

Medical Cannabis Payment Providers

Per [Utah Code 4-41a-108](#), the Division of Finance, in consultation with the state treasurer, shall make rules (see [Utah Administrative Rule R25-21](#)) to establish standards for identifying payment providers that demonstrate the functional and technical ability to safely conduct financial transactions related to medical cannabis. They also review, approve and create a [list of payment providers](#).

See also [Utah Code 4-41a-103](#) and [Utah Administrative Rule R25-22](#). Rules R25-21 and R25-22 are due for revisions on March 10, 2025.

We invite the board to consider the following questions.

1. Why was this law enacted?
2. Is it still necessary? If so, are the law and rule fulfilling their intended purpose?

As you think about those questions, please note the following:

We asked medical cannabis pharmacies if it is beneficial to their industry for the Division of Finance to approve medical cannabis payment providers. We received replies from four entities. All four entities said it is not beneficial. One entity further stated: The only ways in which we believe it could be beneficial is if the Division was acting as a gatekeeper against potential bad actors in the payment providers space, or if something were to go awry with the payment provider down the road, that it would give us as operators some kind of legal cover against liability.

When asked why it is not beneficial, we got the following responses:

1. No other state does this level of approval, so I don't think it's useful. It should be a business decision we can all make independently.
2. I think vetting a good payment provider should be the responsibility of the business.
3. We do not think that the (current process) is particularly viable due to the lengthy time taken for payment provider approvals. We support a system that would provide quicker approvals for payment providers and one that allows eventual access to use of major credit cards.
4. We do not believe it is beneficial because it creates an extra bureaucratic step to use payment providers in Utah, which limits the payment providers that are willing to service the Utah cannabis industry (since we are a smaller medical market). This extra step to become operational inherently limits competition and keeps fees high from the payment providers to the consumer and/or the pharmacy. Additionally, having this additional registration step reduces convenience for the consumer. When our payment provider network went down at the end of September of this year, we found an out of state provider that could have readily sent new devices, but since they weren't approved in Utah yet, that wasn't an option (and left consumers without the ability to pay with a debit card for an unacceptably long period of time).