

Senate Engrossed  
marijuana; security.

State of Arizona  
Senate  
Fifty-fifth Legislature  
First Regular Session  
2021

**CHAPTER 394**  
**SENATE BILL 1842**

AN ACT

AMENDING SECTIONS 36-2850 AND 36-2854, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 28.2, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2854.01; AMENDING SECTION 36-2858, ARIZONA REVISED STATUTES; RELATING TO MARIJUANA.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Subject to the requirements of article IV, part 1,  
3 section 1, Constitution of Arizona, section 36-2850, Arizona Revised  
4 Statutes, is amended to read:

5 36-2850. Definitions

6 In this chapter, unless the context requires otherwise:

7 1. "Advertise," "advertisement" and "advertising" mean any public  
8 communication in any medium that offers or solicits a commercial  
9 transaction involving the sale, purchase or delivery of marijuana or  
10 marijuana products.

11 2. "Child-resistant" means designed or constructed to be  
12 significantly difficult for children under five years of age to open, and  
13 not difficult for normal adults to use properly.

14 3. "Consume," "consuming" and "consumption" mean the act of  
15 ingesting, inhaling or otherwise introducing marijuana into the human  
16 body.

17 4. "Consumer" means an individual who is at least twenty-one years  
18 of age and who purchases marijuana or marijuana products.

19 5. "Cultivate" and "cultivation" mean to propagate, breed, grow,  
20 prepare and package marijuana.

21 6. "Deliver" and "delivery" mean the transportation, transfer or  
22 provision of marijuana or marijuana products to a consumer at a location  
23 other than the designated retail location of a marijuana establishment.

24 7. "Department" means the department of health services or its  
25 successor agency.

26 8. ~~"Designated caregiver," "excluded felony offense," "independent  
27 third-party laboratory," "nonprofit medical marijuana dispensary,"  
28 "nonprofit medical marijuana dispensary agent," and "qualifying patient"  
29 have~~ HAS the same meanings MEANING prescribed in section 36-2801.

30 9. "Dual licensee" means an entity that holds both a nonprofit  
31 medical marijuana dispensary registration and a marijuana establishment  
32 license.

33 10. "Early applicant" means either of the following:

34 (a) An entity seeking to operate a marijuana establishment in a  
35 county with fewer than two registered nonprofit medical marijuana  
36 dispensaries.

37 (b) A nonprofit medical marijuana dispensary that is registered and  
38 in good standing with the department.

39 11. "Employee," "employer," "health care facility," and "places of  
40 employment" have the same meanings prescribed in the smoke-free Arizona  
41 act, section 36-601.01.

42 12. "EXCLUDED FELONY OFFENSE" HAS THE SAME MEANING PRESCRIBED IN  
43 SECTION 36-2801.

1           ~~12.~~ 13. "Good standing" means that a nonprofit medical marijuana  
2 dispensary is not the subject of a pending notice of intent to revoke  
3 issued by the department.

4           14. "INDEPENDENT THIRD-PARTY LABORATORY" HAS THE SAME MEANING  
5 PRESCRIBED IN SECTION 36-2801.

6           ~~13.~~ 15. "Industrial hemp" has the same meaning prescribed in  
7 section 3-311.

8           16. "LICENSEE" MEANS A PERSON THAT OBTAINS A LICENSE PURSUANT TO  
9 SECTION 36-2854.

10          ~~14.~~ 17. "Locality" means a city, town or county.

11          ~~15.~~ 18. "Manufacture" and "manufacturing" mean to compound, blend,  
12 extract, infuse or otherwise make or prepare a marijuana product.

13          ~~16.~~ 19. "Marijuana":

14           (a) Means all parts of the plant of the genus cannabis, whether  
15 growing or not, as well as the seeds from the plant, the resin extracted  
16 from any part of the plant, and every compound, manufacture, salt,  
17 derivative, mixture or preparation of the plant or its seeds or resin.

18           (b) Includes cannabis as defined in 13-3401.

19           (c) Does not include industrial hemp, the fiber produced from the  
20 stalks of the plant of the genus cannabis, oil or cake made from the seeds  
21 of the plant, sterilized seeds of the plant that are incapable of  
22 germination, or the weight of any other ingredient combined with marijuana  
23 to prepare topical or oral administrations, food, drink or other products.

24          ~~17.~~ 20. "Marijuana concentrate":

25           (a) Means resin extracted from any part of a plant of the genus  
26 cannabis and every compound, manufacture, salt, derivative, mixture or  
27 preparation of that resin or tetrahydrocannabinol.

28           (b) Does not include industrial hemp or the weight of any other  
29 ingredient combined with cannabis to prepare topical or oral  
30 administrations, food, drink or other products.

31          ~~18.~~ 21. "Marijuana establishment" means an entity THAT IS licensed  
32 by the department to operate all of the following:

33           (a) A single retail location at which the licensee may sell  
34 marijuana and marijuana products to consumers, cultivate marijuana and  
35 manufacture marijuana products.

36           (b) A single off-site cultivation location at which the licensee  
37 may cultivate marijuana, process marijuana and manufacture marijuana  
38 products, but from which marijuana and marijuana products may not be  
39 transferred or sold to consumers.

40           (c) A single off-site location at which the licensee may  
41 manufacture marijuana products and package and store marijuana and  
42 marijuana products, but from which marijuana and marijuana products may  
43 not be transferred or sold to consumers.

1           ~~19.~~ 22. "Marijuana facility agent" means a principal officer,  
2 board member or employee of a marijuana establishment or marijuana testing  
3 facility who is at least twenty-one years of age and WHO has not been  
4 convicted of an excluded felony offense.

5           ~~20.~~ 23. "Marijuana products" means marijuana concentrate and  
6 products that are composed of marijuana and other ingredients and that are  
7 intended for use or consumption, including edible products, ointments and  
8 tinctures.

9           ~~21.~~ 24. "Marijuana testing facility" means the department or  
10 another entity that is licensed by the department to analyze the potency  
11 of marijuana and test marijuana for harmful contaminants.

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

14           26. "NONPROFIT MEDICAL MARIJUANA DISPENSARY AGENT" HAS THE SAME  
15 MEANING PRESCRIBED IN SECTION 36-2801.

16           ~~22.~~ 27. "Open space" means a public park, public sidewalk, public  
17 walkway or public pedestrian thoroughfare.

18           ~~23.~~ 28. "Process" and "processing" mean to harvest, dry, cure,  
19 trim or separate parts of the marijuana plant.

20           ~~24.~~ 29. "Public place" has the same meaning prescribed in ~~the~~  
21 ~~smoke-free Arizona act~~, section 36-601.01.

22           30. "QUALIFYING PATIENT" HAS THE SAME MEANING PRESCRIBED IN SECTION  
23 36-2801.

24           ~~25.~~ 31. "Smoke" means to inhale, exhale, burn, carry or possess  
25 any lighted marijuana or lighted marijuana products, whether natural or  
26 synthetic.

27           Sec. 2. Subject to the requirements of article IV, part 1,  
28 section 1, Constitution of Arizona, section 36-2854, Arizona Revised  
29 Statutes, is amended to read:

30           36-2854. Rules; licensing; early applicants; fees; civil  
31 penalty; legal counsel

32           A. The department shall adopt rules to implement and enforce this  
33 chapter and regulate marijuana, marijuana products, marijuana  
34 establishments and marijuana testing facilities. Those rules shall  
35 include requirements for:

36           1. Licensing marijuana establishments and marijuana testing  
37 facilities, including conducting investigations and background checks to  
38 determine eligibility for licensing for marijuana establishment and  
39 marijuana testing facility applicants, except that:

40           (a) An application for a marijuana establishment license or  
41 marijuana testing facility license may not require the disclosure of the  
42 identity of any person who is entitled to a share of less than ten percent  
43 of the profits of an applicant that is a publicly traded corporation.

44           (b) The department may not issue more than one marijuana  
45 establishment license for every ten pharmacies that have registered under

1 section 32-1929, that have obtained a pharmacy permit from the Arizona  
2 board of pharmacy and that operate within this state.

3 (c) Notwithstanding subdivision (b) of this paragraph, the  
4 department may issue a marijuana establishment license to not more than  
5 two marijuana establishments per county that contains no registered  
6 nonprofit medical marijuana dispensaries, or one marijuana establishment  
7 license per county that contains one registered nonprofit medical  
8 marijuana dispensary. Any license issued pursuant to this subdivision  
9 shall be for a fixed county and may not be relocated outside of that  
10 county.

11 (d) The department shall accept applications for marijuana  
12 establishment licenses from early applicants beginning January 19, 2021  
13 through March 9, 2021. Not later than sixty days after receiving an  
14 application pursuant to this subdivision, the department shall issue a  
15 marijuana establishment license to each qualified early applicant. If the  
16 department has not adopted final rules pursuant to this section at the  
17 time marijuana establishment licenses are issued pursuant to this  
18 subdivision, licensees shall comply with the rules adopted by the  
19 department to implement chapter 28.1 of this title except those that are  
20 inconsistent with this chapter.

21 (e) After issuing marijuana establishment licenses to qualified  
22 early applicants, the department shall issue marijuana establishment  
23 licenses available under subdivisions (b) and (c) of this paragraph by  
24 random selection and according to rules adopted pursuant to this section.  
25 At least sixty days ~~prior to~~ BEFORE any random selection, the department  
26 shall prominently publicize the random selection on its website and  
27 through other means of general distribution intended to reach as many  
28 interested parties as possible and shall provide notice through an email  
29 notification system to which interested parties can subscribe.

30 (f) Notwithstanding subdivisions (b) and (c) of this paragraph, and  
31 ~~no~~ NOT later than six months after the department adopts final rules to  
32 implement a social equity ownership program pursuant to paragraph 9 of  
33 this subsection, the department shall issue twenty-six additional  
34 marijuana establishment licenses to entities that are qualified pursuant  
35 to the social equity ownership program.

36 (g) Licenses issued by the department to marijuana establishments  
37 and marijuana testing facilities shall be valid for a period of two years.

38 (h) BEGINNING THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION,  
39 THE DEPARTMENT MAY NOT ISSUE A MARIJUANA ESTABLISHMENT OR MARIJUANA  
40 TESTING FACILITY LICENSE TO AN APPLICANT WHO HAS AN OWNERSHIP INTEREST IN  
41 AN OUT-OF-STATE MARIJUANA ESTABLISHMENT OR MARIJUANA TESTING FACILITY, OR  
42 THE OTHER STATE'S EQUIVALENT, THAT HAS HAD ITS LICENSE REVOKED BY THE  
43 OTHER STATE.

1           2. Licensing fees and renewal fees for marijuana establishments and  
2 marijuana testing facilities in amounts that are reasonable and related to  
3 the actual cost of processing applications for licenses and renewals and  
4 that do not exceed five times the fees prescribed by the department to  
5 register or renew a nonprofit medical marijuana dispensary.

6           3. The security of marijuana establishments and marijuana testing  
7 facilities.

8           4. Marijuana establishments to safely cultivate, process and  
9 manufacture marijuana and marijuana products. NOT LATER THAN DECEMBER 31,  
10 2023, THE DEPARTMENT SHALL REQUIRE LICENSEES TO PROCURE, DEVELOP, ACQUIRE  
11 AND MAINTAIN A SYSTEM TO TRACK MARIJUANA AND MARIJUANA PRODUCTS AT ALL  
12 POINTS OF CULTIVATION, MANUFACTURING AND SALE. THE SYSTEM DEVELOPED AND  
13 MAINTAINED PURSUANT TO THIS PARAGRAPH SHALL:

14           (a) ENSURE AN ACCURATE ACCOUNTING AND REPORTING OF THE PRODUCTION,  
15 PROCESSING AND SALE OF MARIJUANA AND MARIJUANA PRODUCTS.

16           (b) ENSURE COMPLIANCE WITH RULES ADOPTED BY THE DEPARTMENT.

17           (c) BE CAPABLE OF TRACKING, AT A MINIMUM:

18           (i) THE PROPAGATION OF IMMATURE MARIJUANA PLANTS AND THE PRODUCTION  
19 OF MARIJUANA BY A MARIJUANA ESTABLISHMENT.

20           (ii) THE PROCESSING OF MARIJUANA AND MARIJUANA PRODUCTS BY A  
21 MARIJUANA ESTABLISHMENT.

22           (iii) THE SALE AND PURCHASE OF MARIJUANA AND MARIJUANA PRODUCTS  
23 BETWEEN LICENSEES.

24           (iv) THE TRANSFER OF MARIJUANA AND MARIJUANA PRODUCTS BETWEEN  
25 PREMISES FOR WHICH LICENSES HAVE BEEN ISSUED.

26           (v) THE DISPOSAL OF MARIJUANA WASTE.

27           (vi) THE IDENTITY OF THE PERSON MAKING THE ENTRY IN THE SYSTEM AND  
28 THE TIME, DATE AND LOCATION OF EACH ENTRY INTO THE SYSTEM, INCLUDING ANY  
29 CORRECTIONS OR CHANGES TO THAT INFORMATION.

30           (vii) ANY OTHER INFORMATION THAT THE DEPARTMENT DETERMINES IS  
31 REASONABLY NECESSARY TO ACCOMPLISH THE DUTIES, FUNCTIONS AND POWERS OF THE  
32 DEPARTMENT.

33           (d) CONTAIN A TRANSACTIONAL STAMP TO ENSURE ACCURACY, PROVIDE FOR  
34 CHAIN OF CUSTODY OF THE INFORMATION AND FORECLOSE TAMPERING OF THE DATA,  
35 HUMAN ERROR OR INTENTIONAL MISREPORTING.

36           5. Tracking, testing, labeling CONSISTENT WITH SECTION 36-2854.01  
37 and packaging marijuana and marijuana products, including requirements  
38 that marijuana and marijuana products be:

39           (a) Sold to consumers in clearly and conspicuously labeled  
40 containers that contain accurate warnings regarding the use of marijuana  
41 or marijuana products.

42           (b) Placed in child-resistant packaging on exit from a marijuana  
43 establishment.

1           6. Forms of government-issued identification that are acceptable by  
2 a marijuana establishment verifying a consumer's age and procedures  
3 related to verifying a consumer's age consistent with section 4-241.  
4 Until the department adopts final rules related to verifying a consumer's  
5 age, marijuana establishments shall comply with the proof of legal age  
6 requirements prescribed in section 4-241.

7           7. The potency of edible marijuana products that may be sold to  
8 consumers by marijuana establishments at reasonable levels upon  
9 consideration of industry standards, except that the rules:

10           (a) Shall limit the strength of edible marijuana products to ~~no~~ NOT  
11 more than ten milligrams of tetrahydrocannabinol per serving or one  
12 hundred milligrams of tetrahydrocannabinol per package.

13           (b) Shall require that if a marijuana product contains more than  
14 one serving, it must be delineated or scored into standard serving sizes  
15 and homogenized to ensure uniform disbursement throughout the marijuana  
16 product.

17           8. Ensuring the health, safety and training of employees of  
18 marijuana establishments and marijuana testing facilities.

19           9. The creation and implementation of a social equity ownership  
20 program to promote the ownership and operation of marijuana establishments  
21 and marijuana testing facilities by individuals from communities  
22 disproportionately impacted by the enforcement of previous marijuana laws.

23           10. REQUIRING MARIJUANA ESTABLISHMENTS TO DISPLAY IN A CONSPICUOUS  
24 LOCATION A SIGN THAT WARNS PREGNANT WOMEN ABOUT THE POTENTIAL DANGERS TO  
25 FETUSES CAUSED BY SMOKING OR INGESTING MARIJUANA WHILE PREGNANT OR TO  
26 INFANTS WHILE BREASTFEEDING AND THE RISK OF BEING REPORTED TO THE  
27 DEPARTMENT OF CHILD SAFETY DURING PREGNANCY OR AT THE BIRTH OF THE CHILD  
28 BY PERSONS WHO ARE REQUIRED TO REPORT. THE RULES SHALL INCLUDE THE  
29 SPECIFIC WARNING LANGUAGE THAT MUST BE INCLUDED ON THE SIGN. THE COST AND  
30 DISPLAY OF THE SIGN REQUIRED BY RULE SHALL BE BORNE BY THE MARIJUANA  
31 ESTABLISHMENT.

32           B. The department may:

33           1. Subject to title 41, chapter 6, article 10, deny any application  
34 submitted or deny, suspend or revoke, in whole or in part, any  
35 registration or license issued under this chapter if the registered or  
36 licensed party or an officer, agent or employee of the registered or  
37 licensed party does any of the following:

38           (a) Violates this chapter or any rule adopted pursuant to this  
39 chapter.

40           (b) Has been, is or may continue to be in substantial violation of  
41 the requirements for licensing or registration and, as a result, the  
42 health or safety of the general public is in immediate danger.

43           2. Subject to title 41, chapter 6, article 10, and unless another  
44 penalty is provided elsewhere in this chapter, assess a civil penalty  
45 against a person that violates this chapter or any rule adopted pursuant

1 to this chapter in an amount not to exceed \$1,000 for each violation.  
2 Each day a violation occurs constitutes a separate violation. The maximum  
3 amount of any assessment is \$25,000 for any thirty-day period. In  
4 determining the amount of a civil penalty assessed against a person, the  
5 department shall consider all of the factors set forth in section 36-2816,  
6 subsection H. All civil penalties collected by the department pursuant to  
7 this paragraph shall be deposited in the smart and safe Arizona fund  
8 established by section 36-2856.

9 3. At any time during regular hours of operation, visit and inspect  
10 a marijuana establishment, marijuana testing facility or dual licensee to  
11 determine if it complies with this chapter and rules adopted pursuant to  
12 this chapter. The department shall make at least one unannounced visit  
13 annually to each facility licensed pursuant to this chapter.

14 4. Adopt any other rules **THAT ARE** not expressly stated in this  
15 section **AND** that are necessary to ensure the safe and responsible  
16 cultivation, sale, processing, manufacture, testing and transport of  
17 marijuana and marijuana products.

18 C. Until the department adopts rules permitting and regulating  
19 delivery by marijuana establishments pursuant to subsection D of this  
20 section, delivery is unlawful under this chapter.

21 D. On or after January 1, 2023, the department may, and ~~it~~ **NOT**  
22 later than January 1, 2025 the department shall, adopt rules to permit and  
23 regulate delivery by marijuana establishments. The rules shall:

24 1. Require that delivery and the marijuana and marijuana products  
25 to be delivered originate from a designated retail location of a marijuana  
26 establishment and only after an order is made with the marijuana  
27 establishment by a consumer.

28 2. Prohibit delivery to any property owned or leased by the United  
29 States, this state, a political subdivision of this state or the Arizona  
30 board of regents.

31 3. Limit the amount of marijuana and marijuana products based on  
32 retail price that may be in a delivery vehicle during a single trip from  
33 the designated retail location of a marijuana establishment.

34 4. Prohibit extra or unallocated marijuana or marijuana products in  
35 delivery vehicles.

36 5. Require that deliveries be made only by marijuana facility  
37 agents in unmarked vehicles that are equipped with a global positioning  
38 system or similar location tracking system and video surveillance and  
39 recording equipment, and that contain a locked compartment in which  
40 marijuana and marijuana products must be stored.

41 6. Require delivery logs necessary to ensure compliance with this  
42 subsection and rules adopted pursuant to this subsection.

43 7. Require inspections to ensure compliance with this subsection  
44 and rules adopted pursuant to this subsection.



- 1           8. Include any other provisions necessary to ensure safe and  
2 restricted delivery.
- 3           9. Require dual licensees to comply with the rules adopted pursuant  
4 to this subsection.
- 5           E. Except as provided in subsection D of this section, the  
6 department may not permit delivery of marijuana or marijuana products  
7 under this chapter by any individual or entity. In addition to any other  
8 penalty imposed by law, an individual or entity that delivers marijuana or  
9 marijuana products in a manner that is not authorized by this chapter  
10 shall pay a civil penalty of \$20,000 per violation to the smart and safe  
11 Arizona fund established by section 36-2856. This subsection may be  
12 enforced by the attorney general.
- 13           F. All rules adopted by the department pursuant to this section  
14 shall be consistent with the purpose of this chapter.
- 15           G. The department may not adopt any rule that:
- 16           1. Prohibits the operation of marijuana establishments, either  
17 expressly or through requirements that make the operation of a marijuana  
18 establishment unduly burdensome.
- 19           2. Prohibits or interferes with the ability of a dual licensee to  
20 operate a marijuana establishment and a nonprofit medical marijuana  
21 dispensary at shared locations.
- 22           H. Notwithstanding section 41-192, the department may employ legal  
23 counsel and make an expenditure or incur an indebtedness for legal  
24 services for the purposes of:
- 25           1. Defending this chapter or rules adopted pursuant to this  
26 chapter.
- 27           2. Defending chapter 28.1 of this title or rules adopted pursuant  
28 to chapter 28.1 of this title.
- 29           I. The department shall deposit all license fees, application fees  
30 and renewal fees paid to the department pursuant to this chapter in the  
31 smart and safe Arizona fund established by section 36-2856.
- 32           J. On request, the department shall share with the department of  
33 revenue information regarding a marijuana establishment, marijuana testing  
34 facility or dual licensee, including its name, physical address,  
35 cultivation site and transaction privilege tax license number.
- 36           K. Notwithstanding any other law, the department may:
- 37           1. License an independent third-party laboratory to also operate as  
38 a marijuana testing facility.
- 39           2. Operate a marijuana testing facility.
- 40           L. The department shall maintain and publish a current list of all  
41 marijuana establishments and marijuana testing facilities by name and  
42 license number.
- 43           M. Notwithstanding any other law, the issuance of an occupational,  
44 professional or other regulatory license or certification to a person by a  
45 jurisdiction or regulatory authority outside this state does not entitle

1 that person to be issued a marijuana establishment license, a marijuana  
2 testing facility license, or any other license, registration or  
3 certification under this chapter.

4 Sec. 3. Subject to the requirements of article IV, part 1,  
5 section 1, Constitution of Arizona, title 36, chapter 28.2, Arizona  
6 Revised Statutes, is amended by adding section 36-2854.01, to read:

7 36-2854.01. Marijuana products; labeling; packaging

8 NOT LATER THAN DECEMBER 31, 2023, ANY MARIJUANA PRODUCT PACKAGING  
9 LABELED FOR SALE SHALL INCLUDE A CONSUMER SCANNABLE TETRAHYDROCANNABINOL  
10 QUICK RESPONSE CODE OR SIMILAR TECHNOLOGY LINKING TO A WEB PAGE THAT  
11 DISPLAYS ALL OF THE FOLLOWING FOR THE SPECIFIC MARIJUANA PRODUCT:

- 12 1. THE DATE OF HARVEST OF THE MARIJUANA.
- 13 2. THE TETRAHYDROCANNABINOL STRAIN OF THE MARIJUANA.
- 14 3. THE TETRAHYDROCANNABINOL EXTRACTION METHOD USED TO EXTRACT THE  
15 TETRAHYDROCANNABINOL FROM THE MARIJUANA.
- 16 4. A LABORATORY REPORT OF IMPURITIES CONTAINING AT LEAST HEAVY  
17 METALS AND AGROCHEMICALS.
- 18 5. THE DATE OF MANUFACTURE OF THE MARIJUANA PRODUCT.
- 19 6. THE DISTRIBUTION CHAIN, INCLUDING AT LEAST A POINT OF INTENDED  
20 SALE.
- 21 7. A WARNING THAT STATES, "USING MARIJUANA DURING PREGNANCY COULD  
22 CAUSE BIRTH DEFECTS OR OTHER HEALTH ISSUES TO YOUR UNBORN CHILD."

23 Sec. 4. Subject to the requirements of article IV, part 1, section  
24 1, Constitution of Arizona, section 36-2858, Arizona Revised Statutes, is  
25 amended to read:

26 36-2858. Lawful operation of marijuana establishments and  
27 marijuana testing facilities

28 A. Except as specifically and expressly provided in section 36-2857  
29 and notwithstanding any other law, it is lawful and is not an offense  
30 under the laws of this state or any locality, may not constitute the basis  
31 for detention, search or arrest, and may not constitute the sole basis for  
32 seizure or forfeiture of assets or the basis for imposing penalties under  
33 the laws of this state or any locality for:

- 34 1. A marijuana establishment, or an agent acting on behalf of a  
35 marijuana establishment, to:
  - 36 (a) Possess marijuana or marijuana products.
  - 37 (b) Purchase, sell or transport marijuana and marijuana products to  
38 or from a marijuana establishment.
  - 39 (c) Sell marijuana and marijuana products to consumers, except that  
40 a marijuana establishment may not sell more than one ounce of marijuana to  
41 a consumer in a single transaction, not more than five grams of which may  
42 be in the form of marijuana concentrate.
  - 43 (d) Cultivate, produce, test or process marijuana or manufacture  
44 marijuana or marijuana products by any means, including chemical  
45 extraction or chemical synthesis.

1           2. An agent acting on behalf of a marijuana establishment to sell  
2 or otherwise transfer marijuana to an individual under twenty-one years of  
3 age, if the agent reasonably verified that the individual appeared to be  
4 twenty-one years of age or older by means of a government-issued  
5 photographic identification in compliance with rules adopted pursuant to  
6 section 36-2854, subsection A, paragraph 6.

7           3. A marijuana testing facility, or an agent acting on behalf of a  
8 marijuana testing facility, to obtain, possess, process, repackage,  
9 transfer, transport or test marijuana and marijuana products.

10          4. A nonprofit medical marijuana dispensary or a marijuana  
11 establishment, or an agent acting on behalf of a nonprofit medical  
12 marijuana dispensary or a marijuana establishment, to sell or otherwise  
13 transfer marijuana or marijuana products to a nonprofit medical marijuana  
14 dispensary, a marijuana establishment or an agent acting on behalf of a  
15 nonprofit medical marijuana dispensary or a marijuana establishment.

16          5. Any individual, corporation or other entity to sell, lease or  
17 otherwise allow property or goods that are owned, managed or controlled by  
18 the individual, corporation or other entity to be used for any activity  
19 authorized by this chapter, or to provide services to a marijuana  
20 establishment, or marijuana testing facility or agent acting on behalf of  
21 a marijuana establishment or marijuana testing facility in connection with  
22 any activity authorized by this chapter.

23          B. This section does not preclude the department from imposing  
24 penalties against a marijuana establishment or marijuana testing facility  
25 for failing to comply with this chapter or rules adopted pursuant to this  
26 chapter.

27          C. A marijuana establishment may be owned or operated by a publicly  
28 traded company.

29          D. Notwithstanding any other law, a dual licensee:

30           1. May hold a marijuana establishment license and operate a  
31 marijuana establishment pursuant to this chapter.

32           2. May operate on a for-profit basis if the dual licensee promptly  
33 notifies the department and department of revenue and takes any actions  
34 necessary to enable its for-profit operation, including converting its  
35 corporate form and amending its organizational and operating documents.

36           3. Must continue to hold both its marijuana establishment license  
37 and nonprofit medical marijuana dispensary registration, regardless of any  
38 change in ownership of the dual licensee, unless it terminates its status  
39 as a dual licensee and forfeits either its marijuana establishment license  
40 or nonprofit medical marijuana dispensary registration by notifying the  
41 department of such a termination and forfeiture.

42           4. ~~May~~ **IS** not ~~be~~ required to:

43           (a) Employ or contract with a medical director.

1 (b) Obtain nonprofit medical marijuana dispensary agent or  
2 marijuana facility agent registrations for outside vendors that do not  
3 have regular, unsupervised access to the interior of the dual ~~licensee~~  
4 ~~LICENSEE'S PREMISES~~.

5 (c) Have a single secure entrance as required by section 36-2806,  
6 subsection C, but may be required to implement appropriate security  
7 measures to deter and prevent the theft of marijuana and to reasonably  
8 regulate customer access to the premises.

9 (d) Comply with any other provision of chapter 28.1 of this title  
10 or any rule adopted pursuant to chapter 28.1 of this title that makes its  
11 operation as a dual licensee unduly burdensome.

12 E. Notwithstanding any other law, a dual licensee that elects to  
13 operate on a for-profit basis pursuant to subsection D, paragraph 2 of  
14 this section:

15 1. Is subject to the taxes imposed pursuant to title 43.

16 2. Is not required to submit its annual financial statements or an  
17 audit report to the department for purposes of renewing its nonprofit  
18 medical marijuana dispensary registration.

19 F. Notwithstanding any other law, a dual licensee must conduct both  
20 of the following operations at a shared location:

21 1. Sell marijuana and marijuana products to consumers pursuant to  
22 this chapter.

23 2. Dispense marijuana to registered qualifying patients and  
24 registered designated caregivers pursuant to chapter 28.1 of this title.

25 G. Notwithstanding chapter 28.1 of this title or any rule adopted  
26 pursuant to chapter 28.1 of this title, a dual licensee may engage in any  
27 act, practice, conduct or transaction allowed for a marijuana  
28 establishment by this chapter.

29 H. Notwithstanding any other law:

30 1. An individual may be an applicant, principal officer or board  
31 member of more than one marijuana establishment or more than one dual  
32 licensee regardless of the establishment's location.

33 2. Two or more marijuana establishments or dual licensees may  
34 designate a single off-site location as prescribed in section 36-2850,  
35 paragraph ~~18~~ 21, subdivision (c) to be jointly used by those dual  
36 licensees or marijuana establishments.

37 I. Marijuana establishments, marijuana testing facilities and dual  
38 licensees that are subject to applicable federal or state  
39 antidiscrimination laws may not pay their employees differently based  
40 solely on a protected class status such as sex, race, color, religion,  
41 national origin, age or disability. This subsection does not expand or  
42 modify the jurisdictional reach, provisions or requirements of any  
43 applicable ~~anti-discrimination~~ ANTIDISCRIMINATION law.

1           Sec. 5. Department of health services; rulemaking exemption

2           Subject to the requirements of article IV, part 1, section 1,  
3 Constitution of Arizona, for the purposes of this act, the department of  
4 health services is exempt from the rulemaking requirements of title 41,  
5 chapters 6 and 6.1, Arizona Revised Statutes, for six months after the  
6 effective date of this act, except that the department shall provide the  
7 public at least thirty days to comment on the proposed rules.

8           Sec. 6. Requirements for enactment; three-fourths vote

9           Pursuant to article IV, part 1, section 1, Constitution of Arizona,  
10 this act is effective only on the affirmative vote of at least  
11 three-fourths of the members of each house of the legislature.

APPROVED BY THE GOVERNOR JUNE 30, 2021.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 30, 2021.