

Senate Engrossed

~~hemp-derived manufactured cannabinoids; prohibition~~  
(now: hemp-derived manufactured impairing cannabinoids)

State of Arizona  
Senate  
Fifty-fifth Legislature  
Second Regular Session  
2022

# SENATE BILL 1715

AN ACT

AMENDING SECTIONS 3-311, 13-3408, 36-2801, 36-2803, 36-2804.05, 36-2850,  
36-2854, 36-2856 AND 36-2858, ARIZONA REVISED STATUTES; RELATING TO  
MARIJUANA.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 3-311, Arizona Revised Statutes, is amended to  
3 read:

4 3-311. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Agricultural pilot program" means the industrial hemp program  
7 that is designed to research the growth, cultivation and marketing of  
8 industrial hemp, hemp seeds and hemp products as authorized by this  
9 article and rules and orders adopted by the director pursuant to this  
10 article.

11 2. "Crop" means any industrial hemp that is grown under a single  
12 industrial hemp license issued by the department.

13 3. "Grower" means an individual, partnership, company or  
14 corporation that propagates industrial hemp under this article and rules  
15 and orders adopted by the director pursuant to this article.

16 4. "Harvester" means an individual, partnership, company or  
17 corporation that is licensed by the department to harvest industrial hemp  
18 for a licensed grower.

19 5. "HEMP-DERIVED MANUFACTURED IMPAIRING CANNABINOIDS":

20 (a) MEANS ANY CANNABINOID THAT IS DERIVED FROM HEMP AND ALTERED BY  
21 A CHEMICAL REACTION THAT CHANGES THE MOLECULAR STRUCTURE OF ANY NATURAL  
22 CANNABINOID DERIVED FROM HEMP TO ANOTHER CANNABINOID WITH IMPAIRING  
23 PROPERTIES THAT IS FOUND NATURALLY IN HEMP.

24 (b) INCLUDES ALL OF THE FOLLOWING:

25 (i) DELTA-8 TETRAHYDROCANNABINOL.

26 (ii) DELTA-10 TETRAHYDROCANNABINOL.

27 (iii) HEXAHYDROCANNABINOL.

28 (iv) TETRAHYDROCANNABIPHORAL.

29 (v) TETRAHYDROCANNABINOL ACETATE ESTER.

30 (c) DOES NOT INCLUDE ANY CANNABINOID DERIVED FROM HEMP THAT IS  
31 PRODUCED BY DECARBOXYLATION FROM NATURALLY OCCURRING CANNABINOID WITHOUT  
32 THE USE OF A CHEMICAL CATALYST OR NONINTOXICATING CANNABINOIDS DERIVED  
33 FROM HEMP, INCLUDING CANNABIDIOL, CANNABINOL, CANNABIGEROL,  
34 CANNABICHROMENE, CANNABICYCLOL, CANNABIDIVARIN AND CANNABIVARIN.

35 ~~5.~~ 6. "Hemp products" means all products made from industrial  
36 hemp, including cloth, cordage, fiber, fuel, grain, paint, paper,  
37 construction materials, plastics and by-products derived from sterile hemp  
38 seed or hemp seed oil. Hemp products ~~excludes~~ DOES NOT INCLUDE  
39 any product made to be ingested except food made from sterile hemp seed or  
40 hemp seed oil.

41 ~~6.~~ 7. "Hemp seed" means any viable cannabis sativa L. seed that  
42 produces an industrial hemp plant that is subject to this article and  
43 rules and orders adopted by the director pursuant to this article.



1           2. Subsection A, paragraph 2 of this section is guilty of a class 2  
2 felony.

3           3. Subsection A, paragraph 3 of this section is guilty of a class 3  
4 felony.

5           4. Subsection A, paragraph 4 of this section is guilty of a class 2  
6 felony.

7           5. Subsection A, paragraph 5 of this section is guilty of a class 2  
8 felony.

9           6. Subsection A, paragraph 6 of this section is guilty of a class 3  
10 felony.

11          7. Subsection A, paragraph 7 of this section is guilty of a class 2  
12 felony.

13          C. A person who is convicted of a violation of subsection A,  
14 paragraph 1, 3 or 6 of this section and who has not previously been  
15 convicted of any felony or who has not been sentenced pursuant to section  
16 13-703, section 13-704, subsection A, B, C, D or E, section 13-706,  
17 subsection A, section 13-708, subsection D or any other provision of law  
18 making the convicted person ineligible for probation is eligible for  
19 probation.

20          D. If the aggregate amount of narcotic drugs involved in one  
21 offense or all of the offenses that are consolidated for trial equals or  
22 exceeds the statutory threshold amount, a person who is convicted of a  
23 violation of subsection A, paragraph 2, 5 or 7 of this section is not  
24 eligible for suspension of sentence, probation, pardon or release from  
25 confinement on any basis until the person has served the sentence imposed  
26 by the court, the person is eligible for release pursuant to section  
27 41-1604.07 or the sentence is commuted.

28          E. A person who is convicted of a violation of subsection A,  
29 paragraph 4 of this section is not eligible for suspension of sentence,  
30 probation, pardon or release from confinement on any basis until the  
31 person has served the sentence imposed by the court, the person is  
32 eligible for release pursuant to section 41-1604.07 or the sentence is  
33 commuted.

34          F. In addition to any other penalty prescribed by this title, the  
35 court shall order a person who is convicted of a violation of this section  
36 to pay a fine of not less than \$2,000 or three times the value as  
37 determined by the court of the narcotic drugs involved in or giving rise  
38 to the charge, whichever is greater, and not more than the maximum  
39 authorized by chapter 8 of this title. A judge shall not suspend any part  
40 or all of the imposition of any fine required by this subsection.

41          G. A person who is convicted of a violation of this section for  
42 which probation or release before the expiration of the sentence imposed  
43 by the court is authorized is prohibited from using any marijuana,  
44 dangerous drug, narcotic drug or prescription-only drug except as lawfully  
45 administered by a health care practitioner and as a condition of any

1 probation or release shall be required to submit to drug testing  
2 administered under the supervision of the probation department of the  
3 county or the state department of corrections, as appropriate, during the  
4 duration of the term of probation or before the expiration of the sentence  
5 imposed.

6 H. If a person who is convicted of a violation of this section is  
7 granted probation, the court shall order that as a condition of probation  
8 the person perform not less than three hundred sixty hours of community  
9 restitution with an agency or organization that provides counseling,  
10 rehabilitation or treatment for alcohol or drug abuse, an agency or  
11 organization that provides medical treatment to persons who abuse  
12 controlled substances, an agency or organization that serves persons who  
13 are victims of crime or any other appropriate agency or organization.

14 Sec. 3. Subject to the requirements of article IV, part 1,  
15 section 1, Constitution of Arizona, section 36-2801, Arizona Revised  
16 Statutes, is amended to read:

17 36-2801. Definitions

18 In this chapter, unless the context otherwise requires:

19 1. "Allowable amount of marijuana":

20 (a) With respect to a qualifying patient, means:

21 (i) Two and one-half ounces of usable marijuana.

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

27 (b) With respect to a designated caregiver, for each patient  
28 assisted by the designated caregiver under this chapter, means:

29 (i) Two and one-half ounces of usable marijuana.

30 (ii) If the designated caregiver's registry identification card  
31 provides that the designated caregiver is authorized to cultivate  
32 marijuana, twelve marijuana plants contained in an enclosed, locked  
33 facility, except that the plants are not required to be in an enclosed,  
34 locked facility if the plants are being transported because the designated  
35 caregiver is moving.

36 (c) Does not include marijuana that is incidental to medical use,  
37 but is not usable marijuana.

38 2. "Cardholder" means a qualifying patient, a designated caregiver,  
39 a nonprofit medical marijuana dispensary agent or a independent  
40 third-party laboratory agent who has been issued and possesses a valid  
41 registry identification card.

1           3. "Debilitating medical condition" means one or more of the  
2 following:

3           (a) Cancer, glaucoma, positive status for human immunodeficiency  
4 virus, acquired immune deficiency syndrome, hepatitis C, amyotrophic  
5 lateral sclerosis, Crohn's disease or agitation of Alzheimer's disease or  
6 the treatment of these conditions.

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

9           (i) Cachexia or wasting syndrome.

10           (ii) Severe and chronic pain.

11           (iii) Severe nausea.

12           (iv) Seizures, including those characteristic of epilepsy.

13           (v) Severe and persistent muscle spasms, including those  
14 characteristic of multiple sclerosis.

15           (c) Any other medical condition or its treatment added by the  
16 department pursuant to section 36-2801.01.

17           4. "Department" means the department of health services or its  
18 successor agency.

19           5. "Designated caregiver" means a person who:

20           (a) Is at least twenty-one years of age.

21           (b) Has agreed to assist with a patient's medical use of marijuana.

22           (c) Has not been convicted of an excluded felony offense.

23           (d) Assists not more than five qualifying patients with the medical  
24 use of marijuana.

25           (e) May receive reimbursement for actual costs incurred in  
26 assisting a registered qualifying patient's medical use of marijuana if  
27 the registered designated caregiver is connected to the registered  
28 qualifying patient through the department's registration process. The  
29 designated caregiver may not be paid any fee or compensation for service  
30 as a caregiver. Payment for costs under this subdivision does not  
31 constitute an offense under title 13, chapter 34 or under title 36,  
32 chapter 27, article 4.

33           6. "Enclosed, locked facility" means a closet, room, greenhouse or  
34 other enclosed area that is equipped with locks or other security devices  
35 that ~~permit~~ ALLOW access only by a cardholder.

36           7. "Excluded felony offense" means:

37           (a) A violent crime as defined in section 13-901.03, subsection B,  
38 that was classified as a felony in the jurisdiction where the person was  
39 convicted.

40           (b) A violation of a state or federal controlled substance law that  
41 was classified as a felony in the jurisdiction where the person was  
42 convicted but does not include:

43           (i) An offense for which the sentence, including any term of  
44 probation, incarceration or supervised release, was completed ten or more  
45 years earlier.

1 (ii) An offense involving conduct that would be immune from arrest,  
2 prosecution or penalty under section 36-2811, except that the conduct  
3 occurred before December 14, 2010 or was prosecuted by an authority other  
4 than the state of Arizona.

5 8. "HEMP-DERIVED MANUFACTURED IMPAIRING CANNABINOIDS":

6 (a) MEANS ANY CANNABINOID THAT IS DERIVED FROM HEMP AND ALTERED BY  
7 A CHEMICAL REACTION THAT CHANGES THE MOLECULAR STRUCTURE OF ANY NATURAL  
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17 PRODUCED BY DECARBOXYLATION FROM NATURALLY OCCURRING CANNABINOID WITHOUT  
18 THE USE OF A CHEMICAL CATALYST OR NONINTOXICATING CANNABINOIDS DERIVED  
19 FROM HEMP, INCLUDING CANNABIDIOL, CANNABINOL, CANNABIGEROL,  
20 CANNABICHROMENE, CANNABICYCLOL, CANNABIDIVARIN AND CANNABIVARIN.

21 ~~8-~~ 9. "Independent third-party laboratory" means an entity that  
22 has a national or international accreditation and that is certified by the  
23 department to analyze marijuana cultivated for medical use.

24 ~~9-~~ 10. "Independent third-party laboratory agent" means an owner,  
25 employee or volunteer of a certified independent third-party laboratory  
26 who is at least twenty-one years of age and who has not been convicted of  
27 an excluded felony offense.

28 ~~10-~~ 11. "Marijuana" means all parts of any plant of the genus  
29 cannabis, whether growing or not, and the seeds of such A plant.

30 ~~11-~~ 12. "Medical use" means the acquisition, possession,  
31 cultivation, manufacture, use, administration, delivery, transfer or  
32 transportation of marijuana or paraphernalia relating to the  
33 administration of marijuana to treat or alleviate a registered qualifying  
34 patient's debilitating medical condition or symptoms associated with the  
35 patient's debilitating medical condition.

36 ~~12-~~ 13. "Nonprofit medical marijuana dispensary" means a  
37 not-for-profit entity that acquires, possesses, cultivates, manufactures,  
38 delivers, transfers, transports, supplies, sells or dispenses marijuana or  
39 related supplies and educational materials to cardholders. A nonprofit  
40 medical marijuana dispensary may receive payment for all expenses incurred  
41 in its operation.

42 ~~13-~~ 14. "Nonprofit medical marijuana dispensary agent" means a  
43 principal officer, board member, employee or volunteer of a nonprofit  
44 medical marijuana dispensary who is at least twenty-one years of age and  
45 has not been convicted of an excluded felony offense.

1           ~~14.~~ 15. "Physician" means a doctor of medicine who holds a valid  
2 and existing license to practice medicine pursuant to title 32, chapter 13  
3 or its successor, a doctor of osteopathic medicine who holds a valid and  
4 existing license to practice osteopathic medicine pursuant to title 32,  
5 chapter 17 or its successor, a naturopathic physician who holds a valid  
6 and existing license to practice naturopathic medicine pursuant to title  
7 32, chapter 14 or its successor or a homeopathic physician who holds a  
8 valid and existing license to practice homeopathic medicine pursuant to  
9 title 32, chapter 29 or its successor.

10           ~~15.~~ 16. "Qualifying patient" means a person who has been diagnosed  
11 by a physician as having a debilitating medical condition.

12           ~~16.~~ 17. "Registry identification card" means a document issued by  
13 the department that identifies a person as a registered qualifying  
14 patient, a registered designated caregiver, a registered nonprofit medical  
15 marijuana dispensary agent or a registered independent third-party  
16 laboratory agent.

17           ~~17.~~ 18. "Usable marijuana":

18           (a) Means the dried flowers of the marijuana plant, and any mixture  
19 or preparation thereof.

20           (b) Does not include:

21           (i) The seeds, stalks and roots of the plant.

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

24           ~~18.~~ 19. "Verification system" means a secure, password-protected,  
25 web-based system that is established and maintained by the department and  
26 that is available to law enforcement personnel and nonprofit medical  
27 marijuana dispensary agents on a twenty-four-hour basis for verifying  
28 registry identification cards.

29           ~~19.~~ 20. "Visiting qualifying patient" means a person:

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

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

37           ~~20.~~ 21. "Written certification" means a document dated and signed  
38 by a physician, stating that in the physician's professional opinion the  
39 patient is likely to receive therapeutic or palliative benefit from the  
40 medical use of marijuana to treat or alleviate the patient's debilitating  
41 medical condition or symptoms associated with the debilitating medical  
42 condition. The physician must:

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



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

4 Sec. 4. Subject to the requirements of article IV, part 1,  
5 section 1, Constitution of Arizona, section 36-2803, Arizona Revised  
6 Statutes, is amended to read:

7 36-2803. Rulemaking; notice; testing of marijuana and  
8 marijuana products; fees

9 A. The department shall adopt rules:

10 1. Governing the manner in which the department considers petitions  
11 from the public to add debilitating medical conditions or treatments to  
12 the list of debilitating medical conditions set forth in section 36-2801,  
13 paragraph 3, including public notice of, and an opportunity to comment in  
14 a public hearing on, petitions.

15 2. Establishing the form and content of registration and renewal  
16 applications submitted under this chapter.

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

19 4. Governing nonprofit medical marijuana dispensaries to protect  
20 against diversion and theft without imposing an undue burden on nonprofit  
21 medical marijuana dispensaries or compromising the confidentiality of  
22 cardholders, including:

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

25 (b) Minimum oversight requirements for nonprofit medical marijuana  
26 dispensaries.

27 (c) Minimum recordkeeping requirements for nonprofit medical  
28 marijuana dispensaries.

29 (d) Minimum security requirements for nonprofit medical marijuana  
30 dispensaries, including requirements to protect each registered nonprofit  
31 medical marijuana dispensary location by a fully operational security  
32 alarm system.

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

36 5. Establishing application and renewal fees for registry  
37 identification cards, nonprofit medical marijuana dispensary registration  
38 certificates and independent third-party laboratory certificates,  
39 according to the following:

40 (a) The total amount of all fees shall generate revenues that are  
41 sufficient to implement and administer this chapter, except that fee  
42 revenue may be offset or supplemented by private donations.

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

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

3 (d) The total amount of revenue generated from nonprofit medical  
4 marijuana dispensary application and renewal fees, registry identification  
5 card fees for nonprofit medical marijuana dispensary agents and  
6 independent third-party laboratory agents and application and renewal fees  
7 for independent third-party laboratories shall be sufficient to implement  
8 and administer this chapter, including the verification system, except  
9 that the fee revenue may be offset or supplemented by private donations.

10 (e) The department may establish a sliding scale of patient  
11 application and renewal fees that are based on a qualifying patient's  
12 household income and that are reasonable and related to the actual costs  
13 of processing applications and renewals.

14 (f) The department may consider private donations under section  
15 36-2817 to reduce application and renewal fees.

16 B. The department of health services shall adopt rules that require  
17 each nonprofit medical marijuana dispensary to display in a conspicuous  
18 location a sign that warns pregnant women about the potential dangers to  
19 fetuses caused by smoking or ingesting marijuana while pregnant or to  
20 infants while breastfeeding and the risk of being reported to the  
21 department of child safety during pregnancy or at the birth of the child  
22 by persons who are required to report. The rules shall include the  
23 specific warning language that must be included on the sign. The cost and  
24 display of the sign required by rule shall be borne by the nonprofit  
25 medical marijuana dispensary. The rules shall also require each  
26 certifying physician to attest that the physician has provided information  
27 to each qualifying female patient that warns about the potential dangers  
28 to fetuses caused by smoking or ingesting marijuana while pregnant or to  
29 infants while breastfeeding and the risk of being reported to the  
30 department of child safety during pregnancy or at the birth of the child  
31 by persons who are required to report.

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

35 D. The department of health services shall post prominently on its  
36 public website a warning about the potential dangers to fetuses caused by  
37 smoking or ingesting marijuana while pregnant or to infants while  
38 breastfeeding and the risk of being reported to the department of child  
39 safety during pregnancy or at the birth of the child by persons who are  
40 required to report.

41 E. Before selling or dispensing marijuana or marijuana products to  
42 registered qualified patients or registered designated caregivers,  
43 nonprofit medical marijuana dispensaries shall test marijuana and  
44 marijuana products for medical use to determine unsafe levels of  
45 contamination, including unsafe levels of microbial contamination, heavy

1 metals, pesticides, fungicides, growth regulators and residual solvents  
2 and confirm the potency of the marijuana to be dispensed. The dried  
3 flowers of the marijuana plant are not required to be tested for residual  
4 solvents. If a nonprofit medical marijuana dispensary's test results for  
5 heavy metals comply with the prescribed requirements for a period of six  
6 consecutive months, heavy metal testing for that dispensary's marijuana  
7 and marijuana products is required only on a quarterly basis.

8 F. Nonprofit medical marijuana dispensaries shall:

9 1. Provide test results to a registered qualifying patient or  
10 designated caregiver immediately on request.

11 2. Display in a conspicuous location a sign that notifies patients  
12 of their right to receive the certified independent third-party laboratory  
13 test results for marijuana and marijuana products for medical use.

14 G. The department shall adopt rules to certify and regulate  
15 independent third-party laboratories that analyze marijuana cultivated for  
16 medical use. The department shall establish certification fees for  
17 laboratories pursuant to subsection A of this section. In order to be  
18 certified as an independent third-party laboratory that is allowed to test  
19 marijuana and marijuana products for medical use pursuant to this chapter,  
20 an independent third-party laboratory:

21 1. Must meet requirements established by the department, including  
22 reporting and health and safety requirements.

23 2. May not have any direct or indirect familial or financial  
24 relationship with or interest in a nonprofit medical marijuana dispensary  
25 or related medical marijuana business entity or management company, or any  
26 direct or indirect familial or financial relationship with a designated  
27 caregiver for whom the laboratory is testing marijuana and marijuana  
28 products for medical use in this state.

29 3. Must have a quality assurance program and standards.

30 4. Must have an adequate chain of custody and sample requirement  
31 policies.

32 5. Must have an adequate records retention process to preserve  
33 records.

34 6. Must establish procedures to ensure that results are accurate,  
35 precise and scientifically valid before reporting the results.

36 7. Must be accredited by a national or international accreditation  
37 association or other similar accrediting entity, as determined by the  
38 department.

39 8. Must establish policies and procedures for disposal and reverse  
40 distribution of samples that are collected by the laboratory.

41 H. Through December 31, 2022, the department may conduct  
42 proficiency testing and remediate problems with independent third-party  
43 laboratories that are certified and regulated pursuant to this chapter and  
44 marijuana testing facilities that are licensed and regulated pursuant to  
45 chapter 28.2 of this title.

1 I. Beginning January 1, 2023, the department shall conduct  
2 proficiency testing and remediate problems with independent third-party  
3 laboratories that are certified and regulated pursuant to this chapter and  
4 marijuana testing facilities that are licensed and regulated pursuant to  
5 chapter 28.2 of this title. The department may contract for proficiency  
6 testing with laboratories that have a national or international  
7 accreditation.

8 J. For the purposes of subsections H and I of this section,  
9 remediation may include assessing civil penalties and suspending or  
10 revoking a laboratory's certification or a marijuana testing facility's  
11 license.

12 K. The department shall adopt rules that prescribe reasonable time  
13 frames for testing marijuana and marijuana products.

14 L. NOTWITHSTANDING ANY OTHER LAW, A NONPROFIT MEDICAL MARIJUANA  
15 DISPENSARY MAY NOT ACQUIRE, CULTIVATE, POSSESS, MANUFACTURE, DELIVER,  
16 PROCESS, TRANSFER, TRANSPORT, SUPPLY, USE, SELL OR DISPENSE HEMP-DERIVED  
17 MANUFACTURED IMPAIRING CANNABINOIDS.

18 Sec. 5. Subject to the requirements of article IV, part 1, section  
19 1, Constitution of Arizona, section 36-2804.05, Arizona Revised Statutes,  
20 is amended to read:

21 36-2804.05. Denial of registry identification card; notice

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

- 24 1. Does not meet the requirements of section 36-2801, paragraph  
25 ~~15~~ 16.
- 26 2. Does not provide the information required.
- 27 3. Previously had a registry identification card revoked for  
28 violating this chapter.
- 29 4. Provides false information.

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

- 32 1. Does not meet the requirements of section 36-2801, paragraph 5.
- 33 2. Does not provide the information required.
- 34 3. Previously had a registry identification card revoked for  
35 violating this chapter.
- 36 4. Provides false information.

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

- 39 1. The agent applicant does not meet the requirements of section  
40 36-2801, paragraph ~~13~~ 14.
- 41 2. The applicant or dispensary did not provide the required  
42 information.
- 43 3. The agent applicant previously had a registry identification  
44 card revoked for violating this chapter.
- 45 4. The applicant or dispensary provides false information.

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

4 E. The department shall notify the registered nonprofit medical  
5 marijuana dispensary in writing of the reason for denying a registry  
6 identification card to a nonprofit medical marijuana dispensary agent.

7 F. The department shall notify the qualifying patient in writing of  
8 the reason for denying a registry identification card to the qualifying  
9 patient's designated caregiver.

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

14 Sec. 6. Subject to the requirements of article IV, part 1,  
15 section 1, Constitution of Arizona, section 36-2850, Arizona Revised  
16 Statutes, is amended to read:

17 36-2850. Definitions

18 In this chapter, unless the context requires otherwise:

19 1. "Advertise," "advertisement" and "advertising" mean any public  
20 communication in any medium that offers or solicits a commercial  
21 transaction involving the sale, purchase or delivery of marijuana or  
22 marijuana products.

23 2. "Child-resistant" means designed or constructed to be  
24 significantly difficult for children under five years of age to open, and  
25 not difficult for normal adults to use properly.

26 3. "Consume," "consuming" and "consumption" mean the act of  
27 ingesting, inhaling or otherwise introducing marijuana into the human  
28 body.

29 4. "Consumer" means an individual who is at least twenty-one years  
30 of age and who purchases marijuana or marijuana products.

31 5. "Cultivate" and "cultivation" mean to propagate, breed, grow,  
32 prepare and package marijuana.

33 6. "Deliver" and "delivery" mean the transportation, transfer or  
34 provision of marijuana or marijuana products to a consumer at a location  
35 other than the designated retail location of a marijuana establishment.

36 7. "Department" means the department of health services or its  
37 successor agency.

38 8. "Designated caregiver" has the same meaning prescribed in  
39 section 36-2801.

40 9. "Dual licensee" means an entity that holds both a nonprofit  
41 medical marijuana dispensary registration and a marijuana establishment  
42 license.

- 1           10. "Early applicant" means either of the following:  
2           (a) An entity seeking to operate a marijuana establishment in a  
3 county with fewer than two registered nonprofit medical marijuana  
4 dispensaries.  
5           (b) A nonprofit medical marijuana dispensary that is registered and  
6 in good standing with the department.  
7           11. "Employee," "employer," "health care facility," and "places of  
8 employment" have the same meanings prescribed in the smoke-free Arizona  
9 act, section 36-601.01.  
10          12. "Excluded felony offense" has the same meaning prescribed in  
11 section 36-2801.  
12          13. "Good standing" means that a nonprofit medical marijuana  
13 dispensary is not the subject of a pending notice of intent to revoke  
14 issued by the department.  
15          14. "HEMP-DERIVED MANUFACTURED IMPAIRING CANNABINOIDS":  
16          (a) MEANS ANY CANNABINOID THAT IS DERIVED FROM HEMP AND ALTERED BY  
17 A CHEMICAL REACTION THAT CHANGES THE MOLECULAR STRUCTURE OF ANY NATURAL  
18 CANNABINOID DERIVED FROM HEMP TO ANOTHER CANNABINOID WITH IMPAIRING  
19 PROPERTIES THAT IS FOUND NATURALLY IN HEMP.  
20          (b) INCLUDES ALL OF THE FOLLOWING:  
21           (i) DELTA-8 TETRAHYDROCANNABINOL.  
22           (ii) DELTA-10 TETRAHYDROCANNABINOL.  
23           (iii) HEXAHYDROCANNABINOL.  
24           (iv) TETRAHYDROCANNABIPHORAL.  
25           (v) TETRAHYDROCANNABINOL ACETATE ESTER.  
26          (c) DOES NOT INCLUDE ANY CANNABINOID DERIVED FROM HEMP THAT IS  
27 PRODUCED BY DECARBOXYLATION FROM NATURALLY OCCURRING CANNABINOID WITHOUT  
28 THE USE OF A CHEMICAL CATALYST OR NONINTOXICATING CANNABINOIDS DERIVED  
29 FROM HEMP, INCLUDING CANNABIDIOL, CANNABINOL, CANNABIGEROL,  
30 CANNABICHROMENE, CANNABICYCLOL, CANNABIDIVARIN AND CANNABIVARIN.  
31          ~~14.~~ 15. "Independent third-party laboratory" has the same meaning  
32 prescribed in section 36-2801.  
33          ~~15.~~ 16. "Industrial hemp" has the same meaning prescribed in  
34 section 3-311.  
35          ~~16.~~ 17. "Licensee" means a person that obtains a license pursuant  
36 to section 36-2854.  
37          ~~17.~~ 18. "Locality" means a city, town or county.  
38          ~~18.~~ 19. "Manufacture" and "manufacturing" mean to compound, blend,  
39 extract, infuse or otherwise make or prepare a marijuana product.  
40          ~~19.~~ 20. "Marijuana":  
41          (a) Means all parts of the plant of the genus cannabis, whether  
42 growing or not, as well as the seeds from the plant, the resin extracted  
43 from any part of the plant, and every compound, manufacture, salt,  
44 derivative, mixture or preparation of the plant or its seeds or resin.  
45          (b) Includes cannabis as defined in 13-3401.

1 (c) Does not include industrial hemp, the fiber produced from the  
2 stalks of the plant of the genus cannabis, oil or cake made from the seeds  
3 of the plant, sterilized seeds of the plant that are incapable of  
4 germination, or the weight of any other ingredient combined with marijuana  
5 to prepare topical or oral administrations, food, drink or other products.

6 ~~20.~~ 21. "Marijuana concentrate":

7 (a) Means resin extracted from any part of a plant of the genus  
8 cannabis and every compound, manufacture, salt, derivative, mixture or  
9 preparation of that resin or tetrahydrocannabinol.

10 (b) Does not include industrial hemp or the weight of any other  
11 ingredient combined with cannabis to prepare topical or oral  
12 administrations, food, drink or other products.

13 ~~21.~~ 22. "Marijuana establishment" means an entity that is licensed  
14 by the department to operate all of the following:

15 (a) A single retail location at which the licensee may sell  
16 marijuana and marijuana products to consumers, cultivate marijuana and  
17 manufacture marijuana products.

18 (b) A single off-site cultivation location at which the licensee  
19 may cultivate marijuana, process marijuana and manufacture marijuana  
20 products, but from which marijuana and marijuana products may not be  
21 transferred or sold to consumers.

22 (c) A single off-site location at which the licensee may  
23 manufacture marijuana products and package and store marijuana and  
24 marijuana products, but from which marijuana and marijuana products may  
25 not be transferred or sold to consumers.

26 ~~22.~~ 23. "Marijuana facility agent" means a principal officer,  
27 board member or employee of a marijuana establishment or marijuana testing  
28 facility who is at least twenty-one years of age and who has not been  
29 convicted of an excluded felony offense.

30 ~~23.~~ 24. "Marijuana products" means marijuana concentrate and  
31 products that are composed of marijuana and other ingredients and that are  
32 intended for use or consumption, including edible products, ointments and  
33 tinctures.

34 ~~24.~~ 25. "Marijuana testing facility" means the department or  
35 another entity that is licensed by the department to analyze the potency  
36 of marijuana and test marijuana for harmful contaminants.

37 ~~25.~~ 26. "Nonprofit medical marijuana dispensary" has the same  
38 meaning prescribed in section 36-2801.

39 ~~26.~~ 27. "Nonprofit medical marijuana dispensary agent" has the  
40 same meaning prescribed in section 36-2801.

41 ~~27.~~ 28. "Open space" means a public park, public sidewalk, public  
42 walkway or public pedestrian thoroughfare.

43 ~~28.~~ 29. "Process" and "processing" mean to harvest, dry, cure,  
44 trim or separate parts of the marijuana plant.





1 department to implement chapter 28.1 of this title except those that are  
2 inconsistent with this chapter.

3 (e) After issuing marijuana establishment licenses to qualified  
4 early applicants, the department shall issue marijuana establishment  
5 licenses available under subdivisions (b) and (c) of this paragraph by  
6 random selection and according to rules adopted pursuant to this section.  
7 At least sixty days before any random selection, the department shall  
8 prominently publicize the random selection on its website and through  
9 other means of general distribution intended to reach as many interested  
10 parties as possible and shall provide notice through an email notification  
11 system to which interested parties can subscribe.

12 (f) Notwithstanding subdivisions (b) and (c) of this paragraph, and  
13 not later than six months after the department adopts final rules to  
14 implement a social equity ownership program pursuant to paragraph 9 of  
15 this subsection, the department shall issue twenty-six additional  
16 marijuana establishment licenses to entities that are qualified pursuant  
17 to the social equity ownership program.

18 (g) Licenses issued by the department to marijuana establishments  
19 and marijuana testing facilities shall be valid for a period of two years.  
20 A dual licensee's initial renewal date, which will be the ongoing renewal  
21 date for both the dual licensee's marijuana establishment license and  
22 nonprofit medical marijuana dispensary registration, is the earlier of:

23 (i) The date of the marijuana establishment license renewal.

24 (ii) The date of the nonprofit medical marijuana dispensary  
25 registration renewal.

26 (h) Beginning September 29, 2021, the department may not issue a  
27 marijuana establishment or marijuana testing facility license to an  
28 applicant who has an ownership interest in an out-of-state marijuana  
29 establishment or marijuana testing facility, or the other state's  
30 equivalent, that has had its license revoked by the other state.

31 2. Licensing fees and renewal fees for marijuana establishments and  
32 marijuana testing facilities in amounts that are reasonable and related to  
33 the actual cost of processing applications for licenses and renewals and  
34 that do not exceed five times the fees prescribed by the department to  
35 register or renew a nonprofit medical marijuana dispensary.

36 3. The security of marijuana establishments and marijuana testing  
37 facilities.

38 4. Marijuana establishments to safely cultivate, process and  
39 manufacture marijuana and marijuana products. Not later than December 31,  
40 2023, the department shall require licensees to procure, develop, acquire  
41 and maintain a system to track marijuana and marijuana products at all  
42 points of cultivation, manufacturing and sale. The system developed and  
43 maintained pursuant to this paragraph shall:

44 (a) Ensure an accurate accounting and reporting of the production,  
45 processing and sale of marijuana and marijuana products.

- 1 (b) Ensure compliance with rules adopted by the department.  
2 (c) Be capable of tracking, at a minimum:  
3 (i) The propagation of immature marijuana plants and the production  
4 of marijuana by a marijuana establishment.  
5 (ii) The processing of marijuana and marijuana products by a  
6 marijuana establishment.  
7 (iii) The sale and purchase of marijuana and marijuana products  
8 between licensees.  
9 (iv) The transfer of marijuana and marijuana products between  
10 premises for which licenses have been issued.  
11 (v) The disposal of marijuana waste.  
12 (vi) The identity of the person making the entry in the system and  
13 the time, date and location of each entry into the system, including any  
14 corrections or changes to that information.  
15 (vii) Any other information that the department determines is  
16 reasonably necessary to accomplish the duties, functions and powers of the  
17 department.  
18 (d) Contain a transactional stamp to ensure accuracy, provide for  
19 chain of custody of the information and foreclose tampering of the data,  
20 human error or intentional misreporting.  
21 5. Tracking, testing, labeling consistent with section 36-2854.01  
22 and packaging marijuana and marijuana products, including requirements  
23 that marijuana and marijuana products be:  
24 (a) Sold to consumers in clearly and conspicuously labeled  
25 containers that contain accurate warnings regarding the use of marijuana  
26 or marijuana products.  
27 (b) Placed in child-resistant packaging on exit from a marijuana  
28 establishment.  
29 6. Forms of government-issued identification that are acceptable by  
30 a marijuana establishment verifying a consumer's age and procedures  
31 related to verifying a consumer's age consistent with section 4-241.  
32 Until the department adopts final rules related to verifying a consumer's  
33 age, marijuana establishments shall comply with the proof of legal age  
34 requirements prescribed in section 4-241.  
35 7. The potency of edible marijuana products that may be sold to  
36 consumers by marijuana establishments at reasonable levels on  
37 consideration of industry standards, except that the rules:  
38 (a) Shall limit the strength of edible marijuana products to not  
39 more than ten milligrams of tetrahydrocannabinol per serving or one  
40 hundred milligrams of tetrahydrocannabinol per package.  
41 (b) Shall require that if a marijuana product contains more than  
42 one serving, it must be delineated or scored into standard serving sizes  
43 and homogenized to ensure uniform disbursement throughout the marijuana  
44 product.

1           8. Ensuring the health, safety and training of employees of  
2 marijuana establishments and marijuana testing facilities.

3           9. The creation and implementation of a social equity ownership  
4 program to promote the ownership and operation of marijuana establishments  
5 and marijuana testing facilities by individuals from communities  
6 disproportionately impacted by the enforcement of previous marijuana laws.

7           10. Prohibiting a marijuana testing facility from having any direct  
8 or indirect familial relationship with or financial ownership interest in  
9 a marijuana establishment or related marijuana business entity or  
10 management company. The rules shall include prohibiting a marijuana  
11 establishment from having any direct or indirect familial relationship  
12 with or financial ownership interest in a marijuana testing facility or  
13 related marijuana business entity or management company.

14           11. Requiring marijuana establishments to display in a conspicuous  
15 location a sign that warns pregnant women about the potential dangers to  
16 fetuses caused by smoking or ingesting marijuana while pregnant or to  
17 infants while breastfeeding and the risk of being reported to the  
18 department of child safety during pregnancy or at the birth of the child  
19 by persons who are required to report. The rules shall include the  
20 specific warning language that must be included on the sign. The cost and  
21 display of the sign required by rule shall be borne by the marijuana  
22 establishment.

23           B. The department may:

24           1. Subject to title 41, chapter 6, article 10, deny any application  
25 submitted or deny, suspend or revoke, in whole or in part, any  
26 registration or license issued under this chapter if the registered or  
27 licensed party or an officer, agent or employee of the registered or  
28 licensed party does any of the following:

29           (a) Violates this chapter or any rule adopted pursuant to this  
30 chapter.

31           (b) Has been, is or may continue to be in substantial violation of  
32 the requirements for licensing or registration and, as a result, the  
33 health or safety of the general public is in immediate danger.

34           2. Subject to title 41, chapter 6, article 10, and unless another  
35 penalty is provided elsewhere in this chapter, assess a civil penalty  
36 against a person that violates this chapter or any rule adopted pursuant  
37 to this chapter in an amount not to exceed \$2,000 for each violation.  
38 Each day a violation occurs constitutes a separate violation. In  
39 determining the amount of a civil penalty assessed against a person, the  
40 department shall consider all of the factors set forth in section 36-2816,  
41 subsection H. All civil penalties collected by the department pursuant to  
42 this paragraph shall be deposited in the smart and safe Arizona fund  
43 established by section 36-2856.

1           3. At any time during regular hours of operation, visit and inspect  
2 a marijuana establishment, marijuana testing facility or dual licensee to  
3 determine if it complies with this chapter and rules adopted pursuant to  
4 this chapter. The department shall make at least one unannounced visit  
5 annually to each facility licensed pursuant to this chapter.

6           4. Adopt any other rules that are not expressly stated in this  
7 section and that are necessary to ensure the safe and responsible  
8 cultivation, sale, processing, manufacture, testing and transport of  
9 marijuana and marijuana products.

10          C. Until the department adopts rules permitting and regulating  
11 delivery by marijuana establishments pursuant to subsection D of this  
12 section, delivery is unlawful under this chapter.

13          D. On or after January 1, 2023, the department may, and not later  
14 than January 1, 2025 the department shall, adopt rules to permit and  
15 regulate delivery by marijuana establishments. The rules shall:

16           1. Require that delivery and the marijuana and marijuana products  
17 to be delivered originate from a designated retail location of a marijuana  
18 establishment and only after an order is made with the marijuana  
19 establishment by a consumer.

20           2. Prohibit delivery to any property owned or leased by the United  
21 States, this state, a political subdivision of this state or the Arizona  
22 board of regents.

23           3. Limit the amount of marijuana and marijuana products based on  
24 retail price that may be in a delivery vehicle during a single trip from  
25 the designated retail location of a marijuana establishment.

26           4. Prohibit extra or unallocated marijuana or marijuana products in  
27 delivery vehicles.

28           5. Require that deliveries be made only by marijuana facility  
29 agents in unmarked vehicles that are equipped with a global positioning  
30 system or similar location tracking system and video surveillance and  
31 recording equipment, and that contain a locked compartment in which  
32 marijuana and marijuana products must be stored.

33           6. Require delivery logs necessary to ensure compliance with this  
34 subsection and rules adopted pursuant to this subsection.

35           7. Require inspections to ensure compliance with this subsection  
36 and rules adopted pursuant to this subsection.

37           8. Include any other provisions necessary to ensure safe and  
38 restricted delivery.

39           9. Require dual licensees to comply with the rules adopted pursuant  
40 to this subsection.

41          E. Except as provided in subsection D of this section, the  
42 department may not permit delivery of marijuana or marijuana products  
43 under this chapter by any individual or entity. In addition to any other  
44 penalty imposed by law, an individual or entity that delivers marijuana or  
45 marijuana products in a manner that is not authorized by this chapter

1 shall pay a civil penalty of \$20,000 per violation to the smart and safe  
2 Arizona fund established by section 36-2856. This subsection may be  
3 enforced by the attorney general.

4 F. All rules adopted by the department pursuant to this section  
5 shall be consistent with the purpose of this chapter.

6 G. The department may not adopt any rule that:

7 1. Prohibits the operation of marijuana establishments, either  
8 expressly or through requirements that make the operation of a marijuana  
9 establishment unduly burdensome.

10 2. Prohibits or interferes with the ability of a dual licensee to  
11 operate a marijuana establishment and a nonprofit medical marijuana  
12 dispensary at shared locations.

13 H. Notwithstanding section 41-192, the department may employ legal  
14 counsel and make an expenditure or incur an indebtedness for legal  
15 services for the purposes of:

16 1. Defending this chapter or rules adopted pursuant to this  
17 chapter.

18 2. Defending chapter 28.1 of this title or rules adopted pursuant  
19 to chapter 28.1 of this title.

20 I. The department shall deposit all license fees, application fees  
21 and renewal fees paid to the department pursuant to this chapter in the  
22 smart and safe Arizona fund established by section 36-2856.

23 J. On request, the department shall share with the department of  
24 revenue information regarding a marijuana establishment, marijuana testing  
25 facility or dual licensee, including its name, physical address,  
26 cultivation site and transaction privilege tax license number.

27 K. Notwithstanding any other law, the department may:

28 1. License an independent third-party laboratory to also operate as  
29 a marijuana testing facility.

30 2. Operate a marijuana testing facility.

31 L. The department shall maintain and publish a current list of all  
32 marijuana establishments and marijuana testing facilities by name and  
33 license number.

34 M. Notwithstanding any other law, the issuance of an occupational,  
35 professional or other regulatory license or certification to a person by a  
36 jurisdiction or regulatory authority outside this state does not entitle  
37 that person to be issued a marijuana establishment license, a marijuana  
38 testing facility license, or any other license, registration or  
39 certification under this chapter.

40 N. Until the department adopts rules as required by subsection A,  
41 paragraph 10 of this section:

42 1. A marijuana testing facility is prohibited from having any  
43 direct or indirect familial relationship with or financial ownership  
44 interest in a marijuana establishment or related marijuana business entity  
45 or management company.



1           1. ~~33~~ THIRTY-THREE percent to community college districts and  
2 provisional community college districts, but not to community college  
3 tuition financing districts established pursuant to section 15-1409, for  
4 the purposes of investing in and providing workforce development programs,  
5 job training, career and technical education, and science, technology,  
6 engineering and ~~math~~ MATHEMATICS programs, as follows:

7           (a) ~~15~~ FIFTEEN percent of the ~~33~~ THIRTY-THREE percent divided  
8 equally between each community college district.

9           (b) 0.5 percent of the ~~33~~ THIRTY-THREE percent divided equally  
10 between each provisional community college district, if one or more  
11 provisional community college districts exist.

12           (c) The remainder to community college districts and provisional  
13 community colleges districts in proportion to each district's full-time  
14 equivalent student enrollment percentage of the total statewide audited  
15 full-time equivalent student enrollment in the preceding fiscal year  
16 prescribed in section 15-1466.01.

17           2. 31.4 percent to municipal police departments, municipal fire  
18 departments, fire districts established pursuant to title 48, chapter 5  
19 and county sheriffs' departments in proportion to the number of enrolled  
20 members for each such agency in the public safety personnel retirement  
21 system established by title 38, chapter 5, article 4 and the public safety  
22 personnel defined contribution RETIREMENT plan established ~~by~~ PURSUANT TO  
23 title 38, chapter 5, article 4.1, for personnel costs.

24           3. 25.4 percent to the Arizona highway user revenue fund  
25 established by section 28-6533.

26           4. ~~10~~ TEN percent to the justice reinvestment fund established by  
27 section 36-2863.

28           5. 0.2 percent to the attorney general to use to enforce this  
29 chapter, INCLUDING INVESTIGATING AND TAKING ACTION AS PRESCRIBED BY TITLE  
30 44, CHAPTER 10, ARTICLE 7 RELATING TO THE SALE, MARKETING AND DISTRIBUTION  
31 OF HEMP-DERIVED MANUFACTURED IMPAIRING CANNABINOIDS, or to grant to  
32 localities to enforce this chapter.

33           E. The monies transferred and received pursuant to this section:

34           1. Are in addition to any other appropriation, transfer or other  
35 allocation of monies and may not supplant, replace or cause a reduction in  
36 other funding sources.

37           2. Are not considered local revenues for the purposes of article  
38 IX, sections 20 and 21, Constitution of Arizona.

39           Sec. 9. Subject to the requirements of article IV, part 1, section  
40 1, Constitution of Arizona, section 36-2858, Arizona Revised Statutes, is  
41 amended to read:

42           36-2858. Lawful operation of marijuana establishments and  
43 marijuana testing facilities

44           A. Except as specifically and expressly provided in section 36-2857  
45 and notwithstanding any other law, it is lawful and is not an offense

1 under the laws of this state or any locality, may not constitute the basis  
2 for detention, search or arrest, and may not constitute the sole basis for  
3 seizure or forfeiture of assets or the basis for imposing penalties under  
4 the laws of this state or any locality for:

5 1. A marijuana establishment, or an agent acting on behalf of a  
6 marijuana establishment, to:

7 (a) Possess marijuana or marijuana products.

8 (b) Purchase, sell or transport marijuana and marijuana products to  
9 or from a marijuana establishment.

10 (c) Sell marijuana and marijuana products to consumers, except that  
11 a marijuana establishment may not sell more than one ounce of marijuana to  
12 a consumer in a single transaction, not more than five grams of which may  
13 be in the form of marijuana concentrate.

14 (d) Cultivate, produce, test or process marijuana or manufacture  
15 marijuana or marijuana products by any means, including chemical  
16 extraction or chemical synthesis.

17 2. An agent acting on behalf of a marijuana establishment to sell  
18 or otherwise transfer marijuana to an individual under twenty-one years of  
19 age, if the agent reasonably verified that the individual appeared to be  
20 twenty-one years of age or older by means of a government-issued  
21 photographic identification in compliance with rules adopted pursuant to  
22 section 36-2854, subsection A, paragraph 6.

23 3. A marijuana testing facility, or an agent acting on behalf of a  
24 marijuana testing facility, to obtain, possess, process, repackage,  
25 transfer, transport or test marijuana and marijuana products.

26 4. A nonprofit medical marijuana dispensary or a marijuana  
27 establishment, or an agent acting on behalf of a nonprofit medical  
28 marijuana dispensary or a marijuana establishment, to sell or otherwise  
29 transfer marijuana or marijuana products to a nonprofit medical marijuana  
30 dispensary, a marijuana establishment or an agent acting on behalf of a  
31 nonprofit medical marijuana dispensary or a marijuana establishment.

32 5. Any individual, corporation or other entity to sell, lease or  
33 otherwise allow property or goods that are owned, managed or controlled by  
34 the individual, corporation or other entity to be used for any activity  
35 authorized by this chapter, or to provide services to a marijuana  
36 establishment, or marijuana testing facility or agent acting on behalf of  
37 a marijuana establishment or marijuana testing facility in connection with  
38 any activity authorized by this chapter.

39 B. This section does not preclude the department from imposing  
40 penalties against a marijuana establishment or marijuana testing facility  
41 for failing to comply with this chapter or rules adopted pursuant to this  
42 chapter.

43 C. A marijuana establishment may be owned or operated by a publicly  
44 traded company.



- 1 D. Notwithstanding any other law, a dual licensee:
- 2 1. May hold a marijuana establishment license and operate a
- 3 marijuana establishment pursuant to this chapter.
- 4 2. May operate on a for-profit basis if the dual licensee promptly
- 5 notifies the department and department of revenue and takes any actions
- 6 necessary to enable its for-profit operation, including converting its
- 7 corporate form and amending its organizational and operating documents.
- 8 3. Must continue to hold both its marijuana establishment license
- 9 and nonprofit medical marijuana dispensary registration, regardless of any
- 10 change in ownership of the dual licensee, unless it terminates its status
- 11 as a dual licensee and forfeits either its marijuana establishment license
- 12 or nonprofit medical marijuana dispensary registration by notifying the
- 13 department of such a termination and forfeiture.
- 14 4. Is not required to:
- 15 (a) Employ or contract with a medical director.
- 16 (b) Obtain nonprofit medical marijuana dispensary agent or
- 17 marijuana facility agent registrations for outside vendors that do not
- 18 have regular, unsupervised access to the interior of the dual licensee's
- 19 premises.
- 20 (c) Have a single secure entrance as required by section 36-2806,
- 21 subsection C, but may be required to implement appropriate security
- 22 measures to deter and prevent the theft of marijuana and to reasonably
- 23 regulate customer access to the premises.
- 24 (d) Comply with any other provision of chapter 28.1 of this title
- 25 or any rule adopted pursuant to chapter 28.1 of this title that makes its
- 26 operation as a dual licensee unduly burdensome.
- 27 E. Notwithstanding any other law, a dual licensee that elects to
- 28 operate on a for-profit basis pursuant to subsection D, paragraph 2 of
- 29 this section:
- 30 1. Is subject to the taxes imposed pursuant to title 43.
- 31 2. Is not required to submit its annual financial statements or an
- 32 audit report to the department for purposes of renewing its nonprofit
- 33 medical marijuana dispensary registration.
- 34 F. Notwithstanding any other law, a dual licensee must conduct both
- 35 of the following operations at a shared location:
- 36 1. Sell marijuana and marijuana products to consumers pursuant to
- 37 this chapter.
- 38 2. Dispense marijuana to registered qualifying patients and
- 39 registered designated caregivers pursuant to chapter 28.1 of this title.
- 40 G. Notwithstanding chapter 28.1 of this title or any rule adopted
- 41 pursuant to chapter 28.1 of this title, a dual licensee may engage in any
- 42 act, practice, conduct or transaction allowed for a marijuana
- 43 establishment by this chapter.

1 H. Notwithstanding any other law:

2 1. An individual may be an applicant, principal officer or board  
3 member of more than one marijuana establishment or more than one dual  
4 licensee regardless of the establishment's location.

5 2. Two or more marijuana establishments or dual licensees may  
6 designate a single off-site location as prescribed in section 36-2850,  
7 paragraph ~~21~~ 22, subdivision (c) to be jointly used by those dual  
8 licensees or marijuana establishments.

9 I. Marijuana establishments, marijuana testing facilities and dual  
10 licensees that are subject to applicable federal or state  
11 antidiscrimination laws may not pay their employees differently based  
12 solely on a protected class status such as sex, race, color, religion,  
13 national origin, age or disability. This subsection does not expand or  
14 modify the jurisdictional reach, provisions or requirements of any  
15 applicable antidiscrimination law.

16 Sec. 10. Requirements for enactment; three-fourths vote

17 Pursuant to article IV, part 1, section 1, Constitution of Arizona,  
18 sections 36-2801, 36-2803, 36-2804.05, 36-2850, 36-2854, 36-2856 and  
19 36-2858, Arizona Revised Statutes, as amended by this act, are effective  
20 only on the affirmative vote of at least three-fourths of the members of  
21 each house of the legislature.