

REFERENCE TITLE: cannabis; regulation; taxation

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Senate
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2019

SCR 1022

Introduced by
Senators Mendez: Dalessandro, Gonzales, Quezada, Rios, Steele;
Representatives Andrade, Gabaldón, Longdon, Peten, Powers Hannley, Salman,
Sierra, Terán

A CONCURRENT RESOLUTION

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

6 AN ACT

7 AMENDING TITLE 4, ARIZONA REVISED STATUTES, BY ADDING
8 CHAPTER 4; AMENDING TITLE 42, CHAPTER 5, ARIZONA REVISED
9 STATUTES, BY ADDING ARTICLE 10, REPEALING TITLE 4, CHAPTER 4,
10 ARIZONA REVISED STATUTES; REPEALING TITLE 42, CHAPTER 5,
11 ARTICLE 10, ARIZONA REVISED STATUTES; RELATING TO CANNABIS.

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

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

15 CHAPTER 4

16 REGULATION OF CANNABIS

17 ARTICLE 1. GENERAL PROVISIONS

18 4-401. Definitions

19 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

20 1. "CANNABIS":

21 (a) MEANS THE FOLLOWING SUBSTANCES UNDER WHATEVER NAMES
22 AS MAY BE DESIGNATED:

23 (i) THE RESIN EXTRACTED FROM ANY PART OF A PLANT OF THE
24 GENUS CANNABIS, AND EVERY COMPOUND, MANUFACTURE, SALT,
25 DERIVATIVE, MIXTURE OR PREPARATION OF SUCH PLANT, ITS SEEDS OR
26 ITS RESIN.

27 (ii) EVERY COMPOUND, MANUFACTURE, SALT, DERIVATIVE,
28 MIXTURE OR PREPARATION OF SUCH RESIN OR TETRAHYDROCANNABINOL.

29 (b) DOES NOT INCLUDE OIL OR CAKE MADE FROM THE SEEDS OF
30 SUCH PLANT, ANY FIBER, COMPOUND, MANUFACTURE, SALT,
31 DERIVATIVE, MIXTURE OR PREPARATION OF THE MATURE STALKS OF
32 SUCH PLANT EXCEPT THE RESIN EXTRACTED FROM THE STALKS OR ANY
33 FIBER, OIL OR CAKE OF THE STERILIZED SEED OF SUCH PLANT THAT
34 IS INCAPABLE OF GERMINATION.

35 2. "CANNABIS 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 CANNABIS, OR FOR INGESTING, INHALING OR OTHERWISE
42 INTRODUCING CANNABIS INTO THE HUMAN BODY.

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

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

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

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

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

17 7. "CANNABIS TESTING FACILITY" MEANS AN ENTITY THAT IS
18 REGISTERED TO ANALYZE AND CERTIFY THE SAFETY AND POTENCY OF
19 CANNABIS.

20 8. "CONSUMER" MEANS A PERSON WHO IS AT LEAST TWENTY-ONE
21 YEARS OF AGE AND WHO PURCHASES CANNABIS OR CANNABIS PRODUCTS
22 FOR PERSONAL USE BY PERSONS WHO ARE AT LEAST TWENTY-ONE YEARS
23 OF AGE, BUT NOT FOR RESALE TO OTHERS.

24 9. "CONSUMPTION" MEANS THE ACT OF INGESTING, INHALING
25 OR OTHERWISE INTRODUCING CANNABIS INTO THE HUMAN BODY.

26 10. "LOCAL GOVERNMENT" MEANS A CITY, TOWN OR COUNTY.

27 11. "LOCAL REGULATORY AUTHORITY" MEANS THE OFFICE OR
28 ENTITY THAT IS DESIGNATED BY A LOCAL GOVERNMENT TO PROCESS
29 CANNABIS ESTABLISHMENT APPLICATIONS.

30 12. "RETAIL CANNABIS STORE" MEANS AN ENTITY THAT IS
31 REGISTERED TO PURCHASE CANNABIS FROM CANNABIS CULTIVATION
32 FACILITIES, TO PURCHASE CANNABIS AND CANNABIS PRODUCTS FROM
33 CANNABIS PRODUCT MANUFACTURING FACILITIES AND TO SELL CANNABIS
34 AND CANNABIS PRODUCTS TO CONSUMERS.

35 13. "UNREASONABLY IMPRACTICABLE" MEANS THAT THE
36 MEASURES NECESSARY TO COMPLY WITH RULES REQUIRE SUCH A HIGH
37 INVESTMENT OF RISK, MONEY, TIME OR ANY OTHER RESOURCE OR ASSET
38 THAT THE OPERATION OF A CANNABIS ESTABLISHMENT IS NOT WORTHY
39 OF BEING CARRIED OUT IN PRACTICE BY A REASONABLY PRUDENT
40 BUSINESSPERSON.

41 4-402. Personal use of cannabis

42 NOTWITHSTANDING ANY LAW, EXCEPT AS OTHERWISE PROVIDED IN
43 THIS CHAPTER, THE FOLLOWING ACTS, BY PERSONS WHO ARE AT LEAST
44 TWENTY-ONE YEARS OF AGE, ARE LAWFUL AND ARE NOT A CRIMINAL OR
45 CIVIL 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:

4 1. POSSESSING, USING, DISPLAYING, PURCHASING OR
5 TRANSPORTING CANNABIS ACCESSORIES OR ONE OUNCE OR LESS OF
6 CANNABIS.

7 2. POSSESSING, GROWING, PROCESSING OR TRANSPORTING NOT
8 MORE THAN SIX CANNABIS PLANTS, WITH THREE OR FEWER BEING
9 MATURE, FLOWERING PLANTS, AND POSSESSING THE CANNABIS PRODUCED
10 BY THE PLANTS ON THE PREMISES WHERE THE PLANTS WERE GROWN.

11 3. TRANSFERRING ONE OUNCE OR LESS OF CANNABIS AND UP TO
12 SIX IMMATURE CANNABIS PLANTS TO A PERSON WHO IS AT LEAST
13 TWENTY-ONE YEARS OF AGE WITHOUT REMUNERATION.

14 4. CONSUMING CANNABIS, EXCEPT THAT THIS CHAPTER DOES
15 NOT ALLOW THE CONSUMPTION OF CANNABIS IN PUBLIC.

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

19 4-403. Restrictions on personal cultivation; civil
20 penalty

21 A. THE PERSONAL CULTIVATION OF CANNABIS IS SUBJECT TO
22 THE FOLLOWING RESTRICTIONS:

23 1. CANNABIS PLANTS SHALL BE CULTIVATED IN A LOCATION
24 WHERE THE PLANTS ARE NOT SUBJECT TO PUBLIC VIEW WITHOUT THE
25 USE OF BINOCULARS, AIRCRAFT OR OTHER OPTICAL AIDS.

26 2. A PERSON WHO CULTIVATES CANNABIS MUST TAKE
27 REASONABLE PRECAUTIONS TO ENSURE THAT THE PLANTS ARE SECURE
28 FROM UNAUTHORIZED ACCESS.

29 3. CANNABIS CULTIVATION MAY OCCUR ONLY ON PROPERTY THAT
30 IS LAWFULLY IN POSSESSION OF THE CULTIVATOR OR WITH THE
31 CONSENT OF THE PERSON IN LAWFUL POSSESSION OF THE PROPERTY.

32 B. A PERSON WHO VIOLATES THIS SECTION IS SUBJECT TO A
33 CIVIL PENALTY OF UP TO \$750 FOR EACH VIOLATION.

34 4-404. Public consumption banned; civil penalty

35 A. IT IS UNLAWFUL TO CONSUME CANNABIS IN PUBLIC.

36 B. A PERSON WHO VIOLATES THIS SECTION IS SUBJECT TO A
37 CIVIL PENALTY OF UP TO \$1,000.

38 4-405. False identification; civil penalty

39 A. A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE MAY
40 NOT PRESENT OR OFFER TO A CANNABIS ESTABLISHMENT OR THE
41 CANNABIS ESTABLISHMENT'S AGENT OR EMPLOYEE ANY WRITTEN OR ORAL
42 EVIDENCE OF AGE THAT IS FALSE, FRAUDULENT OR NOT ACTUALLY THE
43 PERSON'S OWN, FOR THE PURPOSE OF EITHER:

1 1. PURCHASING, ATTEMPTING TO PURCHASE OR OTHERWISE
2 PROCURING OR ATTEMPTING TO PROCURE CANNABIS OR CANNABIS
3 PRODUCTS.

4 2. GAINING ACCESS TO A CANNABIS ESTABLISHMENT.

5 B. A PERSON WHO VIOLATES THIS SECTION IS SUBJECT TO A
6 CIVIL PENALTY OF UP TO \$400.

7 4-406. Cannabis accessories authorized

8 NOTWITHSTANDING ANY OTHER LAW, IT IS LAWFUL AND IS NOT
9 AN OFFENSE UNDER THE LAWS OF THIS STATE OR ANY POLITICAL
10 SUBDIVISION OF THIS STATE OR A BASIS FOR SEIZURE OR FORFEITURE
11 OF ASSETS UNDER THE LAWS OF THIS STATE OR ANY POLITICAL
12 SUBDIVISION OF THIS STATE FOR A PERSON WHO IS AT LEAST
13 TWENTY-ONE YEARS OF AGE TO MANUFACTURE, POSSESS OR PURCHASE
14 CANNABIS ACCESSORIES OR TO DISTRIBUTE OR SELL CANNABIS
15 ACCESSORIES TO A PERSON WHO IS AT LEAST TWENTY-ONE YEARS OF
16 AGE.

17 4-407. Lawful operation of cannabis establishments

18 A. NOTWITHSTANDING ANY OTHER LAW, THE FOLLOWING ACTS,
19 WHEN PERFORMED BY A RETAIL CANNABIS STORE WITH A CURRENT,
20 VALID REGISTRATION, OR BY A PERSON WHO IS AT LEAST TWENTY-ONE
21 YEARS OF AGE AND WHO IS ACTING IN THE PERSON'S CAPACITY AS AN
22 OWNER, EMPLOYEE OR AGENT OF A RETAIL CANNABIS STORE, ARE
23 LAWFUL AND ARE NOT AN OFFENSE UNDER THE LAWS OF THIS STATE OR
24 A BASIS FOR SEIZURE OR FORFEITURE OF ASSETS UNDER THE LAWS OF
25 THIS STATE:

26 1. POSSESSING, DISPLAYING, STORING OR TRANSPORTING
27 CANNABIS OR CANNABIS PRODUCTS, EXCEPT THAT CANNABIS AND
28 CANNABIS PRODUCTS MAY NOT BE DISPLAYED IN A MANNER THAT IS
29 VISIBLE TO THE GENERAL PUBLIC FROM A PUBLIC RIGHT-OF-WAY.

30 2. DELIVERING OR TRANSFERRING CANNABIS OR CANNABIS
31 PRODUCTS TO A CANNABIS TESTING FACILITY.

32 3. RECEIVING CANNABIS OR CANNABIS PRODUCTS FROM A
33 CANNABIS TESTING FACILITY.

34 4. PURCHASING CANNABIS FROM A CANNABIS CULTIVATION
35 FACILITY.

36 5. PURCHASING CANNABIS OR CANNABIS PRODUCTS FROM A
37 CANNABIS PRODUCT MANUFACTURING FACILITY.

38 6. DELIVERING, DISTRIBUTING OR SELLING CANNABIS OR
39 CANNABIS PRODUCTS TO CONSUMERS.

40 B. NOTWITHSTANDING ANY OTHER LAW, THE FOLLOWING ACTS,
41 WHEN PERFORMED BY A CANNABIS CULTIVATION FACILITY WITH A
42 CURRENT, VALID REGISTRATION, OR BY A PERSON WHO IS AT LEAST
43 TWENTY-ONE YEARS OF AGE AND WHO IS ACTING IN THE PERSON'S
44 CAPACITY AS AN OWNER, EMPLOYEE OR AGENT OF A CANNABIS
45 CULTIVATION FACILITY, ARE LAWFUL AND ARE NOT AN OFFENSE UNDER

1 THE LAWS OF THIS STATE OR A BASIS FOR SEIZURE OR FORFEITURE OF
2 ASSETS UNDER THE LAWS OF THIS STATE:

3 1. CULTIVATING, MANUFACTURING, HARVESTING, PROCESSING,
4 PACKAGING, TRANSPORTING, DISPLAYING, STORING OR POSSESSING
5 CANNABIS.

6 2. DELIVERING OR TRANSFERRING CANNABIS TO A CANNABIS
7 TESTING FACILITY.

8 3. RECEIVING CANNABIS FROM A CANNABIS TESTING FACILITY.

9 4. DELIVERING, DISTRIBUTING OR SELLING CANNABIS TO A
10 CANNABIS CULTIVATION FACILITY, A CANNABIS PRODUCT
11 MANUFACTURING FACILITY OR A RETAIL CANNABIS STORE.

12 5. RECEIVING OR PURCHASING CANNABIS FROM A CANNABIS
13 CULTIVATION FACILITY.

14 6. RECEIVING CANNABIS SEEDS OR IMMATURE CANNABIS PLANTS
15 FROM A PERSON WHO IS AT LEAST TWENTY-ONE YEARS OF AGE.

16 C. NOTWITHSTANDING ANY OTHER LAW, THE FOLLOWING ACTS,
17 WHEN PERFORMED BY A CANNABIS PRODUCT MANUFACTURING FACILITY
18 WITH A CURRENT, VALID REGISTRATION, OR BY A PERSON WHO IS AT
19 LEAST TWENTY-ONE YEARS OF AGE AND WHO IS ACTING IN THE
20 PERSON'S CAPACITY AS AN OWNER, EMPLOYEE OR AGENT OF A CANNABIS
21 PRODUCT MANUFACTURING FACILITY, ARE LAWFUL AND ARE NOT AN
22 OFFENSE UNDER THE LAWS OF THIS STATE OR A BASIS FOR SEIZURE OR
23 FORFEITURE OF ASSETS UNDER THE LAWS OF THIS STATE:

24 1. PACKAGING, PROCESSING, TRANSPORTING, MANUFACTURING,
25 DISPLAYING OR POSSESSING CANNABIS OR CANNABIS PRODUCTS.

26 2. DELIVERING OR TRANSFERRING CANNABIS OR CANNABIS
27 PRODUCTS TO A CANNABIS TESTING FACILITY.

28 3. RECEIVING CANNABIS OR CANNABIS PRODUCTS FROM A
29 CANNABIS TESTING FACILITY.

30 4. DELIVERING OR SELLING CANNABIS OR CANNABIS PRODUCTS
31 TO A RETAIL CANNABIS STORE OR A CANNABIS PRODUCT MANUFACTURING
32 FACILITY.

33 5. PURCHASING CANNABIS FROM A CANNABIS CULTIVATION
34 FACILITY.

35 6. PURCHASING CANNABIS OR CANNABIS PRODUCTS FROM A
36 CANNABIS PRODUCT MANUFACTURING FACILITY.

37 D. NOTWITHSTANDING ANY OTHER LAW, THE FOLLOWING ACTS,
38 WHEN PERFORMED BY A CANNABIS TESTING FACILITY WITH A CURRENT,
39 VALID REGISTRATION, OR BY A PERSON WHO IS AT LEAST TWENTY-ONE
40 YEARS OF AGE AND WHO IS ACTING IN THE PERSON'S CAPACITY AS AN
41 OWNER, EMPLOYEE OR AGENT OF A CANNABIS TESTING FACILITY, ARE
42 LAWFUL AND ARE NOT AN OFFENSE UNDER THE LAWS OF THIS STATE OR
43 A BASIS FOR SEIZURE OR FORFEITURE OF ASSETS UNDER THE LAWS OF
44 THIS STATE:

1 1. POSSESSING, CULTIVATING, PROCESSING, REPACKAGING,
2 STORING, TRANSPORTING, DISPLAYING, TRANSFERRING OR DELIVERING
3 CANNABIS.

4 2. RECEIVING CANNABIS OR CANNABIS PRODUCTS FROM A
5 CANNABIS CULTIVATION FACILITY, CANNABIS RETAIL STORE, CANNABIS
6 PRODUCT MANUFACTURING FACILITY OR PERSON WHO IS AT LEAST
7 TWENTY-ONE YEARS OF AGE.

8 3. RETURNING CANNABIS OR CANNABIS PRODUCTS TO A
9 CANNABIS CULTIVATION FACILITY, CANNABIS RETAIL STORE, CANNABIS
10 PRODUCT MANUFACTURING FACILITY OR PERSON WHO IS AT LEAST
11 TWENTY-ONE YEARS OF AGE.

12 E. NOTWITHSTANDING ANY OTHER LAW, IT IS LAWFUL AND IS
13 NOT AN OFFENSE UNDER THE LAWS OF THIS STATE OR A BASIS FOR
14 SEIZURE OR FORFEITURE OF ASSETS UNDER THE LAWS OF THIS STATE
15 TO LEASE OR OTHERWISE ALLOW THE USE OF PROPERTY OWNED,
16 OCCUPIED OR CONTROLLED BY ANY PERSON, CORPORATION OR OTHER
17 ENTITY FOR ANY ACTIVITY CONDUCTED LAWFULLY IN ACCORDANCE WITH
18 SUBSECTIONS A THROUGH D OF THIS SECTION.

19 F. THIS SECTION DOES NOT PREVENT THE IMPOSITION OF
20 PENALTIES ON CANNABIS ESTABLISHMENTS FOR VIOLATING THIS
21 CHAPTER OR RULES ADOPTED BY THE DEPARTMENT OR LOCAL
22 GOVERNMENTS PURSUANT TO THIS CHAPTER.

23 4-408. Privacy protections

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

26 1. A CONSUMER TO PROVIDE A RETAIL CANNABIS STORE WITH
27 PERSONAL INFORMATION OTHER THAN GOVERNMENT-ISSUED
28 IDENTIFICATION TO DETERMINE THE CONSUMER'S AGE.

29 2. A RETAIL CANNABIS STORE TO ACQUIRE AND RECORD
30 PERSONAL INFORMATION ABOUT CONSUMERS.

31 4-409. Cannabis establishment registrations; fee

32 A. EACH APPLICANT FOR A CANNABIS ESTABLISHMENT SHALL
33 SUBMIT AN APPLICATION OR RENEWAL APPLICATION FOR A
34 REGISTRATION TO OPERATE A CANNABIS ESTABLISHMENT TO THE
35 DEPARTMENT. A CANNABIS ESTABLISHMENT MAY SUBMIT A RENEWAL
36 APPLICATION UP TO NINETY DAYS BEFORE THE EXPIRATION OF THE
37 CANNABIS ESTABLISHMENT'S REGISTRATION.

38 B. THE DEPARTMENT SHALL BEGIN ACCEPTING AND PROCESSING
39 APPLICATIONS TO OPERATE CANNABIS ESTABLISHMENTS ONE YEAR AFTER
40 THE EFFECTIVE DATE OF THIS SECTION.

41 C. ON RECEIVING AN APPLICATION OR RENEWAL APPLICATION
42 FOR A CANNABIS ESTABLISHMENT, THE DEPARTMENT SHALL IMMEDIATELY
43 FORWARD A COPY OF EACH APPLICATION AND FIFTY PERCENT OF THE
44 REGISTRATION APPLICATION FEE TO THE LOCAL REGULATORY AUTHORITY
45 FOR THE LOCAL GOVERNMENT IN WHICH THE APPLICANT DESIRES TO

1 OPERATE THE CANNABIS ESTABLISHMENT, UNLESS THE LOCAL
2 GOVERNMENT HAS NOT DESIGNATED A LOCAL REGULATORY AUTHORITY.

3 D. WITHIN NINETY DAYS AFTER RECEIVING AN APPLICATION OR
4 RENEWAL APPLICATION, THE DEPARTMENT SHALL ISSUE AN ANNUAL
5 REGISTRATION TO THE APPLICANT UNLESS THE DEPARTMENT FINDS THE
6 APPLICANT IS NOT IN COMPLIANCE WITH THE RULES ADOPTED PURSUANT
7 TO THIS CHAPTER OR THE DEPARTMENT IS NOTIFIED BY THE RELEVANT
8 LOCAL GOVERNMENT THAT THE APPLICANT IS NOT IN COMPLIANCE WITH
9 LOCAL ORDINANCES AND RULES IN EFFECT AT THE TIME OF
10 APPLICATION.

11 E. IF A LOCAL GOVERNMENT ENACTS A LIMIT ON THE NUMBER
12 OF CANNABIS ESTABLISHMENTS AND A GREATER NUMBER OF APPLICANTS
13 SEEKS REGISTRATION, THE DEPARTMENT SHALL SOLICIT AND CONSIDER
14 INPUT FROM THE LOCAL REGULATORY AUTHORITY AS TO THE LOCAL
15 GOVERNMENT'S PREFERENCES FOR REGISTRATION.

16 F. ON DENIAL OF AN APPLICATION, THE DEPARTMENT SHALL
17 NOTIFY THE APPLICANT IN WRITING OF THE SPECIFIC REASON FOR THE
18 DENIAL.

19 G. EACH CANNABIS ESTABLISHMENT REGISTRATION SHALL
20 SPECIFY THE LOCATION WHERE THE CANNABIS ESTABLISHMENT WILL
21 OPERATE. A SEPARATE REGISTRATION IS REQUIRED FOR EACH
22 LOCATION AT WHICH A CANNABIS ESTABLISHMENT OPERATES.

23 H. CANNABIS ESTABLISHMENTS AND THE ACCOUNTS AND RECORDS
24 MAINTAINED AND CREATED BY CANNABIS ESTABLISHMENTS ARE SUBJECT
25 TO INSPECTION BY THE DEPARTMENT.

26 I. THE DEPARTMENT MAY CHARGE A REGISTRATION FEE TO
27 APPLICANTS FOR REGISTRATION UNDER THIS SECTION TO PAY FOR
28 STARTUP COSTS.

29 4-410. Local control

30 A. A LOCAL GOVERNMENT MAY PROHIBIT THE OPERATION OF
31 CANNABIS CULTIVATION FACILITIES, CANNABIS PRODUCT
32 MANUFACTURING FACILITIES, CANNABIS TESTING FACILITIES OR
33 RETAIL CANNABIS STORES BY ENACTING AN ORDINANCE OR BY A VOTER
34 INITIATIVE.

35 B. A LOCAL GOVERNMENT MAY ENACT ORDINANCES OR RULES
36 THAT DO NOT CONFLICT WITH THIS CHAPTER OR WITH RULES ADOPTED
37 PURSUANT TO THIS CHAPTER GOVERNING THE TIME, PLACE, MANNER AND
38 NUMBER OF CANNABIS ESTABLISHMENTS. A LOCAL GOVERNMENT MAY
39 ESTABLISH CIVIL PENALTIES FOR A VIOLATION OF AN ORDINANCE OR
40 RULE GOVERNING THE TIME, PLACE AND MANNER OF A CANNABIS
41 ESTABLISHMENT THAT OPERATES WITHIN THE LOCATION OF THAT LOCAL
42 GOVERNMENT.

43 C. A LOCAL GOVERNMENT MAY DESIGNATE A LOCAL REGULATORY
44 AUTHORITY THAT IS RESPONSIBLE FOR PROCESSING APPLICATIONS
45 SUBMITTED FOR A REGISTRATION TO OPERATE A CANNABIS

1 ESTABLISHMENT WITHIN THE BOUNDARIES OF THE LOCAL GOVERNMENT.
2 THE LOCAL GOVERNMENT MAY ALLOW THE LOCAL REGULATORY AUTHORITY
3 TO ISSUE SUCH REGISTRATIONS IF THE ISSUANCE BY THE LOCAL
4 GOVERNMENT BECOMES NECESSARY BECAUSE THE DEPARTMENT FAILS TO
5 ADOPT RULES PURSUANT TO THIS CHAPTER OR TO ACCEPT OR PROCESS
6 APPLICATIONS IN ACCORDANCE WITH THIS CHAPTER.

7 D. A LOCAL GOVERNMENT MAY ESTABLISH PROCEDURES FOR
8 ISSUING, SUSPENDING AND REVOKING A REGISTRATION IT ISSUES IN
9 ACCORDANCE WITH SUBSECTION F OR G OF THIS SECTION. THESE
10 PROCEDURES ARE SUBJECT TO ALL REQUIREMENTS OF TITLE 41,
11 CHAPTER 6.

12 E. A LOCAL GOVERNMENT MAY ESTABLISH A SCHEDULE OF
13 ANNUAL OPERATING, REGISTRATION AND APPLICATION FEES FOR
14 CANNABIS ESTABLISHMENTS. THE APPLICATION FEE IS DUE ONLY IF
15 AN APPLICATION IS SUBMITTED TO A LOCAL GOVERNMENT IN
16 ACCORDANCE WITH SUBSECTION F OF THIS SECTION AND A
17 REGISTRATION FEE IS DUE ONLY IF A REGISTRATION IS ISSUED BY A
18 LOCAL GOVERNMENT IN ACCORDANCE WITH SUBSECTION F OR G OF THIS
19 SECTION.

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

36 G. IF THE DEPARTMENT DOES NOT ADOPT RULES PURSUANT TO
37 THIS CHAPTER WITHIN NINETY DAYS AFTER THE EFFECTIVE DATE OF
38 THIS SECTION, AN APPLICANT MAY SUBMIT AN APPLICATION DIRECTLY
39 TO THE LOCAL REGULATORY AUTHORITY ONE YEAR AFTER THE EFFECTIVE
40 DATE OF THIS SECTION, AND THE LOCAL REGULATORY AUTHORITY MAY
41 ISSUE AN ANNUAL REGISTRATION TO THE APPLICANT.

42 H. A LOCAL REGULATORY AUTHORITY ISSUING A REGISTRATION
43 TO AN APPLICANT SHALL DO SO WITHIN NINETY DAYS AFTER RECEIPT
44 OF THE SUBMITTED OR RESUBMITTED APPLICATION UNLESS THE LOCAL
45 REGULATORY AUTHORITY FINDS AND NOTIFIES THE APPLICANT THAT THE

1 APPLICANT IS NOT IN COMPLIANCE WITH ORDINANCES AND RULES
2 ENACTED PURSUANT TO SUBSECTION B OF THIS SECTION IN EFFECT AT
3 THE TIME THE APPLICATION IS SUBMITTED TO THE LOCAL REGULATORY
4 AUTHORITY. THE LOCAL GOVERNMENT SHALL NOTIFY THE DEPARTMENT
5 IF AN ANNUAL REGISTRATION HAS BEEN ISSUED TO THE APPLICANT.

6 I. A REGISTRATION ISSUED BY A LOCAL GOVERNMENT IN
7 ACCORDANCE WITH SUBSECTION F OR G OF THIS SECTION HAS THE SAME
8 FORCE AND EFFECT AS A REGISTRATION ISSUED BY THE DEPARTMENT.
9 THE HOLDER OF SUCH A REGISTRATION IS NOT SUBJECT TO REGULATION
10 OR ENFORCEMENT BY THE DEPARTMENT DURING THE TERM OF THAT
11 REGISTRATION.

12 J. A SUBSEQUENT OR RENEWED REGISTRATION MAY BE ISSUED
13 UNDER SUBSECTION F OF THIS SECTION ON AN ANNUAL BASIS ONLY ON
14 RESUBMISSION TO THE LOCAL GOVERNMENT OF A NEW APPLICATION
15 SUBMITTED TO THE DEPARTMENT.

16 K. A SUBSEQUENT OR RENEWED REGISTRATION MAY BE ISSUED
17 UNDER SUBSECTION G OF THIS SECTION ON AN ANNUAL BASIS IF THE
18 DEPARTMENT HAS NOT ADOPTED RULES PURSUANT TO THIS CHAPTER
19 WITHIN NINETY DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION
20 AND AT LEAST NINETY DAYS BEFORE THE DATE ON WHICH THE
21 SUBSEQUENT OR RENEWED REGISTRATION WOULD BE EFFECTIVE OR IF
22 THE DEPARTMENT HAS ADOPTED RULES PURSUANT TO THIS CHAPTER BUT
23 HAS NOT, AT LEAST NINETY DAYS AFTER THE ADOPTION OF SUCH
24 RULES, ISSUED REGISTRATIONS PURSUANT TO THIS CHAPTER.

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

27 4-411. Employers; driving; minors; control of property
28 THIS CHAPTER:

29 1. DOES NOT REQUIRE AN EMPLOYER TO ALLOW OR ACCOMMODATE
30 THE USE, CONSUMPTION, POSSESSION, TRANSFER, DISPLAY,
31 TRANSPORTATION, SALE OR GROWING OF CANNABIS IN THE WORKPLACE
32 OR AFFECT THE ABILITY OF EMPLOYERS TO HAVE POLICIES
33 RESTRICTING THE USE OF CANNABIS BY EMPLOYEES.

34 2. DOES NOT ALLOW DRIVING UNDER THE INFLUENCE OF
35 CANNABIS OR SUPERSEDE LAWS RELATED TO DRIVING UNDER THE
36 INFLUENCE OF CANNABIS.

37 3. DOES NOT ALLOW THE TRANSFER OF CANNABIS, WITH OR
38 WITHOUT REMUNERATION, TO A PERSON WHO IS UNDER TWENTY-ONE
39 YEARS OF AGE.

40 4. DOES NOT PROHIBIT A PERSON, EMPLOYER, SCHOOL,
41 HOSPITAL, RECREATION OR YOUTH CENTER, CORRECTIONS FACILITY,
42 CORPORATION OR OTHER ENTITY THAT OCCUPIES, OWNS OR CONTROLS
43 PRIVATE PROPERTY FROM PROHIBITING OR OTHERWISE REGULATING THE
44 POSSESSION, CONSUMPTION, USE, DISPLAY, TRANSFER, DISTRIBUTION,

1 SALE, TRANSPORTATION OR GROWING OF CANNABIS ON OR IN THAT
2 PROPERTY.

3 4-412. Impact on medical marijuana law

4 THIS CHAPTER DOES NOT LIMIT ANY PRIVILEGE OR RIGHT OF A
5 MEDICAL MARIJUANA PATIENT, PRIMARY CAREGIVER OR MEDICAL
6 MARIJUANA DISPENSARY UNDER TITLE 36, CHAPTER 28.1.

7 4-413. Rulemaking

8 WITHIN NINE MONTHS AFTER THE EFFECTIVE DATE OF THIS
9 SECTION, THE DEPARTMENT SHALL ADOPT RULES NECESSARY TO
10 IMPLEMENT THIS CHAPTER. THESE RULES MAY NOT PROHIBIT THE
11 OPERATION OF CANNABIS ESTABLISHMENTS, EITHER EXPRESSLY OR
12 THROUGH RULES THAT MAKE THEIR OPERATION UNREASONABLY
13 IMPRACTICABLE. THESE RULES SHALL INCLUDE:

14 1. PROCEDURES FOR ISSUING, RENEWING, SUSPENDING AND
15 REVOKING A REGISTRATION TO OPERATE A CANNABIS ESTABLISHMENT,
16 WITH SUCH PROCEDURES SUBJECT TO ALL REQUIREMENTS OF TITLE 41,
17 CHAPTER 6.

18 2. A SCHEDULE OF APPLICATION, REGISTRATION AND RENEWAL
19 FEES. APPLICATION FEES MAY NOT EXCEED \$5,000, ADJUSTED
20 ANNUALLY FOR INFLATION, UNLESS THE DEPARTMENT DETERMINES THAT
21 A LARGER FEE IS NECESSARY TO CARRY OUT ITS RESPONSIBILITIES
22 UNDER THIS CHAPTER.

23 3. QUALIFICATIONS FOR REGISTRATION THAT ARE DIRECTLY
24 AND DEMONSTRABLY RELATED TO THE OPERATION OF A CANNABIS
25 ESTABLISHMENT.

26 4. SECURITY REQUIREMENTS FOR CANNABIS ESTABLISHMENTS,
27 INCLUDING THE TRANSPORTATION OF CANNABIS BY CANNABIS
28 ESTABLISHMENTS.

29 5. REQUIREMENTS TO PREVENT THE SALE OR DIVERSION OF
30 CANNABIS AND CANNABIS PRODUCTS TO PERSONS WHO ARE UNDER
31 TWENTY-ONE YEARS OF AGE.

32 6. LABELING REQUIREMENTS FOR CANNABIS AND CANNABIS
33 PRODUCTS THAT ARE SOLD OR DISTRIBUTED BY A CANNABIS
34 ESTABLISHMENT.

35 7. HEALTH AND SAFETY REGULATIONS AND STANDARDS FOR THE
36 MANUFACTURE OF CANNABIS PRODUCTS AND THE CULTIVATION OF
37 CANNABIS.

38 8. REASONABLE RESTRICTIONS ON THE ADVERTISING AND
39 DISPLAY OF CANNABIS AND CANNABIS PRODUCTS.

40 9. CIVIL PENALTIES FOR THE FAILURE TO COMPLY WITH RULES
41 ADOPTED PURSUANT TO THIS CHAPTER.

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

3 ARTICLE 10. TAX ON CANNABIS SALES AND TRANSFERS

4 42-5451. Definitions

5 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

6 1. "CANNABIS" HAS THE SAME MEANING PRESCRIBED IN
7 SECTION 4-401.

8 2. "CANNABIS CULTIVATION FACILITY" HAS THE SAME MEANING
9 PRESCRIBED IN SECTION 4-401.

10 3. "CANNABIS PRODUCT MANUFACTURING FACILITY" HAS THE
11 SAME MEANING PRESCRIBED IN SECTION 4-401.

12 4. "RETAIL CANNABIS STORE" HAS THE SAME MEANING
13 PRESCRIBED IN SECTION 4-401.

14 42-5452. Levy of tax

15 A. AN EXCISE TAX IS LEVIED ON THE SALE OR TRANSFER OF
16 CANNABIS BY A CANNABIS CULTIVATION FACILITY TO A RETAIL
17 CANNABIS STORE OR CANNABIS PRODUCT MANUFACTURING FACILITY,
18 REGARDLESS OF WHETHER THE RETAIL CANNABIS STORE OR CANNABIS
19 PRODUCT MANUFACTURING FACILITY IS LOCATED WITHIN OR OUTSIDE
20 THIS STATE.

21 B. EACH CANNABIS CULTIVATION FACILITY SHALL PAY THE TAX
22 AT THE RATE OF \$50 PER OUNCE OF CANNABIS SOLD OR TRANSFERRED
23 AND AT A PROPORTIONATE RATE FOR ANY LESSER OR GREATER QUANTITY
24 THAN ONE OUNCE.

25 C. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, THE
26 DEPARTMENT, BY RULE, MAY EXEMPT OR PRESCRIBE A LOWER RATE OF
27 TAX WITH RESPECT TO CERTAIN PARTS OF THE CANNABIS PLANT.

28 42-5453. Return and payment of tax; administration and
29 disposition of revenues

30 A. THE TAX IMPOSED UNDER THIS ARTICLE IS DUE AND
31 PAYABLE, TOGETHER WITH A RETURN STATEMENT PRESCRIBED BY THE
32 DEPARTMENT, FOR EACH MONTH ON OR BEFORE THE TWENTIETH DAY OF
33 THE SUCCEEDING MONTH. THE TAX IS DELINQUENT IF NOT RECEIVED
34 BY THE DEPARTMENT ON OR BEFORE THE LAST BUSINESS DAY OF THE
35 MONTH IN WHICH IT IS DUE AND PAYABLE. THE DEPARTMENT SHALL
36 ALLOW OR MAY REQUIRE THE PAYMENT AND RETURN STATEMENT TO BE
37 FILED ELECTRONICALLY.

38 B. THE MONTHLY RETURN STATEMENT SHALL INCLUDE AN
39 ACCOUNT OF THE QUANTITY OF CANNABIS THAT IS SOLD OR
40 TRANSFERRED BY THE CANNABIS CULTIVATION FACILITY AND THAT IS
41 SUBJECT TO TAX DURING THE TAX MONTH, INCLUDING:

42 1. THE TOTAL NUMBER OF OUNCES, INCLUDING FRACTIONAL
43 OUNCES, SOLD OR TRANSFERRED TO EACH RETAIL CANNABIS STORE AND
44 CANNABIS PRODUCT MANUFACTURING FACILITY DURING THE MONTH,

1 ITEMIZED IN THE CASE OF PARTS OF CANNABIS PLANTS THAT ARE
2 SUBJECT TO EXEMPTION OR LOWER TAX RATES.

3 2. THE NAME AND PHYSICAL ADDRESS OF EACH RETAIL
4 CANNABIS STORE AND CANNABIS PRODUCT MANUFACTURING FACILITY TO
5 WHICH THE CANNABIS IS SOLD OR TRANSFERRED.

6 3. THE WEIGHT, INCLUDING FRACTIONAL OUNCES, OF CANNABIS
7 THAT IS SOLD OR TRANSFERRED TO EACH RETAIL CANNABIS STORE AND
8 CANNABIS PRODUCT MANUFACTURING FACILITY.

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

13 1. FORTY PERCENT OF THE NET REVENUES TO THE STATE
14 GENERAL FUND.

15 2. FORTY PERCENT OF THE NET REVENUES IN A PUBLIC
16 EDUCATION GRANT PROGRAM FUND TO BE ADMINISTERED BY A TASK
17 FORCE, APPOINTED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION,
18 TO SOLICIT, RECEIVE, REVIEW AND EVALUATE APPLICATIONS AND
19 AWARD GRANTS.

20 3. TWENTY PERCENT OF THE NET REVENUES IN A DRUG
21 TREATMENT AND REHABILITATION PROGRAM FUND ADMINISTERED BY A
22 TASK FORCE, APPOINTED BY THE DIRECTOR OF THE DEPARTMENT OF
23 HEALTH SERVICES, TO SOLICIT, RECEIVE, REVIEW AND EVALUATE
24 APPLICATIONS AND AWARD GRANTS.

25 42-5454. Violations; civil penalties; revocation of
26 registration

27 A. A CANNABIS CULTIVATION FACILITY OR RETAIL CANNABIS
28 STORE THAT IS DELINQUENT IN PAYING THE TAX OR SUBMITTING A
29 RETURN STATEMENT UNDER THIS ARTICLE IS SUBJECT TO CIVIL
30 PENALTIES AS PROVIDED BY SECTION 42-1125.

31 B. IF A CANNABIS CULTIVATION FACILITY OR RETAIL
32 CANNABIS STORE FAILS TO PAY THE TAX OR FILE A RETURN STATEMENT
33 AS REQUIRED BY THIS ARTICLE, THE FACILITY'S OR STORE'S
34 REGISTRATION IS SUBJECT TO REVOCATION, ON NOTICE FROM THE
35 DEPARTMENT OF REVENUE TO THE LOCAL GOVERNMENT OR THE
36 DEPARTMENT OF LIQUOR LICENSES AND CONTROL, AS PROVIDED
37 PURSUANT TO SECTION 4-410, SUBSECTION D OR SECTION 4-413,
38 PARAGRAPH 1.

39 Sec. 3. Delayed repeal

40 This act is repealed from and after December 31, 2025.

41 Sec. 4. Purpose and findings

42 The legislature finds and declares that:

43 1. In the interest of allowing law enforcement to focus
44 on violent and property crimes and to enhance individual

1 freedom, the use of cannabis should be legal for persons who
2 are at least twenty-one years of age.

3 2. In the interest of the health and public safety of
4 our citizenry, the production and sale of cannabis should be
5 regulated so that:

6 (a) Individuals will have to show proof of age before
7 purchasing cannabis.

8 (b) Legitimate, taxpaying business people, and not
9 criminal actors, will conduct sales of cannabis.

10 (c) Cannabis sold by regulated businesses will be
11 labeled and subject to additional regulations to ensure that
12 consumers are informed and protected.

13 3. This act is not intended to diminish the right to
14 privacy.

15 4. This act does not propose or intend to require any
16 individual or entity to engage in any conduct that violates
17 federal law, to exempt any individual or entity from any
18 requirement of federal law or to pose any obstacle to federal
19 enforcement of federal law.

20 Sec. 5. Conforming legislation

21 The legislative council staff shall prepare proposed
22 legislation conforming the Arizona Revised Statutes to the
23 provisions of this act for consideration in the fifty-fifth
24 legislature, first regular session.

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