SENATE CONCURRENT RESOLUTION 1021

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE A MEASURE RELATING TO THE ARIZONA MEDICAL MARIJUANA ACT.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

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

   AN ACT

   AMENDING SECTION 3-101, ARIZONA REVISED STATUTES; 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, 36-2801, 36-2804, 36-2804.01, 36-2804.06, 36-2806, 36-2810, 36-2816, 36-2817 AND 36-2819, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 28.1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2820; RELATING TO THE ARIZONA MEDICAL MARIJUANA ACT.

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

Section 1. Section 3-101, Arizona Revised Statutes, is amended to read:

3-101. Definitions

In this title, unless the context otherwise requires:

1. "Department" means the Arizona department of agriculture.

2. "DESIGNATED CAREGIVER" HAS THE SAME MEANING PRESCRIBED IN SECTION 36-2801.

3. "Director" means the director of the department.

4. "MARIJUANA" HAS THE SAME MEANING PRESCRIBED IN SECTION 36-2801.

5. "MEDICAL USE" HAS THE SAME MEANING PRESCRIBED IN SECTION 36-2801.

6. "NONPROFIT MEDICAL MARIJUANA DISPENSARY" HAS THE SAME MEANING PRESCRIBED IN SECTION 36-2801.

Sec. 2. Title 3, chapter 1, article 1, Arizona Revised Statutes, is amended by adding section 3-109.03, to read:

3-109.03. Marijuana for medical use; agricultural commodity; rules; allowable pesticide products

MARIJUANA THAT A NONPROFIT MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED CAREGIVER CULTIVATES FOR MEDICAL USE IS AN AGRICULTURAL COMMODITY AS DEFINED IN RULE BY THE DEPARTMENT AND, BEGINNING JUNE 1, 2021, IS SUBJECT TO REGULATION UNDER THIS TITLE AND RULES ADOPTED PURSUANT TO THIS TITLE. THE DIRECTOR MAY ADOPT ANY RULE NECESSARY RELATING TO CULTIVATING MARIJUANA FOR MEDICAL USE AND REQUIRED TESTING BY INDEPENDENT THIRD-PARTY LABORATORIES OF MARIJUANA THAT A NONPROFIT MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED CAREGIVER CULTIVATES FOR
MEDICAL USE. ONLY PESTICIDE PRODUCTS THAT ARE EXEMPT FROM
FEDERAL REGULATION UNDER THE MINIMUM RISK EXEMPTION
REGULATIONS IN 40 CODE OF FEDERAL REGULATIONS 152.25(f) MAY BE
USED IN CULTIVATING MARIJUANA FOR MEDICAL USE.

Sec. 3. Section 3-145, Arizona Revised Statutes, is
amended to read:

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

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

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

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

D. A PERSON THAT PROVIDES LABORATORY ANALYSIS OF
MARIJUANA CULTIVATED FOR MEDICAL USE SHALL APPLY FOR A
CERTIFICATE FROM THE STATE AGRICULTURAL LABORATORY. THE
DIRECTOR SHALL ADOPT RULES FOR CERTIFYING LABORATORIES THAT
ANALYZE MARIJUANA CULTIVATED FOR MEDICAL USE, INCLUDING THE
REQUIRED SAMPLING AND TESTING OF MARIJUANA. A LABORATORY THAT
IS CERTIFIED TO ANALYZE MARIJUANA:

1. SHALL REPORT THE TEST RESULTS ONLY TO THE NONPROFIT
MEDICAL MARIJUANA DISPENSARY OR DESIGNATED CAREGIVER THAT
CULTIVATES THE MARIJUANA, THE DEPARTMENT OF HEALTH SERVICES
AND THE STATE AGRICULTURAL LABORATORY.

2. MAY NOT HAVE ANY FAMILIAL OR FINANCIAL RELATIONSHIP
WITH OR INTEREST IN A NONPROFIT MEDICAL MARIJUANA DISPENSARY
OR DESIGNATED CAREGIVER FOR WHICH THE LABORATORY IS TESTING
MARIJUANA FOR MEDICAL USE.

E. NOTWITHSTANDING TITLE 13, CHAPTER 34, AN EMPLOYEE OF
THE ARIZONA DEPARTMENT OF AGRICULTURE OR AN EMPLOYEE OF ANY
CERTIFIED THIRD-PARTY LABORATORY MAY NOT BE CHARGED WITH OR
PROSECUTED FOR POSSESSION OF ANY AMOUNT OF MARIJUANA THAT IS

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CULTIVATED FOR MEDICAL USE AND THAT THE EMPLOYEE IS USING AS A
SAMPLE FOR TESTING AS REQUIRED BY THIS SECTION AND RULES
ADOPTED PURSUANT TO THIS TITLE.

F. A certified laboratory shall report test results
only to the party who provided the original
sample and, on request, to the state agricultural laboratory
or as required by section 3-2611.01.

G. A person who desires a certificate pursuant
to this section shall file with the state agricultural
laboratory an application for a certificate accompanied by the
application fee.

H. The application shall be on a form prescribed by
the assistant director and furnished by the state agricultural
laboratory and shall contain:

1. The name and location of the laboratory.
2. The name of the person owning the laboratory and the
name of the person supervising the laboratory.
3. A description of the programs, services and
functions provided by the laboratory.
4. Such other information as the assistant director
deems necessary to carry out the purposes of this section.

I. The assistant director shall issue a certificate
to an applicant if the assistant director is satisfied that
the applicant has complied with the rules prescribing
standards for certified laboratories.

J. A certificate expires one year after the date of
issuance and shall be renewed upon payment of the renewal
application fee as prescribed in section 3-146 and continued
compliance with this article and the applicable rules.

Sec. 4. Section 3-201, Arizona Revised Statutes, is
amended to read:

3-201. Definitions
In this article, unless the context otherwise requires:
1. "Associate director" means the associate director of
the division.
2. "Diseases" includes any fungus, bacterium, virus or
other organism of any kind and any unknown cause that is or
may be found to be injurious, or likely to be or to become
injurious to any domesticated or cultivated plant, or to the
product of any such plant.
3. "Division" means the plant services division of the
Arizona department of agriculture.
4. "Noxious weed" means any species of plant that is,
or is liable to be, detrimental or destructive and difficult
to control or eradicate and shall include any species
that the director, after investigation and hearing, shall determine to be a noxious weed.

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

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

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

8. "Plant" or "crop" includes:
   (a) Every kind of vegetation, whether wild or domesticated, and any part thereof of that vegetation, as well as seed, fruit or another natural product of such vegetation.
   (b) Marihuana that a nonprofit medical marihuana dispensary or a designated caregiver cultivates for medical use.

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

Sec. 5. Section 3-231, Arizona Revised Statutes, is amended to read:

3-231. Definitions
In this article, unless the context otherwise requires:
1. "Advertisement" means all representations, other than those on the label, made in any manner relating to seed within the scope of this article.

2. "Agricultural seed":
   (a) Means the seeds of grass, forage, cereal, and fiber crops and any other kinds of seeds commonly recognized within this state as agricultural seeds, lawn seeds and mixtures of such seeds.
(b) May include noxious-weed seeds when the department determines that such seed is being used as agricultural seed.

(c) Includes seeds of marijuana that a nonprofit medical marijuana dispensary or a designated caregiver cultivates for medical use.

3. "Cease and desist order" means an administrative order 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 does not hold title to the seed.

6. "Dealer" means any person who 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 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 is less than ninety-five percent but more than seventy-five 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 percent to ninety-five percent hybrid seed". No one kind of seed shall be labeled as hybrid if the pure seed contains less than seventy-five 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 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.

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

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

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

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

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

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

17. "Ornamental plant seed" means the seed of any plant used for decorative or ornamental purposes and includes flower seed.

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

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

20. "Record" means all information relating to the shipment or shipments involved and includes a file sample of each lot of seed.
21. "Sell" means TO offer for sale, expose for sale, possess for sale, exchange, barter or trade.

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

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

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

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

26. "Weed seeds" means the seeds of all plants that are generally recognized as weeds within this state and includes noxious-weed seeds.

Sec. 6. Section 3-364, Arizona Revised Statutes, is amended to read:

3-364. Inspection powers; notification requirements

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

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

B. C. Within five days after the inspection, the director shall inform any alleged violator in writing if the director anticipates an enforcement action. The notice of a potential enforcement action shall indicate the nature of the alleged violation and the last possible date for issuing a citation under section 3-368, subsection F. If in the course of an investigation the department identifies any additional alleged violator, the director shall inform the additional alleged violator within five days of initiating the new investigation. The notice of a potential enforcement action against the additional alleged violator shall indicate the nature of the alleged violation and the last possible date for issuing a citation or notice of de minimis violation under section 3-368, subsection F. If the director does not issue a notice of a potential enforcement action, the director shall inform the alleged violator within fifteen days after the inspection that the director does not anticipate any enforcement action.

Sec. 7. Section 36-2801, Arizona Revised Statutes, is amended to read:

36-2801. Definitions
In this chapter, unless the context otherwise requires:
1. "Allowable amount of marijuana":
   (a) With respect to a qualifying patient, the "allowable amount of marijuana" means:
   (i) two-and-one-half TWO AND ONE-HALF ounces of usable marijuana. and
   (ii) If the qualifying patient's registry identification card states that the qualifying patient is authorized to cultivate marijuana, twelve marijuana plants contained in an enclosed, locked facility, except that the plants are not required to be in an enclosed, locked facility if the plants are being transported because the qualifying patient is moving.
   (b) With respect to a designated caregiver, the "allowable amount of marijuana" for each patient assisted by the designated caregiver under this chapter, means:
   (i) two-and-one-half TWO AND ONE-HALF ounces of usable marijuana. and
(ii) If the designated caregiver's registry identification card provides that the designated caregiver is authorized to cultivate marijuana, twelve marijuana plants contained in an enclosed, locked facility, except that the plants are not required to be in an enclosed, locked facility if the plants are being transported because the designated caregiver is moving.

(c) DOES NOT INCLUDE marijuana that is incidental to medical use, but is not usable marijuana as defined in this chapter, shall not be counted toward a qualifying patient's or designated caregiver's allowable amount of marijuana.

2. "Cardholder" means a qualifying patient, a designated caregiver or a nonprofit medical marijuana dispensary agent who has been issued and possesses a valid registry identification card.

3. "Debilitating medical condition" means one or more of the following:
   (a) Cancer, glaucoma, positive status for human immunodeficiency virus, acquired immune deficiency syndrome, hepatitis C, amyotrophic lateral sclerosis, Crohn's disease OR agitation of Alzheimer's disease or the treatment of these conditions.
   (b) A chronic or debilitating disease or medical condition or its treatment that produces one or more of the following:
      (i) Cachexia or wasting syndrome.
      (ii) Severe and chronic pain.
      (iii) Severe nausea.
      (iv) Seizures, including those characteristic of epilepsy.
      (v) Severe and persistent muscle spasms, including those characteristic of multiple sclerosis.
   (c) Any other medical condition or its treatment added by the department pursuant to section 36-2801.01.

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

5. "Designated caregiver" means a person who:
   (a) Is at least twenty-one years of age.
   (b) Has agreed to assist with a patient's medical use of marijuana.
   (c) Has not been convicted of an excluded felony offense.
   (d) Assists NOT more than five qualifying patients with the medical use of marijuana.
(e) May receive reimbursement for actual costs incurred in assisting a registered qualifying patient's medical use of marijuana if the registered designated caregiver is connected to the registered qualifying patient through the department's registration process. The designated caregiver may not be paid any fee or compensation for his service as a caregiver. Payment for costs under this subdivision shall not constitute an offense under title 13, chapter 34 or under title 36, chapter 27, article 4.

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

7. "Excluded felony offense" means:
   (a) A violent crime as defined in section 13-901.03, subsection B, that was classified as a felony in the jurisdiction where the person was convicted.
   (b) A violation of a state or federal controlled substance law that was classified as a felony in the jurisdiction where the person was convicted but does not include:
      (i) An offense for which the sentence, including any term of probation, incarceration or supervised release, was completed ten or more years earlier.
      (ii) An offense involving conduct that would be immune from arrest, prosecution or penalty under section 36-2811, except that the conduct occurred before the effective date of this chapter or was prosecuted by an authority other than the state of Arizona.

8. "Marijuana" means all parts of any plant of the genus cannabis whether growing or not, and the seeds of such plant.

9. "Medical use" means the acquisition, possession, cultivation, manufacture, use, administration, delivery, transfer or transportation of marijuana or paraphernalia relating to the administration of marijuana to treat or alleviate a registered qualifying patient's debilitating medical condition or symptoms associated with the patient's debilitating medical condition.

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

10. "Nonprofit medical marijuana dispensary agent" means a principal officer, board member, employee or volunteer of a nonprofit medical marijuana dispensary who is at least twenty-one years of age and has not been convicted of an excluded felony offense. A VALID FINGERPRINT CLEARANCE CARD ISSUED PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

11. "Physician" means a doctor of medicine who holds a valid and existing license to practice medicine pursuant to title 32, chapter 13 or its successor, a doctor of osteopathic medicine who holds a valid and existing license to practice osteopathic medicine pursuant to title 32, chapter 17 or its successor, a naturopathic physician who holds a valid and existing license to practice naturopathic medicine pursuant to title 32, chapter 14 or its successor or a homeopathic physician who holds a valid and existing license to practice homeopathic medicine pursuant to title 32, chapter 29 or its successor.

12. "Qualifying patient" means a person who has been diagnosed by a physician as having a debilitating medical condition.

13. "Registry identification card" means a document issued by the department that identifies a person as a registered qualifying patient, a registered designated caregiver or a registered nonprofit medical marijuana dispensary agent.

14. "Usable marijuana":
   (a) Means the dried flowers of the marijuana plant, and any mixture or preparation thereof. but
   (b) Does not include:
      (i) The seeds, stalks and roots of the plant. and does not include
      (ii) The weight of any non-marijuana ingredients combined with marijuana and prepared for consumption as food or drink.

15. "Verification system" means a secure, password-protected, web-based system THAT IS established and maintained by the department AND that is available to law enforcement personnel and nonprofit medical marijuana dispensary agents on a twenty-four hour TWENTY-FOUR-HOUR basis for verification of registry identification cards.

16. "Visiting qualifying patient" means a person:
   (a) Who is not a resident of Arizona or who has been a resident of Arizona less than thirty days.
(b) Who has been diagnosed with a debilitating medical condition by a person who is licensed with authority to prescribe drugs to humans in the state of the person's residence or, in the case of a person who has been a resident of Arizona less than thirty days, the state of the person's former residence.

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

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

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

Sec. 8. Section 36-2804, Arizona Revised Statutes, is amended to read:

36-2804. Registration and certification of nonprofit medical marijuana dispensaries

A. Nonprofit medical marijuana dispensaries shall register with the department.

B. Not later than ninety days after receiving an application for a nonprofit medical marijuana dispensary, the department shall register the nonprofit medical marijuana dispensary and issue a registration certificate and a random TWENTY-DIGIT alphanumeric identification number if:

1. The prospective nonprofit medical marijuana dispensary has submitted the following:

(a) The application fee.

(b) An application, including:

(i) The legal name of the nonprofit medical marijuana dispensary.

(ii) The physical address of the nonprofit medical marijuana dispensary and the physical address of one additional location, if any, where marijuana will be cultivated, neither of which may be within five hundred feet of a public or private school existing before the date of the nonprofit medical marijuana dispensary application.

(iii) The name, address and date of birth of each principal officer and board member of the nonprofit medical marijuana dispensary.
(iv) The name, address and date of birth of each nonprofit medical marijuana dispensary agent.

(c) Operating procedures consistent with department rules for oversight of the nonprofit medical marijuana dispensary, including procedures to ensure accurate record-keeping and adequate security measures.

(d) If the city, town or county in which the nonprofit medical marijuana dispensary would be located has enacted zoning restrictions, a sworn statement certifying that the registered nonprofit medical marijuana dispensary is in compliance with the restrictions.

(e) For renewal applications, documentation that all state and local tax deficiencies are paid or temporarily released.

2. None each of the principal officers or board members has been convicted of an excluded felony offense. A valid fingerprint clearance card issued pursuant to Title 41, Chapter 12, Article 3.1.

3. None of the principal officers or board members has served as a principal officer or board member for a registered nonprofit medical marijuana dispensary that has had its registration certificate revoked.

4. None of the principal officers or board members is under twenty-one years of age.

C. The department may not issue more than one nonprofit medical marijuana dispensary registration certificate for every ten pharmacies that have registered under section 32-1929, have obtained a pharmacy permit from the Arizona state board of pharmacy and operate within the state except that the department may issue nonprofit medical marijuana dispensary registration certificates in excess of this limit if necessary to ensure that the department issues at least one nonprofit medical marijuana dispensary registration certificate in each county in which an application has been approved.

D. The department may conduct a criminal records check in order to carry out this section.

Sec. 9. Section 36-2804.01, Arizona Revised Statutes, is amended to read:

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

A. A nonprofit medical marijuana dispensary agent shall be registered with the department before volunteering or working at a non-profit medical marijuana dispensary.
B. A nonprofit medical marijuana dispensary may apply to the department for a registry identification card for a nonprofit medical marijuana dispensary agent by submitting:

1. The name, address and date of birth of the PROSPECTIVE nonprofit medical marijuana dispensary agent.
2. A nonprofit medical marijuana dispensary agent application.
3. A statement signed by the prospective nonprofit medical marijuana dispensary agent pledging not to divert marijuana to anyone who is not allowed to possess marijuana pursuant to this chapter.
4. The application fee.
5. A COPY OF A VALID FINGERPRINT CLEARANCE CARD ISSUED PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

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

D. No person who has been convicted of an excluded felony offense A PERSON WITHOUT A VALID FINGERPRINT CLEARANCE CARD ISSUED PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1 may NOT be a nonprofit medical marijuana dispensary agent.

E. The department may conduct a criminal records check in order to carry out this section.

Sec. 10. Section 36-2804.06, Arizona Revised Statutes, is amended to read:

36-2804.06. Expiration and renewal of registry identification cards and registration certificates; replacement

A. All registry identification cards and registration certificates expire one year TWO YEARS after THEIR date of issue. A REGISTERED QUALIFYING PATIENT SHALL PAY A $100 RENEWAL FEE EVERY TWO YEARS.

B. The department shall cancel the registry identification card of a nonprofit medical marijuana dispensary agent shall be cancelled and his SHALL DEACTIVATE THE AGENT's access to the verification system shall be deactivated upon notification to the department by a registered nonprofit medical marijuana dispensary that the nonprofit medical marijuana dispensary agent is no longer employed by or no longer volunteers at the registered nonprofit medical marijuana dispensary.

C. The department shall issue a renewal nonprofit medical marijuana dispensary registration certificate shall be
issued within ten days of AFTER receipt of the prescribed renewal application and renewal fee from a registered nonprofit medical marijuana dispensary if THE DISPENSARY'S registration certificate is not under suspension and has not been revoked.

D. If A cardholder WHO loses THE CARDHOLDER'S registry identification card, he shall promptly notify the department. Within five days of AFTER the notification, and upon ON payment of a ten dollar $10 fee, the department shall issue a new registry identification card with a new random identification number to the cardholder and, if the cardholder is a registered qualifying patient, to the registered qualifying patient's registered designated caregiver, if any.

Sec. 11. Section 36-2806, Arizona Revised Statutes, is amended to read:
36-2806. Registered nonprofit medical marijuana dispensaries; requirements
A. A registered nonprofit medical marijuana dispensary shall be operated on a not-for-profit basis. The bylaws of a registered nonprofit medical marijuana dispensary shall contain such provisions relative to the disposition of revenues and receipts to establish and maintain its nonprofit character. A registered nonprofit medical marijuana dispensary need not be recognized as tax-exempt by the internal revenue service and is not required to incorporate pursuant to title 10, chapter 19, article 1.

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

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

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

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

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

G. A nonprofit medical marijuana dispensary shall not
permit any person to consume marijuana on the property
of THE nonprofit medical marijuana dispensary.

H. Registered nonprofit medical marijuana dispensaries
are subject to reasonable inspection by the department. The
department shall give reasonable notice of an inspection MAY
INSPECT A NONPROFIT MEDICAL MARIJUANA DISPENSARY under this
subsection DURING THE DISPENSARY’S NORMAL BUSINESS HOURS TO
DETERMINE WHETHER THE DISPENSARY IS IN COMPLIANCE WITH THIS
CHAPTER AND RULES ADOPTED PURSUANT TO THIS CHAPTER.

Sec. 12. Section 36-2810, Arizona Revised Statutes, is
amended to read:

36-2810. Confidentiality
A. EXCEPT AS PROVIDED IN SUBSECTION G OF THIS SECTION,
the following information received and records kept by the
department for purposes of administering this chapter are
confidential, exempt from title 39, chapter 1, article 2,
exempt from section 36-105 and not subject to disclosure to
any individual or public or private entity, except as
necessary for authorized employees of the department to
perform official duties of the department pursuant to this
chapter:

1. Applications or renewals, their contents and
supporting information submitted by qualifying patients and
designated caregivers, including information regarding their
designated caregivers and physicians.

2. Applications or renewals, their contents and
supporting information submitted by or on behalf of nonprofit
medical marijuana dispensaries in compliance with this
chapter, including the physical addresses of nonprofit medical
marijuana dispensaries.

3. The individual names and other information
identifying persons to whom the department has issued registry
identification cards.

B. Any dispensing information required to be kept under
section 36-2806.02, subsection B or department regulation
shall identify cardholders by their registry identification numbers and not contain names or other personally identifying information.

C. Any department hard drives or other data recording media that are no longer in use and that contain cardholder information must be destroyed. The department shall retain a signed statement from a department employee confirming the destruction.

D. EXCEPT FOR PUBLIC HEALTH RESEARCH, data subject to this section shall not be combined or linked in any manner with any other list or database and shall not be used for any purpose not provided for in this chapter.

E. This section does not preclude the following notifications:

1. Department employees may notify law enforcement about falsified or fraudulent information submitted to the department if the employee who suspects that falsified or fraudulent information has been submitted has conferred with the employee's supervisor and both agree that the circumstances warrant reporting.

2. The department may notify state or local law enforcement about apparent criminal violations of this chapter if the employee who suspects the offense has conferred with the employee's supervisor and both agree that the circumstances warrant reporting.

3. Nonprofit medical marijuana dispensary agents may notify the department of a suspected violation or attempted violation of this chapter or department rules.

4. The department may notify the Arizona medical board, the Arizona board of osteopathic examiners in medicine and surgery, the naturopathic physicians medical board and the board of homeopathic and integrated medicine examiners if the department believes a physician has committed an act of unprofessional conduct as prescribed by the appropriate board's statutes because of the licensee's failure to comply with the requirements of this chapter or rules adopted pursuant to this chapter.

F. This section does not preclude submission of the section 36-2809 report to the legislature. The annual report submitted to the legislature is subject to title 39, chapter 1, article 2.

G. THE DEPARTMENT MAY NOTIFY THE PUBLIC OF INSPECTION AND COMPLIANCE INFORMATION FOR A NONPROFIT MEDICAL MARIJUANA DISPENSARY, INCLUDING THE NAME AND ADDRESS OF THE DISPENSARY
AND ANY COMPLAINTS AND ENFORCEMENT ACTIONS AGAINST THE DISPENSARY.

Sec. 13. Section 36-2816, Arizona Revised Statutes, is amended to read:

36-2816. Violations; classification; civil penalty; enforcement
A. A registered qualifying patient may not directly, or through his THE PATIENT’S designated caregiver, obtain more than two-and-one-half TWO AND ONE-HALF ounces of marijuana from registered nonprofit medical marijuana dispensaries in any fourteen-day period.
B. A registered nonprofit medical marijuana dispensary or agent may not dispense, deliver or otherwise transfer marijuana to a person other than another registered nonprofit medical marijuana dispensary, a registered qualifying patient or a registered qualifying patient's registered designated caregiver.
C. A registered nonprofit medical marijuana dispensary may not acquire usable marijuana or mature marijuana plants from any person other than another registered nonprofit medical marijuana dispensary, a registered qualifying patient or a registered designated caregiver. A knowing violation of this subsection is a class 2 felony.
D. It is a class 1 misdemeanor for any person, including an employee or official of the department or another state agency or local government, to breach the confidentiality of information obtained pursuant to this chapter.
E. Making false statements to a law enforcement official about any fact or circumstance relating to the medical use of marijuana to avoid arrest or prosecution is subject to a civil penalty of not more than five-hundred dollars $500, which shall be in addition to any other penalties that may apply for making a false statement or for the use of marijuana other than use undertaken pursuant to this chapter.
F. THE DIRECTOR MAY DENY, SUSPEND OR REVOKE, IN WHOLE OR IN PART, ANY REGISTRATION ISSUED UNDER THIS CHAPTER IF THE REGISTERED PARTY OR AN OFFICER, AGENT OR EMPLOYEE OF THE REGISTERED PARTY DOES EITHER OF THE FOLLOWING:
1. VIOLATES THIS CHAPTER OR ANY RULE ADOPTED PURSUANT TO THIS CHAPTER.
2. HAS BEEN, IS OR MAY CONTINUE TO BE IN SUBSTANTIAL VIOLATION OF THE REQUIREMENTS FOR REGISTRATION AND AS A RESULT
THE HEALTH OR SAFETY OF THE GENERAL PUBLIC IS IN IMMEDIATE DANGER.

G. IN ADDITION TO ANY OTHER PENALTIES AUTHORIZED BY THIS CHAPTER, THE DIRECTOR MAY ASSESS A CIVIL PENALTY AGAINST A PERSON THAT VIOLATES THIS CHAPTER OR ANY RULE ADOPTED PURSUANT TO THIS CHAPTER IN AN AMOUNT NOT TO EXCEED $5,000 FOR EACH VIOLATION. EACH DAY A VIOLATION OCCURS CONSTITUTES A SEPARATE VIOLATION. THE MAXIMUM AMOUNT OF ANY ASSESSMENT IS $25,000 FOR ANY THIRTY-DAY PERIOD.

H. THE DIRECTOR SHALL ISSUE A NOTICE OF ASSESSMENT THAT INCLUDES THE PROPOSED AMOUNT OF THE ASSESSMENT. IN DETERMINING THE AMOUNT OF A CIVIL PENALTY ASSESSED AGAINST A PERSON UNDER SUBSECTION G OF THIS SECTION, THE DEPARTMENT SHALL CONSIDER ALL OF THE FOLLOWING:

1. REPEATED VIOLATIONS OF THIS CHAPTER OR THE RULES ADOPTED PURSUANT TO THIS CHAPTER.
2. PATTERNS OF NONCOMPLIANCE.
3. THE TYPES OF VIOLATIONS.
4. THE SEVERITY OF THE VIOLATIONS.
5. THE POTENTIAL FOR AND OCCURRENCES OF ACTUAL HARM.
6. THREATS TO HEALTH AND SAFETY.
7. THE NUMBER OF VIOLATIONS.
8. THE NUMBER OF PERSONS AFFECTED BY THE VIOLATIONS.
9. THE LENGTH OF TIME THE VIOLATIONS HAVE BEEN OCCURRING.

Sec. 14. Section 36-2817, Arizona Revised Statutes, is amended to read:

36-2817. Medical marijuana fund; private donations

A. The medical marijuana fund is established consisting of fees collected, civil penalties imposed and private donations received under this chapter. The department shall administer the fund. Monies in the fund are continuously appropriated.

B. The director of the department may accept and spend private grants, gifts, donations, contributions and devises to assist in carrying out the provisions of this chapter.

C. THE ARIZONA DEPARTMENT OF AGRICULTURE MAY USE MONIES IN THE FUND TO REGULATE MARIJUANA AS AN AGRICULTURAL COMMODITY.

D. Monies in the medical marijuana fund do not revert to the state general fund at the end of a fiscal year.
Sec. 15. Section 36-2819, Arizona Revised Statutes, is amended to read:

36-2819. Fingerprinting requirements

Each person applying as a designated caregiver, a principal officer, agent or employee of a nonprofit medical marijuana dispensary or a NONPROFIT medical marijuana dispensary agent shall submit a full set of fingerprints to the department of HEALTH SERVICES for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation without disclosing that the records check is related to the medical marijuana act and acts permitted by it. The department shall destroy each set of fingerprints after the criminal records check is completed. A DESIGNATED CAREGIVER, A PRINCIPAL OFFICER, AGENT OR EMPLOYEE OF A NONPROFIT MEDICAL MARIJUANA DISPENSARY OR A NONPROFIT MEDICAL MARIJUANA DISPENSARY AGENT MUST POSSESS AND MAINTAIN A VALID FINGERPRINT CLEARANCE CARD ISSUED PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

Sec. 16. Title 36, chapter 28.1, Arizona Revised Statutes, is amended by adding section 36-2820, to read:

36-2820. Fingerprint clearance card; definition

A. PURSUANT TO SECTIONS 41-1758.01 AND 41-1758.07, THE FINGERPRINT DIVISION OF THE DEPARTMENT OF PUBLIC SAFETY SHALL CONDUCT FINGERPRINT BACKGROUND CHECKS ON PERSONS AND APPLICANTS WHO ARE REQUIRED TO POSSESS AND MAINTAIN A VALID FINGERPRINT CLEARANCE CARD PURSUANT TO SECTION 36-2819 AND PERFORM ALL THE DUTIES REQUIRED WHEN ISSUING A FINGERPRINT CLEARANCE CARD.

B. FOR THE PURPOSES OF TITLE 41, CHAPTER 3, ARTICLE 12 AND TITLE 41, CHAPTER 12, ARTICLE 3.1, "PERSON" INCLUDES A PERSON WHO IS REQUIRED TO POSSESS AND MAINTAIN A VALID FINGERPRINT CLEARANCE CARD PURSUANT TO SECTION 36-2819.

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