AN ACT

AMENDING SECTION 36-2803, ARIZONA REVISED STATUTES; RELATING TO MEDICAL MARIJUANA.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

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

36-2803. Rulemaking; notice; testing of marijuana and marijuana products; fees

A. The department shall adopt rules:

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

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

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

4. Governing nonprofit medical marijuana dispensaries to protect against diversion and theft without imposing an undue burden on nonprofit medical marijuana dispensaries or compromising the confidentiality of cardholders, including:
   (a) The manner in which the department considers applications for and renewals of registration certificates.
   (b) Minimum oversight requirements for nonprofit medical marijuana dispensaries.
   (c) Minimum recordkeeping requirements for nonprofit medical marijuana dispensaries.
   (d) Minimum security requirements for nonprofit medical marijuana dispensaries, including requirements to protect each registered nonprofit medical marijuana dispensary location by a fully operational security alarm system.
   (e) Procedures for suspending or revoking the registration certificate of nonprofit medical marijuana dispensaries that violate this chapter or the rules adopted pursuant to this section.

5. Establishing application and renewal fees for registry identification cards, nonprofit medical marijuana dispensary registration certificates and independent third-party laboratory certificates, according to the following:
   (a) The total amount of all fees shall generate revenues that are sufficient to implement and administer this chapter, except that fee revenue may be offset or supplemented by private donations.
   (b) Nonprofit medical marijuana dispensary application fees may not exceed $5,000.
   (c) Nonprofit medical marijuana dispensary renewal fees may not exceed $1,000.
(d) The total amount of revenue generated from nonprofit medical marijuana dispensary application and renewal fees, registry identification card fees for nonprofit medical marijuana dispensary agents and independent third-party laboratory agents and application and renewal fees for independent third-party laboratories shall be sufficient to implement and administer this chapter, including the verification system, except that the fee revenue may be offset or supplemented by private donations.

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

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

B. The department of health services shall adopt rules that require each nonprofit medical marijuana dispensary to display in a conspicuous location a sign that warns pregnant women about the potential dangers to fetuses caused by smoking or ingesting marijuana while pregnant or to infants while breastfeeding and the risk of being reported to the department of child safety during pregnancy or at the birth of the child by persons who are required to report. The rules shall include the specific warning language that must be included on the sign. The cost and display of the sign required by rule shall be borne by the nonprofit medical marijuana dispensary. The rules shall also require each certifying physician to attest that the physician has provided information to each qualifying female patient that warns about the potential dangers to fetuses caused by smoking or ingesting marijuana while pregnant or to infants while breastfeeding and the risk of being reported to the department of child safety during pregnancy or at the birth of the child by persons who are required to report.

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

D. The department of health services shall post prominently on its public website a warning about the potential dangers to fetuses caused by smoking or ingesting marijuana while pregnant or to infants while breastfeeding and the risk of being reported to the department of child safety during pregnancy or at the birth of the child by persons who are required to report.

E. Beginning November 1, 2020, before selling or dispensing marijuana or marijuana products to registered qualified patients or registered designated caregivers, nonprofit medical marijuana dispensaries shall test marijuana and marijuana products for medical use to determine unsafe levels of microbial contamination, heavy metals, pesticides, herbicides, fungicides, growth regulators and residual solvents and confirm the potency of the marijuana to be dispensed. ONLY PESTICIDE PRODUCTS THAT ARE EXEMPT FROM FEDERAL REGULATION UNDER THE MINIMUM RISK
EXEMPTION REGULATIONS IN 40 CODE OF FEDERAL REGULATIONS SECTION 152.25(f) MAY BE USED IN CULTIVATING MARIJUANA FOR MEDICAL USE.

F. Beginning November 1, 2020, nonprofit medical marijuana dispensaries shall:
   1. Provide test results to a registered qualifying patient or designated caregiver immediately on request.
   2. Display in a conspicuous location a sign that notifies patients of their right to receive the certified independent third-party laboratory test results for marijuana and marijuana products for medical use.

G. The department shall adopt rules to certify and regulate independent third-party laboratories that analyze marijuana cultivated for medical use. The department shall establish certification fees for laboratories pursuant to subsection A of this section. In order to be certified as an independent third-party laboratory that is allowed to test marijuana and marijuana products for medical use pursuant to this chapter, an independent third-party laboratory:
   1. Must meet requirements established by the department, including reporting and health and safety requirements.
   2. May not have any direct or indirect familial or financial relationship with or interest in a nonprofit medical marijuana dispensary or related medical marijuana business entity or management company, or any direct or indirect familial or financial relationship with a designated caregiver for whom the laboratory is testing marijuana and marijuana products for medical use in this state.
   3. Must have a quality assurance program and standards.
   4. Must have an adequate chain of custody and sample requirement policies.
   5. Must have an adequate records retention process to preserve records.
   6. Must establish procedures to ensure that results are accurate, precise and scientifically valid before reporting the results.
   7. Must be accredited by a national or international accreditation association or other similar accrediting entity, as determined by the department.
   8. Must establish policies and procedures for disposal and reverse distribution of samples that are collected by the laboratory.

H. The department may conduct proficiency testing and remediate problems with independent third-party laboratories that are certified and regulated pursuant to this chapter. Remediation may include assessing civil penalties and suspending or revoking a laboratory's certification.

Sec. 2. Requirements for enactment; three-fourths vote

Pursuant to article IV, part 1, section 1, Constitution of Arizona, sections 36-2803, Arizona Revised Statutes, as amended by this act, is effective only on the affirmative vote of at least three-fourths of the members of each house of the legislature.