

Senate Engrossed
marijuana; security.

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

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.