

House Engrossed

marijuana regulatory board; licensing qualifications

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
First Regular Session  
2023

# HOUSE BILL 2631

AN ACT

AMENDING TITLE 36, CHAPTER 28.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2823; AMENDING TITLE 36, CHAPTER 28.2, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2866; AMENDING TITLE 36, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 28.3; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3033.01; 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. Subject to the requirements of article IV, part 1,  
3 section 1, Constitution of Arizona, title 36, chapter 28.1, Arizona  
4 Revised Statutes, is amended by adding section 36-2823, to read:

5 36-2823. Registration certificates; qualifications

6 A. AN APPLICANT FOR A NEW NONPROFIT MEDICAL MARIJUANA DISPENSARY  
7 REGISTRATION CERTIFICATE, IN ADDITION TO MEETING ANY REQUIREMENTS  
8 PRESCRIBED IN THIS CHAPTER, MUST BE A RESIDENT OF THIS STATE AND MUST  
9 DEMONSTRATE RESIDENCY WITH A MINIMUM OF TWO OF THE FOLLOWING DOCUMENTS  
10 THAT LIST THE APPLICANT'S NAME AND ADDRESS:

- 11 1. A DRIVER LICENSE.
- 12 2. A STATE-ISSUED IDENTIFICATION CARD.
- 13 3. A PROPERTY TAX BILL.
- 14 4. A VERIFIED COPY OF STATE OR FEDERAL INCOME TAX RETURNS FOR THE  
15 PREVIOUS YEAR WITH AN ARIZONA ADDRESS.
- 16 5. A UTILITY BILL AND COPY OF PAYMENTS MADE FOR THE PREVIOUS YEAR.
- 17 6. ANY OTHER DOCUMENTATION AS PRESCRIBED IN RULE.

18 B. THE DIRECTOR MAY PRESCRIBE RULES TO CARRY OUT THIS SECTION.

19 Sec. 2. Subject to the requirements of article IV, part 1,  
20 section 1, Constitution of Arizona, title 36, chapter 28.2, Arizona  
21 Revised Statutes, is amended by adding section 36-2866, to read:

22 36-2866. Marijuana establishment licenses; qualifications

23 A. AN APPLICANT FOR A NEW MARIJUANA ESTABLISHMENT LICENSE, IN  
24 ADDITION TO MEETING ANY REQUIREMENTS PRESCRIBED IN THIS CHAPTER, MUST BE A  
25 RESIDENT OF THIS STATE AND MUST DEMONSTRATE RESIDENCY WITH A MINIMUM OF  
26 TWO OF THE FOLLOWING DOCUMENTS THAT LIST THE APPLICANT'S NAME AND ADDRESS:

- 27 1. A DRIVER LICENSE.
- 28 2. A STATE-ISSUED IDENTIFICATION CARD.
- 29 3. A PROPERTY TAX BILL.
- 30 4. A VERIFIED COPY OF STATE OR FEDERAL INCOME TAX RETURNS FOR THE  
31 PREVIOUS YEAR WITH AN ARIZONA ADDRESS.
- 32 5. A UTILITY BILL AND COPY OF PAYMENTS MADE FOR THE PREVIOUS YEAR.
- 33 6. ANY OTHER DOCUMENTATION AS PRESCRIBED IN RULE.

34 B. THE DIRECTOR MAY PRESCRIBE RULES TO CARRY OUT THIS SECTION.

35 Sec. 3. Subject to the requirements of article IV, part 1,  
36 section 1, Constitution of Arizona, title 36, Arizona Revised Statutes, is  
37 amended by adding chapter 28.3, to read:

38 CHAPTER 28.3

39 ARIZONA MARIJUANA REGULATORY BOARD

40 ARTICLE 1. GENERAL PROVISIONS

41 36-2881. Definitions

42 A. IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- 43 1. "BOARD" MEANS THE ARIZONA MARIJUANA REGULATORY BOARD.
- 44 2. "INDEPENDENT THIRD-PARTY LABORATORY" HAS THE SAME MEANING  
45 PRESCRIBED IN SECTION 36-2801.

- 1           3. "MARIJUANA ESTABLISHMENT" HAS THE SAME MEANING PRESCRIBED IN  
2 SECTION 36-2850.
- 3           4. "MARIJUANA TESTING FACILITY" HAS THE SAME MEANING PRESCRIBED IN  
4 SECTION 36-2850.
- 5           5. "NONPROFIT MEDICAL MARIJUANA DISPENSARY" HAS THE SAME MEANING  
6 PRESCRIBED IN SECTION 36-2801.
- 7           6. "QUALIFYING PATIENT" HAS THE SAME MEANING PRESCRIBED IN SECTION  
8 36-2801.
- 9           B. NOTWITHSTANDING ANY OTHER LAW, FOR THE PURPOSES OF CHAPTERS 28.1  
10 AND 28.2 OF THIS TITLE:
  - 11           1. "DEPARTMENT" MEANS THE ARIZONA MARIJUANA REGULATORY BOARD.
  - 12           2. "DIRECTOR" MEANS THE DIRECTOR OF THE BOARD.
  - 13           36-2882. Arizona marijuana regulatory board; membership;  
14   appointments; duties; compensation
- 15           A. THE ARIZONA MARIJUANA REGULATORY BOARD IS ESTABLISHED CONSISTING  
16 OF SEVEN MEMBERS AS FOLLOWS:
  - 17           1. TWO MEMBERS WHO HAVE PUBLIC HEALTH EXPERTISE.
  - 18           2. TWO MEMBERS WHO HAVE LABORATORY TESTING EXPERTISE IN THIS STATE  
19 AND WHO ARE NOT AFFILIATED WITH AN INDEPENDENT THIRD-PARTY LABORATORY OR  
20 MARIJUANA TESTING FACILITY.
  - 21           3. TWO PUBLIC MEMBERS WHO DO NOT HAVE AN OWNERSHIP INTEREST IN A  
22 NONPROFIT MEDICAL MARIJUANA DISPENSARY, A MARIJUANA ESTABLISHMENT, AN  
23 INDEPENDENT THIRD-PARTY LABORATORY OR A MARIJUANA TESTING FACILITY.
  - 24           4. ONE MEMBER WHO IS EITHER A QUALIFYING PATIENT OR A FAMILY MEMBER  
25 OF A QUALIFYING PATIENT.
- 26           B. THE MEMBERS OF THE BOARD SHALL BE APPOINTED BY THE GOVERNOR  
27 PURSUANT TO SECTION 38-211. NOT MORE THAN FOUR BOARD MEMBERS MAY BE OF  
28 THE SAME POLITICAL PARTY, AND NOT MORE THAN FOUR BOARD MEMBERS MAY BE  
29 RESIDENTS OF THE SAME COUNTY. BOARD MEMBER APPOINTMENTS ARE FOR A TERM OF  
30 FIVE YEARS AND EXPIRE ON THE THIRD MONDAY IN JANUARY OF THE APPROPRIATE  
31 YEAR. THE BOARD SHALL MEET AT LEAST ONCE EVERY MONTH.
- 32           C. EACH BOARD MEMBER:
  - 33           1. SHALL SIGN AN AGREEMENT TO COMPLY WITH ALL CONFIDENTIALITY  
34 REQUIREMENTS OF MATTERS THAT COME BEFORE THE BOARD.
  - 35           2. IS SUBJECT TO THE PROVISIONS OF TITLE 38, CHAPTER 3, ARTICLE 8  
36 RELATING TO CONFLICT OF INTEREST, SHALL SIGN A CONFLICT OF INTEREST  
37 STATEMENT THAT IDENTIFIES AND DISCLOSES ANY POTENTIAL CONFLICT OF INTEREST  
38 AND MAY NOT PARTICIPATE, IN ANY MANNER, IN ANY MATTER IN WHICH THE BOARD  
39 MEMBER HAS A CONFLICT OF INTEREST.
  - 40           3. MAY NOT VOTE ON ANY MEASURE IN WHICH THE BOARD MEMBER OR A  
41 FAMILY MEMBER OR PARTNER OF THE BOARD MEMBER HAS A PECUNIARY INTEREST.
  - 42           4. MAY NOT MISS MORE THAN ONE BOARD MEETING WITHIN A SIX-MONTH  
43 PERIOD.
- 44           D. THE GOVERNOR MAY REMOVE A BOARD MEMBER ONLY FOR CAUSE. A BOARD  
45 MEMBER WHO IS REMOVED FOR CAUSE MUST BE PROVIDED WRITTEN NOTICE AND AN

1 OPPORTUNITY TO RESPOND. THE GOVERNOR MAY REMOVE A BOARD MEMBER BASED ON  
2 WRITTEN FINDINGS THAT SPECIFY THE REASON FOR REMOVAL.

3 E. THE BOARD SHALL ADMINISTER THE LAWS OF THIS STATE RELATING TO  
4 MARIJUANA AS SET FORTH IN THIS CHAPTER AND CHAPTERS 28.1 AND 28.2 OF THIS  
5 TITLE.

6 F. THE MEMBERS OF THE BOARD ARE ELIGIBLE TO RECEIVE COMPENSATION  
7 NOT TO EXCEED \$200 PER DAY FOR EACH DAY SPENT IN THE DISCHARGE OF THEIR  
8 DUTIES AND ALL EXPENSES NECESSARILY AND PROPERLY INCURRED IN ATTENDING  
9 MEETINGS.

10 36-2883. Board; duties

11 THE BOARD SHALL HAVE THE AUTHORITY AND RESPONSIBILITIES PRESCRIBED  
12 IN THIS CHAPTER AND CHAPTERS 28.1 AND 28.2 OF THIS TITLE.

13 36-2884. Director; duties; rules; compensation

14 A. THE BOARD SHALL APPOINT A DIRECTOR WHO HAS THE AUTHORITY AND  
15 RESPONSIBILITIES PRESCRIBED IN THIS CHAPTER AND CHAPTERS 28.1 AND 28.2 OF  
16 THIS TITLE AND ANY OTHER AUTHORITY AND RESPONSIBILITY THAT THE BOARD DEEMS  
17 NECESSARY. THE DIRECTOR SHALL ADOPT RULES AS PRESCRIBED IN THIS CHAPTER  
18 AND CHAPTERS 28.1 AND 28.2 OF THIS TITLE.

19 B. THE DIRECTOR'S COMPENSATION SHALL BE DETERMINED PURSUANT TO  
20 SECTION 38-611.

21 C. THE DIRECTOR SHALL EMPLOY ALL EMPLOYEES OF THE BOARD AND MAY  
22 EMPLOY ANY NECESSARY CONSULTANTS. THE COMPENSATION OF EMPLOYEES OF THE  
23 BOARD SHALL BE AS DETERMINED PURSUANT TO SECTION 38-611.

24 Sec. 4. Subject to the requirements of article IV, part 1,  
25 section 1, Constitution of Arizona, title 41, chapter 27, article 2,  
26 Arizona Revised Statutes, is amended by adding section 41-3033.01, to  
27 read:

28 41-3033.01. Arizona marijuana regulatory board; termination  
29 July 1, 2033

30 A. THE ARIZONA MARIJUANA REGULATORY BOARD TERMINATES ON JULY 1,  
31 2033.

32 B. TITLE 36, CHAPTER 28.3 AND THIS SECTION ARE REPEALED ON JANUARY  
33 1, 2034.

34 Sec. 5. Initial terms of members of the Arizona marijuana  
35 regulatory board

36 A. Notwithstanding section 36-2882, Arizona Revised Statutes, as  
37 added by this act, the initial terms of members of the Arizona marijuana  
38 regulatory board are:

- 39 1. Two terms ending January 1, 2027.
- 40 2. Three terms ending January 1, 2028.

41 B. The governor shall make all subsequent appointments as  
42 prescribed by statute.

1           Sec. 6. Succession; transfer; effect

2           A. As provided by this act, the Arizona marijuana regulatory board  
3 succeeds to the authority, powers, duties and responsibilities of the  
4 department of health services relating to the regulation of both medical  
5 marijuana and adult-use marijuana.

6           B. This act does not alter the effect of any actions that were  
7 taken or impair the valid obligations of the department of health services  
8 relating to the Arizona medical marijuana act and the responsible adult  
9 use of marijuana before January 1, 2025.

10          C. Administrative rules and orders that were adopted by the  
11 department of health services relating to the Arizona medical marijuana  
12 act and the responsible adult use of marijuana continue in effect until  
13 superseded by administrative action by the Arizona marijuana regulatory  
14 board.

15          D. All administrative matters, contracts and judicial and  
16 quasi-judicial actions, whether completed, pending or in process, of the  
17 department of health services relating to the Arizona medical marijuana  
18 act and the responsible adult use of marijuana on January 1, 2025 are  
19 transferred to and retain the same status with the Arizona marijuana  
20 regulatory board.

21          E. All certificates, licenses, registrations, permits and other  
22 indicia of qualification and authority that were issued by the department  
23 of health services relating to the Arizona medical marijuana act and the  
24 responsible adult use of marijuana retain their validity for the duration  
25 of their terms of validity as provided by law.

26          F. All equipment, records, furnishings and other property, all data  
27 and investigative findings and all obligations on January 1, 2025 of the  
28 department of health services relating to the Arizona medical marijuana  
29 act and the responsible adult use of marijuana are transferred to the  
30 Arizona marijuana regulatory board.

31          G. All personnel who are under the state personnel system and  
32 employed by the department of health services relating to the Arizona  
33 medical marijuana act and the responsible adult use of marijuana are  
34 transferred to comparable positions and pay classifications in the  
35 respective administrative units of the Arizona marijuana regulatory board  
36 on January 1, 2025.

37           Sec. 7. Purpose

38           Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,  
39 the legislature establishes the Arizona marijuana regulatory board to  
40 promote the public health and safety relating to marijuana in this state.

41           Sec. 8. Conforming legislation

42           The legislative council staff shall prepare proposed legislation  
43 conforming the Arizona Revised Statutes to the provisions of this act for  
44 consideration in the fifty-sixth legislature, second regular session.

1           Sec. 9. Effective date

2           Title 36, chapter 28.3, Arizona Revised Statutes, added by this act,  
3 section 41-3033.01, Arizona Revised Statutes, as added by this act, and  
4 sections 5, 6 and 7 of this act are effective from and after December 31,  
5 2024.

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

7           Pursuant to article IV, part 1, section 1, Constitution of Arizona,  
8 sections 36-2823 and 36-2866, Arizona Revised Statutes, title 36, chapter  
9 28.3, Arizona Revised Statutes, and section 41-3033.01, Arizona Revised  
10 Statutes, as added by this act, are effective only on the affirmative vote  
11 of at least three-fourths of the members of each house of the legislature.