State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
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)
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 cannabis, is enacted to become valid as a law if approved by the voters and on proclamation of the Governor:

   AN ACT

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

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

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

   CHAPTER 4
   REGULATION OF CANNABIS
   ARTICLE 1. GENERAL PROVISIONS

   4-401. Definitions
   IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:
   1. "CANNABIS":
      (a) MEANS THE FOLLOWING SUBSTANCES UNDER WHATEVER NAMES AS MAY BE DESIGNATED:
         (i) THE RESIN EXTRACTED FROM ANY PART OF A PLANT OF THE GENUS CANNABIS, AND EVERY COMPOUND, MANUFACTURE, SALT, DERIVATIVE, MIXTURE OR PREPARATION OF SUCH PLANT, ITS SEEDS OR ITS RESIN.
         (ii) EVERY COMPOUND, MANUFACTURE, SALT, DERIVATIVE, MIXTURE OR PREPARATION OF SUCH RESIN OR TETRAHYDROCANNABINOL.
      (b) DOES NOT INCLUDE OIL OR CAKE MADE FROM THE SEEDS OF SUCH PLANT, ANY FIBER, COMPOUND, MANUFACTURE, SALT, DERIVATIVE, MIXTURE OR PREPARATION OF THE MATURE STALKS OF SUCH PLANT EXCEPT THE RESIN EXTRACTED FROM THE STALKS OR ANY FIBER, OIL OR CAKE OF THE STERILIZED SEED OF SUCH PLANT THAT IS INCAPABLE OF GERMINATION.
   2. "CANNABIS ACCESSORIES" MEANS ANY EQUIPMENT, PRODUCT OR MATERIAL OF ANY KIND THAT IS USED, INTENDED FOR USE OR DESIGNED FOR USE IN PLANTING, PROPAGATING, CULTIVATING, GROWING, HARVESTING, COMPOSTING, MANUFACTURING, COMPOUNDING, CONVERTING, PRODUCING, PROCESSING, PREPARING, TESTING, ANALYZING, PACKAGING, REPACKAGING, STORING, VAPORIZING OR CONTAINING CANNABIS, OR FOR INGESTING, INHALING OR OTHERWISE INTRODUCING CANNABIS INTO THE HUMAN BODY.
   3. "CANNABIS CULTIVATION FACILITY" MEANS AN ENTITY THAT IS REGISTERED TO CULTIVATE, PREPARE AND PACKAGE CANNABIS AND TO SELL CANNABIS TO RETAIL CANNABIS STORES, CANNABIS PRODUCT
MANUFACTURING FACILITIES AND OTHER CANNABIS CULTIVATION
FACILITIES, BUT NOT TO CONSUMERS.

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

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

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

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

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

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

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

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

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

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

4-402. Personal use of cannabis

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

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

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

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

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

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

4-403. Restrictions on personal cultivation; civil
penalty

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

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

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

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

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

4-404. Public consumption banned; civil penalty

A. IT IS UNLAWFUL TO CONSUME CANNABIS IN PUBLIC.

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

4-405. False identification; civil penalty

A. A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE MAY
NOT PRESENT OR OFFER TO A CANNABIS ESTABLISHMENT OR THE
CANNABIS ESTABLISHMENT’S AGENT OR EMPLOYEE ANY WRITTEN OR ORAL
EVIDENCE OF AGE THAT IS FALSE, FRAUDULENT OR NOT ACTUALLY THE
PERSON’S OWN, FOR THE PURPOSE OF EITHER:
1. PURCHASING, ATTEMPTING TO PURCHASE OR OTHERWISE PROCURING OR ATTEMPTING TO PROCURE CANNABIS OR CANNABIS PRODUCTS.

2. GAINING ACCESS TO A CANNABIS ESTABLISHMENT.

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

4-406. Cannabis accessories authorized

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

4-407. Lawful operation of cannabis establishments

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

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

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

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

4. PURCHASING CANNABIS FROM A CANNABIS CULTIVATION FACILITY.

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

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

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

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

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

3. RECEIVING CANNABIS FROM A CANNABIS TESTING FACILITY.

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

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

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

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

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

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

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

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

5. PURCHASING CANNABIS FROM A CANNABIS CULTIVATION FACILITY.

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

D. NOTWITHSTANDING ANY OTHER LAW, THE FOLLOWING ACTS, WHEN PERFORMED BY A CANNABIS TESTING FACILITY WITH A CURRENT, VALID REGISTRATION, OR BY A PERSON WHO IS AT LEAST TWENTY-ONE YEARS OF AGE AND WHO IS ACTING IN THE PERSON'S CAPACITY AS AN OWNER, EMPLOYEE OR AGENT OF A CANNABIS TESTING FACILITY, ARE LAWFUL AND ARE NOT AN OFFENSE UNDER THE LAWS OF THIS STATE OR A BASIS FOR SEIZURE OR FORFEITURE OF ASSETS UNDER THE LAWS OF THIS STATE:
1. Possessing, cultivating, processing, repackaging, storing, transporting, displaying, transferring or delivering cannabis.
2. Receiving cannabis or cannabis products from a cannabis cultivation facility, cannabis retail store, cannabis product manufacturing facility or person who is at least twenty-one years of age.
3. Returning cannabis or cannabis products to a cannabis cultivation facility, cannabis retail store, cannabis product manufacturing facility or person who is at least twenty-one years of age.
4. Notwithstanding any other law, it is lawful and is not an offense under the laws of this state or a basis for seizure or forfeiture of assets under the laws of this state to lease or otherwise allow the use of property owned, occupied or controlled by any person, corporation or other entity for any activity conducted lawfully in accordance with subsections a through d of this section.
5. This section does not prevent the imposition of penalties on cannabis establishments for violating this chapter or rules adopted by the department or local governments pursuant to this chapter.

4-408. Privacy protections

In order to ensure that individual privacy is protected, the department may not require:
1. A consumer to provide a retail cannabis store with personal information other than government-issued identification to determine the consumer's age.
2. A retail cannabis store to acquire and record personal information about consumers.

4-409. Cannabis establishment registrations; fee

A. Each applicant for a cannabis establishment shall submit an application or renewal application for a registration to operate a cannabis establishment to the department. A cannabis establishment may submit a renewal application up to ninety days before the expiration of the cannabis establishment's registration.

B. The department shall begin accepting and processing applications to operate cannabis establishments one year after the effective date of this section.

C. On receiving an application or renewal application for a cannabis establishment, the department shall immediately forward a copy of each application and fifty percent of the registration application fee to the local regulatory authority for the local government in which the applicant desires to
OPERATE THE CANNABIS ESTABLISHMENT, UNLESS THE LOCAL
GOVERNMENT HAS NOT DESIGNATED A LOCAL REGULATORY AUTHORITY.

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

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

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

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

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

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

4-410. Local control

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

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

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

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

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

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

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

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

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

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

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

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

4-411. Employers; driving; minors; control of property

THIS CHAPTER:

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

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

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

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

4-412. **Impact on medical marijuana law**

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

4-413. **Rulemaking**

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

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

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

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

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

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

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

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

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

9. CIVIL PENALTIES FOR THE FAILURE TO COMPLY WITH RULES ADOPTED PURSUANT TO THIS CHAPTER.
Sec. 2. Title 42, chapter 5, Arizona Revised Statutes, is amended by adding article 10, to read:

ARTICLE 10. TAX ON CANNABIS SALES AND TRANSFERS

42-5451. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

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

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

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

42-5452. Levy of tax

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 3. Delayed repeal
This act is repealed from and after December 31, 2025.

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

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

2. In the interest of the health and public safety of
our citizenry, the production and sale of cannabis should be
regulated so that:
   (a) Individuals will have to show proof of age before
       purchasing cannabis.
   (b) Legitimate, taxpaying business people, and not
       criminal actors, will conduct sales of cannabis.
   (c) Cannabis sold by regulated businesses will be
       labeled and subject to additional regulations to ensure that
       consumers are informed and protected.

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

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

Sec. 5. Conforming legislation

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

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.