TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

May 12, 2017

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol
LOCAL

Dear Mr. Secretary:

I hereby transmit:

House File 524, an Act relating to medical cannabidiol and prescription drugs, including the establishment of the medical cannabidiol act, the federal scheduling of a cannabidiol investigational product, and the exchange of prescription drug information, providing for civil and criminal penalties and fees, and including effective date provisions.

The 87th General Assembly and I agree that there may be medicinal benefits for certain diseases treated by cannabidiol. I recognize medical research continues to investigate the efficacy of medical cannabidiol. We sympathize with the families that have a loved one that might benefit from treatments that include the use of this product, and for those reasons, I have signed House File 524 into law. We appreciate the General Assembly for greater involving the medical community in discussions around cannabidiol. However, in carefully analyzing this bill, a number of issues have been identified that should be addressed during the next session of the General Assembly in order to address some pressing concerns. While these issues are not large or numerous enough to warrant a veto of the bill, they will continue to be concerns for the public and state agencies until they are addressed in the future.

These issues include the following:

In the definition of disqualifying felony offenses, the offenses are limited only to controlled substance-related felonies. This provision seems to allow for individuals with misdemeanor drug offenses, crimes of violence, weapon offenses, theft, fraud, forgery, etc. to work in or even hold a license as a cannabis manufacturer or dispensary.

In issuing a registration card (both for patients and primary caregivers) from the Iowa Department of Public Health (IDPH), the department is instructed to consider prior disqualifying felony offenses. In order for the Department to utilize the Division of Criminal Investigation (DCI) for national background checks, more precise authorizing language would need to be provided for such a background investigation.

The bill also sets the requirement of background checks on all manufacturers and dispensary applicants. As the bill is written, it only allows for a check of a criminal history record. In order for DCI agents to fully investigate the backgrounds of these individuals, more legislative language will be needed authorizing such investigations. Additionally, the timetables that are laid out in the legislation may not allow for adequate time for full and thorough background investigations of all individuals connected to manufacturing and dispensary applications. Finally, if the DCI agents are to check more than just these individual's Iowa criminal history, they will need more direct language to allow for the use of FBI National Database background checks.

By signing House File 524, Chapter 124D is repealed and ends the current medical cannabidiol program for patients with intractable epilepsy. While House File 524 replaces the old law, there are some unintended consequences for applicants in the current program. IDPH has worked to resolve these unintended consequences as much as legally possible. However, the IDPH will file emergency administrative rules soon in order to accept late applicants for the old program and new applicants under the new program until House File 524 is fully operational.

The law requires the annual fees for manufacturers and dispensaries to cover the cost of regulating and inspecting. The fees set in this bill would generate roughly $50,000-60,000. The upfront cost of the fee structure may be insufficient to properly carry out all the regulatory duties and data management system required.

The above House File is hereby approved this date.

Sincerely,

Terry E. Branstad
Governor

cc: Secretary of the Senate
Clerk of the House

House File 524

AN ACT

RELATING TO MEDICAL CANNABIDIOL AND PRESCRIPTION DRUGS, INCLUDING THE ESTABLISHMENT OF THE MEDICAL CANNABIDIOL ACT, THE FEDERAL SCHEDULING OF A CANNABIDIOL INVESTIGATIONAL PRODUCT, AND THE EXCHANGE OF PRESCRIPTION DRUG INFORMATION, PROVIDING FOR CIVIL AND CRIMINAL PENALTIES AND FEES, AND INCLUDING EFFECTIVE DATE PROVISIONS.

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

Section 1. NEW SECTION. **124.201A Cannabidiol investigational product — rules.**

1. If a cannabidiol investigational product approved as a prescription drug medication by the United States food and drug administration is eliminated from or revised in the federal schedule of controlled substances by the federal drug enforcement agency and notice of the elimination or revision is given to the board, the board shall similarly eliminate or revise the prescription drug medication in the schedule of controlled substances under this chapter. Such action by the board shall be immediately effective upon the date of publication of the final regulation containing the elimination or revision in the federal register.

2. The board shall adopt rules pursuant to chapter 17A to administer this section. The board may adopt rules on an emergency basis as provided in section 17A.4, subsection 3, and section 17A.5, subsection 2, to administer this section, and the rules shall be effective immediately upon filing unless

a later date is specified in the rules. Any emergency rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4, subsection 1.

Sec. 2. Section 124.401, subsection 5, unnumbered paragraph 3, Code 2017, is amended to read as follows:

A person may knowingly or intentionally recommend, possess, use, dispense, deliver, transport, or administer cannabidiol if the recommendation, possession, use, dispensing, delivery, transporting, or administering is in accordance with the provisions of chapter ~~124D~~ 124E. For purposes of this paragraph, *"cannabidiol"* means the same as defined in section ~~124D.2~~ 124E.2.

Sec. 3. Section 124.553, subsection 8, Code 2017, is amended to read as follows:

8. The board may enter into an agreement with a prescription database or monitoring program operated in ~~a state bordering this state or in the state of Kansas~~ any state for the mutual exchange of information. Any agreement entered into pursuant to this subsection shall specify that all the information exchanged pursuant to the agreement shall be used and disseminated in accordance with the laws of this state.

Sec. 4. NEW SECTION. **124E.1 Short title.**

This chapter shall be known and may be cited as the *"Medical Cannabidiol Act"*.

Sec. 5. NEW SECTION. **124E.2 Definitions.**

As used in this chapter:

1. *"Bordering state"* means the same as defined in section 331.910.

2. *"Debilitating medical condition"* means any of the following:

a. Cancer, if the underlying condition or treatment produces one or more of the following:

(1) Severe or chronic pain.

(2) Nausea or severe vomiting.

(3) Cachexia or severe wasting.

b. Multiple sclerosis with severe and persistent muscle spasms.

c. Seizures, including those characteristic of epilepsy.

d. AIDS or HIV as defined in section 141A.1.

e. Crohn's disease.

f. Amyotrophic lateral sclerosis.

g. Any terminal illness, with a probable life expectancy of under one year, if the illness or its treatment produces one or more of the following:

(1) Severe or chronic pain.

(2) Nausea or severe vomiting.

(3) Cachexia or severe wasting.

h. Parkinson's disease.

i. Untreatable pain.

3. *"Department"* means the department of public health.

4. *"Disqualifying felony offense"* means a violation under federal or state law of a felony under federal or state law, which has as an element the possession, use, or distribution of a controlled substance, as defined in 21 U.S.C. §802(6).

5. *"Health care practitioner"* means an individual licensed under chapter 148 to practice medicine and surgery or osteopathic medicine and surgery who is a patient's primary care provider. *"Health care practitioner"* shall not include a physician assistant licensed under chapter 148C or an advanced registered nurse practitioner licensed pursuant to chapter 152 or 152E.

6. *"Medical cannabidiol"* means any pharmaceutical grade cannabinoid found in the plant Cannabis sativa L. or Cannabis indica or any other preparation thereof that has a tetrahydrocannabinol level of no more than three percent and that is delivered in a form recommended by the medical cannabidiol board, approved by the board of medicine, and adopted by the department pursuant to rule.

7. *"Primary caregiver"* means a person who is a resident of this state or a bordering state as defined in section 331.910, including but not limited to a parent or legal guardian, at least eighteen years of age, who has been designated by a patient's health care practitioner as a necessary caretaker taking responsibility for managing the well-being of the patient with respect to the use of medical cannabidiol pursuant to the provisions of this chapter.

8. *"Untreatable pain"* means any pain whose cause cannot be

removed and, according to generally accepted medical practice, the full range of pain management modalities appropriate for the patient has been used without adequate result or with intolerable side effects.

9. *"Written certification"* means a document signed by a health care practitioner, with whom the patient has established a patient-provider relationship, which states that the patient has a debilitating medical condition and identifies that condition and provides any other relevant information.

Sec. 6. NEW SECTION. **124E.3 Health care practitioner certification — duties.**

1. Prior to a patient's submission of an application for a medical cannabidiol registration card pursuant to section 124E.4, a health care practitioner shall do all of the following:

a. Determine, in the health care practitioner's medical judgment, whether the patient whom the health care practitioner has examined and treated suffers from a debilitating medical condition that qualifies for the use of medical cannabidiol under this chapter, and if so determined, provide the patient with a written certification of that diagnosis.

b. Provide explanatory information as provided by the department to the patient about the therapeutic use of medical cannabidiol and the possible risks, benefits, and side effects of the proposed treatment.

2. Subsequently, the health care practitioner shall do the following:

a. Determine, on an annual basis, if the patient continues to suffer from a debilitating medical condition and, if so, issue the patient a new certification of that diagnosis.

b. Otherwise comply with all requirements established by the department pursuant to rule.

3. A health care practitioner may provide, but has no duty to provide, a written certification pursuant to this section.

Sec. 7. NEW SECTION. **124E.4 Medical cannabidiol registration card.**

1. *Issuance to patient.* Subject to subsection 7, the department may approve the issuance of a medical cannabidiol registration card by the department of transportation to a

patient who:

a. Is at least eighteen years of age.

b. Is a permanent resident of this state.

c. Submits a written certification to the department signed by the patient's health care practitioner that the patient is suffering from a debilitating medical condition.

d. Submits an application to the department, on a form created by the department, in consultation with the department of transportation, that contains all of the following:

(1) The patient's full name, Iowa residence address, date of birth, and telephone number.

(2) A copy of the patient's valid photograph identification.

(3) Full name, address, and telephone number of the patient's health care practitioner.

(4) Full name, residence address, date of birth, and telephone number of each primary caregiver of the patient, if any.

(5) Any other information required by rule.

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

f. Has not been convicted of a disqualifying felony offense.

2. *Patient card contents.* A medical cannabidiol registration card issued to a patient by the department of transportation pursuant to subsection 1 shall contain, at a minimum, all of the following:

a. The patient's full name, Iowa residence address, and date of birth.

b. The patient's photograph.

c. The date of issuance and expiration date of the medical cannabidiol registration card.

d. Any other information required by rule.

3. *Issuance to primary caregiver.* For a patient in a primary caregiver's care, subject to subsection 7, the department may approve the issuance of a medical cannabidiol registration card by the department of transportation to the

primary caregiver who:

a. Submits a written certification to the department signed by the patient's health care practitioner that the patient in the primary caregiver's care is suffering from a debilitating medical condition.

b. Submits an application to the department, on a form created by the department, in consultation with the department of transportation, that contains all of the following:

(1) The primary caregiver's full name, residence address, date of birth, and telephone number.

(2) The patient's full name.

(3) A copy of the primary caregiver's valid photograph identification.

(4) Full name, address, and telephone number of the patient's health care practitioner.

(5) Any other information required by rule.

c. Has not been convicted of a disqualifying felony offense.

d. Submits a medical cannabidiol registration card fee of twenty-five dollars to the department.

4. *Primary caregiver card contents.* A medical cannabidiol registration card issued by the department of transportation to a primary caregiver pursuant to subsection 3 shall contain, at a minimum, all of the following:

a. The primary caregiver's full name, residence address, and date of birth.

b. The primary caregiver's photograph.

c. The date of issuance and expiration date of the registration card.

d. The medical cannabidiol registration card number of each patient in the primary caregiver's care. If the patient in the primary caregiver's care is under the age of eighteen, the full name of the patient's parent or legal guardian.

e. Any other information required by rule.

5. *Expiration date of card.* A medical cannabidiol registration card issued pursuant to this section shall expire one year after the date of issuance and may be renewed.

6. *Card issuance — department of transportation.* The department may enter into a chapter 28E agreement with the department of transportation to facilitate the issuance of

medical cannabidiol registration cards pursuant to subsections 1 and 3.

7. *Federally approved clinical trials.* The department shall not approve the issuance of a medical cannabidiol registration card pursuant to this section for a patient who is enrolled in a federally approved clinical trial for the treatment of a debilitating medical condition with medical cannabidiol.

Sec. 8. NEW SECTION. **124E.4A Medical cannabidiol board — duties.**

1. *a.* A medical cannabidiol board is created consisting of eight practitioners representing the fields of neurology, pain management, gastroenterology, oncology, psychiatry, pediatrics, family medicine, and pharmacy, and one representative from law enforcement.

b. The practitioners shall be licensed in this state and nationally board-certified in their area of specialty and knowledgeable about the use of medical cannabidiol.

c. Applicants for membership on the board shall submit a membership application to the department and the governor shall appoint members from the applicant pool.

d. For purposes of this subsection, *"representative from law enforcement"* means a regularly employed member of a police force of a city or county, including a sheriff, or of the state patrol, in this state, who is responsible for the prevention and detection of crime and the enforcement of the criminal laws of this state.

2. The medical cannabidiol board shall convene at least twice but no more than four times per year.

3. The duties of the medical cannabidiol board shall include but not be limited to the following:

a. Accepting and reviewing petitions to add medical conditions, medical treatments, or debilitating diseases to the list of debilitating medical conditions for which the medical use of cannabidiol would be medically beneficial under this chapter.

b. Making recommendations relating to the removal or addition of debilitating medical conditions to the list of allowable debilitating medical conditions for which the medical use of cannabidiol under this chapter would be medically

beneficial.

c. Working with the department regarding the requirements for the licensure of medical cannabidiol manufacturers and medical cannabidiol dispensaries, including licensure procedures.

d. Advising the department regarding the location of medical cannabidiol manufacturers and medical cannabidiol dispensaries throughout the state.

e. Making recommendations relating to the form and quantity of allowable medical uses of cannabidiol.

4. Recommendations made by the medical cannabidiol board pursuant to section 3, paragraphs *"b"* and *"e"*, shall be made to the board of medicine for consideration, and if approved, shall be adopted by the board of medicine by rule.

5. On or before January 1 of each year, beginning January 1, 2018, the medical cannabidiol board shall submit a report detailing the activities of the board.

6. The medical cannabidiol board may recommend a statutory revision to the definition of medical cannabidiol contained in this chapter that increases the tetrahydrocannabinol level to more than three percent, however, any such recommendation shall be submitted to the general assembly during the regular session of the general assembly following such submission. The general assembly shall have the sole authority to revise the definition of medical cannabidiol for purposes of this chapter.

Sec. 9. NEW SECTION. **124E.5 Medical cannabidiol manufacturer licensure.**

1. *a.* The department shall issue a request for proposals to select and license by December 1, 2017, up to two medical cannabidiol manufacturers to manufacture and to possess, cultivate, harvest, transport, package, process, or supply medical cannabidiol within this state consistent with the provisions of this chapter. The department shall license new medical cannabidiol manufacturers or relicense the existing medical cannabidiol manufacturers by December 1 of each year.

b. Information submitted during the application process shall be confidential until a medical cannabidiol manufacturer is licensed by the department unless otherwise protected from disclosure under state or federal law.

2. As a condition for licensure, a medical cannabidiol manufacturer must agree to begin supplying medical cannabidiol to medical cannabidiol dispensaries in this state no later than December 1, 2018.

3. The department shall consider the following factors in determining whether to select and license a medical cannabidiol manufacturer:

a. The technical expertise of the medical cannabidiol manufacturer regarding medical cannabidiol.

b. The qualifications of the medical cannabidiol manufacturer's employees.

c. The long-term financial stability of the medical cannabidiol manufacturer.

d. The ability to provide appropriate security measures on the premises of the medical cannabidiol manufacturer.

e. Whether the medical cannabidiol manufacturer has demonstrated an ability to meet certain medical cannabidiol production needs for medical use regarding the range of recommended dosages for each debilitating medical condition, the range of chemical compositions of any plant of the genus cannabis that will likely be medically beneficial for each of the debilitating medical conditions, and the form of the medical cannabidiol in the manner determined by the department pursuant to rule.

f. The medical cannabidiol manufacturer's projection of and ongoing assessment of fees on patients with debilitating medical conditions.

4. The department shall require each medical cannabidiol manufacturer to contract with the state hygienic laboratory at the university of Iowa in Iowa City or an independent medical cannabidiol testing laboratory to perform spot-check testing of the medical cannabidiol produced by the manufacturer as provided in section 124E.6. The department shall require that the laboratory report testing results to the manufacturer in a manner determined by the department pursuant to rule.

5. Each entity submitting an application for licensure as a medical cannabidiol manufacturer shall pay a nonrefundable application fee of seven thousand five hundred dollars to the department.

Sec. 10. NEW SECTION. **124E.6 Medical cannabidiol manufacturers.**

1. A medical cannabidiol manufacturer shall contract with the state hygienic laboratory at the university of Iowa in Iowa City or an independent medical cannabidiol testing laboratory to perform spot-check testing of the medical cannabidiol manufactured by the medical cannabidiol manufacturer as to content, contamination, and consistency. The cost of all laboratory testing shall be paid by the medical cannabidiol manufacturer.

2. The operating documents of a medical cannabidiol manufacturer shall include all of the following:

a. Procedures for the oversight of the medical cannabidiol manufacturer and procedures to ensure accurate recordkeeping.

b. Procedures for the implementation of appropriate security measures to deter and prevent the theft of medical cannabidiol and unauthorized entrance into areas containing medical cannabidiol.

3. A medical cannabidiol manufacturer shall implement security requirements, including requirements for protection of each location by a fully operational security alarm system, facility access controls, perimeter intrusion detection systems, and a personnel identification system.

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

5. A medical cannabidiol manufacturer shall not permit any person to consume medical cannabidiol on the property of the medical cannabidiol manufacturer.

6. A medical cannabidiol manufacturer is subject to reasonable inspection by the department.

7. A medical cannabidiol manufacturer shall not employ a person who is under eighteen years of age or who has been convicted of a disqualifying felony offense. An employee of a medical cannabidiol manufacturer shall be subject to a background investigation conducted by the division of criminal investigation of the department of public safety and a national criminal history background check.

8. A medical cannabidiol manufacturer owner shall not have

been convicted of a disqualifying felony offense and shall be subject to a background investigation conducted by the division of criminal investigation of the department of public safety and a national criminal history background check.

9. A medical cannabidiol manufacturer shall not operate at the same physical location as a medical cannabidiol dispensary.

10. A medical cannabidiol manufacturer shall not operate in any location, whether for manufacturing, possessing, cultivating, harvesting, transporting, packaging, processing, or supplying, within one thousand feet of a public or private school existing before the date of the medical cannabidiol manufacturer's licensure by the department.

11. A medical cannabidiol manufacturer shall comply with reasonable restrictions set by the department relating to signage, marketing, display, and advertising of medical cannabidiol.

12. *a.* A medical cannabidiol manufacturer shall provide a reliable and ongoing supply of medical cannabidiol to medical cannabidiol dispensaries pursuant to this chapter.

b. All manufacturing, cultivating, harvesting, packaging, and processing of medical cannabidiol shall take place in an enclosed, locked facility at a physical address provided to the department during the licensure process.

c. A medical cannabidiol manufacturer shall not manufacture edible medical cannabidiol products.

Sec. 11. NEW SECTION. **124E.7 Medical cannabidiol dispensary licensure.**

1. *a.* The department shall issue a request for proposals to select and license by April 1, 2018, up to five medical cannabidiol dispensaries to dispense medical cannabidiol within this state consistent with the provisions of this chapter. The department shall license new medical cannabidiol dispensaries or relicense the existing medical cannabidiol dispensaries by December 1 of each year.

b. Information submitted during the application process shall be confidential until a medical cannabidiol dispensary is licensed by the department unless otherwise protected from disclosure under state or federal law.

2. As a condition for licensure, a medical cannabidiol

dispensary must agree to begin supplying medical cannabidiol to patients by December 1, 2018.

3. The department shall consider the following factors in determining whether to select and license a medical cannabidiol dispensary:

a. The technical expertise of the medical cannabidiol dispensary regarding medical cannabidiol.

b. The qualifications of the medical cannabidiol dispensary's employees.

c. The long-term financial stability of the medical cannabidiol dispensary.

d. The ability to provide appropriate security measures on the premises of the medical cannabidiol dispensary.

e. The medical cannabidiol dispensary's projection and ongoing assessment of fees for the purchase of medical cannabidiol on patients with debilitating medical conditions.

4. Each entity submitting an application for licensure as a medical cannabidiol dispensary shall pay a nonrefundable application fee of five thousand dollars to the department.

Sec. 12. NEW SECTION. **124E.8 Medical cannabidiol dispensaries.**

1. *a.* The medical cannabidiol dispensaries shall be located based on geographical need throughout the state to improve patient access.

b. A medical cannabidiol dispensary may dispense medical cannabidiol pursuant to the provisions of this chapter but shall not dispense any medical cannabidiol in a form or quantity other than the form or quantity allowed by the department pursuant to rule.

2. The operating documents of a medical cannabidiol dispensary shall include all of the following:

a. Procedures for the oversight of the medical cannabidiol dispensary and procedures to ensure accurate recordkeeping.

b. Procedures for the implementation of appropriate security measures to deter and prevent the theft of medical cannabidiol and unauthorized entrance into areas containing medical cannabidiol.

3. A medical cannabidiol dispensary shall implement security requirements, including requirements for protection

by a fully operational security alarm system, facility access controls, perimeter intrusion detection systems, and a personnel identification system.

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

5. A medical cannabidiol dispensary shall not permit any person to consume medical cannabidiol on the property of the medical cannabidiol dispensary.

6. A medical cannabidiol dispensary is subject to reasonable inspection by the department.

7. A medical cannabidiol dispensary shall not employ a person who is under eighteen years of age or who has been convicted of a disqualifying felony offense. An employee of a medical cannabidiol dispensary shall be subject to a background investigation conducted by the division of criminal investigation of the department of public safety and a national criminal history background check.

8. A medical cannabidiol dispensary owner shall not have been convicted of a disqualifying felony offense and shall be subject to a background investigation conducted by the division of criminal investigation of the department of public safety and a national criminal history background check.

9. A medical cannabidiol dispensary shall not operate at the same physical location as a medical cannabidiol manufacturer.

10. A medical cannabidiol dispensary shall not operate in any location within one thousand feet of a public or private school existing before the date of the medical cannabidiol dispensary's licensure by the department.

11. A medical cannabidiol dispensary shall comply with reasonable restrictions set by the department relating to signage, marketing, display, and advertising of medical cannabidiol.

12. Prior to dispensing of any medical cannabidiol, a medical cannabidiol dispensary shall do all of the following:

a. Verify that the medical cannabidiol dispensary has received a valid medical cannabidiol registration card from a patient or a patient's primary caregiver, if applicable.

b. Assign a tracking number to any medical cannabidiol

dispensed from the medical cannabidiol dispensary.

c. Properly package medical cannabidiol in compliance with federal law regarding child resistant packaging and exemptions for packaging for elderly patients, and label medical cannabidiol with a list of all active ingredients and individually identifying information.

Sec. 13. NEW SECTION. **124E.9 Fees.**

Medical cannabidiol registration card fees and medical cannabidiol manufacturer and medical cannabidiol dispensary application and annual fees collected by the department pursuant to this chapter shall be retained by the department, shall be considered repayment receipts as defined in section 8.2, and shall be used for the purpose of regulating medical cannabidiol manufacturers and medical cannabidiol dispensaries, for the cost of salaries for two agents of the division of criminal investigation of the department of public safety to inspect medical cannabidiol manufacturers and medical cannabidiol dispensaries, and for other expenses necessary for the administration of this chapter.

Sec. 14. NEW SECTION. **124E.10 Department duties — rules.**

1. *a.* The department shall maintain a confidential file of the names of each patient to or for whom the department issues a medical cannabidiol registration card and the name of each primary caregiver to whom the department issues a medical cannabidiol registration card under section 124E.4.

b. Individual names contained in the file shall be confidential and shall not be subject to disclosure, except as provided in subparagraph (1).

(1) Information in the confidential file maintained pursuant to paragraph *"a"* may be released on an individual basis to the following persons under the following circumstances:

(a) To authorized employees or agents of the department and the department of transportation as necessary to perform the duties of the department and the department of transportation pursuant to this chapter.

(b) To authorized employees of law enforcement agencies of a state or political subdivision thereof, but only for the purpose of verifying that a person is lawfully in possession of a medical cannabidiol registration card issued pursuant to

this chapter.

(c) To authorized employees of a medical cannabidiol dispensary, but only for the purpose of verifying that a person is lawfully in possession of a medical cannabidiol registration card issued pursuant to this chapter.

(d) To any other authorized persons recognized by the department by rule, but only for the purpose of verifying that a person is lawfully in possession of a medical cannabidiol registration card issued pursuant to this chapter.

(2) Release of information pursuant to subparagraph (1) shall be consistent with the federal Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.

2. The department shall adopt rules pursuant to chapter 17A to administer this chapter which shall include but not be limited to rules to do all of the following:

a. Govern the manner in which the department shall consider applications for new and renewal medical cannabidiol registration cards.

b. Ensure that the medical cannabidiol registration card program operates on a self-sustaining basis.

c. Establish the form and quantity of medical cannabidiol allowed to be dispensed to a patient or primary caregiver pursuant to this chapter as appropriate to serve the medical needs of patients with debilitating medical conditions, subject to recommendation by the medical cannabidiol board and approval by the board of medicine.

d. Establish requirements for the licensure of medical cannabidiol manufacturers and medical cannabidiol dispensaries and set forth procedures for medical cannabidiol manufacturers and medical cannabidiol dispensaries to obtain licenses.

e. Develop a dispensing system for medical cannabidiol within this state that provides for all of the following:

(1) Medical cannabidiol dispensaries within this state housed on secured grounds and operated by licensed medical cannabidiol dispensaries.

(2) The dispensing of medical cannabidiol to patients and their primary caregivers to occur at locations designated by the department.

f. Establish and collect annual fees from medical cannabidiol manufacturers and medical cannabidiol dispensaries to cover the costs associated with regulating and inspecting medical cannabidiol manufacturers and medical cannabidiol dispensaries.

g. Specify and implement procedures that address public safety including security procedures and product quality including measures to ensure contaminant-free cultivation of medical cannabidiol, safety, and labeling.

h. Establish and implement a real-time, statewide medical cannabidiol registry management sale tracking system that is available to medical cannabidiol dispensaries on a twenty-four-hour-a-day, seven-day-a-week basis for the purpose of verifying that a person is lawfully in possession of a medical cannabidiol registration card issued pursuant to this chapter and for tracking the date of the sale and quantity of medical cannabidiol purchased by a patient or a primary caregiver.

i. Establish and implement a medical cannabidiol inventory and delivery tracking system to track medical cannabidiol from production by a medical cannabidiol manufacturer through dispensing at a medical cannabidiol dispensary.

Sec. 15. NEW SECTION. **124E.11 Use of medical cannabidiol — affirmative defenses.**

1. A health care practitioner, including any authorized agent or employee thereof, shall not be subject to prosecution for the unlawful certification, possession, or administration of marijuana under the laws of this state for activities arising directly out of or directly related to the certification or use of medical cannabidiol in the treatment of a patient diagnosed with a debilitating medical condition as authorized by this chapter.

2. A medical cannabidiol manufacturer, including any authorized agent or employee thereof, shall not be subject to prosecution for manufacturing, possessing, cultivating, harvesting, transporting, packaging, processing, or supplying medical cannabidiol pursuant to this chapter.

3. A medical cannabidiol dispensary, including any authorized agent or employee thereof, shall not be subject to

prosecution for dispensing medical cannabidiol pursuant to this chapter.

4. *a.* In a prosecution for the unlawful possession of marijuana under the laws of this state for the possession of medical cannabidiol, including but not limited to chapters 124 and 453B, it is an affirmative and complete defense to the prosecution that the patient has been diagnosed with a debilitating medical condition, used or possessed medical cannabidiol pursuant to a certification by a health care practitioner as authorized under this chapter, and, for a patient eighteen years of age or older, is in possession of a valid medical cannabidiol registration card issued pursuant to this chapter.

b. In a prosecution for the unlawful possession of marijuana under the laws of this state for the possession of medical cannabidiol, including but not limited to chapters 124 and 453B, it is an affirmative and complete defense to the prosecution that the person possessed medical cannabidiol because the person is a primary caregiver of a patient who has been diagnosed with a debilitating medical condition and is in possession of a valid medical cannabidiol registration card issued pursuant to this chapter, and where the primary caregiver's possession of the medical cannabidiol is on behalf of the patient and for the patient's use only as authorized under this chapter.

c. If a patient or primary caregiver is charged with the unlawful possession of marijuana under the laws of this state for the possession of medical cannabidiol, including but not limited to chapters 124 and 453B, and is not in possession of the person's medical cannabidiol registration card, any charge or charges filed against the person for the possession of medical cannabidiol shall be dismissed by the court if the person produces to the court prior to or at the person's trial a medical cannabidiol registration card issued to that person and valid at the time the person was charged.

5. An agency of this state or a political subdivision thereof, including any law enforcement agency, shall not remove or initiate proceedings to remove a patient under the age of eighteen from the home of a parent based solely upon the

parent's or patient's possession or use of medical cannabidiol as authorized under this chapter.

6. The department, the department of transportation, and any health care practitioner, including any authorized agent or employee thereof, are not subject to any civil or disciplinary penalties by the board of medicine or any business, occupational, or professional licensing board or entity, solely for activities conducted relating to a patient's possession or use of medical cannabidiol as authorized under this chapter. Nothing in this section affects a professional licensing board from taking action in response to violations of any other section of law.

7. Notwithstanding any law to the contrary, the department, the department of transportation, the governor, or any employee of any state agency shall not be held civilly or criminally liable for any injury, loss of property, personal injury, or death caused by any act or omission while acting within the scope of office or employment as authorized under this chapter.

8. An attorney shall not be subject to disciplinary action by the Iowa supreme court or attorney disciplinary board for providing legal assistance to a patient, primary caregiver, or others based upon a patient's or primary caregiver's possession or use of medical cannabidiol as authorized under this chapter.

9. Possession of a medical cannabidiol registration card or an application for a medical cannabidiol registration card by a person entitled to possess or apply for a medical cannabidiol registration card shall not constitute probable cause or reasonable suspicion, and shall not be used to support a search of the person or property of the person possessing or applying for the medical cannabidiol registration card, or otherwise subject the person or property of the person to inspection by any governmental agency.

Sec. 16. NEW SECTION. **124E.12 Medical cannabidiol source.**

Medical cannabidiol provided exclusively pursuant to a written certification of a health care practitioner, if not legally available in this state or from any other bordering state, shall be obtained from an out-of-state source.

Sec. 17. NEW SECTION. **124E.13 Out-of-state medical cannabidiol dispensaries.**

The department of public health shall utilize a request for proposals process to select and license by December 1, 2017, up to two out-of-state medical cannabidiol dispensaries from a bordering state to sell and dispense medical cannabidiol to a patient or primary caregiver in possession of a valid medical cannabidiol registration card issued under this chapter.

Sec. 18. NEW SECTION. **124E.14 Iowa patients and primary caregivers registering in the state of Minnesota.**

A patient or a primary caregiver with a valid medical cannabidiol registration card issued pursuant to this chapter may register in the state of Minnesota as a visiting qualified patient or primary caregiver and may register with one or more medical cannabis manufacturers registered under the laws of Minnesota.

Sec. 19. NEW SECTION. **124E.15 Penalties.**

1. A person who knowingly or intentionally possesses or uses medical cannabidiol in violation of the requirements of this chapter is subject to the penalties provided under chapters 124 and 453B.

2. A medical cannabidiol manufacturer or a medical cannabidiol dispensary shall be assessed a civil penalty of up to one thousand dollars per violation for any violation of this chapter in addition to any other applicable penalties.

Sec. 20. NEW SECTION. **124E.16 Use of medical cannabidiol — smoking prohibited.**

A patient shall not consume medical cannabidiol possessed or used as authorized under this chapter by smoking medical cannabidiol.

Sec. 21. NEW SECTION. **124E.17 Reciprocity.**

A valid medical cannabidiol registration card, or its equivalent, issued under the laws of another state that allows an out-of-state patient to possess or use medical cannabidiol in the jurisdiction of issuance shall have the same force and effect as a valid medical cannabidiol registration card issued pursuant to this chapter, except that an out-of-state patient in this state shall not obtain medical cannabidiol from a medical cannabidiol dispensary in this state.

Sec. 22. Section 730.5, subsection 11, Code 2017, is amended by adding the following new paragraph:

NEW PARAGRAPH. *f.* Testing or taking action against an individual with a confirmed positive test result due to the individual's use of medical cannabidiol as authorized under chapter 124E.

Sec. 23. REPEAL. Chapter 124D, Code 2017, is repealed.

Sec. 24. TRANSITION PROVISIONS. A medical cannabidiol registration card issued under chapter 124D prior to the effective date of this Act, remains effective and continues in effect as issued for the twelve-month period following its issuance. This Act does not preclude the medical cannabidiol registration cardholder from seeking to renew the holder's medical cannabidiol registration card under this Act prior to the expiration of the twelve-month period.

Sec. 25. EFFECTIVE UPON ENACTMENT. This Act, being of immediate importance, takes effect upon enactment.

LINDA UPMEYER

Speaker of the House

JACK WHITVER

President of the Senate

I hereby certify that this bill originated in the House and is known as House File 524, Eighty-seventh General Assembly.

CARMINE BOAL

Chief Clerk of the House

Approved May 12, 2017

TERRY E. BRANSTAD

Governor