



ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR H.B. 2050

~~telecommunications fund; report; posting~~
(NOW: licensing; marijuana establishments)

Purpose

An emergency measure that requires the Department of Health Services (DHS) to determine whether there are any counties with no nonprofit medical marijuana dispensaries and to accept applications and issue dispensary registration certificates in those counties. Expands DHS marijuana testing requirements. Contains requirements for enactment for initiatives and referendums (Proposition 105).

Background

In 2010, Arizona voters approved the Arizona Medical Marijuana Act to establish a regulatory system, overseen by DHS, that allows a dispensary to dispense a permissible amount of medical marijuana to a qualifying patient or the qualifying patient's designated caregiver ([A.R.S. Title 36, Chapter 28.1](#)). In 2020, Arizona voters approved the Smart and Safe Arizona Act which legalized the sale and use of recreational marijuana to Arizonans who are at least 21 years of age ([A.R.S. Title 36, Chapter 28.2](#)).

Licenses for both medical and recreational marijuana are issued by DHS and are valid for a period of two years. The total number of authorized recreational marijuana dispensaries in the state is limited to 1 for every 10 registered pharmacies. However, DHS may issue up to two recreational marijuana licenses in excess of this limit for each county without an established medical marijuana dispensary or one additional license in each county with only one medical marijuana dispensary. Additionally, medical marijuana dispensaries may seek dual licensure through DHS as a recreational and medical marijuana dispensary. These licensees must comply with the rules outlined for all marijuana establishments ([A.R.S. § 36-2854](#)).

Nonprofit medical marijuana dispensary agent and *marijuana facility agent* mean a principal officer, board member, employee or volunteer of a medical marijuana dispensary or a recreational marijuana establishment who is at least 21 years of age and has not been convicted of an excluded felony offense (A.R.S. §§ [36-2801](#) and [36-2850](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

Recreational and Medical Dispensary Licenses

1. Allows, beginning October 1, 2022:
 - a) a recreational marijuana licensee to apply for a nonprofit medical marijuana dispensary registration certificate to become a dual licensee if the licensee notifies DHS and pays the applicable fee; and

- b) a nonprofit medical marijuana dispensary licensee to apply for a nonprofit medical marijuana dispensary registration certificate to become a dual licensee if the licensee notifies DHS and pays the applicable fee.
2. Requires DHS to approve each qualified applicant on submittal of a completed application and application fee.
3. Requires, by 21 days after the effective date of this legislation, DHS to determine:
 - a) the number of recreational marijuana establishment licenses that are available to be issued; and
 - b) whether there are any counties in the state with no medical marijuana dispensaries in operation.
4. Requires, beginning 22 days after the effective date of this legislation and for the following 30 days, DHS to accept and process applications for new nonprofit medical marijuana dispensary registration certificates from applicants that pay the applicable fee meet both of the following criteria:
 - a) DHS stipulated or admitted that the applicant delivered an application for a nonprofit medical marijuana dispensary registration certificate on or after January 1, 2017; and
 - b) the applicant sought a registration certificate for a facility located in a county with no medical marijuana dispensary or a location in which there is no medical marijuana dispensary within 25 miles.
5. Prohibits an individual from being an applicant, principal officer or board member on more than five applications for medical marijuana dispensary certificate.
6. Requires DHS to accept applications and issue medical marijuana registration certificates in any county without a registered medical marijuana dispensary during the period of December 1, 2022, through December 31, 2022.

Marijuana Testing

7. Requires the Arizona Biomedical Research Centre within DHS to provide \$5 million annually for five years in competitive grants for marijuana clinical trials, using monies from the Smart and Safe Arizona Fund, the Medical Marijuana Fund or a combination of both.
8. Asserts that complaints relating to an independent third-party lab, marijuana testing facility, medical marijuana dispensary or recreational marijuana establishment are available to the public, unless requested by the complainant.
9. Allows DHS, unless prohibited by state or federal law, to disclose complaint information to an officer of the court under court order, to a state or federal department or agency, or to a county medical examiner if the disclosure is necessary and pertinent to an investigation or proceeding.
10. Directs a recipient of a marijuana testing-related complaint to maintain confidentiality of the complainant's name.

11. Requires DHS, effective January 1, 2024, to contract with a third party to collect random samples of marijuana products for sale at medical and recreational dispensaries to confirm that the certified test results match the products being sold.
12. Allows the DHS third-party contractor to collect, possess and test samples of marijuana and marijuana products.
13. Prohibits the DHS third-party contractor from being charged with possession of marijuana collected for purposes of the contract.
14. Requires nonprofit medical marijuana dispensaries to separate marijuana products and each specific lot of cultivated marijuana into one batch before testing, which must consist of only one strain.
15. Requires marijuana samples provided to a third-party laboratory for testing to all be derived from the same batch.
16. Directs third-party laboratories conducting marijuana testing, within five days of completing testing, to upload the laboratory-approved certificate of analysis to DHS's online portal.
17. Requires nonprofit medical marijuana dispensaries to assign each batch a unique batch number that must be:
 - a) documented and maintained by the cultivation site or nonprofit medical marijuana dispensary for at least two years and be available to DHS on request;
 - b) provided to the to the third-party laboratory for testing; and
 - c) included on the batch label.
18. Prohibits unique dispensary batch numbers from being reused.
19. Requires nonprofit medical marijuana dispensaries to provide their registration certificate number and marijuana test batch numbers to the third-party laboratory when conducting testing.
20. Requires, beginning January 1, 2023, DHS to require certified independent third-party laboratories to conduct marijuana proficiency testing through a nationally or internationally accredited provider.
21. Requires marijuana third-party laboratory certificates of analysis to be available through a QR code printed on all marijuana product packaging.

Miscellaneous

22. Waives the medicinal marijuana card application fee for veterans who have been honorably discharged from service and have been an Arizona resident for at least one year.
23. Exempts DHS from statutory rulemaking requirements for one year for purposes of implementing this legislation.
24. Makes technical changes.

25. Requires for enactment the affirmative vote of at least three-fourths of the members of each house of the Legislature (Proposition 105).

26. Becomes effective on signature of the Governor, if the emergency clause is enacted.

Amendments Adopted by Committee

- Adopted the strike-everything amendment.

Amendments Adopted by Committee of the Whole

1. Delays various DHS administrative and dispensary licensing requirements.
2. Requires DHS to accept and process new medical marijuana dispensary applications for any applicant that DHS stipulated or admitted to having applied for a medical dispensary certificate since January 1, 2017.
3. Prohibits an individual from being an applicant, principal officer or board member on more than five applications for medical marijuana dispensary certificate.
4. Requires the Arizona Biomedical Research Centre within DHS to provide \$5 million annually for five years in competitive grants for marijuana clinical trials, using monies from the Smart and Safe Arizona Fund, the Medical Marijuana Fund or a combination of both.
5. Asserts that complaints relating to an independent third-party lab, marijuana testing facility, medical marijuana dispensary or recreational marijuana establishment are available to the public, unless requested by the complainant.
6. Outlines parties DHS may disclose complaint information to.
7. Requires DHS, effective January 1, 2024, to contract with a third party to collect random samples of marijuana products for sale at medical and recreational dispensaries to confirm that the certified test results match the products being sold.
8. Allows the DHS third-party contractor to collect, possess and test samples of marijuana and marijuana products without being charged with possession of marijuana.
9. Removes the requirement that medical marijuana dispensary registration certificates issued to applicants who applied on the grounds that the applicant previously applied for registration in a county or area with no medical dispensary be:
 - a) issued only to marijuana facility agents or nonprofit medical dispensary agents; and
 - b) considered issued to an early applicant that may apply for and receive a recreational marijuana establishment license.
10. Requires nonprofit medical marijuana dispensaries to separate marijuana products and each specific lot of cultivated marijuana into one batch before testing, which must consist of only one strain.
11. Requires marijuana samples provided to a third-party laboratory for testing to all be derived from the same batch.

12. Directs third-party laboratories conducting marijuana testing, within five days of completing testing, to upload the laboratory-approved certificate of analysis to DHS's online portal.
13. Requires nonprofit medical marijuana dispensaries to assign each batch a unique batch number, to be used one time only.
14. Requires nonprofit medical marijuana dispensaries to provide their registration certificate number and marijuana test batch numbers to the third-party laboratory when conducting testing.
15. Requires, beginning January 1, 2023, DHS to require certified independent third-party laboratories to conduct marijuana proficiency testing through a nationally or internationally accredited provider.
16. Waives the medicinal marijuana card application fee for veterans who have been honorably discharged from service and have been an Arizona resident for at least one year.
17. Requires marijuana third-party laboratory certificates of analysis to be available through a QR code printed on all marijuana product packaging.

Senate Action

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Prepared by Senate Research

June 14, 2022

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