. The director, in consultation with county officials,
20 shall collect and account for the surcharge. The director shall
21 certify each quarter the amount of the surcharge receipts and any
22 interest and penalties to be credited to the county account in
23 the state surcharge revenue fund established in section 332.4.
24 County authorities shall not require any permit not required by
25 the director of revenue.

26 b. All surcharge revenues and interest and penalties received
27 or refunded one hundred eighty days or more after the date on
28 which the county repeals the surcharge shall be deposited in or
29 withdrawn from the general fund of the state.

30 4. Each county that has imposed a retail marijuana surcharge
31 under this chapter shall assist the department in identifying new
32 establishments required to impose the surcharge in the county.
33 This process shall be ongoing until the surcharge is repealed.

34 Sec. 48. NEW SECTION. **332.4 State surcharge revenue fund —**
35 **county accounts.**

1 1. A state surcharge revenue fund is established in the state
2 treasury under the control of the department consisting of the
3 surcharge revenues collected within each county and deposited in
4 the fund pursuant to section 332.3. Revenues deposited in the
5 fund are appropriated to the department for the purposes of this
6 section.

7 2. A county account is created within the fund for each
8 county imposing a retail marijuana surcharge under this chapter.

9 3. The department shall deposit the revenues described in
10 subsection 1 that were collected in a quarter beginning on or
11 after the imposition of the surcharge into the appropriate county
12 account in the fund.

13 4. All revenues in each county account within the fund shall
14 be remitted quarterly by the department to the county that
15 imposed the retail marijuana surcharge for deposit in the general
16 fund of the county.

17 5. The department shall adopt rules pursuant to chapter 17A
18 necessary to administer the department's responsibilities under
19 this chapter.

20 Sec. 49. NEW SECTION. **453B.19 Retail marijuana.**

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

23 DIVISION III

24 EFFECTIVE DATE

25 Sec. 50. EFFECTIVE DATE. This Act, being deemed of immediate
26 importance, takes effect upon enactment, except that the division
27 of the department of revenue responsible for issuing alcohol
28 licenses shall not issue a license to operate a retail marijuana
29 establishment prior to January 1, 2027.

30 DIVISION IV

31 CODE EDITOR DIRECTIVE

32 Sec. 51. CODE EDITOR DIRECTIVE — SUBCHAPTER DESIGNATIONS.

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

35 a. Subchapter I shall be entitled "CRIMINAL PENALTIES" and

1 include sections 124F.1 through 124F.3.

2 b. Subchapter II shall be entitled "RETAIL MARIJUANA" and
3 include sections 124F.4 through 124F.27.

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

7 EXPLANATION

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

10 This bill relates to retail marijuana.

11 DIVISION I — MARIJUANA — CRIMINAL PENALTIES. The bill
12 modifies criminal penalties relating to marijuana by eliminating
13 and modifying certain criminal provisions in Code chapter 124
14 (uniform controlled substances Act), and transferring certain
15 criminal provisions from Code chapter 124 to new Code chapter
16 124F.

17 MANUFACTURE, DELIVERY, OR POSSESSION WITH INTENT TO DELIVER
18 MARIJUANA. The bill provides that an unauthorized person commits
19 a class "C" felony punishable by confinement for no more than
20 10 years and a fine of at least \$1,370 but not more than
21 \$13,660 if the person violates new Code section 124F.2(1)(a)
22 and the controlled substance involves more than 50 kilograms
23 of marijuana. Currently, such a person commits a class "B"
24 felony punishable by confinement of no more than 50 years if
25 the controlled substance involves more than 1,000 kilograms of a
26 mixture or substance containing a detectable amount of marijuana,
27 or a class "B" felony punishable by confinement of no more than
28 25 years if the controlled substance involves more than 100
29 kilograms of marijuana but not more than 1,000 kilograms.

30 The bill provides that an unauthorized person commits a class
31 "D" felony if the person violates new Code section 124F.2(1)(a)
32 and the controlled substance involves more than 2 kilograms of
33 marijuana but not more than 50 kilograms. A class "D" felony is
34 punishable by confinement for no more than five years and a fine
35 of at least \$1,025 but not more than \$10,245. Currently, such

1 a person commits a class "C" felony if the controlled substance
2 involves more than 50 kilograms of marijuana but not more than
3 100 kilograms.

4 The bill provides that an unauthorized person commits an
5 aggravated misdemeanor if the person violates new Code section
6 124F.2(1)(a) and the controlled substance involves more than 12
7 ounces of marijuana but not more than 2 kilograms. An aggravated
8 misdemeanor is punishable by confinement for no more than two
9 years and a fine of at least \$855 but not more than \$8,540.
10 Currently, such a person commits a class "D" felony if the
11 controlled substance involves 50 kilograms or less of marijuana.

12 The bill provides that an unauthorized person commits a
13 serious misdemeanor if the person violates new Code section
14 124F.2(1)(a) and the controlled substance involves more than 4
15 ounces of marijuana but not more than 12 ounces. A serious
16 misdemeanor is punishable by confinement for no more than one
17 year and a fine of at least \$430 but not more than \$2,560.
18 Currently, such a person commits a class "D" felony.

19 The bill provides that an unauthorized person commits a simple
20 misdemeanor if the person violates new Code section 124F.2(1)(a)
21 and the controlled substance involves 4 ounces or less of
22 marijuana except as otherwise provided in the bill. A simple
23 misdemeanor is punishable by confinement for no more than 30 days
24 and a fine of at least \$105 but not more than \$855. Currently,
25 such a person commits a class "D" felony. A person who is
26 18 years of age or older who unlawfully manufactures with the
27 intent to distribute, distributes, or possesses with the intent
28 to distribute marijuana to another person who is 18 years of age
29 or older in or on, or within 1,000 feet of, the real property
30 comprising a public or private elementary or secondary school,
31 public park, public swimming pool, public recreation center, or
32 on a marked school bus, may be sentenced up to an additional term
33 of confinement of five years.

34 POSSESSION OF MARIJUANA. The bill provides that if a person
35 unlawfully possesses more than 6 ounces of marijuana but not more

1 than 12 ounces, the person commits a serious misdemeanor.

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

5 The bill provides that if a person 21 years of age or older
6 possesses one-half ounce or less of marijuana, the person does
7 not commit a criminal offense but shall be assessed a civil
8 penalty in the amount of \$100. If the person is under 21 years
9 of age, the person must complete 10 hours of unpaid community
10 service and a substance abuse program, and inform the person's
11 parents or legal guardians. The bill provides that any records
12 relating to the civil penalty shall not be displayed for public
13 viewing on the Iowa court information system and such records
14 shall not be kept in the criminal history files maintained by the
15 department of public safety.

16 RETAIL MARIJUANA — POSSESSION LIMITS. The bill establishes
17 possession limits for retail marijuana, defined in the bill.
18 The bill prohibits a person 21 years of age or older from
19 possessing more than 5 ounces of marijuana flower, or 500
20 milligrams of tetrahydrocannabinol contained in a product infused
21 with marijuana. A person in possession of retail marijuana in
22 excess of amounts equivalent to the amounts specified in the
23 bill for the possession of marijuana is subject to prosecution
24 for a simple or serious misdemeanor or a civil penalty. A
25 retail marijuana store that sells retail marijuana in excess of
26 the amounts allowed in the bill is subject to a fine or other
27 discipline imposed by the division.

28 Currently, if a person unlawfully possesses marijuana, the
29 person shall be punished by imprisonment in the county jail for
30 not more than six months or by a fine of not more than \$1,000,
31 or by both for a first offense. If the person has previously
32 been convicted of marijuana possession, the person commits a
33 serious misdemeanor under current law, and if the person has been
34 convicted of marijuana possession two or more times, the person
35 commits an aggravated misdemeanor.

1 JUVENILE MARIJUANA OFFENSES. The bill specifies that the
2 juvenile court shall have exclusive original jurisdiction in a
3 proceeding concerning a minor who is alleged to have committed a
4 violation of the bill.

5 GATHERINGS WHERE CONTROLLED SUBSTANCES UNLAWFULLY USED. The
6 bill strikes a provision making it a serious misdemeanor for a
7 person to sponsor, promote, or aid in the sponsoring or promoting
8 of a meeting or gathering with the knowledge or intent that
9 marijuana be distributed, used, or possessed at the meeting or
10 gathering in violation of Code chapter 124.

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

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

30 MARIJUANA IN MOTOR VEHICLES. The bill prohibits a driver of
31 a motor vehicle upon a public street or highway from using
32 marijuana in the passenger area of the motor vehicle. The bill
33 also prohibits a driver or passenger of or in a motor vehicle
34 upon a public street or highway from possessing marijuana in
35 the passenger area of a motor vehicle except in a sealed, odor

1 proof, child resistant container. The bill defines "passenger
2 area" as the area designed to seat the driver and passengers
3 while the motor vehicle is in operation and any area that is
4 readily accessible to the driver or a passenger while in their
5 seating positions, including the glove compartment. A person
6 who knowingly violates this provision of the bill is guilty of
7 a simple misdemeanor. A simple misdemeanor is punishable by
8 confinement for no more than 30 days and a fine of at least \$105
9 but not more than \$855.

10 The bill prohibits a person from operating a motor vehicle
11 with 50 or more nanograms of tetrahydrocannabinol in the person,
12 as measured in the person's blood. A person who operates a motor
13 vehicle with 50 or more nanograms of tetrahydrocannabinol in the
14 person shall have that person's driver's license suspended for
15 180 days for a first offense and one year for each subsequent
16 offense. A person who refuses to submit to chemical testing
17 for tetrahydrocannabinol shall have the person's driver's license
18 suspended for one year for a first offense, and two years for
19 each subsequent offense.

20 EXPUNGEMENT. The bill provides that upon application by a
21 defendant convicted of a felony offense under Code chapter 124
22 (controlled substances) related to the possession or transfer of
23 marijuana prior to January 1, 2027, the court shall enter an
24 order expunging the record of such a criminal case. A person
25 may only seek an expungement once, but an application may request
26 the expungement of multiple nonviolent offenses if the offenses
27 arose from the same transaction or occurrence. Under current
28 law, misdemeanor marijuana offenses may be expunged pursuant to
29 Code section 901C.3 (misdemeanor expungement). The bill requires
30 each court, on the effective date of the bill, to review its
31 records to identify persons convicted of marijuana offenses that
32 would have been legal under the bill and to automatically expunge
33 each such conviction.

34 DIVISION II — RETAIL MARIJUANA. Division II of the bill
35 relates to the regulation of retail marijuana in Iowa. The bill

1 grants the division of the department of revenue responsible for
2 issuing alcohol licenses (division) the authority to regulate
3 the cultivation, production, transportation, testing, and sale
4 of retail marijuana and retail marijuana products, including by
5 issuing appropriate licenses and promulgating rules.

6 The bill requires the division to transfer half of any
7 application fee collected to the local jurisdiction in which the
8 retail marijuana establishment will be located. The bill allows
9 local jurisdictions to impose limitations on the operation of
10 retail marijuana establishments, including by prohibiting their
11 operation.

12 The bill directs the division to develop and maintain a
13 seed-to-sale tracking system to track retail marijuana from the
14 seed or immature plant stage until it is sold to a consumer at a
15 retail marijuana establishment.

16 The bill requires the division to prioritize applicants
17 for state licenses who currently hold a license pursuant to
18 Code chapter 124E (medical cannabidiol) or that are businesses
19 majority-owned by women, citizens or permanent legal residents of
20 Iowa, or disabled veterans. The bill requires the division to
21 issue licenses to businesses that are majority-owned by persons
22 who are racial minorities in a proportion that meets or exceeds
23 the percentage of persons in this state who are racial minorities
24 according to the most recent federal decennial census.

25 The bill prohibits the owner of a retail marijuana
26 establishment from interfering with activities of employees
27 relating to labor organizations.

28 LOCAL LICENSES. The bill requires the division to transmit any
29 application for a retail marijuana establishment it receives to
30 the local jurisdiction where the establishment will be located
31 within seven days of receipt unless the local jurisdiction has
32 prohibited the operation of retail marijuana establishments. The
33 local jurisdiction must then inform the division whether the
34 application complies with any local restrictions on the operation
35 of retail marijuana establishments it may have imposed. The bill

1 requires a person to receive approval from both the division
2 and the local jurisdiction before operating a retail marijuana
3 establishment. A person whose application for a license is
4 denied is entitled to a hearing and judicial review pursuant to
5 Code chapter 17A.

6 RETAIL MARIJUANA LICENSES. Ninety days prior to the expiration
7 date of an existing license, the division shall notify the
8 licensee of the expiration date by first class mail at the
9 licensee's address of record with the division. A licensee may
10 apply for the renewal of an existing license to the division not
11 less than 30 days prior to the date of expiration.

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

23 Prior to initiating a sale, the bill requires a retail
24 marijuana store employee to verify that purchaser has a valid
25 identification card showing that the person is 21 years of age or
26 older. If a purchaser presents a retail marijuana store employee
27 with fraudulent proof of age, any action taken in reliance on
28 that proof of age shall not be grounds for the revocation or
29 suspension of a license.

30 The bill allows a retail marijuana store to provide to the
31 state hygienic laboratory a sample of its products for testing
32 and research purposes. The retail marijuana store shall maintain
33 a record of what was provided to the laboratory and the results
34 of the testing.

35 The bill prohibits a retail marijuana store from selling any

1 products other than retail marijuana, retail marijuana products,
2 marijuana accessories, nonconsumable products such as apparel,
3 and marijuana products such as childproof packaging containers.

4 The bill prohibits the division from issuing more than one
5 retail marijuana store license per county, except that the
6 division may, upon receipt of a petition, issue one additional
7 retail marijuana store license per 100,000 population in the
8 county. The bill allows a location licensed as a retail
9 marijuana store to also be licensed as a medical cannabis
10 dispensary, pursuant to rules adopted by the division in
11 consultation with the Iowa department of public health.

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

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

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

35 RETAIL MARIJUANA USE — PROTECTIONS. The bill prohibits the

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

27 FEES. The bill allows the division to collect and charge fees.
28 The bill sets the application fee for a person applying for a
29 new retail marijuana establishment license at \$5,000, which shall
30 be divided evenly between the division and the local jurisdiction
31 where the license is proposed to be issued. The bill permits a
32 local jurisdiction to impose operating fees on retail marijuana
33 establishments to which it has granted a license.

34 LICENSE DISCIPLINE. The bill permits the division, on its own
35 motion or complaint, and after investigation, notice, a public

1 hearing, and opportunity to be heard, to suspend or revoke a
2 license if the licensee or any of its agents or employees violate
3 a provision of the bill or a rule promulgated by the division.
4 The division may administer oaths and issue subpoenas to require
5 the presence of persons and the production of documents. The
6 division may impose discipline pursuant to rules and Code chapter
7 17A.

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

13 The bill requires the licensed premises of a retail marijuana
14 establishment, including any places of storage where retail
15 marijuana or retail marijuana products are stored, cultivated,
16 sold, dispensed, or tested to be subject to inspection by the
17 state or local jurisdictions and their investigators, during all
18 business hours and other times of apparent activity, for the
19 purpose of inspection or investigation.

20 STATE MARIJUANA EXCISE TAX. The bill imposes an excise tax
21 on consumers at the rate of 10 percent of the sale price on
22 each sale of retail marijuana. The tax shall be paid by the
23 consumer to the retail marijuana establishment at the time of
24 sale, and each retail marijuana establishment shall remit the
25 tax collected to the division on the 15th day of each month.
26 Revenues generated by the excise tax shall be deposited in the
27 community reinvestment fund, mental health services and substance
28 use disorder prevention fund, and local public safety fund
29 created in the bill. Moneys in the community reinvestment fund,
30 mental health services and substance use disorder prevention
31 fund, and local public safety fund shall be appropriated by the
32 general assembly for purposes enumerated in the bill.

33 OCCUPATIONAL LICENSING PROTECTIONS. The bill prohibits a
34 professional or occupational licensing board from imposing
35 discipline on a licensee for providing services related to

1 retail marijuana establishments. The bill also prohibits a
2 professional or occupational licensing board from denying a
3 license to a person based on a person's past employment with a
4 retail marijuana establishment.

5 RULEMAKING. The bill requires the division to adopt rules
6 within one year of the effective date of the bill to adopt
7 rules for the implementation of the bill. The rules shall
8 not prohibit the operation of retail marijuana establishments
9 or make the operation of retail marijuana establishments so
10 costly as to be impractical. Required rules include but are
11 not limited to rules relating to applications, fees, licensure,
12 security requirements, labeling requirements, health and safety
13 requirements, restrictions on advertising, cultivation, testing,
14 and penalties. The division shall also develop and regularly
15 update safety materials to be distributed upon the sale of retail
16 marijuana.

17 ACTS PROHIBITED. The bill does not allow the transfer of
18 marijuana to a person under 21 years of age or the possession of
19 marijuana by a person under 21 years of age.

20 PROPERTY RIGHTS. The bill does not require the owner of a
21 property to allow the consumption, cultivation, display, sale, or
22 transfer of marijuana at that property. However, in the case of
23 a residential dwelling, a landlord or property manager shall not
24 prohibit the possession of retail marijuana or medical cannabis
25 or the consumption of retail marijuana or medical cannabis by
26 means other than smoking except under certain circumstances.
27 The bill allows a landlord to take action against a tenant
28 after a warning if the tenant's use of marijuana creates an
29 odor that interferes with the peaceful enjoyment of property by
30 other tenants. The bill prohibits a landlord from discriminating
31 against a tenant or applicant on the basis of a past conviction
32 of a marijuana offense that would have been legal under the bill.

33 LAW ENFORCEMENT. The bill prohibits law enforcement agencies
34 from expending resources on the investigation of or arrest for
35 activity related to marijuana that is in violation of federal law

1 if the officer performing the investigation or arrest has reason
2 to believe that the activity complies with the requirements
3 of the bill. The bill also prohibits an agency or political
4 subdivision of the state from taking an adverse action against
5 a person on the sole basis that the person has violated a federal
6 law related to marijuana.

7 SURCHARGE. The bill allows a county that has not prohibited
8 the sale of retail marijuana to impose a 1 percent surcharge on
9 the retail sales price of retail marijuana. The surcharge shall
10 be administered by the department of revenue and funds collected
11 by the department of revenue shall be remitted to the county
12 on a quarterly basis. The bill includes additional provisions
13 regarding the implementation and operation of retail marijuana
14 surcharges.

15 DIVISION III — EFFECTIVE DATE. The bill takes effect upon
16 enactment, except that the division of the department of revenue
17 responsible for issuing alcohol licenses shall not issue a
18 license to operate a retail marijuana establishment prior to
19 January 1, 2027.

20 DIVISION IV — CODE EDITOR DIRECTIVE. The bill directs
21 the Code editor to create two subchapters in new Code
22 chapter 124F. The first subchapter shall be designated "criminal
23 penalties" and the second subchapter shall be designated "retail
24 marijuana".