

State of Arizona  
Senate  
Fifty-fourth Legislature  
First Regular Session  
2019

# SENATE BILL 1494

AN ACT

AMENDING SECTIONS 36-2801 AND 36-2803, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 28.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2803.01; AMENDING SECTIONS 36-2804.01, 36-2804.05 AND 36-2804.06, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 28.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2804.07; AMENDING SECTIONS 36-2806, 36-2810, 36-2816 AND 36-2819, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 28.1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 36-2820 AND 36-2821; RELATING TO MEDICAL MARIJUANA.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Subject to the requirements of article IV, part 1,  
3 section 1, Constitution of Arizona, section 36-2801, Arizona Revised  
4 Statutes, is amended to read:

5 36-2801. Definitions

6 In this chapter, unless the context otherwise requires:

7 1. "Allowable amount of marijuana":

8 (a) With respect to a qualifying patient, ~~the "allowable amount of~~  
9 ~~marijuana"~~ means:

10 (i) ~~Two and one-half~~ TWO AND ONE-HALF ounces of usable marijuana.  
11 ~~;~~ ~~and~~

12 (ii) If the qualifying patient's registry identification card  
13 states that the qualifying patient is authorized to cultivate marijuana,  
14 twelve marijuana plants contained in an enclosed, locked facility, except  
15 that the plants are not required to be in an enclosed, locked facility if  
16 the plants are being transported because the qualifying patient is moving.

17 (b) With respect to a designated caregiver, ~~the "allowable amount~~  
18 ~~of marijuana"~~ for each patient assisted by the designated caregiver under  
19 this chapter, means:

20 (i) ~~Two and one-half~~ TWO AND ONE-HALF ounces of usable marijuana.  
21 ~~;~~ ~~and~~

22 (ii) If the designated caregiver's registry identification card  
23 provides that the designated caregiver is authorized to cultivate  
24 marijuana, twelve marijuana plants contained in an enclosed, locked  
25 facility, except that the plants are not required to be in an enclosed,  
26 locked facility if the plants are being transported because the designated  
27 caregiver is moving.

28 (c) DOES NOT INCLUDE marijuana that is incidental to medical use,  
29 but is not usable marijuana ~~as defined in this chapter, shall not be~~  
30 ~~counted toward a qualifying patient's or designated caregiver's allowable~~  
31 ~~amount of marijuana.~~

32 2. "Cardholder" means a qualifying patient, a designated caregiver,  
33 ~~or~~ a nonprofit medical marijuana dispensary agent OR A INDEPENDENT  
34 THIRD-PARTY LABORATORY AGENT who has been issued and possesses a valid  
35 registry identification card.

36 3. "Debilitating medical condition" means one or more of the  
37 following:

38 (a) Cancer, glaucoma, positive status for human immunodeficiency  
39 virus, acquired immune deficiency syndrome, hepatitis C, amyotrophic  
40 lateral sclerosis, Crohn's disease, ~~OR~~ agitation of Alzheimer's disease  
41 or the treatment of these conditions.

42 (b) A chronic or debilitating disease or medical condition or its  
43 treatment that produces one or more of the following:

44 (i) Cachexia or wasting syndrome. ~~;~~

45 (ii) Severe and chronic pain. ~~;~~

- 1 (iii) Severe nausea. ~~;~~
- 2 (iv) Seizures, including those characteristic of epilepsy. ~~;~~
- 3 (v) Severe and persistent muscle spasms, including those  
4 characteristic of multiple sclerosis.
- 5 (c) Any other medical condition or its treatment added by the  
6 department pursuant to section 36-2801.01.
- 7 4. "Department" means the ~~Arizona~~ department of health services or  
8 its successor agency.
- 9 5. "Designated caregiver" means a person who:
- 10 (a) Is at least twenty-one years of age.
- 11 (b) Has agreed to assist with a patient's medical use of marijuana.
- 12 (c) Has not been convicted of an excluded felony offense.
- 13 (d) Assists ~~no~~ NOT more than five qualifying patients with the  
14 medical use of marijuana.
- 15 (e) May receive reimbursement for actual costs incurred in  
16 assisting a registered qualifying patient's medical use of marijuana if  
17 the registered designated caregiver is connected to the registered  
18 qualifying patient through the department's registration process. The  
19 designated caregiver may not be paid any fee or compensation for ~~his~~  
20 service as a caregiver. Payment for costs under this subdivision ~~shall~~  
21 DOES not constitute an offense under title 13, chapter 34 or under title  
22 36, chapter 27, article 4.
- 23 6. "Enclosed, locked facility" means a closet, room, greenhouse or  
24 other enclosed area THAT IS equipped with locks or other security devices  
25 that permit access only by a cardholder.
- 26 7. "Excluded felony offense" means:
- 27 (a) A violent crime as defined in section 13-901.03, subsection B,  
28 that was classified as a felony in the jurisdiction where the person was  
29 convicted.
- 30 (b) A violation of a state or federal controlled substance law that  
31 was classified as a felony in the jurisdiction where the person was  
32 convicted but does not include:
- 33 (i) An offense for which the sentence, including any term of  
34 probation, incarceration or supervised release, was completed ten or more  
35 years earlier.
- 36 (ii) An offense involving conduct that would be immune from arrest,  
37 prosecution or penalty under section 36-2811, except that the conduct  
38 occurred before ~~the effective date of this chapter~~ DECEMBER 14, 2010 or  
39 was prosecuted by an authority other than the state of Arizona.
- 40 8. "INDEPENDENT THIRD-PARTY LABORATORY" MEANS AN ENTITY THAT HAS A  
41 NATIONAL OR INTERNATIONAL ACCREDITATION AND THAT IS CERTIFIED BY THE  
42 DEPARTMENT TO ANALYZE MARIJUANA CULTIVATED FOR MEDICAL USE.

1           9. "INDEPENDENT THIRD-PARTY LABORATORY AGENT" MEANS AN OWNER,  
2 EMPLOYEE OR VOLUNTEER OF A CERTIFIED INDEPENDENT THIRD-PARTY LABORATORY  
3 WHO IS AT LEAST TWENTY-ONE YEARS OF AGE AND WHO HAS NOT BEEN CONVICTED OF  
4 AN EXCLUDED FELONY OFFENSE.

5           ~~8.~~ 10. "Marijuana" means all parts of any plant of the genus  
6 cannabis whether growing or not, and the seeds of such plant.

7           ~~9.~~ 11. "Medical use" means the acquisition, possession,  
8 cultivation, manufacture, use, administration, delivery, transfer or  
9 transportation of marijuana or paraphernalia relating to the  
10 administration of marijuana to treat or alleviate a registered qualifying  
11 patient's debilitating medical condition or symptoms associated with the  
12 patient's debilitating medical condition.

13           ~~11.~~ 12. "Nonprofit medical marijuana dispensary" means a  
14 not-for-profit entity that acquires, possesses, cultivates, manufactures,  
15 delivers, transfers, transports, supplies, sells or dispenses marijuana or  
16 related supplies and educational materials to cardholders. A nonprofit  
17 medical marijuana dispensary may receive payment for all expenses incurred  
18 in its operation.

19           ~~10.~~ 13. "Nonprofit medical marijuana dispensary agent" means a  
20 principal officer, board member, employee or volunteer of a nonprofit  
21 medical marijuana dispensary who is at least twenty-one years of age and  
22 has not been convicted of an excluded felony offense.

23           ~~12.~~ 14. "Physician" means a doctor of medicine who holds a valid  
24 and existing license to practice medicine pursuant to title 32, chapter 13  
25 or its successor, a doctor of osteopathic medicine who holds a valid and  
26 existing license to practice osteopathic medicine pursuant to title 32,  
27 chapter 17 or its successor, a naturopathic physician who holds a valid  
28 and existing license to practice naturopathic medicine pursuant to title  
29 32, chapter 14 or its successor or a homeopathic physician who holds a  
30 valid and existing license to practice homeopathic medicine pursuant to  
31 title 32, chapter 29 or its successor.

32           ~~13.~~ 15. "Qualifying patient" means a person who has been diagnosed  
33 by a physician as having a debilitating medical condition.

34           ~~14.~~ 16. "Registry identification card" means a document issued by  
35 the department that identifies a person as a registered qualifying  
36 patient, A registered designated caregiver, ~~or~~ a registered nonprofit  
37 medical marijuana dispensary agent OR A REGISTERED INDEPENDENT THIRD-PARTY  
38 LABORATORY AGENT.

39           ~~15.~~ 17. "Usable marijuana":

40           (a) Means the dried flowers of the marijuana plant, and any mixture  
41 or preparation thereof. ~~, but~~

42           (b) Does not include:

43           (i) The seeds, stalks and roots of the plant. ~~and does not include~~

44           (ii) The weight of any non-marijuana ingredients combined with  
45 marijuana and prepared for consumption as food or drink.

1           ~~16.~~ 18. "Verification system" means a secure, password-protected,  
2 web-based system THAT IS established and maintained by the department AND  
3 that is available to law enforcement personnel and nonprofit medical  
4 marijuana dispensary agents on a ~~twenty-four hour~~ TWENTY-FOUR-HOUR basis  
5 for ~~verification of~~ VERIFYING registry identification cards.

6           ~~17.~~ 19. "Visiting qualifying patient" means a person:

7           (a) Who is not a resident of Arizona or who has been a resident of  
8 Arizona less than thirty days.

9           (b) Who has been diagnosed with a debilitating medical condition by  
10 a person who is licensed with authority to prescribe drugs to humans in  
11 the state of the person's residence or, in the case of a person who has  
12 been a resident of Arizona less than thirty days, the state of the  
13 person's former residence.

14           ~~18.~~ 20. "Written certification" means a document dated and signed  
15 by a physician, stating that in the physician's professional opinion the  
16 patient is likely to receive therapeutic or palliative benefit from the  
17 medical use of marijuana to treat or alleviate the patient's debilitating  
18 medical condition or symptoms associated with the debilitating medical  
19 condition. The physician must:

20           (a) Specify the qualifying patient's debilitating medical condition  
21 in the written certification.

22           (b) Sign and date the written certification only in the course of a  
23 physician-patient relationship after the physician has completed a full  
24 assessment of the qualifying patient's medical history.

25           Sec. 2. Subject to the requirements of article IV, part 1,  
26 section 1, Constitution of Arizona, section 36-2803, Arizona Revised  
27 Statutes, is amended to read:

28           36-2803. Rulemaking; notice

29           A. The department shall adopt rules:

30           1. Governing the manner in which the department considers petitions  
31 from the public to add debilitating medical conditions or treatments to  
32 the list of debilitating medical conditions set forth in section 36-2801,  
33 paragraph 3, including public notice of, and an opportunity to comment in  
34 a public hearing on, petitions.

35           2. Establishing the form and content of registration and renewal  
36 applications submitted under this chapter.

37           3. Governing the manner in which the department considers  
38 applications for and renewals of registry identification cards.

39           4. Governing nonprofit medical marijuana dispensaries, ~~for the~~  
40 ~~purpose of protecting~~ TO PROTECT against diversion and theft without  
41 imposing an undue burden on nonprofit medical marijuana dispensaries or  
42 compromising the confidentiality of cardholders, including:

43           (a) The manner in which the department considers applications for  
44 and renewals of registration certificates.

1 (b) Minimum oversight requirements for nonprofit medical marijuana  
2 dispensaries.

3 (c) Minimum recordkeeping requirements for nonprofit medical  
4 marijuana dispensaries.

5 (d) Minimum security requirements for nonprofit medical marijuana  
6 dispensaries, including requirements ~~for protection of~~ TO PROTECT each  
7 registered nonprofit medical marijuana dispensary location by a fully  
8 operational security alarm system.

9 (e) Procedures for suspending or revoking the registration  
10 certificate of nonprofit medical marijuana dispensaries that violate this  
11 chapter or the rules adopted pursuant to this section.

12 5. Establishing application and renewal fees for registry  
13 identification cards, ~~and~~ nonprofit medical marijuana dispensary  
14 registration certificates AND INDEPENDENT THIRD-PARTY LABORATORY  
15 CERTIFICATES, according to the following:

16 (a) The total amount of all fees shall generate revenues THAT ARE  
17 sufficient to implement and administer this chapter, except that fee  
18 revenue may be offset or supplemented by private donations.

19 (b) Nonprofit medical marijuana dispensary application fees may not  
20 exceed \$5,000.

21 (c) Nonprofit medical marijuana dispensary renewal fees may not  
22 exceed \$1,000.

23 (d) The total amount of revenue GENERATED from nonprofit medical  
24 marijuana dispensary application and renewal fees, ~~and~~ registry  
25 identification card fees for nonprofit medical marijuana dispensary agents  
26 AND INDEPENDENT THIRD-PARTY LABORATORY AGENTS AND APPLICATION AND RENEWAL  
27 FEES FOR INDEPENDENT THIRD-PARTY LABORATORIES shall be sufficient to  
28 implement and administer ~~the nonprofit medical marijuana dispensary~~  
29 ~~provisions of~~ this chapter, including the verification system, except that  
30 the fee revenue may be offset or supplemented by private donations.

31 (e) The department may establish a sliding scale of patient  
32 application and renewal fees based on a qualifying patient's household  
33 income.

34 (f) The department may consider private donations under section  
35 36-2817 to reduce application and renewal fees.

36 B. The department OF HEALTH SERVICES shall adopt rules that require  
37 each nonprofit medical marijuana dispensary to display in a conspicuous  
38 location a sign that warns pregnant women about the potential dangers to  
39 fetuses caused by smoking or ingesting marijuana while pregnant or to  
40 infants while breastfeeding and the risk of being reported to the  
41 department of child safety during pregnancy or at the birth of the child  
42 by persons who are required to report. The rules shall include the  
43 specific warning language that must be included on the sign. The cost and  
44 display of the sign required by rule shall be borne by the nonprofit  
45 medical marijuana dispensary. The rules shall also require each

1 certifying physician to attest that the physician has provided information  
2 to each qualifying female patient that warns about the potential dangers  
3 to fetuses caused by smoking or ingesting marijuana while pregnant or to  
4 infants while breastfeeding and the risk of being reported to the  
5 department of child safety during pregnancy or at the birth of the child  
6 by persons who are required to report.

7 C. The department is authorized to adopt the rules set forth in  
8 subsections A and B of this section and shall adopt those rules pursuant  
9 to title 41, chapter 6.

10 D. The department OF HEALTH SERVICES shall post prominently on its  
11 public website a warning about the potential dangers to fetuses caused by  
12 smoking or ingesting marijuana while pregnant or to infants while  
13 breastfeeding and the risk of being reported to the department of child  
14 safety during pregnancy or at the birth of the child by persons who are  
15 required to report.

16 E. BEGINNING NOVEMBER 1, 2020, BEFORE SELLING OR DISPENSING  
17 MARIJUANA OR MARIJUANA PRODUCTS TO REGISTERED QUALIFIED PATIENTS OR  
18 REGISTERED DESIGNATED CAREGIVERS, NONPROFIT MEDICAL MARIJUANA DISPENSARIES  
19 SHALL TEST MARIJUANA AND MARIJUANA PRODUCTS FOR MEDICAL USE TO DETERMINE  
20 UNSAFE LEVELS OF MICROBIAL CONTAMINATION, HEAVY METALS, PESTICIDES,  
21 HERBICIDES, FUNGICIDES, GROWTH REGULATORS AND RESIDUAL SOLVENTS AND  
22 CONFIRM THE POTENCY OF THE MARIJUANA TO BE DISPENSED.

23 F. BEGINNING NOVEMBER 1, 2020, NONPROFIT MEDICAL MARIJUANA  
24 DISPENSARIES SHALL:

25 1. PROVIDE TEST RESULTS TO A REGISTERED QUALIFYING PATIENT OR  
26 DESIGNATED CAREGIVER IMMEDIATELY ON REQUEST.

27 2. DISPLAY IN A CONSPICUOUS LOCATION A SIGN THAT NOTIFIES PATIENTS  
28 OF THEIR RIGHT TO RECEIVE THE CERTIFIED INDEPENDENT THIRD-PARTY LABORATORY  
29 TEST RESULTS FOR MARIJUANA AND MARIJUANA PRODUCTS FOR MEDICAL USE.

30 G. THE DEPARTMENT SHALL ADOPT RULES TO CERTIFY AND REGULATE  
31 INDEPENDENT THIRD-PARTY LABORATORIES THAT ANALYZE MARIJUANA CULTIVATED FOR  
32 MEDICAL USE. THE DEPARTMENT SHALL ESTABLISH CERTIFICATION FEES FOR  
33 LABORATORIES PURSUANT TO SUBSECTION A OF THIS SECTION. IN ORDER TO BE  
34 CERTIFIED AS AN INDEPENDENT THIRD-PARTY LABORATORY THAT IS ALLOWED TO TEST  
35 MARIJUANA AND MARIJUANA PRODUCTS FOR MEDICAL USE PURSUANT TO THIS CHAPTER,  
36 AN INDEPENDENT THIRD-PARTY LABORATORY:

37 1. MUST MEET REQUIREMENTS ESTABLISHED BY THE DEPARTMENT, INCLUDING  
38 REPORTING AND HEALTH AND SAFETY REQUIREMENTS.

39 2. MAY NOT HAVE ANY DIRECT OR INDIRECT FAMILIAL OR FINANCIAL  
40 RELATIONSHIP WITH OR INTEREST IN A NONPROFIT MEDICAL MARIJUANA DISPENSARY  
41 OR RELATED MEDICAL MARIJUANA BUSINESS ENTITY OR MANAGEMENT COMPANY, OR ANY  
42 DIRECT OR INDIRECT FAMILIAL OR FINANCIAL RELATIONSHIP WITH A DESIGNATED  
43 CAREGIVER FOR WHOM THE LABORATORY IS TESTING MARIJUANA AND MARIJUANA  
44 PRODUCTS FOR MEDICAL USE IN THIS STATE.





1 C. A NONPROFIT MEDICAL MARIJUANA DISPENSARY THAT RECEIVES A  
2 REGISTRATION CERTIFICATE PURSUANT TO SUBSECTION A, PARAGRAPH 1 OR 2 OF  
3 THIS SECTION ON OR AFTER APRIL 1, 2020 MUST OPEN THE DISPENSARY AT THE  
4 APPROVED LOCATION WITHIN EIGHTEEN MONTHS AFTER THE APPLICATION IS APPROVED  
5 OR THE REGISTRATION CERTIFICATE BECOMES INVALID.

6 D. A NONPROFIT MEDICAL MARIJUANA DISPENSARY THAT IS ISSUED A  
7 REGISTRATION CERTIFICATE PURSUANT TO SUBSECTION A, PARAGRAPH 1 OR 2 OF  
8 THIS SECTION MAY RELOCATE ONLY AS FOLLOWS:

9 1. IF THE DISPENSARY IS LOCATED WITHIN A CITY OR TOWN, ONLY WITHIN  
10 THAT CITY OR TOWN.

11 2. IF THE DISPENSARY IS LOCATED WITHIN AN UNINCORPORATED AREA, ONLY  
12 WITHIN THE UNINCORPORATED AREA OF THE COUNTY WHERE THE DISPENSARY IS  
13 LOCATED BUT NOT WITHIN TWENTY-FIVE MILES FROM ANOTHER DISPENSARY THAT HAS  
14 BEEN ISSUED A DISPENSARY REGISTRATION CERTIFICATE.

15 E. FOR THE PURPOSES OF THIS SECTION, "GEOGRAPHIC AREA" MEANS A  
16 CITY, TOWN OR UNINCORPORATED AREA OF A COUNTY.

17 Sec. 4. Subject to the requirements of article IV, part 1,  
18 section 1, Constitution of Arizona, section 36-2804.01, Arizona Revised  
19 Statutes, is amended to read:

20 36-2804.01. Registration; nonprofit medical marijuana  
21 dispensary agents; independent third-party  
22 laboratory agents; notices

23 A. A nonprofit medical marijuana dispensary agent OR AN INDEPENDENT  
24 THIRD-PARTY LABORATORY AGENT shall be registered with the department  
25 before volunteering or working at a NONPROFIT medical marijuana dispensary  
26 OR AN INDEPENDENT THIRD-PARTY LABORATORY.

27 B. A nonprofit medical marijuana dispensary OR A CERTIFIED  
28 INDEPENDENT THIRD-PARTY LABORATORY may apply to the department for a  
29 registry identification card for a nonprofit medical marijuana dispensary  
30 agent OR AN INDEPENDENT THIRD-PARTY LABORATORY AGENT by submitting:

31 1. The name, address and date of birth of the PROSPECTIVE nonprofit  
32 medical marijuana dispensary agent OR INDEPENDENT THIRD-PARTY LABORATORY  
33 AGENT.

34 2. A nonprofit medical marijuana dispensary agent OR INDEPENDENT  
35 THIRD-PARTY LABORATORY AGENT application.

36 3. A statement signed by EITHER:

37 (a) The prospective nonprofit medical marijuana dispensary agent  
38 pledging not to divert marijuana to anyone who is not allowed to possess  
39 marijuana pursuant to this chapter.

40 (b) THE PROSPECTIVE INDEPENDENT THIRD-PARTY LABORATORY AGENT  
41 ACKNOWLEDGING THAT REGISTERED INDEPENDENT THIRD-PARTY LABORATORY AGENTS  
42 ARE PROHIBITED FROM DIVERTING MARIJUANA PURSUANT TO THIS CHAPTER.

43 4. The application fee.

1 C. A registered nonprofit medical marijuana dispensary OR CERTIFIED  
2 INDEPENDENT THIRD-PARTY LABORATORY shall notify the department within ten  
3 days after a nonprofit medical marijuana dispensary agent OR INDEPENDENT  
4 THIRD-PARTY LABORATORY AGENT ceases to be employed by or volunteer at the  
5 registered nonprofit medical marijuana dispensary OR CERTIFIED INDEPENDENT  
6 THIRD-PARTY LABORATORY.

7 D. ~~NO~~ A person who has been convicted of an excluded felony offense  
8 may NOT be a nonprofit medical marijuana dispensary agent OR AN  
9 INDEPENDENT THIRD-PARTY LABORATORY AGENT.

10 E. The department may conduct a criminal records check in order to  
11 carry out this section.

12 Sec. 5. Subject to the requirements of article IV, part 1,  
13 section 1, Constitution of Arizona, section 36-2804.05, Arizona Revised  
14 Statutes, is amended to read:

15 36-2804.05. Denial of registry identification card

16 A. The department may deny an application or renewal of a  
17 qualifying patient's registry identification card only if the applicant:

18 1. Does not meet the requirements of section 36-2801, paragraph  
19 ~~15~~ 15.

20 2. Does not provide the information required.

21 3. Previously had a registry identification card revoked for  
22 violating this chapter.

23 4. Provides false information.

24 B. The department may deny an application or renewal of a  
25 designated caregiver's registry identification card if the applicant:

26 1. Does not meet the requirements of section 36-2801, paragraph 5.

27 2. Does not provide the information required.

28 3. Previously had a registry identification card revoked for  
29 violating this chapter.

30 4. Provides false information.

31 C. The department may deny a registry identification card to a  
32 nonprofit medical marijuana dispensary agent if:

33 1. The agent applicant does not meet the requirements of section  
34 ~~36-2801(10)~~ 36-2801, PARAGRAPH 13.

35 2. The applicant or ~~dispensary~~ DISPENSARY did not provide the  
36 required information.

37 3. THE AGENT APPLICANT previously had a registry identification  
38 card revoked for violating this chapter.

39 4. The applicant or dispensary provides false information.

40 D. The department may conduct a criminal records check of each  
41 designated caregiver or nonprofit medical marijuana dispensary agent  
42 applicant to carry out this section.

43 E. The department shall ~~give written notice to~~ NOTIFY the  
44 registered nonprofit medical marijuana dispensary IN WRITING of the reason

1 for denying a registry identification card to a nonprofit medical  
2 marijuana dispensary agent.

3 F. The department shall ~~give written notice to~~ NOTIFY the  
4 qualifying patient IN WRITING of the reason for denying a registry  
5 identification card to the qualifying patient's designated caregiver.

6 G. Denial of an application or renewal is considered a final  
7 decision of the department subject to judicial review pursuant to title  
8 12, chapter 7, article 6. Jurisdiction and venue for judicial review are  
9 vested in the superior court.

10 Sec. 6. Subject to the requirements of article IV, part 1,  
11 section 1, Constitution of Arizona, section 36-2804.06, Arizona Revised  
12 Statutes, is amended to read:

13 36-2804.06. Expiration and renewal of registry identification  
14 cards and registration certificates;  
15 replacement

16 A. All registry identification cards and registration certificates  
17 expire ~~one year~~ TWO YEARS after THEIR date of issue.

18 B. A registry identification card of a nonprofit medical marijuana  
19 dispensary agent shall be ~~cancelled~~ CANCELED and ~~his~~ THE AGENT'S access to  
20 the verification system shall be deactivated ~~upon~~ ON notification to the  
21 department by a registered nonprofit medical marijuana dispensary that the  
22 nonprofit medical marijuana dispensary agent is no longer employed by or  
23 no longer volunteers at the registered nonprofit medical marijuana  
24 dispensary.

25 C. THE DEPARTMENT SHALL ISSUE a renewal nonprofit medical marijuana  
26 dispensary registration certificate ~~shall be issued~~ OR AN INDEPENDENT  
27 THIRD-PARTY LABORATORY CERTIFICATE within ten days ~~of~~ AFTER receipt of the  
28 prescribed renewal application and renewal fee from a registered nonprofit  
29 medical marijuana dispensary OR INDEPENDENT THIRD-PARTY LABORATORY if ~~its~~  
30 THE DISPENSARY'S registration certificate OR THE LABORATORY'S CERTIFICATE  
31 is not under suspension and has not been revoked.

32 D. If a cardholder loses ~~his~~ A registry identification card, ~~he~~ THE  
33 CARDHOLDER shall promptly notify the department. Within five days ~~of~~  
34 AFTER the notification, ~~and~~ ~~upon~~ ON payment of a ~~ten-dollar~~ \$10 fee, the  
35 department shall issue a new registry identification card with a new  
36 random identification number to the cardholder and, if the cardholder is a  
37 registered qualifying patient, to the registered qualifying patient's  
38 registered designated caregiver, if any.

39 E. ON OR BEFORE DECEMBER 1, 2019, THE DEPARTMENT SHALL IMPLEMENT AN  
40 ELECTRONIC REGISTRY CARD PROGRAM FOR REGISTRY IDENTIFICATION CARDS,  
41 REGISTRATION CERTIFICATES, CERTIFICATES AND RENEWALS. THE ELECTRONIC  
42 LICENSE PROGRAM SHALL ALLOW FOR THE ELECTRONIC VERIFICATION AND DELIVERY  
43 OF REGISTRY IDENTIFICATION CARDS, REGISTRATION CERTIFICATES, CERTIFICATES  
44 AND RENEWALS.



1 medical marijuana dispensary shall contain such provisions relative to the  
2 disposition of revenues and receipts to establish and maintain its  
3 nonprofit character. A registered nonprofit medical marijuana dispensary  
4 need not be recognized as tax-exempt by the internal revenue service and  
5 is not required to incorporate pursuant to title 10, chapter 19,  
6 article 1.

7 B. The operating documents of a registered nonprofit medical  
8 marijuana dispensary shall include procedures for the oversight of the  
9 registered nonprofit medical marijuana dispensary and procedures to ensure  
10 accurate recordkeeping.

11 C. A registered nonprofit medical marijuana dispensary shall have a  
12 single secure entrance and shall implement appropriate security measures  
13 to deter and prevent the theft of marijuana and unauthorized entrance into  
14 areas containing marijuana.

15 D. A registered nonprofit medical marijuana dispensary is  
16 prohibited from acquiring, possessing, cultivating, manufacturing,  
17 delivering, transferring, transporting, supplying or dispensing marijuana  
18 for any purpose except to assist registered qualifying patients with the  
19 medical use of marijuana directly or through the registered qualifying  
20 patients' designated caregivers OR AN INDEPENDENT THIRD-PARTY LABORATORY  
21 AGENT OR A CERTIFIED INDEPENDENT THIRD-PARTY LABORATORY FOR THE PURPOSES  
22 PRESCRIBED IN THIS CHAPTER AND DEPARTMENT RULE.

23 E. All cultivation of marijuana must take place in an enclosed,  
24 locked facility, at a physical address provided to the department during  
25 the registration process, ~~which~~ THAT can ~~only~~ be accessed ONLY by  
26 registered nonprofit medical marijuana dispensary agents associated in the  
27 registry with the nonprofit medical marijuana dispensary.

28 F. A registered nonprofit medical marijuana dispensary may acquire  
29 usable marijuana or marijuana plants from a registered qualifying patient  
30 or a registered designated caregiver only if the registered qualifying  
31 patient or registered designated caregiver receives no compensation for  
32 the marijuana.

33 G. A nonprofit medical marijuana dispensary shall not ~~permit~~ ALLOW  
34 any person to consume marijuana on the property of ~~a~~ THE nonprofit  
35 medical marijuana dispensary.

36 H. Registered nonprofit medical marijuana dispensaries are subject  
37 to reasonable inspection by the department. The department shall give  
38 reasonable notice of an inspection under this subsection.

39 I. BEGINNING NOVEMBER 1, 2020, REGISTERED NONPROFIT MEDICAL  
40 MARIJUANA DISPENSARIES ARE SUBJECT TO PRODUCT TESTING BY CERTIFIED  
41 INDEPENDENT THIRD-PARTY LABORATORIES PURSUANT TO THIS CHAPTER AND RULES  
42 ADOPTED PURSUANT TO THIS CHAPTER.

43 J. NOTWITHSTANDING TITLE 13, CHAPTER 34, AN EMPLOYEE OF THE  
44 DEPARTMENT OR AN INDEPENDENT THIRD-PARTY LABORATORY AGENT MAY NOT BE  
45 CHARGED WITH OR PROSECUTED FOR POSSESSION OF MARIJUANA THAT IS CULTIVATED

1 FOR MEDICAL USE AS REQUIRED BY THIS CHAPTER AND THE RULES ADOPTED PURSUANT  
2 TO THIS CHAPTER.

3 Sec. 9. Subject to the requirements of article IV, part 1,  
4 section 1, Constitution of Arizona, section 36-2810, Arizona Revised  
5 Statutes, is amended to read:

6 36-2810. Confidentiality

7 A. The following information received and records kept by the  
8 department for purposes of administering this chapter are confidential,  
9 exempt from title 39, chapter 1, article 2, exempt from section 36-105 and  
10 not subject to disclosure to any individual or public or private entity,  
11 except as necessary for authorized employees of the department to perform  
12 official duties of the department pursuant to this chapter:

13 1. Applications or renewals, their contents and supporting  
14 information submitted by qualifying patients and designated caregivers,  
15 including information regarding their designated caregivers and  
16 physicians.

17 2. Applications or renewals, their contents and supporting  
18 information submitted by or on behalf of nonprofit medical marijuana  
19 dispensaries in compliance with this chapter, including the physical  
20 addresses of nonprofit medical marijuana dispensaries.

21 3. The individual names and other information identifying persons  
22 to whom the department has issued registry identification cards.

23 B. Any dispensing information required to be kept under section  
24 36-2806.02, subsection B or department regulation shall identify  
25 cardholders by their registry identification numbers and not contain names  
26 or other personally identifying information.

27 C. Any department hard drives or other data recording media that  
28 are no longer in use and that contain cardholder information must be  
29 destroyed. The department shall retain a signed statement from a  
30 department employee confirming the destruction.

31 D. EXCEPT FOR PUBLIC HEALTH RESEARCH, data subject to this section  
32 shall not be combined or linked in any manner with any other list or  
33 database and shall not be used for any purpose not provided for in this  
34 chapter.

35 E. This section does not preclude the following notifications:

36 1. Department employees may notify law enforcement about falsified  
37 or fraudulent information submitted to the department if the employee who  
38 suspects that falsified or fraudulent information has been submitted has  
39 conferred with the employee's supervisor and both agree that the  
40 circumstances warrant reporting.

41 2. The department may notify state or local law enforcement about  
42 apparent criminal violations of this chapter if the employee who suspects  
43 the offense has conferred with the employee's supervisor and both agree  
44 that the circumstances warrant reporting.

1           3. Nonprofit medical marijuana dispensary agents may notify the  
2 department of a suspected violation or attempted violation of this chapter  
3 or department rules.

4           4. The department may notify the Arizona medical board, the Arizona  
5 board of osteopathic examiners in medicine and surgery, the naturopathic  
6 physicians medical board and the board of homeopathic and integrated  
7 medicine examiners if the department believes a physician has committed an  
8 act of unprofessional conduct as prescribed by the appropriate board's  
9 statutes because of the licensee's failure to comply with the requirements  
10 of this chapter or rules adopted pursuant to this chapter.

11           F. This section does not preclude submission of the section 36-2809  
12 report to the legislature. The annual report submitted to the legislature  
13 is subject to title 39, chapter 1, article 2.

14           Sec. 10. Subject to the requirements of article IV, part 1,  
15 section 1, Constitution of Arizona, section 36-2816, Arizona Revised  
16 Statutes, is amended to read:

17           36-2816. Violations; civil penalty; classification

18           A. A registered qualifying patient may not directly, or through ~~his~~  
19 ~~THE PATIENT'S~~ designated caregiver, obtain more than ~~two-and-one-half~~ **TWO**  
20 **AND ONE-HALF** ounces of marijuana from registered nonprofit medical  
21 marijuana dispensaries in any fourteen-day period.

22           B. A registered nonprofit medical marijuana dispensary or agent may  
23 not dispense, deliver or otherwise transfer marijuana to a person other  
24 than:

- 25           1. Another registered nonprofit medical marijuana dispensary. ~~,~~
- 26           2. A registered qualifying patient. ~~or~~
- 27           3. A registered qualifying patient's registered designated  
28 caregiver.

29           4. **A CERTIFIED INDEPENDENT THIRD-PARTY LABORATORY OR AN INDEPENDENT**  
30 **THIRD-PARTY LABORATORY AGENT FOR PURPOSES PRESCRIBED IN SECTIONS 36-2803**  
31 **AND 36-2806 AND DEPARTMENT RULE.**

32           C. A registered nonprofit medical marijuana dispensary may not  
33 acquire usable marijuana or mature marijuana plants from any person other  
34 than another registered nonprofit medical marijuana dispensary, a  
35 registered qualifying patient or a registered designated caregiver. A  
36 knowing violation of this subsection is a class 2 felony.

37           D. It is a class 1 misdemeanor for any person, including an  
38 employee or official of the department or another state agency or local  
39 government, to breach the confidentiality of information obtained pursuant  
40 to this chapter.

41           E. Making false statements to a law enforcement official about any  
42 fact or circumstance relating to the medical use of marijuana to avoid  
43 arrest or prosecution is subject to a civil penalty of not more than ~~five~~  
44 ~~hundred dollars~~ **\$500**, which shall be in addition to any other penalties

1 that may apply for making a false statement or for the use of marijuana  
2 other than use undertaken pursuant to this chapter.

3 F. SUBJECT TO TITLE 41, CHAPTER 6, ARTICLE 10, THE DIRECTOR MAY  
4 DENY, SUSPEND OR REVOKE, IN WHOLE OR IN PART, ANY REGISTRATION ISSUED  
5 UNDER THIS CHAPTER IF THE REGISTERED PARTY OR AN OFFICER, AGENT OR  
6 EMPLOYEE OF THE REGISTERED PARTY IS NOT IN SUBSTANTIAL COMPLIANCE WITH THE  
7 PROVISIONS OF THIS CHAPTER OR ANY RULE ADOPTED PURSUANT TO THIS CHAPTER OR  
8 IF THE NATURE OR NUMBER OF VIOLATIONS REVEALED BY ANY TYPE OF INSPECTION  
9 OR INVESTIGATION CONSTITUTES A THREAT, OR DIRECT RISK, TO THE LIFE, HEALTH  
10 OR SAFETY OF A QUALIFYING PATIENT OR THE PUBLIC.

11 G. IN ADDITION TO ANY OTHER PENALTIES AUTHORIZED BY THIS CHAPTER,  
12 THE DIRECTOR MAY ASSESS A CIVIL PENALTY FOR VIOLATIONS OF THIS CHAPTER OR  
13 ANY RULE ADOPTED PURSUANT TO THIS CHAPTER IN AN AMOUNT NOT TO EXCEED  
14 \$1,000 FOR EACH VIOLATION. EACH DAY A VIOLATION OCCURS CONSTITUTES A  
15 SEPARATE VIOLATION. THE MAXIMUM AMOUNT OF ANY ASSESSMENT IS \$5,000 FOR  
16 ANY THIRTY-DAY PERIOD.

17 H. THE DIRECTOR SHALL ISSUE A NOTICE OF ASSESSMENT THAT INCLUDES  
18 THE PROPOSED AMOUNT OF THE ASSESSMENT. IN DETERMINING THE AMOUNT OF A  
19 CIVIL PENALTY ASSESSED AGAINST A PERSON UNDER SUBSECTION G OF THIS  
20 SECTION, THE DEPARTMENT SHALL CONSIDER ALL OF THE FOLLOWING:

- 21 1. REPEATED VIOLATIONS OF THIS CHAPTER OR THE RULES ADOPTED  
22 PURSUANT TO THIS CHAPTER.
- 23 2. PATTERNS OF NONCOMPLIANCE.
- 24 3. THE TYPES OF VIOLATIONS.
- 25 4. THE SEVERITY OF THE VIOLATIONS.
- 26 5. THE POTENTIAL FOR AND OCCURRENCES OF ACTUAL HARM.
- 27 6. THREATS TO HEALTH AND SAFETY.
- 28 7. THE NUMBER OF VIOLATIONS.
- 29 8. THE NUMBER OF PERSONS AFFECTED BY THE VIOLATIONS.
- 30 9. THE LENGTH OF TIME THE VIOLATIONS HAVE BEEN OCCURRING.

31 Sec. 11. Subject to the requirements of article IV, part 1,  
32 section 1, Constitution of Arizona, section 36-2819, Arizona Revised  
33 Statutes, is amended to read:

34 36-2819. Fingerprinting requirements

35 Each person applying as a designated caregiver, a principal officer,  
36 agent or employee of a nonprofit medical marijuana dispensary, ~~OR~~ a  
37 medical marijuana dispensary agent OR AN INDEPENDENT THIRD-PARTY  
38 LABORATORY AGENT shall submit a full set of fingerprints to the department  
39 for the purpose of obtaining a state and federal criminal records check  
40 pursuant to section 41-1750 and Public Law 92-544. The department of  
41 public safety may exchange this fingerprint data with the federal bureau  
42 of investigation without disclosing that the records check is related to  
43 the medical marijuana act and acts permitted by it. The department shall  
44 destroy each set of fingerprints after the criminal records check is  
45 completed.





1 B. THE MEDICAL MARIJUANA TESTING ADVISORY COUNCIL SHALL MAKE  
2 RECOMMENDATIONS AND CONSULT WITH THE DIRECTOR REGARDING:

- 3 1. ESTABLISHING A REQUIRED TESTING PROGRAM.
- 4 2. TESTING AND POTENCY STANDARDS FOR MEDICAL MARIJUANA.
- 5 3. PROCEDURAL REQUIREMENTS FOR COLLECTING, STORING AND TESTING  
6 SAMPLES OF MEDICAL MARIJUANA.
- 7 4. REPORTING RESULTS TO PATIENTS AND THE DEPARTMENT.
- 8 5. REMEDIATION AND DISPOSAL REQUIREMENTS FOR MEDICAL MARIJUANA THAT  
9 FAILS TO MEET TESTING STANDARDS.
- 10 6. ADDITIONAL ITEMS AS NECESSARY.

11 C. MEMBERS OF THE ADVISORY COUNCIL ARE NOT ELIGIBLE TO RECEIVE  
12 COMPENSATION BUT ARE ELIGIBLE FOR REIMBURSEMENT OF EXPENSES PURSUANT TO  
13 TITLE 38, CHAPTER 4, ARTICLE 2.

14 D. THE COUNCIL ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2027  
15 PURSUANT TO SECTION 41-3103.

16 Sec. 13. Intent

17 The legislature intends to prospectively establish prioritization  
18 for the nonprofit medical marijuana dispensary registration certificates  
19 that may be allocated to applicants and locations. The legislature does  
20 not intend to exceed the limit on the number of registration certificates  
21 that may be issued as specified in section 36-2804, Arizona Revised  
22 Statutes.

23 Sec. 14. Department of health services; report; delayed  
24 repeal

25 A. Subject to the requirements of article IV, part 1, section 1,  
26 Constitution of Arizona, on or before December 31, 2019, the department of  
27 health services shall submit a report to the governor, the speaker of the  
28 house of representatives and the president of the senate on the medical  
29 marijuana testing advisory council's findings and recommendations for  
30 testing medical marijuana in this state and shall provide a copy of the  
31 report to the secretary of state.

32 B. This section is repealed from and after June 30, 2020.

33 Sec. 15. Department of health services; rulemaking exemption

34 Subject to the requirements of article IV, part 1, section 1,  
35 Constitution of Arizona, for the purposes of this act, the department of  
36 health services is exempt from the rulemaking requirements of title 41,  
37 chapters 6 and 6.1, Arizona Revised Statutes, for eighteen months after  
38 the effective date of this act.

39 Sec. 16. Legislative intent

40 A. The legislature intends that, if marijuana is legalized in this  
41 state for adult recreational use, the laboratory testing requirements  
42 prescribed in sections 36-2803 and 36-2806, Arizona Revised Statutes, as  
43 amended by this act, apply to marijuana for adult recreational use.

1           B. The legislature intends for the department of health services to  
2 hire sufficient staff as determined by the director to regulate and test  
3 the proficiency of certified independent third-party laboratories pursuant  
4 to title 36, chapter 28.1, Arizona Revised Statutes.

5           Sec. 17. Requirements for enactment; three-fourths vote

6           Pursuant to article IV, part 1, section 1, Constitution of Arizona,  
7 this act is effective only on the affirmative vote of at least  
8 three-fourths of the members of each house of the legislature.