

State of Arizona  
Senate  
Fifty-third Legislature  
Second Regular Session  
2018

# **SENATE BILL 1420**

AN ACT

AMENDING TITLE 3, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 3-109.03; AMENDING SECTIONS 3-145, 3-201, 3-231, 3-364, 36-2803, 36-2804.01 AND 36-2806, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO MEDICAL MARIJUANA.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Subject to the requirements of article IV, part 1,  
3 section 1, Constitution of Arizona, title 3, chapter 1, article 1, Arizona  
4 Revised Statutes, is amended by adding section 3-109.03, to read:

5 3-109.03. Marijuana for medical use; agricultural commodity;  
6 rules; definitions

7 A. MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE BY A NONPROFIT  
8 MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED CAREGIVER IS AN AGRICULTURAL  
9 COMMODITY AS DEFINED IN RULE BY THE DEPARTMENT AND, BEGINNING JUNE 1,  
10 2019, IS SUBJECT TO REGULATION UNDER THIS TITLE AND THE RULES ADOPTED  
11 PURSUANT TO THIS TITLE. THE DIRECTOR MAY ADOPT ANY RULES NECESSARY  
12 RELATING TO THE CULTIVATION OF MARIJUANA FOR MEDICAL USE AND REQUIRED  
13 TESTING BY INDEPENDENT THIRD-PARTY LABORATORIES OF MARIJUANA THAT IS  
14 CULTIVATED BY A NONPROFIT MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED  
15 CAREGIVER FOR MEDICAL USE.

16 B. FOR THE PURPOSES OF THIS TITLE, "DESIGNATED CAREGIVER",  
17 "MARIJUANA", "MEDICAL USE" AND "NONPROFIT MEDICAL MARIJUANA DISPENSARY"  
18 HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 36-2801.

19 Sec. 2. Subject to the requirements of article IV, part 1, section  
20 1, Constitution of Arizona, section 3-145, Arizona Revised Statutes, is  
21 amended to read:

22 3-145. Mandatory and voluntary certification; sampling  
23 procedures; application; immunity; expiration;  
24 renewal

25 A. A person ~~who~~ THAT establishes, conducts or maintains a  
26 laboratory that provides agricultural laboratory services to agencies or  
27 departments of this state or its political subdivisions shall apply for a  
28 certificate from the state agricultural laboratory as proof that the  
29 laboratory so certified is in compliance with rules adopted by the  
30 director for the certification of such laboratories. Any other person  
31 providing agricultural laboratory services may apply for such a  
32 certificate.

33 B. A person providing guaranteed laboratory analysis information to  
34 distributors of commercial feed and whole seeds for consumption by  
35 livestock shall be certified under this section.

36 C. An individual who collects samples for the state agricultural  
37 laboratory or for any certified agricultural laboratory shall follow the  
38 sampling procedures established by the director.

39 D. A PERSON THAT PROVIDES LABORATORY ANALYSIS OF MARIJUANA  
40 CULTIVATED FOR MEDICAL USE SHALL APPLY FOR A CERTIFICATE FROM THE STATE  
41 AGRICULTURAL LABORATORY. THE DIRECTOR SHALL ADOPT RULES FOR THE  
42 CERTIFICATION OF LABORATORIES THAT ANALYZE MARIJUANA CULTIVATED FOR  
43 MEDICAL USE, INCLUDING THE REQUIRED SAMPLING AND TESTING OF MARIJUANA.  
44 EXCEPT AS PROVIDED IN SECTION 36-2806, A LABORATORY THAT IS CERTIFIED TO  
45 ANALYZE MARIJUANA SHALL REPORT THE TEST RESULTS ONLY TO THE NONPROFIT

1 MEDICAL MARIJUANA DISPENSARY OR DESIGNATED CAREGIVER THAT CULTIVATES THE  
2 MARIJUANA, THE DEPARTMENT OF HEALTH SERVICES AND THE STATE AGRICULTURAL  
3 LABORATORY. NOTWITHSTANDING TITLE 13, CHAPTER 34, AN EMPLOYEE OF THE  
4 DEPARTMENT OF AGRICULTURE OR AN EMPLOYEE OF ANY CONTRACTED THIRD-PARTY  
5 TESTING FACILITY MAY NOT BE CHARGED WITH OR PROSECUTED FOR POSSESSION OF  
6 ANY AMOUNT OF MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE AND THAT THE  
7 EMPLOYEE IS USING AS A SAMPLE FOR TESTING AS REQUIRED BY THIS SUBSECTION  
8 AND RULES ADOPTED PURSUANT TO THIS TITLE.

9 ~~D.~~ E. A certified laboratory shall report test results only to the  
10 party ~~who provided~~ THAT PROVIDES the original sample and, on request, to  
11 the state agricultural laboratory or as required by section 3-2611.01.

12 ~~E.~~ F. A person ~~who~~ THAT desires a certificate pursuant to this  
13 section shall file with the state agricultural laboratory an application  
14 for a certificate accompanied by the application fee.

15 ~~F.~~ G. The application shall be on a form prescribed by the  
16 assistant director and furnished by the state agricultural laboratory and  
17 shall contain:

18 1. The name and location of the laboratory.  
19 2. The name of the person owning the laboratory and the name of the  
20 person supervising the laboratory.

21 3. A description of the programs, services and functions provided  
22 by the laboratory.

23 4. Such other information as the assistant director deems necessary  
24 to carry out the purposes of this section.

25 ~~G.~~ H. The assistant director shall issue a certificate to an  
26 applicant if the assistant director is satisfied that the applicant has  
27 complied with the rules prescribing standards for certified laboratories.

28 ~~H.~~ I. A certificate expires one year after the date of issuance  
29 and shall be renewed ~~upon~~ ON payment of the renewal application fee as  
30 prescribed in section 3-146 and continued compliance with this article and  
31 the applicable rules.

32 Sec. 3. Subject to the requirements of article IV, part 1, section  
33 1, Constitution of Arizona, section 3-201, Arizona Revised Statutes, is  
34 amended to read:

35 3-201. Definitions

36 In this article, unless the context otherwise requires:

37 1. "Associate director" means the associate director of the  
38 division.

39 2. "Diseases" includes any fungus, bacterium, virus or other  
40 organism of any kind and any unknown cause that is or may be found to be  
41 injurious, or likely to be or to become injurious to any domesticated or  
42 cultivated plant, or to the product of any such plant.

43 3. "Division" means the plant services division of the Arizona  
44 department of agriculture.

1       4. "Noxious weed" means any species of plant that is, or is liable  
2 to be, detrimental or destructive and difficult to control or eradicate  
3 and ~~shall include~~ INCLUDES any species that the director, after  
4 investigation and hearing, ~~shall determine~~ DETERMINES to be a noxious  
5 weed.

6       5. "Nursery" means real property or other premises on or in which  
7 nursery stock is propagated, grown or cultivated or from which ~~source~~  
8 nursery stock is offered for distribution or sale.

9       6. "Nursery stock" includes all trees, shrubs, vines, cacti,  
10 agaves, succulents, herbaceous plants whether annuals, biennials or  
11 perennials, bulbs, corms, rizomes, roots, decorative plant material,  
12 flowers, fruit pits or seeds, cuttings, buds, grafts, scions and other  
13 plants intended for sale, gift or propagation, either cultivated or  
14 collected in the wild, except seeds as regulated by article 2 of this  
15 chapter, fruit and vegetables regulated by chapter 3, articles 2 and 4 of  
16 this title and cotton plants.

17       7. "Pests" includes all noxious weeds, insects, diseases, mites,  
18 spiders, nematodes and other animal or plant organisms found TO BE  
19 injurious, or likely to be or to become injurious, to any domesticated,  
20 cultivated, native or wild plant, or to the product of any such plant.

21       8. "Plant" or "crop" includes:

22           (a) Every kind of vegetation, WHETHER wild or domesticated, and any  
23 part ~~thereof~~ OF THAT VEGETATION, as well as seed, fruit or ~~other~~ ANOTHER  
24 natural product of ~~such~~ THAT vegetation.

25           (b) MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE BY A NONPROFIT  
26 MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED CAREGIVER.

27       9. "Shipment" includes anything that is brought into ~~the~~ THIS state  
28 or that is transported within ~~the~~ THIS state and that may be the host or  
29 may contain or carry or may be susceptible of containing, carrying or  
30 having present on, in or about it any plant pest or plant disease.

31       Sec. 4. Subject to the requirements of article 10, part 1, section  
32 1, Constitution of Arizona, section 3-231, Arizona Revised Statutes, is  
33 amended to read:

34           3-231. Definitions

35       In this article, unless the context otherwise requires:

36           1. "Advertisement" means all representations, other than those on  
37 the label, made in any manner relating to seed within the scope of this  
38 article.

39           2. "Agricultural seed":

40           (a) Means the seeds of grass, forage, cereal, and fiber crops and  
41 any other kinds of seeds commonly recognized within this state as  
42 agricultural seeds, lawn seeds and mixtures of such seeds. ~~, and~~

43           (b) May include noxious-weed seeds ~~when~~ IF the department  
44 determines that such THE seed is being used as agricultural seed.

(c) INCLUDES SEEDS OF MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE BY A NONPROFIT MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED CAREGIVER.

3. "Cease and desist order" means an administrative order THAT IS provided by law restraining the sale, use, disposition and movement of a definite amount of seed.

4. "Certified seed" or "registered seed" means seed that has been produced and labeled in accordance with the procedures and in compliance with the rules and regulations of an officially recognized seed-certifying agency.

5. "Custom application" means an application of pesticide to a seed by a pesticide applicator **who THAT** does not hold title to the seed.

6. "Dealer" means any person ~~who~~ THAT sells seed.

7. "Division" means the environmental services division of the Arizona department of agriculture.

8. "Established plant, warehouse, or place of business" means any permanent office headquarters maintained by an importer, broker, seller or authorized manufacturer's agent, or any permanent warehouse, building or structure in or from which a permanent business is operated, at which stocks of agricultural seed, vegetable seed or ornamental plant seed regulated by this article are sold, distributed, processed, mixed, stored or kept.

9. "Hybrid" means the first generation seed of a crossbreed THAT IS produced by controlling pollination and by combining two or more inbred lines, or one inbred or a single crossbreed with an open pollinated variety, or two varieties or species, except open pollinated varieties of corn (*zea mays*). The second generation, or subsequent generations from such crosses, shall not be regarded as crosses. Hybrid designations shall be treated as variety names. Any kinds or varieties that have pure seed WHICH THAT is less than ninety-five ~~per cent~~ PERCENT but more than seventy-five ~~per cent~~ PERCENT hybrid seed as a result of incompletely controlled pollination in a cross shall be labeled to show the percentage of pure seed that is hybrid seed, or shall be labeled with a statement such as "contains from seventy-five ~~per cent~~ PERCENT to ninety-five ~~per cent~~ PERCENT hybrid seed". No one kind of seed shall be labeled as hybrid if the pure seed contains less than seventy-five ~~per cent~~ PERCENT hybrid seed.

10. "Inoculant" means a commercial preparation containing nitrogen-fixing bacteria that is applied to seed.

11. "Kind" means one or more related species or subspecies ~~which~~ THAT singly or collectively are known by one common name, such as corn, oats, alfalfa and timothy.

12. "Label" means any label or other written, printed or graphic representations, in any form whatsoever, accompanying or pertaining to any seed whether in bulk or in containers and includes representations or invoices.

1       13. "Labeler" means any person whose name and address appear on the  
2 label pertaining to or attached to a lot or container of agricultural,  
3 vegetable or ornamental plant seed **THAT IS** sold, offered for sale, exposed  
4 for sale or transported for sowing purposes.

5       14. "License" means an Arizona state seed license that is obtained  
6 from the department.

7       15. "Lot" means a definite quantity of seed **THAT IS** identified by a  
8 lot number or other mark, every portion or bag of which is uniform within  
9 recognized tolerances for the factors **which THAT** appear in the labeling.

10       16. "Noxious-weed seeds" means **"prohibited noxious-weed seeds" and**  
11 **"restricted noxious-weed seeds"** **as defined as follows and THE FOLLOWING** as  
12 listed in the rules adopted under this article: -

13       (a) "Prohibited noxious-weed seeds", **WHICH** are the seeds of  
14 perennial or annual weeds **which THAT**, when established, are highly  
15 destructive and difficult to control by ordinary good cultural practice  
16 and the seed of which is prohibited by this article subject to recognized  
17 tolerances.

18       (b) "Restricted noxious-weed seeds", **WHICH** are all noxious-weed  
19 seed not classified as prohibited noxious-weed seed.

20       17. "Ornamental plant seed" means the seed of any plant **THAT IS** used  
21 for decorative or ornamental purposes and includes flower seed.

22       18. "Person" means any individual, partnership, corporation,  
23 company, society or association.

24       19. "Pure seed", "germination" and other seed labeling and testing  
25 terms in common usage shall be defined as in the federal seed act (53  
26 Stat. 1275; 7 United States Code sections 1551 through 1611) and the rules  
27 and regulations promulgated under that act.

28       20. "Record" means all information relating to the shipment or  
29 shipments involved and includes a file sample of each lot of seed.

30       21. "Sell" means **TO** offer for sale, expose for sale, possess for  
31 sale, exchange, barter or trade.

32       22. "Treated" means that the seed has received an application of a  
33 substance or process that is designed to reduce, control or repel certain  
34 disease organisms, insects or other pests attacking such seeds or  
35 seedlings growing from the seeds.

36       23. "Type" means either a group of varieties so similar that the  
37 individual varieties cannot be clearly differentiated except under special  
38 conditions or, when used with a variety name, seed of the variety named,  
39 which may be mixed with seed of other varieties of the same kind and of  
40 similar character. If type is designated, the designation may be  
41 associated with the name of the kind but in all cases shall be clearly  
42 associated with the word "type". If the type designation does not include  
43 a variety name, it shall include a name that describes a group of  
44 varieties of similar character, and the pure seed shall be at least ninety

1 ~~per cent~~ PERCENT of one or more varieties **THAT** all ~~of which~~ conform to the  
2 type designation.

3       24. "Variety" means a subdivision of a kind characterized by growth,  
4 yield, plant, fruit, seed or other characteristics by which it can be  
5 differentiated from other plants of the same kind.

6       25. "Vegetable seeds" means seeds of those crops ~~which~~ **THAT** are  
7 grown in gardens and on truck farms and **THAT** are generally known and sold  
8 under the name of vegetable seeds in this state.

9       26. "Weed seeds" means the seeds of all plants **THAT ARE** generally  
10 recognized as weeds within this state and includes noxious-weed seeds.

11      Sec. 5. Subject to the requirements of article IV, part 1,  
12 section 1, Constitution of Arizona, section 3-364, Arizona Revised  
13 Statutes, is amended to read:

14      3-364. **Inspection powers; notification requirements**

15       A. The director may enter at reasonable times into or on or through  
16 any public or private property for the purpose of ascertaining compliance  
17 or noncompliance with any rules or orders adopted or issued under this  
18 article. If practicable, and if notice will not inhibit the director's  
19 ability to enforce this article, the director or the director's agent  
20 shall notify the owner, operator or lessee of the property when entering  
21 on the property.

22       B. THE DIRECTOR MAY ENTER AT REASONABLE TIMES INTO OR ON A PRIVATE  
23 PROPERTY WHERE MARIJUANA IS CULTIVATED FOR MEDICAL USE FOR THE PURPOSE OF  
24 ASCERTAINING COMPLIANCE OR NONCOMPLIANCE WITH ANY RULES OR ORDERS ADOPTED  
25 OR ISSUED UNDER THIS TITLE. IF PRACTICABLE, AND IF NOTICE WILL NOT INHIBIT  
26 THE DIRECTOR'S ABILITY TO ENFORCE THIS ARTICLE, THE DIRECTOR OR THE  
27 DIRECTOR'S AGENT SHALL NOTIFY THE NONPROFIT MEDICAL MARIJUANA DISPENSARY  
28 OR THE DESIGNATED CAREGIVER WHEN ENTERING ON THE PROPERTY.

29       ~~B.~~ C. Within five days after the inspection the director shall  
30 inform any alleged violator in writing if the director anticipates an  
31 enforcement action. The notice of a potential enforcement action shall  
32 indicate the nature of the alleged violation and the last possible date  
33 for issuing a citation under section 3-368, subsection F. If in the  
34 course of an investigation the department identifies any additional  
35 alleged violator, the director shall inform the additional alleged  
36 violator within five days ~~of~~ **AFTER** initiating the new investigation. The  
37 notice of a potential enforcement action against the additional alleged  
38 violator shall indicate the nature of the alleged violation and the last  
39 possible date for issuing a citation or notice of de minimis violation  
40 under section 3-368, subsection F. If the director does not issue a  
41 notice of a potential enforcement action, the director shall inform the  
42 alleged violator within fifteen days after the inspection that the  
43 director does not anticipate any enforcement action.

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

4        **36-2803. Rulemaking: notice**

5        A. The department shall adopt rules:

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

11        2. Establishing the form and content of registration and renewal  
12 applications submitted under this chapter.

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

15        4. Governing nonprofit medical marijuana dispensaries, for the  
16 purpose of protecting against diversion and theft without imposing an  
17 undue burden on nonprofit medical marijuana dispensaries or compromising  
18 the confidentiality of cardholders, including:

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

21            (b) Minimum oversight requirements for nonprofit medical marijuana  
22 dispensaries.

23            (c) Minimum recordkeeping requirements for nonprofit medical  
24 marijuana dispensaries.

25            (d) Minimum security requirements for nonprofit medical marijuana  
26 dispensaries, including requirements for protection of each registered  
27 nonprofit medical marijuana dispensary location by a fully operational  
28 security alarm system.

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

32        5. Establishing application and renewal fees for registry  
33 identification cards and nonprofit medical marijuana dispensary  
34 registration certificates, according to the following:

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

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

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

42            (d) The total amount of revenue from nonprofit medical marijuana  
43 dispensary application and renewal fees and registry identification card  
44 fees for nonprofit medical marijuana dispensary agents shall be sufficient  
45 to implement and administer the nonprofit medical marijuana dispensary

1 provisions of this chapter, including the verification system, except that  
2 the fee revenue may be offset or supplemented by private donations.

3 ~~(e) The department may establish a sliding scale of patient  
4 application and renewal fees based on a qualifying patient's household  
5 income.~~

6 ~~(f)~~ (e) The department may consider private donations under  
7 section 36-2817 to reduce application and renewal fees.

8 B. The department **OF HEALTH SERVICES** shall adopt rules that require  
9 each nonprofit medical marijuana dispensary to display in a conspicuous  
10 location a sign that warns pregnant women about the potential dangers to  
11 fetuses caused by smoking or ingesting marijuana while pregnant or to  
12 infants while breastfeeding and the risk of being reported to the  
13 department of child safety during pregnancy or at the birth of the child  
14 by persons who are required to report. The rules shall include the  
15 specific warning language that must be included on the sign. The cost and  
16 display of the sign required by rule shall be borne by the nonprofit  
17 medical marijuana dispensary. The rules shall also require each  
18 certifying physician to attest that the physician has provided information  
19 to each qualifying female patient that warns about the potential dangers  
20 to fetuses caused by smoking or ingesting marijuana while pregnant or to  
21 infants while breastfeeding and the risk of being reported to the  
22 department of child safety during pregnancy or at the birth of the child  
23 by persons who are required to report.

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

27 D. The department **OF HEALTH SERVICES** shall post prominently on its  
28 public website a warning about the potential dangers to fetuses caused by  
29 smoking or ingesting marijuana while pregnant or to infants while  
30 breastfeeding and the risk of being reported to the department of child  
31 safety during pregnancy or at the birth of the child by persons who are  
32 required to report.

33 Sec. 7. Subject to the requirements of article IV, part 1,  
34 section 1, Constitution of Arizona, section 36-2804.01, Arizona Revised  
35 Statutes, is amended to read:

36 **36-2804.01. Registration of nonprofit medical marijuana**  
37 **dispensary agents; notices; civil penalty;**  
38 **classification**

39 A. A nonprofit medical marijuana dispensary agent shall be  
40 registered with the department before **BEING EMPLOYED BY OR** volunteering ~~or~~  
41 ~~working~~ at a **NONPROFIT** medical marijuana dispensary. A **REGISTERED**  
42 **NONPROFIT MEDICAL MARIJUANA DISPENSARY AGENT** **MAY USE THAT REGISTRATION TO**  
43 **BE EMPLOYED BY OR VOLUNTEER AT ANY REGISTERED NONPROFIT MEDICAL MARIJUANA**  
44 **DISPENSARY THAT IS OWNED BY THE SAME CORPORATION AND THAT HAS THE SAME**  
45 **BOARD OF DIRECTORS OR THE SAME PRINCIPAL OFFICERS.** **THE REGISTERED**

1 NONPROFIT MEDICAL MARIJUANA DISPENSARY AGENT SHALL INFORM THE DEPARTMENT  
2 WITHIN TEN DAYS AFTER BEGINNING EMPLOYMENT OR VOLUNTEER WORK AT A  
3 DIFFERENT NONPROFIT MEDICAL MARIJUANA DISPENSARY OF THE DISPENSARY'S NAME  
4 AND LOCATION. A NONPROFIT MEDICAL MARIJUANA DISPENSARY AGENT MAY BE  
5 EMPLOYED OR VOLUNTEER WITH A SINGLE REGISTRATION AT MULTIPLE NONPROFIT  
6 MEDICAL MARIJUANA DISPENSARIES THAT ARE OWNED BY THE SAME CORPORATION WITH  
7 THE SAME BOARD OF DIRECTORS OR THE SAME PRINCIPAL OFFICERS.

8 B. A nonprofit medical marijuana dispensary may apply to the  
9 department for a registry identification card for a nonprofit medical  
10 marijuana dispensary agent by submitting:

11 1. The name, address and date of birth of the **PROSPECTIVE** nonprofit  
12 medical marijuana dispensary agent.

13 2. A nonprofit medical marijuana dispensary agent application.

14 3. A statement signed by the prospective nonprofit medical  
15 marijuana dispensary agent pledging not to divert marijuana to anyone who  
16 is not allowed to possess marijuana pursuant to this chapter.

17 4. The application fee.

18 C. A registered nonprofit medical marijuana dispensary shall notify  
19 the department within ten days after a nonprofit medical marijuana  
20 dispensary agent ceases to be employed by or volunteer at the registered  
21 nonprofit medical marijuana dispensary.

22 D. **Not** A person who has been convicted of an excluded felony offense  
23 may **NOT** be a nonprofit medical marijuana dispensary agent.

24 E. The department may conduct a **STATE AND FEDERAL** criminal records  
25 check **PURSUANT TO SECTION 41-1750 AND PUBLIC LAW 92-544** in order to carry  
26 out this section.

27 Sec. 8. Subject to the requirements of article IV, part 1,  
28 section 1, Constitution of Arizona, section 36-2806, Arizona Revised  
29 Statutes, is amended to read:

30 36-2806. **Registered nonprofit medical marijuana dispensaries;**  
31 **inspection; testing; requirements; immunity**

32 A. A registered nonprofit medical marijuana dispensary shall be  
33 operated on a not-for-profit basis. The bylaws of a registered nonprofit  
34 medical marijuana dispensary shall contain such provisions relative to the  
35 disposition of revenues and receipts to establish and maintain its  
36 nonprofit character. A registered nonprofit medical marijuana dispensary  
37 need not be recognized as tax-exempt by the internal revenue service and  
38 is not required to incorporate pursuant to title 10, chapter 19,  
39 article 1.

40 B. The operating documents of a registered nonprofit medical  
41 marijuana dispensary shall include procedures for the oversight of the  
42 registered nonprofit medical marijuana dispensary and procedures to ensure  
43 accurate recordkeeping.

1       C. A registered nonprofit medical marijuana dispensary shall have a  
2 single secure entrance and shall implement appropriate security measures  
3 to deter and prevent the theft of marijuana and unauthorized entrance into  
4 areas containing marijuana.

5       D. A registered nonprofit medical marijuana dispensary is  
6 prohibited from acquiring, possessing, cultivating, manufacturing,  
7 delivering, transferring, transporting, supplying or dispensing marijuana  
8 for any purpose except to assist registered qualifying patients with the  
9 medical use of marijuana directly or through the registered qualifying  
10 patients' designated caregivers.

11      E. All cultivation of marijuana must take place in an enclosed,  
12 locked facility at a physical address provided to the department during  
13 the registration process, which can only be accessed by registered  
14 nonprofit medical marijuana dispensary agents WHO ARE associated in the  
15 registry with the nonprofit medical marijuana dispensary.

16      F. A registered nonprofit medical marijuana dispensary may acquire  
17 usable marijuana or marijuana plants from a registered qualifying patient  
18 or a registered designated caregiver only if the registered qualifying  
19 patient or registered designated caregiver receives no compensation for  
20 the marijuana.

21      G. A nonprofit medical marijuana dispensary shall not ~~permit~~ ALLOW  
22 any person to consume marijuana on the property of a nonprofit medical  
23 marijuana dispensary.

24      H. Registered nonprofit medical marijuana dispensaries are subject  
25 to reasonable inspection by the department. The department shall:

26       1. Give reasonable notice of an inspection under this subsection.

27       2. ESTABLISH INSPECTION PROTOCOLS FOR NONPROFIT MEDICAL MARIJUANA  
28 DISPENSARIES THAT INCLUDE THE INSPECTION OF DISPENSARY PREMISES BEGINNING  
29 JUNE 1, 2019 FOR SANITARY CONDITIONS FOR STORING AND PROCESSING MEDICAL  
30 MARIJUANA AND FOR THE EXISTENCE OF MOLD IN ANY BUILDING OPERATED BY THE  
31 DISPENSARY.

32       3. ESTABLISH REMEDIATION REQUIREMENTS FOR NONPROFIT MEDICAL  
33 MARIJUANA DISPENSARY PREMISES WHERE AN INSPECTION VIOLATION IS FOUND.

34       I. BEGINNING JUNE 1, 2019, THE DEPARTMENT SHALL COLLECT SAMPLES OF  
35 EACH MEDICAL MARIJUANA PRODUCT BEING SOLD FOR TESTING TO CONFIRM THAT THE  
36 PRODUCT DOES NOT INCLUDE MOLD, PATHOGENIC BACTERIA OR OTHER HARMFUL  
37 ADULTERANTS AND IS LABELED CORRECTLY AND THAT THE DISCLOSURE DOCUMENT  
38 INCLUDED WITH THE PRODUCT REFLECTS ANY CHEMICAL USED IN PRODUCING THE  
39 MEDICAL MARIJUANA PRODUCT AND THE ACTUAL CONTENTS OF THE PRODUCT. THE  
40 DEPARTMENT MAY CONTRACT WITH A THIRD-PARTY INDEPENDENT LABORATORY TO  
41 COLLECT AND TEST THE MEDICAL MARIJUANA PRODUCT SAMPLES. IF A MEDICAL  
42 MARIJUANA PRODUCT IS NOT LABELED CORRECTLY OR A DISCLOSURE DOCUMENT IS NOT  
43 ACCURATE BASED ON THE RESULTS OF THE TESTING, THE PRODUCT SHALL BE  
44 RETURNED TO THE NONPROFIT MEDICAL MARIJUANA DISPENSARY AND SHALL BE  
45 LABELED CORRECTLY BEFORE BEING DISPENSED.

1       J. ALL MEDICAL MARIJUANA PRODUCTS THAT ARE DISPENSED BY A NONPROFIT  
2 MEDICAL MARIJUANA DISPENSARY SHALL BE DISPENSED IN CHILDPROOF CONTAINERS  
3 AND HAVE THE REGISTERED QUALIFYING PATIENT'S NAME AND REGISTRY  
4 IDENTIFICATION CARD NUMBER INDICATED ON THE LABEL. THE MEDICAL MARIJUANA  
5 PRODUCT SHALL INCLUDE A WRITTEN DISCLOSURE THAT LISTS ALL CHEMICAL  
6 COMPOUNDS USED DURING THE CULTIVATION OF THE PRODUCT AS TESTED PURSUANT TO  
7 TITLE 3.

8       K. NOTWITHSTANDING TITLE 13, CHAPTER 34, AN EMPLOYEE OF THE  
9 DEPARTMENT OR AN EMPLOYEE OF ANY CONTRACTED THIRD-PARTY TESTING FACILITY  
10 MAY NOT BE CHARGED WITH OR PROSECUTED FOR POSSESSION OF ANY AMOUNT OF  
11 MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE AND THAT THE EMPLOYEE IS  
12 USING AS A SAMPLE FOR TESTING AS REQUIRED BY SUBSECTION I OF THIS SECTION  
13 AND THE RULES ADOPTED PURSUANT TO THAT SUBSECTION.

14       Sec. 9. Appropriation; Arizona department of agriculture;  
15                    medical marijuana fund

16       A. The sum of \$2,000,000 is appropriated from the medical marijuana  
17 fund established by section 36-2817, Arizona Revised Statutes, in fiscal  
18 year 2018-2019 to the Arizona department of agriculture for the purpose of  
19 regulating marijuana as an agricultural commodity.

20       B. The appropriation made in subsection A of this section is exempt  
21 from the provisions of section 35-190, Arizona Revised Statutes, relating  
22 to lapsing of appropriations.

23       Sec. 10. Department of agriculture; exemption from rulemaking

24       For the purposes of section 3-109.03, Arizona Revised Statutes, as  
25 added by this act, and sections 3-145, 3-201, 3-231 and 3-364, Arizona  
26 Revised Statutes, as amended by this act, the department of agriculture is  
27 exempt from the rulemaking requirements of title 41, chapter 6, Arizona  
28 Revised Statutes, for one year after the effective date of this act.

29       Sec. 11. Short title

30       This act may be cited as the "Medical Marijuana Reform Act".

31       Sec. 12. Requirements for enactment; three-fourths vote

32       Pursuant to article IV, part 1, section 1, Constitution of Arizona,  
33 section 3-109.03, Arizona Revised Statutes, as added by this act, sections  
34 3-145, 3-201, 3-231, 3-364, 36-2803, 36-2804.01 and 36-2806, Arizona  
35 Revised Statutes, as amended by this act, and section 10 of this act are  
36 effective only on the affirmative vote of at least three-fourths of the  
37 members of each house of the legislature.

38       Sec. 13. Emergency

39       This act is an emergency measure that is necessary to preserve the  
40 public peace, health or safety and is operative immediately as provided by  
41 law.