

(Section 36-2866 not enacted — failed to obtain the three-fourths vote pursuant to article IV, part 1, section 1, Constitution of Arizona.)

Senate Engrossed

marijuana; social equity licenses; enforcement

State of Arizona
Senate
Fifty-sixth Legislature
Second Regular Session
2024

SENATE BILL 1262

AN ACT

~~AMENDING TITLE 36, CHAPTER 28.2, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2866, 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 28.2, Arizona~~
4 ~~Revised Statutes, is amended by adding section 36 2866, to read:~~

5 ~~36 2866. Social equity ownership program, predatory~~
6 ~~agreements, transfer, enforcement, definitions~~

7 ~~A. THE ORIGINAL PRINCIPAL OFFICER OR BOARD MEMBER WITH AT LEAST~~
8 ~~FIFTY ONE PERCENT OWNERSHIP OF ANY ENTITY THAT RECEIVED A MARIJUANA~~
9 ~~ESTABLISHMENT LICENSE UNDER THE SOCIAL EQUITY OWNERSHIP PROGRAM~~
10 ~~ESTABLISHED PURSUANT TO SECTION 36 2854, SUBSECTION A, PARAGRAPH 9, ON~~
11 ~~APRIL 8, 2022, MAY TRANSFER THE MARIJUANA ESTABLISHMENT LICENSE TO ANY~~
12 ~~ENTITY OF THE OFFICER'S OR MEMBER'S CHOICE IF ANY OF THE FOLLOWING~~
13 ~~APPLIES:~~

14 ~~1. THE ORIGINAL PRINCIPAL OFFICER OR BOARD MEMBER WITH AT LEAST~~
15 ~~FIFTY ONE PERCENT OWNERSHIP HAS BEEN SUBJECT TO A PREDATORY AGREEMENT.~~

16 ~~2. A PRINCIPAL OFFICER OR BOARD MEMBER WHO HELD A MINORITY INTEREST~~
17 ~~WHEN THE MARIJUANA ESTABLISHMENT LICENSE WAS ORIGINALLY ISSUED VIOLATED~~
18 ~~ANY RULES ADOPTED PURSUANT TO THIS CHAPTER.~~

19 ~~3. A PRINCIPAL OFFICER OR BOARD MEMBER WHO HELD A MINORITY INTEREST~~
20 ~~IN THE ENTITY AT THE TIME OF APPLICATION FAILED TO DISCLOSE AN EXCLUDED~~
21 ~~FELONY OFFENSE.~~

22 ~~4. A PRINCIPAL OFFICER OR BOARD MEMBER WHO HELD A MINORITY INTEREST~~
23 ~~IN THE ENTITY AT THE TIME OF APPLICATION DID NOT POSSESS A MARIJUANA~~
24 ~~FACILITY AGENT CARD AT THE TIME OF THE APPLICATION.~~

25 ~~B. THE TRANSFER OF THE LICENSE PURSUANT TO SUBSECTION A OF THIS~~
26 ~~SECTION IS SUBJECT TO THE ATTORNEY GENERAL'S APPROVAL.~~

27 ~~C. THE ORIGINAL PRINCIPAL OFFICER OR BOARD MEMBER WHO HELD AT LEAST~~
28 ~~FIFTY ONE PERCENT OWNERSHIP OF ANY ENTITY THAT RECEIVED A MARIJUANA~~
29 ~~ESTABLISHMENT LICENSE UNDER THE SOCIAL EQUITY OWNERSHIP PROGRAM~~
30 ~~ESTABLISHED PURSUANT TO SECTION 36 2854, SUBSECTION A, PARAGRAPH 9 AND~~
31 ~~THAT BELIEVES THE OFFICER OR MEMBER WAS THE SUBJECT OF A PREDATORY~~
32 ~~AGREEMENT OR THAT SUBSECTION A OF THIS SECTION APPLIES MAY FILE A~~
33 ~~COMPLAINT WITH THE ATTORNEY GENERAL'S OFFICE. THE ATTORNEY GENERAL SHALL~~
34 ~~INVESTIGATE AND DETERMINE WHETHER THE AGREEMENT IS A PREDATORY AGREEMENT~~
35 ~~PURSUANT TO THIS SECTION.~~

36 ~~D. THE ATTORNEY GENERAL'S OFFICE, IN CONJUNCTION WITH THE~~
37 ~~DEPARTMENT, MAY TAKE APPROPRIATE ENFORCEMENT ACTION AGAINST ANY MARIJUANA~~
38 ~~FACILITY AGENT THAT ENTERED INTO A PREDATORY AGREEMENT TO TAKE CONTROL OF~~
39 ~~THE MARIJUANA ESTABLISHMENT LICENSE USING A PREDATORY AGREEMENT. THE~~
40 ~~DEPARTMENT MAY TAKE ACTION AGAINST A PARTY TO A PREDATORY AGREEMENT AT~~
41 ~~LICENSE RENEWAL OR MARIJUANA FACILITY AGENT CARD RENEWAL.~~

42 ~~E. FOR THE PURPOSES OF THIS SECTION:~~

43 ~~1. "MINIMUM FAIR MARKET VALUE" MEANS THE TOTAL ANNUAL RECREATIONAL~~
44 ~~MARIJUANA REVENUE IN TAX YEAR 2023 FOR ALL RECREATIONAL MARIJUANA~~
45 ~~ESTABLISHMENT LICENSES, DIVIDED BY THE TOTAL NUMBER OF ALL MARIJUANA~~
46 ~~ESTABLISHMENT LICENSES, INCLUDING THOSE HELD BY DUAL LICENSEES.~~

47 ~~2. "PREDATORY AGREEMENT" MEANS ANY AGREEMENT SIGNED BEFORE OR~~
48 ~~WITHIN TWELVE MONTHS AFTER A MARIJUANA ESTABLISHMENT LICENSE UNDER THE~~
49 ~~SOCIAL EQUITY OWNERSHIP PROGRAM ESTABLISHED PURSUANT TO SECTION 36 2854,~~

1 ~~SUBSECTION A, PARAGRAPH 9 WAS ISSUED THAT REQUIRED THE ORIGINAL PRINCIPAL~~
2 ~~OFFICER OR BOARD MEMBER WHO HELD AT LEAST FIFTY ONE PERCENT OWNERSHIP OF~~
3 ~~ANY ENTITY THAT RECEIVED A MARIJUANA ESTABLISHMENT LICENSE UNDER THE~~
4 ~~SOCIAL EQUITY OWNERSHIP PROGRAM TO SELL OR OTHERWISE TRANSFER OR GIVE~~
5 ~~CONTROL OF THE OFFICER'S OR MEMBER'S OWNERSHIP INTEREST FOR LESS THAN~~
6 ~~MINIMUM FAIR MARKET VALUE.~~

7 Sec. 2. Severability

8 If a provision of this act or its application to any person or
9 circumstance is held invalid, the invalidity does not affect other
10 provisions or applications of the act that can be given effect without the
11 invalid provision or application, and to this end the provisions of this
12 act are severable.

13 ~~Sec. 3. Requirements for enactment, three fourths vote~~

14 ~~Pursuant to article IV, part 1, section 1, Constitution of Arizona,~~
15 ~~section 36-2866, Arizona Revised Statutes, as added by this act, is~~
16 ~~effective only on the affirmative vote of at least three fourths of the~~
17 ~~members of each house of the legislature.~~