



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,

A handwritten signature in black ink, appearing to read "Terry E. Branstad". The signature is written in a cursive, flowing style with a large initial "T".

Terry E. Branstad
Governor

cc: Secretary of the Senate
Clerk of the House