

As Introduced

**132nd General Assembly
Regular Session
2017-2018**

H. B. No. 495

Representative Seitz

A BILL

To amend section 3796.031 of the Revised Code 1
relating to the closed-loop payment processing 2
system under the medical marijuana control 3
program. 4

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

Section 1. That section 3796.031 of the Revised Code be 5
amended to read as follows: 6

Sec. 3796.031. (A) As used in this section: 7

(1) "Authorized financial institution" means a state- 8
chartered bank or credit union authorized by the department of 9
commerce to participate in the closed-loop payment processing 10
system. 11

(2) "Closed-loop card" means a debit card authorized by 12
the department of commerce to facilitate transactions in the 13
closed-loop payment processing system. 14

(3) "Closed-loop payment processing system" means a 15
cashless system established by the department of commerce to 16
monitor and facilitate the financial transactions of medical 17
marijuana entities and registered patients and their caregivers 18

and the financial transactions between medical marijuana 19
entities and their employees, independent contractors, sellers 20
of goods and services, and other medical marijuana entities. 21

(4) "Medical marijuana entity" means a licensed medical 22
marijuana cultivator, processor, dispensary, or testing 23
laboratory. 24

(B) The director of commerce ~~may~~ shall, in accordance with 25
Chapter 119. of the Revised Code, adopt rules that establish a 26
closed-loop payment processing system under which the state 27
creates accounts to be used only by registered patients and 28
caregivers at licensed dispensaries as well as by all license 29
holders under this chapter. The system shall include the 30
following: 31

(1) Means for a medical marijuana entity and registered 32
patient and caregiver to activate and establish an account under 33
the system; 34

(2) A requirement that a medical marijuana entity deposit 35
money other than money directly generated from the sale of 36
marijuana either from this state or any other state into an 37
authorized financial institution and use the closed-loop card 38
for all financial transactions as described in division (B) (4) 39
of this section; 40

(3) A requirement that a registered patient and caregiver 41
deposit money into an authorized financial institution and use 42
the closed-loop card to purchase medical marijuana products at 43
licensed retail dispensaries; 44

(4) A requirement that all financial transactions of 45
medical marijuana entities and registered patients and their 46
caregivers and financial transactions between medical marijuana 47

entities and their employees, independent contractors, sellers 48
of goods and services, and other medical marijuana entities are 49
conducted via the closed-loop payment processing system and 50
utilize a closed-loop card. Financial transactions include the 51
following: 52

(a) Purchases of medical marijuana products at licensed 53
retail dispensaries made by a qualified patient or caregiver; 54

(b) Payroll to a medical marijuana entity's employees or 55
payment to independent contractors; 56

(c) Payment for goods and services acquired by the medical 57
marijuana entity. 58

(C) The department rules established under division (B) of 59
this section shall ensure that medical marijuana entities and 60
registered patients and caregivers have access to an authorized 61
financial institution. 62

(D) The system may include record-keeping and accounting 63
functions that identify all parties involved in those 64
transactions. The purpose of the system is to prevent all of the 65
following: 66

(1) Revenue from the sale of marijuana from going to 67
criminal enterprises, gangs, and cartels; 68

(2) The diversion of marijuana from a state where it is 69
legal in some form under that state's law to another state; 70

(3) The distribution of marijuana to minors; 71

(4) The use of state-authorized marijuana activity as a 72
cover or pretext for the trafficking of other illegal drugs or 73
for other illegal activity. 74

~~(B)~~ (E) The information recorded by the system shall be 75
fully accessible to the ~~state board of pharmacy department of~~ 76
commerce and all state and federal law enforcement agencies, 77
including the United States department of the treasury's 78
financial crimes enforcement network. 79

Section 2. That existing section 3796.031 of the Revised 80
Code is hereby repealed. 81