

REFERENCE TITLE: marijuana; regulation; taxation

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

HCR 2037

Introduced by
Representatives Clodfelter: Cardenas

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING
TO MARIJUANA.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the House of Representatives of the State of Arizona,
2 the Senate concurring:

3 1. Under the power of the referendum, as vested in the Legislature,
4 the following measure, relating to marijuana, is enacted to become valid
5 as a law if approved by the voters and on proclamation of the Governor:

6 Be it enacted by the Legislature of the state of Arizona:

7 Section 1. Title 4, Arizona Revised Statutes, is
8 amended by adding chapter 4, to read:

9 CHAPTER 4

10 REGULATION OF MARIJUANA

11 ARTICLE 1. GENERAL PROVISIONS

12 4-401. Definitions

13 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

14 1. "CONSUMER" MEANS A PERSON WHO IS AT LEAST TWENTY-ONE
15 YEARS OF AGE AND WHO PURCHASES MARIJUANA OR MARIJUANA PRODUCTS
16 FOR PERSONAL USE BY PERSONS WHO ARE AT LEAST TWENTY-ONE YEARS
17 OF AGE, BUT NOT FOR RESALE TO OTHERS.

18 2. "CONSUMPTION" MEANS THE ACT OF INGESTING, INHALING
19 OR OTHERWISE INTRODUCING MARIJUANA INTO THE HUMAN BODY.

20 3. "LOCAL GOVERNMENT" MEANS A CITY, TOWN OR COUNTY.

21 4. "LOCAL REGULATORY AUTHORITY" MEANS THE OFFICE OR
22 ENTITY THAT IS DESIGNATED BY A LOCAL GOVERNMENT TO PROCESS
23 MARIJUANA ESTABLISHMENT APPLICATIONS.

24 5. "MARIJUANA" MEANS ALL PARTS OF THE PLANT OF THE
25 GENUS CANNABIS WHETHER GROWING OR NOT, THE SEEDS FROM THE
26 PLANT, THE RESIN EXTRACTED FROM ANY PART OF THE PLANT, AND
27 EVERY COMPOUND, MANUFACTURE, SALT, DERIVATIVE, MIXTURE OR
28 PREPARATION OF THE PLANT, ITS SEEDS OR ITS RESIN, INCLUDING
29 MARIJUANA CONCENTRATE. MARIJUANA DOES NOT INCLUDE FIBER
30 PRODUCED FROM THE STALKS, OIL OR CAKE MADE FROM THE SEEDS OF
31 THE PLANT, STERILIZED SEED OF THE PLANT THAT IS INCAPABLE OF
32 GERMINATION, OR THE WEIGHT OF ANY OTHER INGREDIENT COMBINED
33 WITH MARIJUANA TO PREPARE TOPICAL OR ORAL ADMINISTRATIONS,
34 FOOD, DRINK OR OTHER PRODUCTS.

35 6. "MARIJUANA ACCESSORIES" MEANS ANY EQUIPMENT, PRODUCT
36 OR MATERIAL OF ANY KIND THAT IS USED, INTENDED FOR USE OR
37 DESIGNED FOR USE IN PLANTING, PROPAGATING, CULTIVATING,
38 GROWING, HARVESTING, COMPOSTING, MANUFACTURING, COMPOUNDING,
39 CONVERTING, PRODUCING, PROCESSING, PREPARING, TESTING,
40 ANALYZING, PACKAGING, REPACKAGING, STORING, VAPORIZING OR
41 CONTAINING MARIJUANA, OR FOR INGESTING, INHALING OR OTHERWISE
42 INTRODUCING MARIJUANA INTO THE HUMAN BODY.

43 7. "MARIJUANA CULTIVATION FACILITY" MEANS AN ENTITY
44 THAT IS REGISTERED TO CULTIVATE, PREPARE AND PACKAGE MARIJUANA
45 AND TO SELL MARIJUANA TO RETAIL MARIJUANA STORES, MARIJUANA

1 PRODUCT MANUFACTURING FACILITIES AND OTHER MARIJUANA
2 CULTIVATION FACILITIES, BUT NOT TO CONSUMERS.

3 8. "MARIJUANA ESTABLISHMENT" MEANS A MARIJUANA
4 CULTIVATION FACILITY, A MARIJUANA TESTING FACILITY, A
5 MARIJUANA PRODUCT MANUFACTURING FACILITY OR A RETAIL MARIJUANA
6 STORE.

7 9. "MARIJUANA PRODUCT MANUFACTURING FACILITY" MEANS AN
8 ENTITY THAT IS REGISTERED TO PURCHASE MARIJUANA, TO
9 MANUFACTURE, PREPARE AND PACKAGE MARIJUANA PRODUCTS AND TO
10 SELL MARIJUANA AND MARIJUANA PRODUCTS TO OTHER MARIJUANA
11 PRODUCT MANUFACTURING FACILITIES AND RETAIL MARIJUANA STORES,
12 BUT NOT TO CONSUMERS.

13 10. "MARIJUANA PRODUCTS" MEANS CONCENTRATED MARIJUANA
14 PRODUCTS AND MARIJUANA PRODUCTS THAT ARE COMPOSED OF MARIJUANA
15 AND OTHER INGREDIENTS AND THAT ARE INTENDED FOR USE OR
16 CONSUMPTION, INCLUDING EDIBLE PRODUCTS, OINTMENTS AND
17 TINCTURES.

18 11. "MARIJUANA TESTING FACILITY" MEANS AN ENTITY THAT
19 IS REGISTERED TO ANALYZE AND CERTIFY THE SAFETY AND POTENCY OF
20 MARIJUANA.

21 12. "RETAIL MARIJUANA STORE" MEANS AN ENTITY THAT IS
22 REGISTERED TO PURCHASE MARIJUANA FROM MARIJUANA CULTIVATION
23 FACILITIES, TO PURCHASE MARIJUANA AND MARIJUANA PRODUCTS FROM
24 MARIJUANA PRODUCT MANUFACTURING FACILITIES AND TO SELL
25 MARIJUANA AND MARIJUANA PRODUCTS TO CONSUMERS.

26 13. "UNREASONABLY IMPRACTICABLE" MEANS THAT THE
27 MEASURES NECESSARY TO COMPLY WITH RULES REQUIRE SUCH A HIGH
28 INVESTMENT OF RISK, MONEY, TIME OR ANY OTHER RESOURCE OR ASSET
29 THAT THE OPERATION OF A MARIJUANA ESTABLISHMENT IS NOT WORTHY
30 OF BEING CARRIED OUT IN PRACTICE BY A REASONABLY PRUDENT
31 BUSINESSPERSON.

32 4-402. Personal use of marijuana

33 NOTWITHSTANDING ANY LAW, EXCEPT AS OTHERWISE PROVIDED IN
34 THIS CHAPTER, THE FOLLOWING ACTS, BY PERSONS WHO ARE AT LEAST
35 TWENTY-ONE YEARS OF AGE, ARE LAWFUL AND ARE NOT A CRIMINAL OR
36 CIVIL OFFENSE UNDER THE LAWS OF THIS STATE OR ANY POLITICAL
37 SUBDIVISION OF THIS STATE OR A BASIS FOR SEIZURE OR FORFEITURE
38 OF ASSETS UNDER THE LAWS OF THIS STATE OR ANY POLITICAL
39 SUBDIVISION OF THIS STATE:

40 1. POSSESSING, USING, DISPLAYING, PURCHASING OR
41 TRANSPORTING MARIJUANA ACCESSORIES OR ONE OUNCE OR LESS OF
42 MARIJUANA.

43 2. POSSESSING, GROWING, PROCESSING OR TRANSPORTING NOT
44 MORE THAN SIX MARIJUANA PLANTS, WITH THREE OR FEWER BEING
45 MATURE, FLOWERING PLANTS, AND POSSESSING THE MARIJUANA

1 PRODUCED BY THE PLANTS ON THE PREMISES WHERE THE PLANTS WERE
2 GROWN.

3 3. TRANSFERRING ONE OUNCE OR LESS OF MARIJUANA AND UP
4 TO SIX IMMATURE MARIJUANA PLANTS TO A PERSON WHO IS AT LEAST
5 TWENTY-ONE YEARS OF AGE WITHOUT REMUNERATION.

6 4. CONSUMING MARIJUANA, EXCEPT THAT THIS CHAPTER DOES
7 NOT ALLOW THE CONSUMPTION OF MARIJUANA IN PUBLIC.

8 5. ASSISTING ANOTHER PERSON WHO IS AT LEAST TWENTY-ONE
9 YEARS OF AGE IN ANY OF THE ACTS DESCRIBED IN PARAGRAPHS 1
10 THROUGH 4 OF THIS SECTION.

11 4-403. Restrictions on personal cultivation; civil
12 penalty

13 A. THE PERSONAL CULTIVATION OF MARIJUANA IS SUBJECT TO
14 THE FOLLOWING RESTRICTIONS:

15 1. MARIJUANA PLANTS SHALL BE CULTIVATED IN A LOCATION
16 WHERE THE PLANTS ARE NOT SUBJECT TO PUBLIC VIEW WITHOUT THE
17 USE OF BINOCULARS, AIRCRAFT OR OTHER OPTICAL AIDS.

18 2. A PERSON WHO CULTIVATES MARIJUANA MUST TAKE
19 REASONABLE PRECAUTIONS TO ENSURE THAT THE PLANTS ARE SECURE
20 FROM UNAUTHORIZED ACCESS.

21 3. MARIJUANA CULTIVATION MAY OCCUR ONLY ON PROPERTY
22 THAT IS LAWFULLY IN POSSESSION OF THE CULTIVATOR OR WITH THE
23 CONSENT OF THE PERSON IN LAWFUL POSSESSION OF THE PROPERTY.

24 B. A PERSON WHO VIOLATES THIS SECTION IS SUBJECT TO A
25 CIVIL PENALTY OF UP TO SEVEN HUNDRED FIFTY DOLLARS FOR EACH
26 VIOLATION.

27 4-404. Public consumption banned; civil penalty

28 A. IT IS UNLAWFUL TO CONSUME MARIJUANA IN PUBLIC.

29 B. A PERSON WHO VIOLATES THIS SECTION IS SUBJECT TO A
30 CIVIL PENALTY OF UP TO ONE THOUSAND DOLLARS.

31 4-405. False identification; civil penalty

32 A. A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE MAY
33 NOT PRESENT OR OFFER TO A MARIJUANA ESTABLISHMENT OR THE
34 MARIJUANA ESTABLISHMENT'S AGENT OR EMPLOYEE ANY WRITTEN OR
35 ORAL EVIDENCE OF AGE THAT IS FALSE, FRAUDULENT OR NOT ACTUALLY
36 THE PERSON'S OWN, FOR THE PURPOSE OF EITHER:

37 1. PURCHASING, ATTEMPTING TO PURCHASE OR OTHERWISE
38 PROCURING OR ATTEMPTING TO PROCURE MARIJUANA OR MARIJUANA
39 PRODUCTS.

40 2. GAINING ACCESS TO A MARIJUANA ESTABLISHMENT.

41 B. A PERSON WHO VIOLATES THIS SECTION IS SUBJECT TO A
42 CIVIL PENALTY OF UP TO FOUR HUNDRED DOLLARS.

43 4-406. Marijuana accessories authorized

44 NOTWITHSTANDING ANY OTHER LAW, IT IS LAWFUL AND IS NOT
45 AN OFFENSE UNDER THE LAWS OF THIS STATE OR ANY POLITICAL

1 SUBDIVISION OF THIS STATE OR A BASIS FOR SEIZURE OR FORFEITURE
2 OF ASSETS UNDER THE LAWS OF THIS STATE OR ANY POLITICAL
3 SUBDIVISION OF THIS STATE FOR A PERSON WHO IS AT LEAST
4 TWENTY-ONE YEARS OF AGE TO MANUFACTURE, POSSESS OR PURCHASE
5 MARIJUANA ACCESSORIES OR TO DISTRIBUTE OR SELL MARIJUANA
6 ACCESSORIES TO A PERSON WHO IS AT LEAST TWENTY-ONE YEARS OF
7 AGE.

8 4-407. Lawful operation of marijuana establishments

9 A. NOTWITHSTANDING ANY OTHER LAW, THE FOLLOWING ACTS,
10 WHEN PERFORMED BY A RETAIL MARIJUANA STORE WITH A CURRENT,
11 VALID REGISTRATION, OR BY A PERSON WHO IS AT LEAST TWENTY-ONE
12 YEARS OF AGE AND WHO IS ACTING IN THE PERSON'S CAPACITY AS AN
13 OWNER, EMPLOYEE OR AGENT OF A RETAIL MARIJUANA STORE, ARE
14 LAWFUL AND ARE NOT AN OFFENSE UNDER THE LAWS OF THIS STATE OR
15 A BASIS FOR SEIZURE OR FORFEITURE OF ASSETS UNDER THE LAWS OF
16 THIS STATE:

17 1. POSSESSING, DISPLAYING, STORING OR TRANSPORTING
18 MARIJUANA OR MARIJUANA PRODUCTS, EXCEPT THAT MARIJUANA AND
19 MARIJUANA PRODUCTS MAY NOT BE DISPLAYED IN A MANNER THAT IS
20 VISIBLE TO THE GENERAL PUBLIC FROM A PUBLIC RIGHT-OF-WAY.

21 2. DELIVERING OR TRANSFERRING MARIJUANA OR MARIJUANA
22 PRODUCTS TO A MARIJUANA TESTING FACILITY.

23 3. RECEIVING MARIJUANA OR MARIJUANA PRODUCTS FROM A
24 MARIJUANA TESTING FACILITY.

25 4. PURCHASING MARIJUANA FROM A MARIJUANA CULTIVATION
26 FACILITY.

27 5. PURCHASING MARIJUANA OR MARIJUANA PRODUCTS FROM A
28 MARIJUANA PRODUCT MANUFACTURING FACILITY.

29 6. DELIVERING, DISTRIBUTING OR SELLING MARIJUANA OR
30 MARIJUANA PRODUCTS TO CONSUMERS.

31 B. NOTWITHSTANDING ANY OTHER LAW, THE FOLLOWING ACTS,
32 WHEN PERFORMED BY A MARIJUANA CULTIVATION FACILITY WITH A
33 CURRENT, VALID REGISTRATION, OR BY A PERSON WHO IS AT LEAST
34 TWENTY-ONE YEARS OF AGE AND WHO IS ACTING IN THE PERSON'S
35 CAPACITY AS AN OWNER, EMPLOYEE OR AGENT OF A MARIJUANA
36 CULTIVATION FACILITY, ARE LAWFUL AND ARE NOT AN OFFENSE UNDER
37 THE LAWS OF THIS STATE OR A BASIS FOR SEIZURE OR FORFEITURE OF
38 ASSETS UNDER THE LAWS OF THIS STATE:

39 1. CULTIVATING, MANUFACTURING, HARVESTING, PROCESSING,
40 PACKAGING, TRANSPORTING, DISPLAYING, STORING OR POSSESSING
41 MARIJUANA.

42 2. DELIVERING OR TRANSFERRING MARIJUANA TO A MARIJUANA
43 TESTING FACILITY.

44 3. RECEIVING MARIJUANA FROM A MARIJUANA TESTING
45 FACILITY.

- 1 4. DELIVERING, DISTRIBUTING OR SELLING MARIJUANA TO A
- 2 MARIJUANA CULTIVATION FACILITY, A MARIJUANA PRODUCT
- 3 MANUFACTURING FACILITY OR A RETAIL MARIJUANA STORE.
- 4 5. RECEIVING OR PURCHASING MARIJUANA FROM A MARIJUANA
- 5 CULTIVATION FACILITY.
- 6 6. RECEIVING MARIJUANA SEEDS OR IMMATURE MARIJUANA
- 7 PLANTS FROM A PERSON WHO IS AT LEAST TWENTY-ONE YEARS OF AGE.
- 8 C. NOTWITHSTANDING ANY OTHER LAW, THE FOLLOWING ACTS,
- 9 WHEN PERFORMED BY A MARIJUANA PRODUCT MANUFACTURING FACILITY
- 10 WITH A CURRENT, VALID REGISTRATION, OR BY A PERSON WHO IS AT
- 11 LEAST TWENTY-ONE YEARS OF AGE AND WHO IS ACTING IN THE
- 12 PERSON'S CAPACITY AS AN OWNER, EMPLOYEE OR AGENT OF A
- 13 MARIJUANA PRODUCT MANUFACTURING FACILITY, ARE LAWFUL AND ARE
- 14 NOT AN OFFENSE UNDER THE LAWS OF THIS STATE OR A BASIS FOR
- 15 SEIZURE OR FORFEITURE OF ASSETS UNDER THE LAWS OF THIS STATE:
- 16 1. PACKAGING, PROCESSING, TRANSPORTING, MANUFACTURING,
- 17 DISPLAYING OR POSSESSING MARIJUANA OR MARIJUANA PRODUCTS.
- 18 2. DELIVERING OR TRANSFERRING MARIJUANA OR MARIJUANA
- 19 PRODUCTS TO A MARIJUANA TESTING FACILITY.
- 20 3. RECEIVING MARIJUANA OR MARIJUANA PRODUCTS FROM A
- 21 MARIJUANA TESTING FACILITY.
- 22 4. DELIVERING OR SELLING MARIJUANA OR MARIJUANA
- 23 PRODUCTS TO A RETAIL MARIJUANA STORE OR A MARIJUANA PRODUCT
- 24 MANUFACTURING FACILITY.
- 25 5. PURCHASING MARIJUANA FROM A MARIJUANA CULTIVATION
- 26 FACILITY.
- 27 6. PURCHASING MARIJUANA OR MARIJUANA PRODUCTS FROM A
- 28 MARIJUANA PRODUCT MANUFACTURING FACILITY.
- 29 D. NOTWITHSTANDING ANY OTHER LAW, THE FOLLOWING ACTS,
- 30 WHEN PERFORMED BY A MARIJUANA TESTING FACILITY WITH A CURRENT,
- 31 VALID REGISTRATION, OR BY A PERSON WHO IS AT LEAST TWENTY-ONE
- 32 YEARS OF AGE AND WHO IS ACTING IN THE PERSON'S CAPACITY AS AN
- 33 OWNER, EMPLOYEE OR AGENT OF A MARIJUANA TESTING FACILITY, ARE
- 34 LAWFUL AND ARE NOT AN OFFENSE UNDER THE LAWS OF THIS STATE OR
- 35 A BASIS FOR SEIZURE OR FORFEITURE OF ASSETS UNDER THE LAWS OF
- 36 THIS STATE:
- 37 1. POSSESSING, CULTIVATING, PROCESSING, REPACKAGING,
- 38 STORING, TRANSPORTING, DISPLAYING, TRANSFERRING OR DELIVERING
- 39 MARIJUANA.
- 40 2. RECEIVING MARIJUANA OR MARIJUANA PRODUCTS FROM A
- 41 MARIJUANA CULTIVATION FACILITY, MARIJUANA RETAIL STORE,
- 42 MARIJUANA PRODUCT MANUFACTURING FACILITY OR PERSON WHO IS AT
- 43 LEAST TWENTY-ONE YEARS OF AGE.
- 44 3. RETURNING MARIJUANA OR MARIJUANA PRODUCTS TO A
- 45 MARIJUANA CULTIVATION FACILITY, MARIJUANA RETAIL STORE,

1 MARIJUANA PRODUCT MANUFACTURING FACILITY OR PERSON WHO IS AT
2 LEAST TWENTY-ONE YEARS OF AGE.

3 E. NOTWITHSTANDING ANY OTHER LAW, IT IS LAWFUL AND IS
4 NOT AN OFFENSE UNDER THE LAWS OF THIS STATE OR A BASIS FOR
5 SEIZURE OR FORFEITURE OF ASSETS UNDER THE LAWS OF THIS STATE
6 TO LEASE OR OTHERWISE ALLOW THE USE OF PROPERTY OWNED,
7 OCCUPIED OR CONTROLLED BY ANY PERSON, CORPORATION OR OTHER
8 ENTITY FOR ANY ACTIVITY CONDUCTED LAWFULLY IN ACCORDANCE WITH
9 SUBSECTIONS A THROUGH D OF THIS SECTION.

10 F. THIS SECTION DOES NOT PREVENT THE IMPOSITION OF
11 PENALTIES ON MARIJUANA ESTABLISHMENTS FOR VIOLATING THIS
12 CHAPTER OR RULES ADOPTED BY THE DEPARTMENT OR LOCAL
13 GOVERNMENTS PURSUANT TO THIS CHAPTER.

14 4-408. Privacy protections

15 IN ORDER TO ENSURE THAT INDIVIDUAL PRIVACY IS PROTECTED,
16 THE DEPARTMENT MAY NOT REQUIRE:

17 1. A CONSUMER TO PROVIDE A RETAIL MARIJUANA STORE WITH
18 PERSONAL INFORMATION OTHER THAN GOVERNMENT-ISSUED
19 IDENTIFICATION TO DETERMINE THE CONSUMER'S AGE.

20 2. A RETAIL MARIJUANA STORE TO ACQUIRE AND RECORD
21 PERSONAL INFORMATION ABOUT CONSUMERS.

22 4-409. Marijuana establishment registrations; fee

23 A. EACH APPLICANT FOR A MARIJUANA ESTABLISHMENT SHALL
24 SUBMIT AN APPLICATION OR RENEWAL APPLICATION FOR A
25 REGISTRATION TO OPERATE A MARIJUANA ESTABLISHMENT TO THE
26 DEPARTMENT. A MARIJUANA ESTABLISHMENT MAY SUBMIT A RENEWAL
27 APPLICATION UP TO NINETY DAYS BEFORE THE EXPIRATION OF THE
28 MARIJUANA ESTABLISHMENT'S REGISTRATION.

29 B. THE DEPARTMENT SHALL BEGIN ACCEPTING AND PROCESSING
30 APPLICATIONS TO OPERATE MARIJUANA ESTABLISHMENTS ONE YEAR
31 AFTER THE EFFECTIVE DATE OF THIS SECTION.

32 C. ON RECEIVING AN APPLICATION OR RENEWAL APPLICATION
33 FOR A MARIJUANA ESTABLISHMENT, THE DEPARTMENT SHALL
34 IMMEDIATELY FORWARD A COPY OF EACH APPLICATION AND FIFTY
35 PERCENT OF THE REGISTRATION APPLICATION FEE TO THE LOCAL
36 REGULATORY AUTHORITY FOR THE LOCAL GOVERNMENT IN WHICH THE
37 APPLICANT DESIRES TO OPERATE THE MARIJUANA ESTABLISHMENT,
38 UNLESS THE LOCAL GOVERNMENT HAS NOT DESIGNATED A LOCAL
39 REGULATORY AUTHORITY.

40 D. WITHIN NINETY DAYS AFTER RECEIVING AN APPLICATION OR
41 RENEWAL APPLICATION, THE DEPARTMENT SHALL ISSUE AN ANNUAL
42 REGISTRATION TO THE APPLICANT UNLESS THE DEPARTMENT FINDS THE
43 APPLICANT IS NOT IN COMPLIANCE WITH THE RULES ADOPTED PURSUANT
44 TO THIS CHAPTER OR THE DEPARTMENT IS NOTIFIED BY THE RELEVANT
45 LOCAL GOVERNMENT THAT THE APPLICANT IS NOT IN COMPLIANCE WITH

1 LOCAL ORDINANCES AND RULES IN EFFECT AT THE TIME OF
2 APPLICATION.

3 E. IF A LOCAL GOVERNMENT ENACTS A LIMIT ON THE NUMBER
4 OF MARIJUANA ESTABLISHMENTS AND A GREATER NUMBER OF APPLICANTS
5 SEEKS REGISTRATION, THE DEPARTMENT SHALL SOLICIT AND CONSIDER
6 INPUT FROM THE LOCAL REGULATORY AUTHORITY AS TO THE LOCAL
7 GOVERNMENT'S PREFERENCES FOR REGISTRATION.

8 F. ON DENIAL OF AN APPLICATION, THE DEPARTMENT SHALL
9 NOTIFY THE APPLICANT IN WRITING OF THE SPECIFIC REASON FOR THE
10 DENIAL.

11 G. EACH MARIJUANA ESTABLISHMENT REGISTRATION SHALL
12 SPECIFY THE LOCATION WHERE THE MARIJUANA ESTABLISHMENT WILL
13 OPERATE. A SEPARATE REGISTRATION IS REQUIRED FOR EACH
14 LOCATION AT WHICH A MARIJUANA ESTABLISHMENT OPERATES.

15 H. MARIJUANA ESTABLISHMENTS AND THE ACCOUNTS AND
16 RECORDS MAINTAINED AND CREATED BY MARIJUANA ESTABLISHMENTS ARE
17 SUBJECT TO INSPECTION BY THE DEPARTMENT.

18 I. THE DEPARTMENT MAY CHARGE A REGISTRATION FEE TO
19 APPLICANTS FOR REGISTRATION UNDER THIS SECTION TO PAY FOR
20 STARTUP COSTS.

21 4-410. Local control

22 A. A LOCAL GOVERNMENT MAY PROHIBIT THE OPERATION OF
23 MARIJUANA CULTIVATION FACILITIES, MARIJUANA PRODUCT
24 MANUFACTURING FACILITIES, MARIJUANA TESTING FACILITIES OR
25 RETAIL MARIJUANA STORES BY ENACTING AN ORDINANCE OR BY A VOTER
26 INITIATIVE.

27 B. A LOCAL GOVERNMENT MAY ENACT ORDINANCES OR RULES
28 THAT DO NOT CONFLICT WITH THIS CHAPTER OR WITH RULES ADOPTED
29 PURSUANT TO THIS CHAPTER GOVERNING THE TIME, PLACE, MANNER AND
30 NUMBER OF MARIJUANA ESTABLISHMENTS. A LOCAL GOVERNMENT MAY
31 ESTABLISH CIVIL PENALTIES FOR THE VIOLATION OF AN ORDINANCE OR
32 RULE GOVERNING THE TIME, PLACE, AND MANNER OF A MARIJUANA
33 ESTABLISHMENT THAT OPERATES WITHIN THE LOCATION OF THAT LOCAL
34 GOVERNMENT.

35 C. A LOCAL GOVERNMENT MAY DESIGNATE A LOCAL REGULATORY
36 AUTHORITY THAT IS RESPONSIBLE FOR PROCESSING APPLICATIONS
37 SUBMITTED FOR A REGISTRATION TO OPERATE A MARIJUANA
38 ESTABLISHMENT WITHIN THE BOUNDARIES OF THE LOCAL GOVERNMENT.
39 THE LOCAL GOVERNMENT MAY ALLOW THE LOCAL REGULATORY AUTHORITY
40 TO ISSUE SUCH REGISTRATIONS IF THE ISSUANCE BY THE LOCAL
41 GOVERNMENT BECOMES NECESSARY BECAUSE THE DEPARTMENT FAILS TO
42 ADOPT RULES PURSUANT TO THIS CHAPTER OR TO ACCEPT OR PROCESS
43 APPLICATIONS IN ACCORDANCE WITH THIS CHAPTER.

44 D. A LOCAL GOVERNMENT MAY ESTABLISH PROCEDURES FOR
45 ISSUING, SUSPENDING AND REVOKING A REGISTRATION IT ISSUES IN

1 ACCORDANCE WITH SUBSECTION F OR G OF THIS SECTION. THESE
2 PROCEDURES ARE SUBJECT TO ALL REQUIREMENTS OF TITLE 41,
3 CHAPTER 6.

4 E. A LOCAL GOVERNMENT MAY ESTABLISH A SCHEDULE OF
5 ANNUAL OPERATING, REGISTRATION AND APPLICATION FEES FOR
6 MARIJUANA ESTABLISHMENTS. THE APPLICATION FEE IS DUE ONLY IF
7 AN APPLICATION IS SUBMITTED TO A LOCAL GOVERNMENT IN
8 ACCORDANCE WITH SUBSECTION F OF THIS SECTION AND A
9 REGISTRATION FEE IS DUE ONLY IF A REGISTRATION IS ISSUED BY A
10 LOCAL GOVERNMENT IN ACCORDANCE WITH SUBSECTION F OR G OF THIS
11 SECTION.

12 F. IF THE DEPARTMENT DOES NOT ISSUE A REGISTRATION TO
13 AN APPLICANT WITHIN NINETY DAYS AFTER RECEIPT OF THE
14 APPLICATION FILED IN ACCORDANCE WITH THIS CHAPTER AND DOES NOT
15 NOTIFY THE APPLICANT, IN WRITING AND WITHIN THAT TIME PERIOD,
16 OF THE SPECIFIC, PERMISSIBLE REASON FOR ITS DENIAL OR IF THE
17 DEPARTMENT HAS ADOPTED RULES PURSUANT TO THIS CHAPTER AND HAS
18 ACCEPTED APPLICATIONS BUT HAS NOT ISSUED ANY REGISTRATIONS
19 WITHIN FIFTEEN MONTHS AFTER THE EFFECTIVE DATE OF THIS
20 SECTION, THE APPLICANT MAY RESUBMIT ITS APPLICATION DIRECTLY
21 TO THE LOCAL REGULATORY AUTHORITY, PURSUANT TO SUBSECTION C OF
22 THIS SECTION, AND THE LOCAL REGULATORY AUTHORITY MAY ISSUE AN
23 ANNUAL REGISTRATION TO THE APPLICANT. IF AN APPLICANT SUBMITS
24 AN APPLICATION TO A LOCAL REGULATORY AUTHORITY UNDER THIS
25 SUBSECTION, THE DEPARTMENT SHALL FORWARD TO THE LOCAL
26 REGULATORY AUTHORITY THE APPLICATION FEE THE APPLICANT PAID TO
27 THE DEPARTMENT ON REQUEST BY THE LOCAL REGULATORY AUTHORITY.

28 G. IF THE DEPARTMENT DOES NOT ADOPT RULES PURSUANT TO
29 THIS CHAPTER WITHIN NINETY DAYS AFTER THE EFFECTIVE DATE OF
30 THIS SECTION, AN APPLICANT MAY SUBMIT AN APPLICATION DIRECTLY
31 TO THE LOCAL REGULATORY AUTHORITY ONE YEAR AFTER THE EFFECTIVE
32 DATE OF THIS SECTION, AND THE LOCAL REGULATORY AUTHORITY MAY
33 ISSUE AN ANNUAL REGISTRATION TO THE APPLICANT.

34 H. A LOCAL REGULATORY AUTHORITY ISSUING A REGISTRATION
35 TO AN APPLICANT SHALL DO SO WITHIN NINETY DAYS AFTER RECEIPT
36 OF THE SUBMITTED OR RESUBMITTED APPLICATION UNLESS THE LOCAL
37 REGULATORY AUTHORITY FINDS AND NOTIFIES THE APPLICANT THAT THE
38 APPLICANT IS NOT IN COMPLIANCE WITH ORDINANCES AND RULES
39 ENACTED PURSUANT TO SUBSECTION B OF THIS SECTION IN EFFECT AT
40 THE TIME THE APPLICATION IS SUBMITTED TO THE LOCAL REGULATORY
41 AUTHORITY. THE LOCAL GOVERNMENT SHALL NOTIFY THE DEPARTMENT
42 IF AN ANNUAL REGISTRATION HAS BEEN ISSUED TO THE APPLICANT.

43 I. A REGISTRATION ISSUED BY A LOCAL GOVERNMENT IN
44 ACCORDANCE WITH SUBSECTION F OR G OF THIS SECTION HAS THE SAME
45 FORCE AND EFFECT AS A REGISTRATION ISSUED BY THE DEPARTMENT.

1 THE HOLDER OF SUCH A REGISTRATION IS NOT SUBJECT TO REGULATION
2 OR ENFORCEMENT BY THE DEPARTMENT DURING THE TERM OF THAT
3 REGISTRATION.

4 J. A SUBSEQUENT OR RENEWED REGISTRATION MAY BE ISSUED
5 UNDER SUBSECTION F OF THIS SECTION ON AN ANNUAL BASIS ONLY ON
6 RESUBMISSION TO THE LOCAL GOVERNMENT OF A NEW APPLICATION
7 SUBMITTED TO THE DEPARTMENT.

8 K. A SUBSEQUENT OR RENEWED REGISTRATION MAY BE ISSUED
9 UNDER SUBSECTION G OF THIS SECTION ON AN ANNUAL BASIS IF THE
10 DEPARTMENT HAS NOT ADOPTED RULES PURSUANT TO THIS CHAPTER
11 WITHIN NINETY DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION
12 AND BEFORE AT LEAST NINETY DAYS BEFORE THE DATE ON WHICH THE
13 SUBSEQUENT OR RENEWED REGISTRATION WOULD BE EFFECTIVE OR IF
14 THE DEPARTMENT HAS ADOPTED RULES PURSUANT TO THIS CHAPTER BUT
15 HAS NOT, AT LEAST NINETY DAYS AFTER THE ADOPTION OF SUCH
16 RULES, ISSUED REGISTRATIONS PURSUANT TO THIS CHAPTER.

17 L. THIS SECTION DOES NOT LIMIT RELIEF THAT MAY BE
18 AVAILABLE TO AN AGGRIEVED PARTY UNDER TITLE 41, CHAPTER 6.

19 4-411. Employers; driving; minors; control of property
20 THIS CHAPTER:

21 1. DOES NOT REQUIRE AN EMPLOYER TO ALLOW OR ACCOMMODATE
22 THE USE, CONSUMPTION, POSSESSION, TRANSFER, DISPLAY,
23 TRANSPORTATION, SALE OR GROWING OF MARIJUANA IN THE WORKPLACE
24 OR AFFECT THE ABILITY OF EMPLOYERS TO HAVE POLICIES
25 RESTRICTING THE USE OF MARIJUANA BY EMPLOYEES.

26 2. DOES NOT ALLOW DRIVING UNDER THE INFLUENCE OF
27 MARIJUANA OR SUPERSEDE LAWS RELATED TO DRIVING UNDER THE
28 INFLUENCE OF MARIJUANA.

29 3. DOES NOT ALLOW THE TRANSFER OF MARIJUANA, WITH OR
30 WITHOUT REMUNERATION, TO A PERSON WHO IS UNDER TWENTY-ONE
31 YEARS OF AGE.

32 4. DOES NOT PROHIBIT A PERSON, EMPLOYER, SCHOOL,
33 HOSPITAL, RECREATION OR YOUTH CENTER, CORRECTIONS FACILITY,
34 CORPORATION OR OTHER ENTITY THAT OCCUPIES, OWNS OR CONTROLS
35 PRIVATE PROPERTY FROM PROHIBITING OR OTHERWISE REGULATING THE
36 POSSESSION, CONSUMPTION, USE, DISPLAY, TRANSFER, DISTRIBUTION,
37 SALE, TRANSPORTATION OR GROWING OF MARIJUANA ON OR IN THAT
38 PROPERTY.

39 4-412. Impact on medical marijuana law

40 THIS CHAPTER DOES NOT LIMIT ANY PRIVILEGE OR RIGHT OF A
41 MEDICAL MARIJUANA PATIENT, PRIMARY CAREGIVER OR MEDICAL
42 MARIJUANA DISPENSARY UNDER TITLE 36, CHAPTER 28.1.

43 4-413. Rulemaking

44 WITHIN NINE MONTHS AFTER THE EFFECTIVE DATE OF THIS
45 SECTION, THE DEPARTMENT SHALL ADOPT RULES NECESSARY TO

1 IMPLEMENT THIS CHAPTER. THESE RULES MAY NOT PROHIBIT THE
2 OPERATION OF MARIJUANA ESTABLISHMENTS, EITHER EXPRESSLY OR
3 THROUGH RULES THAT MAKE THEIR OPERATION UNREASONABLY
4 IMPRACTICABLE. THESE RULES SHALL INCLUDE:

5 1. PROCEDURES FOR ISSUING, RENEWING, SUSPENDING AND
6 REVOKING A REGISTRATION TO OPERATE A MARIJUANA ESTABLISHMENT,
7 WITH SUCH PROCEDURES SUBJECT TO ALL REQUIREMENTS OF TITLE 41,
8 CHAPTER 6.

9 2. A SCHEDULE OF APPLICATION, REGISTRATION AND RENEWAL
10 FEES. APPLICATION FEES MAY NOT EXCEED FIVE THOUSAND DOLLARS,
11 ADJUSTED ANNUALLY FOR INFLATION, UNLESS THE DEPARTMENT
12 DETERMINES THAT A LARGER FEE IS NECESSARY TO CARRY OUT ITS
13 RESPONSIBILITIES UNDER THIS CHAPTER.

14 3. QUALIFICATIONS FOR REGISTRATION THAT ARE DIRECTLY
15 AND DEMONSTRABLY RELATED TO THE OPERATION OF A MARIJUANA
16 ESTABLISHMENT.

17 4. SECURITY REQUIREMENTS FOR MARIJUANA ESTABLISHMENTS,
18 INCLUDING THE TRANSPORTATION OF MARIJUANA BY MARIJUANA
19 ESTABLISHMENTS.

20 5. REQUIREMENTS TO PREVENT THE SALE OR DIVERSION OF
21 MARIJUANA AND MARIJUANA PRODUCTS TO PERSONS WHO ARE UNDER
22 TWENTY-ONE YEARS OF AGE.

23 6. LABELING REQUIREMENTS FOR MARIJUANA AND MARIJUANA
24 PRODUCTS THAT ARE SOLD OR DISTRIBUTED BY A MARIJUANA
25 ESTABLISHMENT.

26 7. HEALTH AND SAFETY REGULATIONS AND STANDARDS FOR THE
27 MANUFACTURE OF MARIJUANA PRODUCTS AND THE CULTIVATION OF
28 MARIJUANA.

29 8. REASONABLE RESTRICTIONS ON THE ADVERTISING AND
30 DISPLAY OF MARIJUANA AND MARIJUANA PRODUCTS.

31 9. CIVIL PENALTIES FOR THE FAILURE TO COMPLY WITH RULES
32 ADOPTED PURSUANT TO THIS CHAPTER.

33 Sec. 2. Title 42, chapter 5, Arizona Revised Statutes,
34 is amended by adding article 10, to read:

35 ARTICLE 10. TAX ON MARIJUANA SALES AND TRANSFERS

36 42-5451. Definitions

37 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

38 1. "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

39 2. "MARIJUANA" HAS THE SAME MEANING PRESCRIBED IN
40 SECTION 4-401.

41 3. "MARIJUANA CULTIVATION FACILITY" HAS THE SAME
42 MEANING PRESCRIBED IN SECTION 4-401.

43 4. "MARIJUANA PRODUCT MANUFACTURING FACILITY" HAS THE
44 SAME MEANING PRESCRIBED IN SECTION 4-401.

1 5. "RETAIL MARIJUANA STORE" HAS THE SAME MEANING
2 PRESCRIBED IN SECTION 4-401.

3 42-5452. Levy of tax

4 A. AN EXCISE TAX IS LEVIED ON THE SALE OR TRANSFER OF
5 MARIJUANA BY A MARIJUANA CULTIVATION FACILITY TO A RETAIL
6 MARIJUANA STORE OR MARIJUANA PRODUCT MANUFACTURING FACILITY,
7 REGARDLESS OF WHETHER THE RETAIL MARIJUANA STORE OR MARIJUANA
8 PRODUCT MANUFACTURING FACILITY IS LOCATED WITHIN OR OUTSIDE
9 THIS STATE.

10 B. EACH MARIJUANA CULTIVATION FACILITY SHALL PAY THE
11 TAX AT THE RATE OF FIFTY DOLLARS PER OUNCE OF MARIJUANA SOLD
12 OR TRANSFERRED AND AT A PROPORTIONATE RATE FOR ANY LESSER OR
13 GREATER QUANTITY THAN ONE OUNCE.

14 C. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, THE
15 DEPARTMENT, BY RULE, MAY EXEMPT OR PRESCRIBE A LOWER RATE OF
16 TAX WITH RESPECT TO CERTAIN PARTS OF THE MARIJUANA PLANT.

17 42-5453. Return and payment of tax; administration and
18 disposition of revenues

19 A. THE TAX IMPOSED THIS ARTICLE IS DUE AND PAYABLE,
20 TOGETHER WITH A RETURN STATEMENT PRESCRIBED BY THE DEPARTMENT,
21 FOR EACH MONTH ON OR BEFORE THE TWENTIETH DAY OF THE
22 SUCCEEDING MONTH. THE TAX IS DELINQUENT IF NOT RECEIVED BY
23 THE DEPARTMENT ON OR BEFORE THE LAST BUSINESS DAY OF THE MONTH
24 IN WHICH IT IS DUE AND PAYABLE. THE DEPARTMENT SHALL ALLOW OR
25 MAY REQUIRE THE PAYMENT AND RETURN STATEMENT TO BE FILED
26 ELECTRONICALLY.

27 B. THE MONTHLY RETURN STATEMENT SHALL INCLUDE AN
28 ACCOUNT OF THE QUANTITY OF MARIJUANA THAT IS SOLD OR
29 TRANSFERRED BY THE MARIJUANA CULTIVATION FACILITY AND THAT IS
30 SUBJECT TO TAX DURING THE TAX MONTH, INCLUDING:

31 1. THE TOTAL NUMBER OF OUNCES, INCLUDING FRACTIONAL
32 OUNCES, SOLD OR TRANSFERRED TO EACH RETAIL MARIJUANA STORE AND
33 MARIJUANA PRODUCT MANUFACTURING FACILITY DURING THE MONTH,
34 ITEMIZED IN THE CASE OF PARTS OF MARIJUANA PLANTS THAT ARE
35 SUBJECT TO EXEMPTION OR LOWER TAX RATES.

36 2. THE NAME AND PHYSICAL ADDRESS OF EACH RETAIL
37 MARIJUANA STORE AND MARIJUANA PRODUCT MANUFACTURING FACILITY
38 TO WHICH THE MARIJUANA IS SOLD OR TRANSFERRED.

39 3. THE WEIGHT, INCLUDING FRACTIONAL OUNCES, OF
40 MARIJUANA THAT IS SOLD OR TRANSFERRED TO EACH RETAIL MARIJUANA
41 STORE AND MARIJUANA PRODUCT MANUFACTURING FACILITY.

42 C. UNLESS THE CONTEXT OTHERWISE REQUIRES, ARTICLE 1 OF
43 THIS CHAPTER GOVERNS THE TAX IMPOSED UNDER THIS ARTICLE,
44 EXCEPT THAT, NOTWITHSTANDING SECTION 42-1116, EACH MONTH THE
45 DEPARTMENT SHALL DEPOSIT:

1 1. FORTY PERCENT OF THE NET REVENUES IN A PUBLIC SAFETY
2 GRANT PROGRAM FUND TO BE ADMINISTERED BY A TASK FORCE,
3 APPOINTED BY THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY,
4 TO SOLICIT, RECEIVE, REVIEW AND EVALUATE APPLICATIONS AND
5 AWARD GRANTS.

6 2. FORTY PERCENT OF THE NET REVENUES IN A PUBLIC
7 EDUCATION GRANT PROGRAM FUND TO BE ADMINISTERED BY A TASK
8 FORCE, APPOINTED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION,
9 TO SOLICIT, RECEIVE, REVIEW AND EVALUATE APPLICATIONS AND
10 AWARD GRANTS.

11 3. TWENTY PERCENT OF THE NET REVENUES IN A DRUG
12 TREATMENT AND REHABILITATION PROGRAM FUND ADMINISTERED BY A
13 TASK FORCE, APPOINTED BY THE DIRECTOR OF THE DEPARTMENT OF
14 HEALTH SERVICES, TO SOLICIT, RECEIVE, REVIEW AND EVALUATE
15 APPLICATIONS AND AWARD GRANTS.

16 42-5454. Violations; civil penalties; revocation of
17 registration

18 A. A MARIJUANA CULTIVATION FACILITY OR RETAIL MARIJUANA
19 STORE THAT IS DELINQUENT IN PAYING THE TAX OR SUBMITTING A
20 RETURN STATEMENT UNDER THIS ARTICLE IS SUBJECT TO CIVIL
21 PENALTIES AS PROVIDED BY SECTION 42-1125.

22 B. IF A MARIJUANA CULTIVATION FACILITY OR RETAIL
23 MARIJUANA STORE FAILS TO PAY THE TAX OR FILE A RETURN
24 STATEMENT AS REQUIRED BY THIS ARTICLE, THE FACILITY'S OR
25 STORE'S REGISTRATION IS SUBJECT TO REVOCATION, ON NOTICE FROM
26 THE DEPARTMENT, AS PROVIDED PURSUANT TO SECTION 4-410,
27 SUBSECTION D AND SECTION 4-413, PARAGRAPH 1.

28 Sec. 3. Repeal
29 This act is repealed from and after December 31, 2023.

30 Sec. 4. Purpose and findings
31 The legislature finds and declares that:

32 1. In the interest of allowing law enforcement to focus
33 on violent and property crimes and to enhance individual
34 freedom, the use of marijuana should be legal for persons who
35 are at least twenty-one years of age.

36 2. In the interest of the health and public safety of
37 our citizenry, the production and sale of marijuana should be
38 regulated so that:

39 (a) Individuals will have to show proof of age before
40 purchasing marijuana.

41 (b) Legitimate, taxpaying business people, and not
42 criminal actors, will conduct sales of marijuana.

43 (c) Marijuana sold by regulated businesses will be
44 labeled and subject to additional regulations to ensure that
45 consumers are informed and protected.

1 3. This act is not intended to diminish the right to
2 privacy.

3 4. This act does not propose or intend to require any
4 individual or entity to engage in any conduct that violates
5 federal law, to exempt any individual or entity from any
6 requirement of federal law or to pose any obstacle to federal
7 enforcement of federal law.

8 Sec. 5. Conforming legislation

9 The legislative council staff shall prepare proposed
10 legislation conforming the Arizona Revised Statutes to the
11 provisions of this act for consideration in the fifty-fourth
12 legislature, first regular session.

13 2. The Secretary of State shall submit this proposition to the
14 voters at the next general election as provided by article IV, part 1,
15 section 1, Constitution of Arizona.