

Senate Engrossed House Bill

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

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

HOUSE BILL 2050

AN ACT

AMENDING SECTIONS 36-2801, 36-2801.01, 36-2803, 36-2803.01, 36-2804.02, 36-2804.05, 36-2817, 36-2822, 36-2854, 36-2854.01 AND 36-2856, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 28.2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 36-2866 AND 36-2867; 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 36-2801, Arizona Revised
4 Statutes, is amended to read:

5 36-2801. Definitions

6 In this chapter, unless the context otherwise requires:

7 1. "Allowable amount of marijuana":

8 (a) With respect to a qualifying patient, means:

9 (i) Two and one-half ounces of usable marijuana.

10 (ii) If the qualifying patient's registry identification card
11 states that the qualifying patient is authorized to cultivate marijuana,
12 twelve marijuana plants contained in an enclosed, locked facility, except
13 that the plants are not required to be in an enclosed, locked facility if
14 the plants are being transported because the qualifying patient is moving.

15 (b) With respect to a designated caregiver, for each patient
16 assisted by the designated caregiver under this chapter, means:

17 (i) Two and one-half ounces of usable marijuana.

18 (ii) If the designated caregiver's registry identification card
19 provides that the designated caregiver is authorized to cultivate
20 marijuana, twelve marijuana plants contained in an enclosed, locked
21 facility, except that the plants are not required to be in an enclosed,
22 locked facility if the plants are being transported because the designated
23 caregiver is moving.

24 (c) Does not include marijuana that is incidental to medical use,
25 but is not usable marijuana.

26 2. "BATCH" MEANS ALL OF THE FOLLOWING:

27 (a) WHEN REFERRING TO CULTIVATED MARIJUANA, A SPECIFIC LOT OF
28 STRAIN-SPECIFIC MARIJUANA THAT IS GROWN FROM ONE OR MORE SEEDS OR
29 CUTTINGS, THAT IS CULTIVATED USING THE SAME GROWING PRACTICES AND THAT IS
30 HARVESTED AT THE SAME LOCATION AT THE SAME TIME AND CURED UNDER SIMILAR
31 CONDITIONS.

32 (b) WHEN REFERRING TO MARIJUANA PRODUCTS, A SPECIFIC AMOUNT OF A
33 MARIJUANA PRODUCT THAT IS INFUSED, MANUFACTURED, EXTRACTED OR PREPARED FOR
34 SALE FROM THE SAME SET OF INGREDIENTS AND THAT MAY INCLUDE A COMBINATION
35 OF MULTIPLE STRAINS.

36 (c) WHEN REFERRING TO THE TESTING OF CULTIVATED MARIJUANA BY AN
37 INDEPENDENT THIRD-PARTY LABORATORY, AN AMOUNT THAT IS DERIVED FROM A BATCH
38 OF CULTIVATED MARIJUANA THAT IS PREPARED AND DELIVERED TO THE INDEPENDENT
39 THIRD-PARTY LABORATORY AT THE SAME TIME FOR TESTING.

40 (d) WHEN REFERRING TO THE TESTING OF MARIJUANA PRODUCTS BY AN
41 INDEPENDENT THIRD-PARTY LABORATORY, A SET OF MARIJUANA PRODUCTS THAT IS
42 INFUSED, MANUFACTURED, EXTRACTED OR PREPARED FOR SALE FROM THE SAME SET OF
43 INGREDIENTS AND THAT IS PREPARED AND DELIVERED TO THE INDEPENDENT
44 THIRD-PARTY LABORATORY AT THE SAME TIME FOR TESTING.

1 ~~2.~~ 3. "Cardholder" means a qualifying patient, a designated
2 caregiver, a nonprofit medical marijuana dispensary agent or a independent
3 third-party laboratory agent who has been issued and possesses a valid
4 registry identification card.

5 4. "CULTIVATION SITE" MEANS THE LOCATION WHERE MARIJUANA MAY BE
6 CULTIVATED, INFUSED OR PREPARED FOR SALE BY AND FOR A NONPROFIT MEDICAL
7 MARIJUANA DISPENSARY.

8 ~~3.~~ 5. "Debilitating medical condition" means one or more of the
9 following:

10 (a) Cancer, glaucoma, positive status for human immunodeficiency
11 virus, acquired immune deficiency syndrome, hepatitis C, amyotrophic
12 lateral sclerosis, Crohn's disease or agitation of Alzheimer's disease or
13 the treatment of these conditions.

14 (b) A chronic or debilitating disease or medical condition or its
15 treatment that produces one or more of the following:

16 (i) Cachexia or wasting syndrome.

17 (ii) Severe and chronic pain.

18 (iii) Severe nausea.

19 (iv) Seizures, including those characteristic of epilepsy.

20 (v) Severe and persistent muscle spasms, including those
21 characteristic of multiple sclerosis.

22 (c) Any other medical condition or its treatment added by the
23 department pursuant to section 36-2801.01.

24 ~~4.~~ 6. "Department" means the department of health services or its
25 successor agency.

26 ~~5.~~ 7. "Designated caregiver" means a person who:

27 (a) Is at least twenty-one years of age.

28 (b) Has agreed to assist with a patient's medical use of marijuana.

29 (c) Has not been convicted of an excluded felony offense.

30 (d) Assists not more than five qualifying patients with the medical
31 use of marijuana.

32 (e) May receive reimbursement for actual costs incurred in
33 assisting a registered qualifying patient's medical use of marijuana if
34 the registered designated caregiver is connected to the registered
35 qualifying patient through the department's registration process. The
36 designated caregiver may not be paid any fee or compensation for service
37 as a caregiver. Payment for costs under this subdivision does not
38 constitute an offense under title 13, chapter 34 or under title 36,
39 chapter 27, article 4.

40 ~~6.~~ 8. "Enclosed, locked facility" means a closet, room, greenhouse
41 or other enclosed area that is equipped with locks or other security
42 devices that ~~permit~~ ALLOW access only by a cardholder.

1 ~~7.~~ 9. "Excluded felony offense" means:
2 (a) A violent crime as defined in section 13-901.03, subsection B,
3 that was classified as a felony in the jurisdiction where the person was
4 convicted.
5 (b) A violation of a state or federal controlled substance law that
6 was classified as a felony in the jurisdiction where the person was
7 convicted but does not include:
8 (i) An offense for which the sentence, including any term of
9 probation, incarceration or supervised release, was completed ten or more
10 years earlier.
11 (ii) An offense involving conduct that would be immune from arrest,
12 prosecution or penalty under section 36-2811, except that the conduct
13 occurred before December 14, 2010 or was prosecuted by an authority other
14 than the state of Arizona.
15 ~~8.~~ 10. "Independent third-party laboratory" means an entity that
16 has a national or international accreditation and that is certified by the
17 department to analyze marijuana cultivated for medical use.
18 ~~9.~~ 11. "Independent third-party laboratory agent" means an owner,
19 employee or volunteer of a certified independent third-party laboratory
20 who is at least twenty-one years of age and who has not been convicted of
21 an excluded felony offense.
22 ~~10.~~ 12. "Marijuana" means all parts of any plant of the genus
23 cannabis, whether growing or not, and the seeds of such A plant.
24 ~~11.~~ 13. "Medical use" means the acquisition, possession,
25 cultivation, manufacture, use, administration, delivery, transfer or
26 transportation of marijuana or paraphernalia relating to the
27 administration of marijuana to treat or alleviate a registered qualifying
28 patient's debilitating medical condition or symptoms associated with the
29 patient's debilitating medical condition.
30 ~~12.~~ 14. "Nonprofit medical marijuana dispensary" means a
31 not-for-profit entity that acquires, possesses, cultivates, manufactures,
32 delivers, transfers, transports, supplies, sells or dispenses marijuana or
33 related supplies and educational materials to cardholders. A nonprofit
34 medical marijuana dispensary may receive payment for all expenses incurred
35 in its operation.
36 ~~13.~~ 15. "Nonprofit medical marijuana dispensary agent" means a
37 principal officer, board member, employee or volunteer of a nonprofit
38 medical marijuana dispensary who is at least twenty-one years of age and
39 has not been convicted of an excluded felony offense.
40 ~~14.~~ 16. "Physician" means a doctor of medicine who holds a valid
41 and existing license to practice medicine pursuant to title 32, chapter 13
42 or its successor, a doctor of osteopathic medicine who holds a valid and
43 existing license to practice osteopathic medicine pursuant to title 32,
44 chapter 17 or its successor, a naturopathic physician who holds a valid
45 and existing license to practice naturopathic medicine pursuant to

1 title 32, chapter 14 or its successor or a homeopathic physician who holds
2 a valid and existing license to practice homeopathic medicine pursuant to
3 title 32, chapter 29 or its successor.

4 ~~15.~~ 17. "Qualifying patient" means a person who has been diagnosed
5 by a physician as having a debilitating medical condition.

6 ~~16.~~ 18. "Registry identification card" means a document issued by
7 the department that identifies a person as a registered qualifying
8 patient, a registered designated caregiver, a registered nonprofit medical
9 marijuana dispensary agent or a registered independent third-party
10 laboratory agent.

11 19. "STRAIN" MEANS MARIJUANA THAT HAS THE SAME PHENOTYPE, CULTIVAR
12 OR PHYSIOLOGICAL MAKEUP.

13 ~~17.~~ 20. "Usable marijuana":

14 (a) Means the dried flowers of the marijuana plant, and any mixture
15 or preparation thereof.

16 (b) Does not include:

17 (i) The seeds, stalks and roots of the plant.

18 (ii) The weight of any non-marijuana ingredients combined with
19 marijuana and prepared for consumption as food or drink.

20 ~~18.~~ 21. "Verification system" means a secure, password-protected,
21 web-based system that is established and maintained by the department and
22 that is available to law enforcement personnel and nonprofit medical
23 marijuana dispensary agents on a twenty-four-hour basis for verifying
24 registry identification cards.

25 ~~19.~~ 22. "Visiting qualifying patient" means a person:

26 (a) Who is not a resident of Arizona or who has been a resident of
27 Arizona less than thirty days.

28 (b) Who has been diagnosed with a debilitating medical condition by
29 a person who is licensed with authority to prescribe drugs to humans in
30 the state of the person's residence or, in the case of a person who has
31 been a resident of Arizona less than thirty days, the state of the
32 person's former residence.

33 ~~20.~~ 23. "Written certification" means a document dated and signed
34 by a physician, stating that in the physician's professional opinion the
35 patient is likely to receive therapeutic or palliative benefit from the
36 medical use of marijuana to treat or alleviate the patient's debilitating
37 medical condition or symptoms associated with the debilitating medical
38 condition. The physician must:

39 (a) Specify the qualifying patient's debilitating medical condition
40 in the written certification.

41 (b) Sign and date the written certification only in the course of a
42 physician-patient relationship after the physician has completed a full
43 assessment of the qualifying patient's medical history.

1 Sec. 2. Subject to the requirements of article IV, part 1,
2 section 1, Constitution of Arizona, section 36-2801.01, Arizona Revised
3 Statutes, is amended to read:

4 36-2801.01. Addition of debilitating medical conditions

5 The public may petition the department to add debilitating medical
6 conditions or treatments to the list of debilitating medical conditions
7 set forth in section 36-2801, paragraph ~~3~~ 5. The department shall
8 consider petitions in the manner required by department rule, including
9 public notice and hearing. The department shall approve or deny a
10 petition within ~~one-hundred-eighty~~ ONE HUNDRED EIGHTY days ~~of~~ AFTER its
11 submission. The approval or denial of a petition is a final decision of
12 the department subject to judicial review pursuant to title 12, chapter 7,
13 article 6. Jurisdiction and venue are vested in the superior court.

14 Sec. 3. Subject to the requirements of article IV, part 1,
15 section 1, Constitution of Arizona, section 36-2803, Arizona Revised
16 Statutes, is amended to read:

17 36-2803. Rulemaking; notice; testing of marijuana and
18 marijuana products; batches; batch numbers; fees

19 A. The department shall adopt rules:

20 1. Governing the manner in which the department considers petitions
21 from the public to add debilitating medical conditions or treatments to
22 the list of debilitating medical conditions set forth in section 36-2801,
23 paragraph ~~3~~ 5, including public notice of, and an opportunity to comment
24 in a public hearing on, petitions.

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

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

29 4. Governing nonprofit medical marijuana dispensaries to protect
30 against diversion and theft without imposing an undue burden on nonprofit
31 medical marijuana dispensaries or compromising the confidentiality of
32 cardholders, including:

33 (a) The manner in which the department considers applications for
34 and renewals of registration certificates.

35 (b) Minimum oversight requirements for nonprofit medical marijuana
36 dispensaries.

37 (c) Minimum recordkeeping requirements for nonprofit medical
38 marijuana dispensaries.

39 (d) Minimum security requirements for nonprofit medical marijuana
40 dispensaries, including requirements to protect each registered nonprofit
41 medical marijuana dispensary location by a fully operational security
42 alarm system.

43 (e) Procedures for suspending or revoking the registration
44 certificate of nonprofit medical marijuana dispensaries that violate this
45 chapter or the rules adopted pursuant to this section.

1 5. Establishing application and renewal fees for registry
2 identification cards, nonprofit medical marijuana dispensary registration
3 certificates and independent third-party laboratory certificates,
4 according to the following:

5 (a) The total amount of all fees shall generate revenues that are
6 sufficient to implement and administer this chapter, except that fee
7 revenue may be offset or supplemented by private donations.

8 (b) Nonprofit medical marijuana dispensary application fees may not
9 exceed \$5,000.

10 (c) Nonprofit medical marijuana dispensary renewal fees may not
11 exceed \$1,000.

12 (d) The total amount of revenue generated from nonprofit medical
13 marijuana dispensary application and renewal fees, registry identification
14 card fees for nonprofit medical marijuana dispensary agents and
15 independent third-party laboratory agents and application and renewal fees
16 for independent third-party laboratories shall be sufficient to implement
17 and administer this chapter, including the verification system, except
18 that the fee revenue may be offset or supplemented by private donations.

19 (e) The department may establish a sliding scale of patient
20 application and renewal fees that are based on a qualifying patient's
21 household income and that are reasonable and related to the actual costs
22 of processing applications and renewals.

23 (f) The department may consider private donations under section
24 36-2817 to reduce application and renewal fees.

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

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

44 D. The department of health services shall post prominently on its
45 public website a warning about the potential dangers to fetuses caused by

1 smoking or ingesting marijuana while pregnant or to infants while
2 breastfeeding and the risk of being reported to the department of child
3 safety during pregnancy or at the birth of the child by persons who are
4 required to report.

5 E. Before selling or dispensing marijuana or marijuana products to
6 registered qualified patients or registered designated caregivers,
7 nonprofit medical marijuana dispensaries shall test marijuana and
8 marijuana products for medical use to determine unsafe levels of
9 contamination, including unsafe levels of microbial contamination, heavy
10 metals, pesticides, fungicides, growth regulators and residual solvents
11 and confirm the potency of the marijuana to be dispensed. The dried
12 flowers of the marijuana plant are not required to be tested for residual
13 solvents. If a nonprofit medical marijuana dispensary's test results for
14 heavy metals comply with the prescribed requirements for a period of six
15 consecutive months, heavy metal testing for that dispensary's marijuana
16 and marijuana products is required only on a quarterly basis.

17 F. A NONPROFIT MEDICAL MARIJUANA DISPENSARY MUST SEPARATE EACH
18 SPECIFIC LOT OF CULTIVATED MARIJUANA INTO ONE BATCH BEFORE TESTING THE
19 MARIJUANA IN ACCORDANCE WITH SUBSECTION E OF THIS SECTION. EACH BATCH
20 MUST CONSIST OF ONLY ONE STRAIN OF CULTIVATED MARIJUANA. A NONPROFIT
21 MEDICAL MARIJUANA DISPENSARY MUST SEPARATE MARIJUANA PRODUCTS INTO ONE
22 BATCH BEFORE TESTING THE MARIJUANA PRODUCTS IN ACCORDANCE WITH SUBSECTION
23 E OF THIS SECTION. THE SAMPLE THAT IS PROVIDED TO AN INDEPENDENT
24 THIRD-PARTY LABORATORY TO COMPLY WITH THE TESTING REQUIREMENTS IN
25 SUBSECTION E OF THIS SECTION MUST BE DERIVED FROM THE SAME BATCH.

26 G. AN INDEPENDENT THIRD-PARTY LABORATORY THAT CONDUCTS TESTING IN
27 ACCORDANCE WITH SUBSECTION E OF THIS SECTION SHALL UPLOAD TO THE
28 DEPARTMENT'S ONLINE PORTAL WITHIN FIVE CALENDAR DAYS AFTER COMPLETING THE
29 TESTING THE LABORATORY-APPROVED CERTIFICATE OF ANALYSIS THAT PROVIDES THE
30 DETAILS OF THE LABORATORY TEST RESULTS THAT WERE CONDUCTED IN ACCORDANCE
31 WITH SUBSECTION E OF THIS SECTION.

32 H. A NONPROFIT MEDICAL MARIJUANA DISPENSARY SHALL ASSIGN EACH BATCH
33 A UNIQUE BATCH NUMBER. EACH UNIQUE BATCH NUMBER SHALL BE ALL OF THE
34 FOLLOWING:

35 1. DOCUMENTED AND MAINTAINED IN THE CULTIVATION SITE OR NONPROFIT
36 MEDICAL MARIJUANA DISPENSARY RECORDS FOR AT LEAST TWO YEARS AND BE
37 AVAILABLE TO THE DEPARTMENT ON REQUEST.

38 2. PROVIDED TO THE INDEPENDENT THIRD-PARTY LABORATORY FOR
39 CONDUCTING TESTING IN ACCORDANCE WITH SUBSECTION E OF THIS SECTION.

40 3. INCLUDED ON THE BATCH LABEL.

41 I. A NONPROFIT MEDICAL MARIJUANA DISPENSARY MAY NOT REUSE A UNIQUE
42 BATCH NUMBER.

43 J. A NONPROFIT MEDICAL MARIJUANA DISPENSARY SHALL PROVIDE THE
44 NONPROFIT MEDICAL MARIJUANA DISPENSARY'S REGISTRATION CERTIFICATE NUMBER

1 AND THE UNIQUE BATCH NUMBER TO THE INDEPENDENT THIRD-PARTY LABORATORY WHEN
2 CONDUCTING TESTING IN ACCORDANCE WITH SUBSECTION E OF THIS SECTION.

3 ~~F.~~ K. Nonprofit medical marijuana dispensaries shall:

4 1. Provide test results to a registered qualifying patient or
5 designated caregiver immediately on request.

6 2. Display in a conspicuous location a sign that notifies patients
7 of their right to receive the certified independent third-party laboratory
8 test results for marijuana and marijuana products for medical use.

9 ~~G.~~ L. The department shall adopt rules to certify and regulate
10 independent third-party laboratories that analyze marijuana cultivated for
11 medical use. The department shall establish certification fees for
12 laboratories pursuant to subsection A of this section. In order to be
13 certified as an independent third-party laboratory that is allowed to test
14 marijuana and marijuana products for medical use pursuant to this chapter,
15 an independent third-party laboratory:

16 1. Must meet requirements established by the department, including
17 reporting and health and safety requirements.

18 2. May not have any direct or indirect familial or financial
19 relationship with or interest in a nonprofit medical marijuana dispensary
20 or related medical marijuana business entity or management company, or any
21 direct or indirect familial or financial relationship with a designated
22 caregiver for whom the laboratory is testing marijuana and marijuana
23 products for medical use in this state.

24 3. Must have a quality assurance program and standards.

25 4. Must have an adequate chain of custody and sample requirement
26 policies.

27 5. Must have an adequate records retention process to preserve
28 records.

29 6. Must establish procedures to ensure that results are accurate,
30 precise and scientifically valid before reporting the results.

31 7. Must be accredited by a national or international accreditation
32 association or other similar accrediting entity, as determined by the
33 department.

34 8. Must establish policies and procedures for disposal and reverse
35 distribution of samples that are collected by the laboratory.

36 ~~H.~~ M. Through December 31, 2022, the department may conduct
37 proficiency testing and remediate problems with independent third-party
38 laboratories that are certified and regulated pursuant to this chapter and
39 marijuana testing facilities that are licensed and regulated pursuant to
40 chapter 28.2 of this title.

41 ~~I.~~ N. Beginning January 1, 2023, the department shall ~~conduct~~
42 ~~proficiency testing and remediate problems with~~ REQUIRE independent
43 third-party laboratories that are certified and regulated pursuant to this
44 chapter and marijuana testing facilities that are licensed and regulated
45 pursuant to chapter 28.2 of this title TO CONDUCT PROFICIENCY TESTING THAT

1 IS COMMERCIALY AVAILABLE BY CONTRACTING WITH A PROFICIENCY TESTING
2 PROVIDER THAT HAS NATIONAL OR INTERNATIONAL ACCREDITATION. THE DEPARTMENT
3 SHALL SUPERVISE REMEDIATION AS NEEDED. ~~The department may contract for~~
4 ~~proficiency testing with laboratories that have a national or~~
5 ~~international accreditation.~~

6 ~~J.~~ O. For the purposes of subsections ~~H~~ M and ~~I~~ N of this
7 section, remediation may include assessing civil penalties and suspending
8 or revoking a laboratory's certification or a marijuana testing facility's
9 license.

10 ~~K.~~ P. The department shall adopt rules that prescribe reasonable
11 time frames for testing marijuana and marijuana products.

12 Sec. 4. Subject to the requirements of article IV, part 1,
13 section 1, Constitution of Arizona, section 36-2803.01, Arizona Revised
14 Statutes, is amended to read:

15 36-2803.01. New dispensary registration certificates;
16 issuance; priority; requirements; definition

17 A. ~~Beginning on April 1, 2020,~~ The department shall issue all new
18 nonprofit medical marijuana dispensary registration certificates in the
19 following order of priority based on the dispensary's geographic area as
20 described in the registration certificate application:

21 1. The geographic area had a registered nonprofit medical marijuana
22 dispensary move from the geographic area and the geographic area is at
23 least twenty-five miles from another dispensary that has been issued a
24 dispensary registration certificate.

25 2. The geographic area is at least twenty-five miles from another
26 dispensary that has been issued a dispensary registration certificate.

27 3. According to rule, ~~if~~ there are no dispensary registration
28 certificate applications as described in paragraph 1 or 2 of this
29 subsection.

30 B. If the department receives multiple applications as described in
31 subsection A, paragraph 1 of this section from previously approved
32 nonprofit medical marijuana dispensary locations, the department shall
33 approve the certificate for the application that serves the most
34 qualifying patients within five miles of the proposed dispensary location.
35 If the department receives multiple applications as described in
36 subsection A, paragraph 2 of this section or if there are no applications
37 from previously approved dispensary locations, the department may issue
38 the registration certificate by random drawing.

39 C. A nonprofit medical marijuana dispensary that receives a
40 registration certificate pursuant to subsection A, paragraph 1 or 2 of
41 this section ~~on or after April 1, 2020~~ must open the dispensary at the
42 approved location within eighteen months after the application is approved
43 or the registration certificate becomes invalid.

1 D. A nonprofit medical marijuana dispensary that is issued a
2 registration certificate pursuant to subsection A, paragraph 1 or 2 of
3 this section may relocate only as follows:

4 1. If the dispensary is located within a city or town, only within
5 that city or town.

6 2. If the dispensary is located within an unincorporated area, only
7 within the unincorporated area of the county where the dispensary is
8 located but not within twenty-five miles from another dispensary that has
9 been issued a dispensary registration certificate.

10 E. ON OR BEFORE TWENTY-ONE DAYS AFTER THE EFFECTIVE DATE OF THIS
11 SECTION, THE DEPARTMENT SHALL DETERMINE BOTH:

12 1. THE NUMBER OF MARIJUANA ESTABLISHMENT LICENSES PURSUANT TO
13 SECTION 36-2854 THAT ARE AVAILABLE TO BE ISSUED.

14 2. WHETHER THERE ARE ANY COUNTIES IN THIS STATE IN WHICH THERE ARE
15 NO REGISTERED NONPROFIT MEDICAL MARIJUANA DISPENSARIES OPERATING.

16 F. DURING THE PERIOD BEGINNING TWENTY-TWO DAYS AFTER THE EFFECTIVE
17 DATE OF THIS SECTION FOR THE FOLLOWING THIRTY DAYS, THE DEPARTMENT SHALL
18 ACCEPT AND PROCESS APPLICATIONS FOR NEW NONPROFIT MEDICAL MARIJUANA
19 DISPENSARY REGISTRATION CERTIFICATES FROM APPLICANTS THAT PAY THE
20 APPLICABLE FEE AND TO WHICH BOTH OF THE FOLLOWING APPLY:

21 1. THE DEPARTMENT STIPULATED OR ADMITTED THAT THE APPLICANT
22 DELIVERED AN APPLICATION TO THE DEPARTMENT FOR A NONPROFIT MEDICAL
23 MARIJUANA DISPENSARY REGISTRATION CERTIFICATE ON OR AFTER JANUARY 1, 2017.

24 2. THE APPLICANT SOUGHT A REGISTRATION CERTIFICATE FOR A FACILITY
25 LOCATED IN EITHER:

26 (a) A COUNTY WHERE, AT THE TIME OF APPLICATION, THERE WAS NO
27 REGISTERED NONPROFIT MEDICAL MARIJUANA DISPENSARY.

28 (b) A LOCATION WHERE, AT THE TIME OF APPLICATION, THERE WAS NOT A
29 REGISTERED NONPROFIT MEDICAL MARIJUANA DISPENSARY LOCATED WITHIN
30 TWENTY-FIVE MILES.

31 G. AN INDIVIDUAL MAY NOT BE AN APPLICANT, PRINCIPAL OFFICER OR
32 BOARD MEMBER ON MORE THAN FIVE APPLICATIONS FOR A NONPROFIT MEDICAL
33 MARIJUANA DISPENSARY REGISTRATION CERTIFICATE THAT ARE SUBMITTED PURSUANT
34 TO SUBSECTION F OF THIS SECTION.

35 H. IF THERE ARE ANY REMAINING COUNTIES IN THIS STATE WITHOUT A
36 REGISTERED NONPROFIT MEDICAL MARIJUANA DISPENSARY THAT HAS BEEN ISSUED A
37 REGISTRATION CERTIFICATE AFTER THE IMPLEMENTATION OF THIS SECTION AND
38 SECTION 36-2854, DURING THE PERIOD BEGINNING DECEMBER 1, 2022 THROUGH
39 DECEMBER 31, 2022, THE DEPARTMENT SHALL ACCEPT APPLICATIONS TO REGISTER
40 NONPROFIT MEDICAL MARIJUANA DISPENSARIES AND ISSUE REGISTRATION
41 CERTIFICATES IN THOSE REMAINING COUNTIES.

42 ~~E~~ I. For the purposes of this section, "geographic area" means a
43 city, town or unincorporated area of a county.

1 Sec. 5. Subject to the requirements of article IV, part 1,
2 section 1, Constitution of Arizona, section 36-2804.02, Arizona Revised
3 Statutes, is amended to read:

4 36-2804.02. Registration of qualifying patients and
5 designated caregivers; fee waiver

6 A. A qualifying patient may apply to the department for a registry
7 identification card by submitting:

8 1. Written certification issued by a physician within ~~the~~ ninety
9 days immediately preceding the date of application.

10 2. The application fee.

11 3. An application, including:

12 (a) **THE** name, mailing address, residence address and date of birth
13 of the qualifying patient, except that if the applicant is homeless no
14 address is required.

15 (b) **THE** name, address and telephone number of the qualifying
16 patient's physician.

17 (c) **THE** name, address and date of birth of the qualifying patient's
18 designated caregiver, if any.

19 (d) A statement signed by the qualifying patient pledging not to
20 divert marijuana to anyone who is not allowed to possess marijuana
21 pursuant to this chapter.

22 (e) A signed statement from the designated caregiver, if any,
23 agreeing to be the patient's designated caregiver and pledging not to
24 divert marijuana to anyone who is not allowed to possess marijuana
25 pursuant to this chapter.

26 (f) A designation as to who will be allowed to cultivate marijuana
27 plants for the qualifying patient's medical use if a registered nonprofit
28 medical marijuana dispensary is not operating within twenty-five miles of
29 the qualifying patient's home.

30 B. The application for a qualifying patient's registry
31 identification card shall ask whether the patient would like the
32 department to notify ~~him~~ **THE PATIENT** of any clinical studies needing human
33 subjects for research on the medical use of marijuana. The department
34 shall notify interested patients if it is notified of studies that will be
35 conducted in the United States.

36 **C. A VETERAN OF THE ARMED FORCES OF THE UNITED STATES WHO HAS BEEN**
37 **HONORABLY DISCHARGED AND WHO HAS BEEN A RESIDENT OF THIS STATE FOR AT**
38 **LEAST ONE YEAR IS EXEMPT FROM THE APPLICATION FEE PRESCRIBED BY SUBSECTION**
39 **A OF THIS SECTION.**

40 Sec. 6. Subject to the requirements of article IV, part 1,
41 section 1, Constitution of Arizona, section 36-2804.05, Arizona Revised
42 Statutes, is amended to read:

43 36-2804.05. Denial of registry identification card; notification

44 A. The department may deny an application or renewal of a
45 qualifying patient's registry identification card only if the applicant:

1 1. Does not meet the ~~requirements~~ REQUIREMENT of section 36-2801,
2 paragraph ~~15~~ 17.
3 2. Does not provide the information required.
4 3. Previously had a registry identification card revoked for
5 violating this chapter.
6 4. Provides false information.
7 B. The department may deny an application or renewal of a
8 designated caregiver's registry identification card if the applicant:
9 1. Does not meet the requirements of section 36-2801, paragraph
10 ~~5~~ 7.
11 2. Does not provide the information required.
12 3. Previously had a registry identification card revoked for
13 violating this chapter.
14 4. Provides false information.
15 C. The department may deny a registry identification card to a
16 nonprofit medical marijuana dispensary agent if:
17 1. The agent applicant does not meet the requirements of section
18 36-2801, paragraph ~~13~~ 15.
19 2. The applicant or dispensary did not provide the required
20 information.
21 3. The agent applicant previously had a registry identification
22 card revoked for violating this chapter.
23 4. The applicant or dispensary provides false information.
24 D. The department may conduct a criminal records check of each
25 designated caregiver or nonprofit medical marijuana dispensary agent
26 applicant to carry out this section.
27 E. The department shall notify the registered nonprofit medical
28 marijuana dispensary in writing of the reason for denying a registry
29 identification card to a nonprofit medical marijuana dispensary agent.
30 F. The department shall notify the qualifying patient in writing of
31 the reason for denying a registry identification card to the qualifying
32 patient's designated caregiver.
33 G. Denial of an application or renewal is considered a final
34 decision of the department subject to judicial review pursuant to title
35 12, chapter 7, article 6. Jurisdiction and venue for judicial review are
36 vested in the superior court.
37 Sec. 7. Subject to the requirements of article IV, part 1,
38 section 1, Constitution of Arizona, section 36-2817, Arizona Revised
39 Statutes, is amended to read:
40 36-2817. Medical marijuana fund; private donations; fund
41 transfers; use of monies
42 A. The medical marijuana fund is established consisting of fees
43 collected, civil penalties imposed and private donations received under
44 this chapter. The department shall administer the fund. Monies in the
45 fund are continuously appropriated.

1 B. The director of the department may accept and spend private
2 grants, gifts, donations, contributions and devises to assist in carrying
3 out this chapter.

4 C. Monies in the medical marijuana fund may be used to provide
5 grants for marijuana clinical trials conducted pursuant to section
6 36-2822.

7 D. Monies in the medical marijuana fund do not revert to the state
8 general fund at the end of a fiscal year.

9 E. On November 30, 2020, the director of the department shall
10 transfer the following sums from the medical marijuana fund for the
11 following purposes:

12 1. \$15,000,000 to the Arizona teachers academy fund established by
13 section 15-1655.

14 2. \$10,000,000 to the department to fund the formation and
15 operation of councils, commissions and programs dedicated to improving
16 public health, including teen suicide prevention, the maternal mortality
17 review program, improving youth health, substance abuse prevention,
18 addressing adverse childhood experiences, the Arizona poison control
19 system established pursuant to section 36-1161, the Arizona health
20 improvement plan, the child fatality review team established pursuant to
21 section 36-3501 and the chronic pain self management program.

22 3. \$10,000,000 to the governor's office of highway safety to
23 distribute grants for the following purposes:

24 (a) Reducing impaired driving, including conducting training
25 programs and purchasing equipment for detecting, testing and enforcing
26 laws against driving, flying or boating while impaired.

27 (b) Equipment, training and personnel costs for dedicated traffic
28 enforcement.

29 4. \$2,000,000 to the department to implement, carry out and enforce
30 chapter 28.2 of this title.

31 5. \$4,000,000 to the department to distribute grants to qualified
32 nonprofit entities that will provide outreach to individuals who may be
33 eligible to file petitions for expungement pursuant to section 36-2862 and
34 will assist with the expungement petition process. The department shall
35 distribute grants pursuant to this paragraph on or before June 30, 2021.

36 6. \$2,000,000 to the department of health services to develop and
37 implement, in conjunction with the department of economic security and
38 other state agencies, a social equity ownership program to promote the
39 ownership and operation of marijuana establishments and marijuana testing
40 facilities by individuals from communities disproportionately impacted by
41 the enforcement of previous marijuana laws. For the purposes of this
42 paragraph, "marijuana establishment" and "marijuana testing facility" have
43 the same meanings prescribed in section 36-2850.

1 7. \$1,000,000 to the department to fund programs and grants to
2 qualified nonprofit organizations for education and community outreach
3 related to chapter 28.2 of this title.

4 8. \$1,000,000 to the smart and safe Arizona fund established by
5 section 36-2856.

6 F. After all costs incurred to implement, carry out and enforce
7 this chapter and the rules adopted pursuant to this chapter are paid for
8 fiscal year 2021-2022, the department shall transfer from the medical
9 marijuana fund the following sums for the following purposes:

10 1. \$1,250,000 to the department for suicide prevention.

11 2. \$1,250,000 to the Arizona health care cost containment system
12 for suicide prevention.

13 3. \$2,000,000 to the institute for mental health research for
14 research to improve mental health services, research and education in this
15 state.

16 4. \$2,000,000 to the department for the primary care provider loan
17 repayment program and the rural private primary care provider loan
18 repayment program established by chapter 21 of this title. The department
19 shall prioritize rural providers in the areas of mental health care and
20 behavioral health care if feasible and appropriate.

21 5. \$2,000,000 to the board of medical student loans for the
22 purposes of title 15, chapter 13, article 7. The board shall prioritize
23 students who intend to practice in the area of psychiatry or other areas
24 of practice that treat mental illness if feasible and appropriate.

25 6. \$5,000,000 to county public health departments, in proportion to
26 the population of each county, for the purposes of addressing important
27 public health issues and communities affected by drug addiction and
28 incarceration.

29 7. \$1,000,000 to the department for the health care directives
30 registry established pursuant to section 36-3291.

31 G. Monies transferred pursuant to subsection F of this section do
32 not revert to the state general fund.

33 H. The director shall make a onetime transfer of \$250,000 from the
34 medical marijuana fund to the department to provide grants for marijuana
35 research studies pursuant to section 36-2812.

36 I. The director may use monies in the medical marijuana fund to
37 contract with laboratories pursuant to section 36-2803, subsection ~~F~~ N to
38 comply with the proficiency testing requirements of this chapter for
39 independent third-party laboratories and marijuana testing facilities. On
40 or before July 1 of each year, the department shall report to the joint
41 legislative budget committee expenditures made pursuant to this subsection
42 for the preceding fiscal year.

1 Sec. 8. Subject to the requirements of article IV, part 1,
2 section 1, Constitution of Arizona, section 36-2822, Arizona Revised
3 Statutes, is amended to read:

4 36-2822. Arizona biomedical research centre; medical
5 marijuana fund; smart and safe Arizona fund;
6 grants; marijuana clinical trials; requirements

7 A. The Arizona biomedical research centre in the department shall
8 provide competitive grants from monies in the medical marijuana fund
9 established by section 36-2817 OR THE SMART AND SAFE ARIZONA FUND
10 ESTABLISHED BY SECTION 36-2856 for marijuana clinical trials that are
11 approved by the United States food and drug administration for evaluating
12 both the safety and efficacy of using marijuana in humans and researching
13 the impacts of marijuana interactions with prescription drugs,
14 nonprescription drugs and illicit drugs.

15 B. Clinical trials funded pursuant to subsection A of this section
16 shall be conducted by Arizona-based researchers from nonprofit
17 organizations or universities, be approved by the United States food and
18 drug administration, the United States drug enforcement administration and
19 an institutional review board and be publishable in peer-reviewed medical
20 and public health journals. The centre shall prioritize randomized
21 controlled clinical trials that study the treatment of autism, epilepsy,
22 post-traumatic stress disorder and pain.

23 C. Notwithstanding title 13, chapter 34, a person who receives a
24 grant for a marijuana clinical trial pursuant to this section and any of
25 the person's employees working on the clinical trial may not be charged
26 with or prosecuted for possession of marijuana that is cultivated for
27 medical use when the person is working on the clinical trial.

28 D. The Arizona biomedical research centre ~~may~~ SHALL provide up to
29 \$5,000,000 annually for five consecutive years from the medical marijuana
30 fund established by section 36-2817 OR THE SMART AND SAFE ARIZONA FUND
31 ESTABLISHED BY SECTION 36-2856, OR A COMBINATION OF BOTH FUNDS, to
32 administer and award competitive grants pursuant to this section. The
33 centre may not use more than five percent of these monies for
34 administrative purposes.

35 Sec. 9. Subject to the requirements of article IV, part 1,
36 section 1, Constitution of Arizona, section 36-2854, Arizona Revised
37 Statutes, is amended to read:

38 36-2854. Rules; licensing; early applicants; fees; civil
39 penalty; legal counsel

40 A. The department shall adopt rules to implement and enforce this
41 chapter and regulate marijuana, marijuana products, marijuana
42 establishments and marijuana testing facilities. Those rules shall
43 include requirements for:

44 1. Licensing marijuana establishments and marijuana testing
45 facilities, including conducting investigations and background checks to

1 determine eligibility for licensing for marijuana establishment and
2 marijuana testing facility applicants, except that:

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

7 (b) The department may not issue more than one marijuana
8 establishment license for every ten pharmacies that have registered under
9 section 32-1929, that have obtained a pharmacy permit from the Arizona
10 board of pharmacy and that operate within this state.

11 (c) Notwithstanding:

12 (i) Subdivision (b) of this paragraph, the department may issue a
13 marijuana establishment license to not more than two marijuana
14 establishments per county that contains no registered nonprofit medical
15 marijuana dispensaries, or one marijuana establishment license per county
16 that contains one registered nonprofit medical marijuana dispensary. Any
17 license issued pursuant to this subdivision shall be for a fixed county
18 and may not be relocated outside of that county.

19 (ii) ANY OTHER LAW, BEGINNING OCTOBER 1, 2022, A LICENSEE MAY APPLY
20 FOR A NONPROFIT MEDICAL MARIJUANA DISPENSARY REGISTRATION CERTIFICATE TO
21 BECOME A DUAL LICENSEE IF THE LICENSEE NOTIFIES THE DEPARTMENT AND SUBMITS
22 THE APPLICABLE FEE, AND A NONPROFIT MEDICAL MARIJUANA DISPENSARY MAY APPLY
23 FOR A MARIJUANA ESTABLISHMENT LICENSE TO BECOME A DUAL LICENSEE IF THE
24 NONPROFIT MEDICAL MARIJUANA DISPENSARY NOTIFIES THE DEPARTMENT AND SUBMITS
25 THE APPLICABLE FEE. ON NOTIFICATION AND PAYMENT OF THE APPLICABLE FEE
26 PURSUANT TO THIS ITEM, THE DEPARTMENT SHALL ISSUE THE APPLICABLE NONPROFIT
27 MEDICAL MARIJUANA DISPENSARY REGISTRATION CERTIFICATE OR MARIJUANA
28 ESTABLISHMENT LICENSE.

29 (d) The department shall accept applications for marijuana
30 establishment licenses from early applicants beginning January 19, 2021
31 through March 9, 2021. Not later than sixty days after receiving an
32 application pursuant to this subdivision, the department shall issue a
33 marijuana establishment license to each qualified early applicant. If the
34 department has not adopted final rules pursuant to this section at the
35 time marijuana establishment licenses are issued pursuant to this
36 subdivision, licensees shall comply with the rules adopted by the
37 department to implement chapter 28.1 of this title except those that are
38 inconsistent with this chapter.

39 (e) After issuing marijuana establishment licenses to qualified
40 early applicants, the department shall issue marijuana establishment
41 licenses available under subdivisions (b) and (c) of this paragraph by
42 random selection and according to rules adopted pursuant to this section.
43 At least sixty days before any random selection, the department shall
44 prominently publicize the random selection on its website and through
45 other means of general distribution intended to reach as many interested

1 parties as possible and shall provide notice through an email notification
2 system to which interested parties can subscribe.

3 (f) Notwithstanding subdivisions (b) and (c) of this paragraph, and
4 not later than six months after the department adopts final rules to
5 implement a social equity ownership program pursuant to paragraph 9 of
6 this subsection, the department shall issue twenty-six additional
7 marijuana establishment licenses to entities that are qualified pursuant
8 to the social equity ownership program.

9 (g) Licenses issued by the department to marijuana establishments
10 and marijuana testing facilities shall be valid for a period of two years.
11 A dual licensee's initial renewal date, which will be the ongoing renewal
12 date for both the dual licensee's marijuana establishment license and
13 nonprofit medical marijuana dispensary registration, is the earlier of:

14 (i) The date of the marijuana establishment license renewal.

15 (ii) The date of the nonprofit medical marijuana dispensary
16 registration renewal.

17 (h) Beginning September 29, 2021, the department may not issue a
18 marijuana establishment or marijuana testing facility license to an
19 applicant who has an ownership interest in an out-of-state marijuana
20 establishment or marijuana testing facility, or the other state's
21 equivalent, that has had its license revoked by the other state.

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

27 3. The security of marijuana establishments and marijuana testing
28 facilities.

29 4. Marijuana establishments to safely cultivate, process and
30 manufacture marijuana and marijuana products. Not later than December 31,
31 2023, the department shall require licensees to procure, develop, acquire
32 and maintain a system to track marijuana and marijuana products at all
33 points of cultivation, manufacturing and sale. The system developed and
34 maintained pursuant to this paragraph shall:

35 (a) Ensure an accurate accounting and reporting of the production,
36 processing and sale of marijuana and marijuana products.

37 (b) Ensure compliance with rules adopted by the department.

38 (c) Be capable of tracking, at a minimum:

39 (i) The propagation of immature marijuana plants and the production
40 of marijuana by a marijuana establishment.

41 (ii) The processing of marijuana and marijuana products by a
42 marijuana establishment.

1 (iii) The sale and purchase of marijuana and marijuana products
2 between licensees.

3 (iv) The transfer of marijuana and marijuana products between
4 premises for which licenses have been issued.

5 (v) The disposal of marijuana waste.

6 (vi) The identity of the person making the entry in the system and
7 the time, date and location of each entry into the system, including any
8 corrections or changes to that information.

9 (vii) Any other information that the department determines is
10 reasonably necessary to accomplish the duties, functions and powers of the
11 department.

12 (d) Contain a transactional stamp to ensure accuracy, provide for
13 chain of custody of the information and foreclose tampering of the data,
14 human error or intentional misreporting.

15 5. Tracking, testing, labeling consistent with section 36-2854.01
16 and packaging marijuana and marijuana products, including requirements
17 that marijuana and marijuana products be:

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

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

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

29 7. The potency of edible marijuana products that may be sold to
30 consumers by marijuana establishments at reasonable levels on
31 consideration of industry standards, except that the rules:

32 (a) Shall limit the strength of edible marijuana products to not
33 more than ten milligrams of tetrahydrocannabinol per serving or one
34 hundred milligrams of tetrahydrocannabinol per package.

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

39 8. Ensuring the health, safety and training of employees of
40 marijuana establishments and marijuana testing facilities.

41 9. The creation and implementation of a social equity ownership
42 program to promote the ownership and operation of marijuana establishments
43 and marijuana testing facilities by individuals from communities
44 disproportionately impacted by the enforcement of previous marijuana laws.

1 10. Prohibiting a marijuana testing facility from having any direct
2 or indirect familial relationship with or financial ownership interest in
3 a marijuana establishment or related marijuana business entity or
4 management company. The rules shall include prohibiting a marijuana
5 establishment from having any direct or indirect familial relationship
6 with or financial ownership interest in a marijuana testing facility or
7 related marijuana business entity or management company.

8 11. Requiring marijuana establishments to display in a conspicuous
9 location a sign that warns pregnant women about the potential dangers to
10 fetuses caused by smoking or ingesting marijuana while pregnant or to
11 infants while breastfeeding and the risk of being reported to the
12 department of child safety during pregnancy or at the birth of the child
13 by persons who are required to report. The rules shall include the
14 specific warning language that must be included on the sign. The cost and
15 display of the sign required by rule shall be borne by the marijuana
16 establishment.

17 B. The department may:

18 1. Subject to title 41, chapter 6, article 10, deny any application
19 submitted or deny, suspend or revoke, in whole or in part, any
20 registration or license issued under this chapter if the registered or
21 licensed party or an officer, agent or employee of the registered or
22 licensed party does any of the following:

23 (a) Violates this chapter or any rule adopted pursuant to this
24 chapter.

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

28 2. Subject to title 41, chapter 6, article 10, and unless another
29 penalty is provided elsewhere in this chapter, assess a civil penalty
30 against a person that violates this chapter or any rule adopted pursuant
31 to this chapter in an amount not to exceed \$2,000 for each violation.
32 Each day a violation occurs constitutes a separate violation. In
33 determining the amount of a civil penalty assessed against a person, the
34 department shall consider all of the factors set forth in section 36-2816,
35 subsection H. All civil penalties collected by the department pursuant to
36 this paragraph shall be deposited in the smart and safe Arizona fund
37 established by section 36-2856.

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

43 4. Adopt any other rules that are not expressly stated in this
44 section and that are necessary to ensure the safe and responsible

1 cultivation, sale, processing, manufacture, testing and transport of
2 marijuana and marijuana products.

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

6 D. On or after January 1, 2023, the department may, and not later
7 than January 1, 2025 the department shall, adopt rules to permit and
8 regulate delivery by marijuana establishments. The rules shall:

9 1. Require that delivery and the marijuana and marijuana products
10 to be delivered originate from a designated retail location of a marijuana
11 establishment and only after an order is made with the marijuana
12 establishment by a consumer.

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

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

19 4. Prohibit extra or unallocated marijuana or marijuana products in
20 delivery vehicles.

21 5. Require that deliveries be made only by marijuana facility
22 agents in unmarked vehicles that are equipped with a global positioning
23 system or similar location tracking system and video surveillance and
24 recording equipment, and that contain a locked compartment in which
25 marijuana and marijuana products must be stored.

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

28 7. Require inspections to ensure compliance with this subsection
29 and rules adopted pursuant to this subsection.

30 8. Include any other provisions necessary to ensure safe and
31 restricted delivery.

32 9. Require dual licensees to comply with the rules adopted pursuant
33 to this subsection.

34 E. Except as provided in subsection D of this section, the
35 department may not permit delivery of marijuana or marijuana products
36 under this chapter by any individual or entity. In addition to any other
37 penalty imposed by law, an individual or entity that delivers marijuana or
38 marijuana products in a manner that is not authorized by this chapter
39 shall pay a civil penalty of \$20,000 per violation to the smart and safe
40 Arizona fund established by section 36-2856. This subsection may be
41 enforced by the attorney general.

42 F. All rules adopted by the department pursuant to this section
43 shall be consistent with the purpose of this chapter.

1 G. The department may not adopt any rule that:

2 1. Prohibits the operation of marijuana establishments, either
3 expressly or through requirements that make the operation of a marijuana
4 establishment unduly burdensome.

5 2. Prohibits or interferes with the ability of a dual licensee to
6 operate a marijuana establishment and a nonprofit medical marijuana
7 dispensary at shared locations.

8 H. Notwithstanding section 41-192, the department may employ legal
9 counsel and make an expenditure or incur an indebtedness for legal
10 services for the purposes of:

11 1. Defending this chapter or rules adopted pursuant to this
12 chapter.

13 2. Defending chapter 28.1 of this title or rules adopted pursuant
14 to chapter 28.1 of this title.

15 I. The department shall deposit all license fees, application fees
16 and renewal fees paid to the department pursuant to this chapter in the
17 smart and safe Arizona fund established by section 36-2856.

18 J. On request, the department shall share with the department of
19 revenue information regarding a marijuana establishment, marijuana testing
20 facility or dual licensee, including its name, physical address,
21 cultivation site and transaction privilege tax license number.

22 K. Notwithstanding any other law, the department may:

23 1. License an independent third-party laboratory to also operate as
24 a marijuana testing facility.

25 2. Operate a marijuana testing facility.

26 L. The department shall maintain and publish a current list of all
27 marijuana establishments and marijuana testing facilities by name and
28 license number.

29 M. Notwithstanding any other law, the issuance of an occupational,
30 professional or other regulatory license or certification to a person by a
31 jurisdiction or regulatory authority outside this state does not entitle
32 that person to be issued a marijuana establishment license, a marijuana
33 testing facility license, or any other license, registration or
34 certification under this chapter.

35 N. Until the department adopts rules as required by subsection A,
36 paragraph 10 of this section:

37 1. A marijuana testing facility is prohibited from having any
38 direct or indirect familial relationship with or financial ownership
39 interest in a marijuana establishment or related marijuana business entity
40 or management company.

41 2. A marijuana establishment is prohibited from having any direct
42 or indirect familial relationship with or financial ownership interest in
43 a marijuana testing facility or related marijuana business entity or
44 management company.

1 Sec. 10. Subject to the requirements of article IV, part 1,
2 section 1, Constitution of Arizona, section 36-2854.01, Arizona Revised
3 Statutes, is amended to read:

4 36-2854.01. Marijuana products; labeling; packaging

5 Not later than December 31, 2023, any marijuana product packaging
6 labeled for sale shall include a consumer scannable tetrahydrocannabinol
7 quick response code or similar technology linking to a webpage that
8 displays all of the following for the specific marijuana product:

9 1. The date of harvest of the marijuana.

10 2. The tetrahydrocannabinol strain of the marijuana.

11 3. The tetrahydrocannabinol extraction method used to extract the
12 tetrahydrocannabinol from the marijuana.

13 ~~4. A laboratory report of impurities containing at least heavy
14 metals and agrochemicals.~~

15 4. THE COMPLETE INDEPENDENT THIRD-PARTY LABORATORY CERTIFICATE OF
16 ANALYSIS THAT IS PROVIDED TO THE DEPARTMENT PURSUANT TO SECTION 36-2803 IF
17 THE MARIJUANA PRODUCT IS TESTED PURSUANT TO SECTION 36-2803, OR THE
18 COMPLETE MARIJUANA TESTING FACILITY CERTIFICATE OF ANALYSIS.

19 5. The date of manufacture of the marijuana product.

20 6. The distribution chain, including at least a point of intended
21 sale.

22 7. A warning that states, "using marijuana during pregnancy could
23 cause birth defects or other health issues to your unborn child.

24 Sec. 11. Subject to the requirements of article IV, part 1,
25 section 1, Constitution of Arizona, section 36-2856, Arizona Revised
26 Statutes, is amended to read:

27 36-2856. Smart and safe Arizona fund; grants; disposition of
28 monies; exemption

29 A. The smart and safe Arizona fund is established consisting of all
30 monies deposited pursuant to sections 36-2854, 42-5452 and 42-5503,
31 private donations and interest earned on those monies. Monies in the fund
32 are continuously appropriated. Monies in the fund and its accounts may
33 not be transferred to any other fund except as provided in this section,
34 do not revert to the state general fund and are exempt from the provisions
35 of section 35-190 relating to the lapsing of appropriations. The state
36 treasurer shall administer the fund.

37 B. All monies in the smart and safe Arizona fund must first be
38 spent, and the state treasurer shall transfer monies from the fund, to
39 pay:

40 1. The actual reasonable costs incurred by the department to
41 implement, carry out and enforce this chapter and rules adopted pursuant
42 to this chapter **AND TO PROVIDE GRANTS FOR MARIJUANA CLINICAL TRIALS**
43 **CONDUCTED PURSUANT TO SECTION 36-2822.**

1 2. The actual reasonable costs incurred by the department of
2 revenue to impose and enforce the tax authorized and levied by section
3 42-5452.

4 3. The actual reasonable costs incurred by the supreme court and
5 the department of public safety to process petitions for expungement and
6 expungement orders pursuant to section 36-2862 and to otherwise implement
7 section 36-2862.

8 4. The actual reasonable costs incurred by the state treasurer to
9 administer the fund.

10 5. Any other mandatory expenditure of state revenues required by
11 this chapter to implement or enforce the provisions of this chapter.

12 C. The state treasurer may prescribe forms necessary to make
13 transfers from the smart and safe Arizona fund pursuant to subsection B of
14 this section.

15 D. On or before June 30 and December 31 of each year, the state
16 treasurer shall transfer all monies in the smart and safe Arizona fund in
17 excess of the amounts paid pursuant to subsection B of this section as
18 follows:

19 1. ~~33~~ THIRTY-THREE percent to community college districts and
20 provisional community college districts, but not to community college
21 tuition financing districts established pursuant to section 15-1409, for
22 the purposes of investing in and providing workforce development programs,
23 job training, career and technical education, and science, technology,
24 engineering and ~~math~~ MATHEMATICS programs, as follows:

25 (a) ~~15~~ FIFTEEN percent of the ~~33~~ THIRTY-THREE percent divided
26 equally between each community college district.

27 (b) 0.5 percent of the ~~33~~ THIRTY-THREE percent divided equally
28 between each provisional community college district, if one or more
29 provisional community college districts exist.

30 (c) The remainder to community college districts and provisional
31 community colleges districts in proportion to each district's full-time
32 equivalent student enrollment percentage of the total statewide audited
33 full-time equivalent student enrollment in the preceding fiscal year
34 prescribed in section 15-1466.01.

35 2. 31.4 percent to municipal police departments, municipal fire
36 departments, fire districts established pursuant to title 48, chapter 5
37 and county sheriffs' departments in proportion to the number of enrolled
38 members for each such agency in the public safety personnel retirement
39 system established by title 38, chapter 5, article 4 and the public safety
40 personnel defined contribution RETIREMENT plan established ~~by~~ PURSUANT TO
41 title 38, chapter 5, article 4.1, ~~—~~ for personnel costs.

42 3. 25.4 percent to the Arizona highway user revenue fund
43 established by section 28-6533.

44 4. ~~10~~ TEN percent to the justice reinvestment fund established by
45 section 36-2863.

1 5. 0.2 percent to the attorney general to use to enforce this
2 chapter, or to grant to localities to enforce this chapter.

3 E. The monies transferred and received pursuant to this section:

4 1. Are in addition to any other appropriation, transfer or other
5 allocation of monies and may not supplant, replace or cause a reduction in
6 other funding sources.

7 2. Are not considered local revenues for the purposes of article
8 IX, sections 20 and 21, Constitution of Arizona.

9 Sec. 12. Subject to the requirements of article IV, part 1,
10 section 1, Constitution of Arizona, title 36, chapter 28.2, Arizona
11 Revised Statutes, is amended by adding sections 36-2866 and 36-2867, to
12 read:

13 36-2866. Complaints; disclosure of information; confidentiality

14 A. A COMPLAINT THAT RELATES TO COMPLIANCE WITH THIS CHAPTER,
15 CHAPTER 28.1 OF THIS TITLE OR THE RULES ADOPTED PURSUANT TO THIS CHAPTER
16 AND CHAPTER 28.1 OF THIS TITLE AND THAT IS SUBMITTED TO THE DEPARTMENT
17 REGARDING AN INDEPENDENT THIRD-PARTY LABORATORY, A MARIJUANA TESTING
18 FACILITY, A NONPROFIT MEDICAL MARIJUANA DISPENSARY OR A MARIJUANA
19 ESTABLISHMENT IS AVAILABLE TO THE PUBLIC AFTER THE DEPARTMENT DETERMINES
20 THAT THERE IS A REASONABLE BASIS TO PROCEED TO INVESTIGATE THE COMPLAINT,
21 EXCEPT THAT THE NAME OF THE COMPLAINANT SHALL BE CONFIDENTIAL IF REQUESTED
22 BY THE COMPLAINANT.

23 B. UNLESS OTHERWISE PROHIBITED BY FEDERAL OR STATE LAW, THE
24 DEPARTMENT MAY DISCLOSE THE INFORMATION IN A COMPLAINT DESCRIBED IN
25 SUBSECTION A OF THIS SECTION TO AN OFFICER OF THE COURT PURSUANT TO A
26 COURT ORDER, TO A DEPARTMENT OR AGENCY OF THIS STATE OR THE FEDERAL
27 GOVERNMENT, TO A LAW ENFORCEMENT AGENCY OR TO A COUNTY MEDICAL EXAMINER IF
28 THE DISCLOSURE OF THIS INFORMATION IS NECESSARY AND PERTINENT TO AN
29 INVESTIGATION OR PROCEEDING. THE RECIPIENT OF INFORMATION DISCLOSED
30 PURSUANT TO THIS SUBSECTION SHALL MAINTAIN THE CONFIDENTIALITY OF THE
31 COMPLAINANT'S NAME.

32 36-2867. Sample collection and testing

33 A. BEGINNING JANUARY 1, 2024, THE DEPARTMENT SHALL CONTRACT WITH A
34 THIRD PARTY, WHICH MAY INCLUDE INDEPENDENT THIRD-PARTY LABORATORIES AND
35 MARIJUANA TESTING FACILITIES, TO COLLECT RANDOM SAMPLES OF MARIJUANA OR
36 MARIJUANA PRODUCTS FOR SALE AT NONPROFIT MEDICAL MARIJUANA DISPENSARIES
37 AND MARIJUANA ESTABLISHMENTS TO CONFIRM THAT THE CERTIFIED TEST RESULTS,
38 EXCLUDING TETRAHYDROCANNABINOL PERCENTAGES, OF THE MARIJUANA OR MARIJUANA
39 PRODUCTS MATCH THE MARIJUANA OR MARIJUANA PRODUCTS BEING SOLD. THE
40 THIRD-PARTY CONTRACTOR MAY COLLECT, POSSESS AND TEST THE SAMPLES OF
41 MARIJUANA AND MARIJUANA PRODUCTS FOR THE PURPOSES OF THIS SECTION.

42 B. NOTWITHSTANDING TITLE 13, CHAPTER 34, A THIRD-PARTY CONTRACTOR
43 MAY NOT BE CHARGED WITH OR PROSECUTED FOR POSSESSION OF MARIJUANA OR
44 MARIJUANA PRODUCTS THAT ARE COLLECTED FOR THE PURPOSES OF A CONTRACT WITH
45 THE DEPARTMENT PURSUANT TO THIS SECTION.

1 Sec. 13. Rulemaking exemption

2 Notwithstanding any other law, for the purposes of this act, the
3 department of health services is exempt from the rulemaking requirements
4 of title 41, chapters 6 and 6.1, Arizona Revised Statutes, for one year
5 after the effective date of this act.

6 Sec. 14. Requirements for enactment; three-fourths vote

7 Pursuant to article IV, part 1, section 1, Constitution of Arizona,
8 sections 36-2801, 36-2801.01, 36-2803, 36-2803.01, 36-2804.02, 36-2804.05,
9 36-2817, 36-2822, 36-2854, 36-2854.01 and 36-2856, Arizona Revised
10 Statutes, as amended by this act, and sections 36-2866 and 36-2867,
11 Arizona Revised Statutes, as added by this act, are effective only on the
12 affirmative vote of at least three-fourths of the members of each house of
13 the legislature.

14 Sec. 15. Emergency

15 This act is an emergency measure that is necessary to preserve the
16 public peace, health or safety and is operative immediately as provided by
17 law.