

REFERENCE TITLE: **hemp-derived manufactured cannabinoids; prohibition**

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SB 1715

Introduced by
Senators Gowan: Borrelli, Rios

AN ACT

**AMENDING SECTIONS 3-311, 13-3408, 36-2801, 36-2804.05, 36-2850, 36-2856
AND 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. Section 3-311, Arizona Revised Statutes, is amended to
3 read:

4 3-311. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Agricultural pilot program" means the industrial hemp program
7 that is designed to research the growth, cultivation and marketing of
8 industrial hemp, hemp seeds and hemp products as authorized by this
9 article and rules and orders adopted by the director pursuant to this
10 article.

11 2. "Crop" means any industrial hemp that is grown under a single
12 industrial hemp license issued by the department.

13 3. "Grower" means an individual, partnership, company or
14 corporation that propagates industrial hemp under this article and rules
15 and orders adopted by the director pursuant to this article.

16 4. "Harvester" means an individual, partnership, company or
17 corporation that is licensed by the department to harvest industrial hemp
18 for a licensed grower.

19 5. "HEMP-DERIVED MANUFACTURED PSYCHOTROPIC CANNABINOIDS":

20 (a) MEANS ANY CANNABINOID THAT IS DERIVED FROM HEMP AND ALTERED BY
21 A CHEMICAL REACTION THAT CHANGES THE MOLECULAR STRUCTURE OF ANY NATURAL
22 CANNABINOID DERIVED FROM HEMP TO ANOTHER CANNABINOID WITH PSYCHOTROPIC
23 PROPERTIES THAT IS FOUND NATURALLY IN HEMP.

24 (b) INCLUDES ALL OF THE FOLLOWING:

25 (i) DELTA-8 TETRAHYDROCANNABINOL.

26 (ii) DELTA-10 TETRAHYDROCANNABINOL.

27 (iii) HEXAHYDROCANNABINOL.

28 (iv) TETRAHYDROCANNABIPHORAL.

29 (v) TETRAHYDROCANNABINOL ACETATE ESTER.

30 (vi) TETRAHYDROCANNABIVARIN.

31 (c) DOES NOT INCLUDE ANY CANNABINOID DERIVED FROM HEMP THAT IS
32 PRODUCED BY DECARBOXYLATION FROM NATURALLY OCCURRING CANNABINOID ACID
33 WITHOUT THE USE OF A CHEMICAL CATALYST.

34 ~~5.~~ 6. "Hemp products" means all products made from industrial
35 hemp, including cloth, cordage, fiber, fuel, grain, paint, paper,
36 construction materials, plastics and by-products derived from sterile hemp
37 seed or hemp seed oil. Hemp products ~~excludes~~ DOES NOT INCLUDE any
38 product made to be ingested except food made from sterile hemp seed or
39 hemp seed oil.

40 ~~6.~~ 7. "Hemp seed" means any viable cannabis sativa L. seed that
41 produces an industrial hemp plant that is subject to this article and
42 rules and orders adopted by the director pursuant to this article.

1 ~~7.~~ 8. "Industrial hemp":

2 (a) Means the plant cannabis sativa L. and any part of such a
3 plant, whether growing or not, with a delta-9 tetrahydrocannabinol
4 concentration of not more than three-tenths percent on a dry-weight basis.

5 (b) DOES NOT INCLUDE HEMP-DERIVED MANUFACTURED PSYCHOTROPIC
6 CANNABINOIDS.

7 ~~8.~~ 9. "Industrial hemp site" means the location in which a grower,
8 harvester, transporter or processor possesses a crop, a harvested crop or
9 hemp seed.

10 ~~9.~~ 10. "License" means the authorization that is granted by the
11 department to propagate, harvest, transport or process industrial hemp in
12 this state under this article and rules and orders adopted by the director
13 pursuant to this article.

14 ~~10.~~ 11. "Licensee" means a grower, harvester, transporter or
15 processor with a valid license.

16 ~~11.~~ 12. "Processor" means an individual, partnership, company or
17 corporation that is licensed by the department to receive industrial hemp
18 for processing into hemp products or hemp seed.

19 ~~12.~~ 13. "Transporter" means an individual, partnership, company or
20 corporation that is licensed by the department to transport industrial
21 hemp for a licensed grower to a processor.

22 Sec. 2. Section 13-3408, Arizona Revised Statutes, is amended to
23 read:

24 13-3408. Possession, use, administration, acquisition, sale,
25 manufacture or transportation of narcotic drugs;
26 classification

27 A. Except as provided in section 36-2850, paragraph ~~16~~ 20,
28 subdivision (b), section 36-2852 and section 36-2853, subsection C, a
29 person shall not knowingly:

- 30 1. Possess or use a narcotic drug.
- 31 2. Possess a narcotic drug for sale.
- 32 3. Possess equipment or chemicals, or both, for the purpose of
33 manufacturing a narcotic drug.
- 34 4. Manufacture a narcotic drug.
- 35 5. Administer a narcotic drug to another person.
- 36 6. Obtain or procure the administration of a narcotic drug by
37 fraud, deceit, misrepresentation or subterfuge.
- 38 7. Transport for sale, import into this state, offer to transport
39 for sale or import into this state, sell, transfer or offer to sell or
40 transfer a narcotic drug.

41 B. A person who violates:

- 42 1. Subsection A, paragraph 1 of this section is guilty of a class 4
43 felony.

1 2. Subsection A, paragraph 2 of this section is guilty of a class 2
2 felony.

3 3. Subsection A, paragraph 3 of this section is guilty of a class 3
4 felony.

5 4. Subsection A, paragraph 4 of this section is guilty of a class 2
6 felony.

7 5. Subsection A, paragraph 5 of this section is guilty of a class 2
8 felony.

9 6. Subsection A, paragraph 6 of this section is guilty of a class 3
10 felony.

11 7. Subsection A, paragraph 7 of this section is guilty of a class 2
12 felony.

13 C. A person who is convicted of a violation of subsection A,
14 paragraph 1, 3 or 6 of this section and who has not previously been
15 convicted of any felony or who has not been sentenced pursuant to section
16 13-703, section 13-704, subsection A, B, C, D or E, section 13-706,
17 subsection A, section 13-708, subsection D or any other provision of law
18 making the convicted person ineligible for probation is eligible for
19 probation.

20 D. If the aggregate amount of narcotic drugs involved in one
21 offense or all of the offenses that are consolidated for trial equals or
22 exceeds the statutory threshold amount, a person who is convicted of a
23 violation of subsection A, paragraph 2, 5 or 7 of this section is not
24 eligible for suspension of sentence, probation, pardon or release from
25 confinement on any basis until the person has served the sentence imposed
26 by the court, the person is eligible for release pursuant to section
27 41-1604.07 or the sentence is commuted.

28 E. A person who is convicted of a violation of subsection A,
29 paragraph 4 of this section is not eligible for suspension of sentence,
30 probation, pardon or release from confinement on any basis until the
31 person has served the sentence imposed by the court, the person is
32 eligible for release pursuant to section 41-1604.07 or the sentence is
33 commuted.

34 F. In addition to any other penalty prescribed by this title, the
35 court shall order a person who is convicted of a violation of this section
36 to pay a fine of not less than \$2,000 or three times the value as
37 determined by the court of the narcotic drugs involved in or giving rise
38 to the charge, whichever is greater, and not more than the maximum
39 authorized by chapter 8 of this title. A judge shall not suspend any part
40 or all of the imposition of any fine required by this subsection.

41 G. A person who is convicted of a violation of this section for
42 which probation or release before the expiration of the sentence imposed
43 by the court is authorized is prohibited from using any marijuana,
44 dangerous drug, narcotic drug or prescription-only drug except as lawfully
45 administered by a health care practitioner and as a condition of any

1 probation or release shall be required to submit to drug testing
2 administered under the supervision of the probation department of the
3 county or the state department of corrections, as appropriate, during the
4 duration of the term of probation or before the expiration of the sentence
5 imposed.

6 H. If a person who is convicted of a violation of this section is
7 granted probation, the court shall order that as a condition of probation
8 the person perform not less than three hundred sixty hours of community
9 restitution with an agency or organization that provides counseling,
10 rehabilitation or treatment for alcohol or drug abuse, an agency or
11 organization that provides medical treatment to persons who abuse
12 controlled substances, an agency or organization that serves persons who
13 are victims of crime or any other appropriate agency or organization.

14 Sec. 3. Subject to the requirements of article IV, part 1,
15 section 1, Constitution of Arizona, section 36-2801, Arizona Revised
16 Statutes, is amended to read:

17 36-2801. Definitions

18 In this chapter, unless the context otherwise requires:

19 1. "Allowable amount of marijuana":

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

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

22 (ii) If the qualifying patient's registry identification card
23 states that the qualifying patient is authorized to cultivate marijuana,
24 twelve marijuana plants contained in an enclosed, locked facility, except
25 that the plants are not required to be in an enclosed, locked facility if
26 the plants are being transported because the qualifying patient is moving.

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

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

30 (ii) If the designated caregiver's registry identification card
31 provides that the designated caregiver is authorized to cultivate
32 marijuana, twelve marijuana plants contained in an enclosed, locked
33 facility, except that the plants are not required to be in an enclosed,
34 locked facility if the plants are being transported because the designated
35 caregiver is moving.

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

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

42 3. "Debilitating medical condition" means one or more of the
43 following:

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

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

7 (i) Cachexia or wasting syndrome.

8 (ii) Severe and chronic pain.

9 (iii) Severe nausea.

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

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

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

15 4. "Department" means the department of health services or its
16 successor agency.

17 5. "Designated caregiver" means a person who:

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

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

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

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

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

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

34 7. "Excluded felony offense" means:

35 (a) A violent crime as defined in section 13-901.03, subsection B,
36 that was classified as a felony in the jurisdiction where the person was
37 convicted.

38 (b) A violation of a state or federal controlled substance law that
39 was classified as a felony in the jurisdiction where the person was
40 convicted but does not include:

41 (i) An offense for which the sentence, including any term of
42 probation, incarceration or supervised release, was completed ten or more
43 years earlier.

1 (ii) An offense involving conduct that would be immune from arrest,
2 prosecution or penalty under section 36-2811, except that the conduct
3 occurred before December 14, 2010 or was prosecuted by an authority other
4 than the state of Arizona.

5 8. "HEMP-DERIVED MANUFACTURED PSYCHOTROPIC CANNABINOIDS":

6 (a) MEANS ANY CANNABINOID THAT IS DERIVED FROM HEMP AND ALTERED BY
7 A CHEMICAL REACTION THAT CHANGES THE MOLECULAR STRUCTURE OF ANY NATURAL
8 CANNABINOID DERIVED FROM HEMP TO ANOTHER CANNABINOID WITH PSYCHOTROPIC
9 PROPERTIES THAT IS FOUND NATURALLY IN HEMP.

10 (b) INCLUDES ALL OF THE FOLLOWING:

11 (i) DELTA-8 TETRAHYDROCANNABINOL.

12 (ii) DELTA-10 TETRAHYDROCANNABINOL.

13 (iii) HEXAHYDROCANNABINOL.

14 (iv) TETRAHYDROCANNABIPHORAL.

15 (v) TETRAHYDROCANNABINOL ACETATE ESTER.

16 (vi) TETRAHYDROCANNABIVARIN.

17 (c) DOES NOT INCLUDE ANY CANNABINOID DERIVED FROM HEMP THAT IS
18 PRODUCED BY DECARBOXYLATION FROM NATURALLY OCCURRING CANNABINOID ACID
19 WITHOUT THE USE OF A CHEMICAL CATALYST.

20 ~~8.~~ 9. "Independent third-party laboratory" means an entity that
21 has a national or international accreditation and that is certified by the
22 department to analyze marijuana cultivated for medical use.

23 ~~9.~~ 10. "Independent third-party laboratory agent" means an owner,
24 employee or volunteer of a certified independent third-party laboratory
25 who is at least twenty-one years of age and who has not been convicted of
26 an excluded felony offense.

27 ~~10.~~ 11. "Marijuana" means all parts of any plant of the genus
28 cannabis, whether growing or not, and the seeds of such A plant.

29 ~~11.~~ 12. "Medical use" means the acquisition, possession,
30 cultivation, manufacture, use, administration, delivery, transfer or
31 transportation of marijuana or paraphernalia relating to the
32 administration of marijuana to treat or alleviate a registered qualifying
33 patient's debilitating medical condition or symptoms associated with the
34 patient's debilitating medical condition.

35 ~~12.~~ 13. "Nonprofit medical marijuana dispensary" means a
36 not-for-profit entity that acquires, possesses, cultivates, manufactures,
37 delivers, transfers, transports, supplies, sells or dispenses marijuana or
38 related supplies and educational materials to cardholders. A nonprofit
39 medical marijuana dispensary may receive payment for all expenses incurred
40 in its operation.

41 ~~13.~~ 14. "Nonprofit medical marijuana dispensary agent" means a
42 principal officer, board member, employee or volunteer of a nonprofit
43 medical marijuana dispensary who is at least twenty-one years of age and
44 has not been convicted of an excluded felony offense.

1 ~~14.~~ 15. "Physician" means a doctor of medicine who holds a valid
2 and existing license to practice medicine pursuant to title 32, chapter 13
3 or its successor, a doctor of osteopathic medicine who holds a valid and
4 existing license to practice osteopathic medicine pursuant to title 32,
5 chapter 17 or its successor, a naturopathic physician who holds a valid
6 and existing license to practice naturopathic medicine pursuant to title
7 32, chapter 14 or its successor or a homeopathic physician who holds a
8 valid and existing license to practice homeopathic medicine pursuant to
9 title 32, chapter 29 or its successor.

10 ~~15.~~ 16. "Qualifying patient" means a person who has been diagnosed
11 by a physician as having a debilitating medical condition.

12 ~~16.~~ 17. "Registry identification card" means a document issued by
13 the department that identifies a person as a registered qualifying
14 patient, a registered designated caregiver, a registered nonprofit medical
15 marijuana dispensary agent or a registered independent third-party
16 laboratory agent.

17 ~~17.~~ 18. "Usable marijuana":

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

20 (b) Does not include:

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

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

24 (iii) HEMP-DERIVED MANUFACTURED PSYCHOTROPIC CANNABINOIDS.

25 ~~18.~~ 19. "Verification system" means a secure, password-protected,
26 web-based system that is established and maintained by the department and
27 that is available to law enforcement personnel and nonprofit medical
28 marijuana dispensary agents on a twenty-four-hour basis for verifying
29 registry identification cards.

30 ~~19.~~ 20. "Visiting qualifying patient" means a person:

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

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

38 ~~20.~~ 21. "Written certification" means a document dated and signed
39 by a physician, stating that in the physician's professional opinion the
40 patient is likely to receive therapeutic or palliative benefit from the
41 medical use of marijuana to treat or alleviate the patient's debilitating
42 medical condition or symptoms associated with the debilitating medical
43 condition. The physician must:

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

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

6 Sec. 4. Subject to the requirements of article IV, part 1, section
7 1, Constitution of Arizona, section 36-2804.05, Arizona Revised Statutes,
8 is amended to read:

9 36-2804.05. Denial of registry identification card; notice

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

12 1. Does not meet the requirements of section 36-2801, paragraph
13 ~~15~~ 16.

14 2. Does not provide the information required.

15 3. Previously had a registry identification card revoked for
16 violating this chapter.

17 4. Provides false information.

18 B. The department may deny an application or renewal of a
19 designated caregiver's registry identification card if the applicant:

20 1. Does not meet the requirements of section 36-2801, paragraph 5.

21 2. Does not provide the information required.

22 3. Previously had a registry identification card revoked for
23 violating this chapter.

24 4. Provides false information.

25 C. The department may deny a registry identification card to a
26 nonprofit medical marijuana dispensary agent if:

27 1. The agent applicant does not meet the requirements of section
28 36-2801, paragraph ~~13~~ 14.

29 2. The applicant or dispensary did not provide the required
30 information.

31 3. The agent applicant previously had a registry identification
32 card revoked for violating this chapter.

33 4. The applicant or dispensary provides false information.

34 D. The department may conduct a criminal records check of each
35 designated caregiver or nonprofit medical marijuana dispensary agent
36 applicant to carry out this section.

37 E. The department shall notify the registered nonprofit medical
38 marijuana dispensary in writing of the reason for denying a registry
39 identification card to a nonprofit medical marijuana dispensary agent.

40 F. The department shall notify the qualifying patient in writing of
41 the reason for denying a registry identification card to the qualifying
42 patient's designated caregiver.

1 G. Denial of an application or renewal is considered a final
2 decision of the department subject to judicial review pursuant to title
3 12, chapter 7, article 6. Jurisdiction and venue for judicial review are
4 vested in the superior court.

5 Sec. 5. Subject to the requirements of article IV, part 1,
6 section 1, Constitution of Arizona, section 36-2850, Arizona Revised
7 Statutes, is amended to read:

8 36-2850. Definitions

9 In this chapter, unless the context requires otherwise:

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

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

17 3. "Consume," "consuming" and "consumption" mean the act of
18 ingesting, inhaling or otherwise introducing marijuana into the human
19 body.

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

22 5. "Cultivate" and "cultivation" mean to propagate, breed, grow,
23 prepare and package marijuana.

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

27 7. "Department" means the department of health services or its
28 successor agency.

29 8. "Designated caregiver" has the same meaning prescribed in
30 section 36-2801.

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

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

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

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

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

1 12. "Excluded felony offense" has the same meaning prescribed in
2 section 36-2801.

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

6 14. "HEMP-DERIVED MANUFACTURED PSYCHOTROPIC CANNABINOIDS":

7 (a) MEANS ANY CANNABINOID THAT IS DERIVED FROM HEMP AND ALTERED BY
8 A CHEMICAL REACTION THAT CHANGES THE MOLECULAR STRUCTURE OF ANY NATURAL
9 CANNABINOID DERIVED FROM HEMP TO ANOTHER CANNABINOID WITH PSYCHOTROPIC
10 PROPERTIES THAT IS FOUND NATURALLY IN HEMP.

11 (b) INCLUDES ALL OF THE FOLLOWING:

12 (i) DELTA-8 TETRAHYDROCANNABINOL.

13 (ii) DELTA-10 TETRAHYDROCANNABINOL.

14 (iii) HEXAHYDROCANNABINOL.

15 (iv) TETRAHYDROCANNABIPHORAL.

16 (v) TETRAHYDROCANNABINOL ACETATE ESTER.

17 (vi) TETRAHYDROCANNABIVARIN.

18 (c) DOES NOT INCLUDE ANY CANNABINOID DERIVED FROM HEMP THAT IS
19 PRODUCED BY DECARBOXYLATION FROM NATURALLY OCCURRING CANNABINOID ACID
20 WITHOUT THE USE OF A CHEMICAL CATALYST.

21 ~~14.~~ 15. "Independent third-party laboratory" has the same meaning
22 prescribed in section 36-2801.

23 ~~15.~~ 16. "Industrial hemp" has the same meaning prescribed in
24 section 3-311.

25 ~~16.~~ 17. "Licensee" means a person that obtains a license pursuant
26 to section 36-2854.

27 ~~17.~~ 18. "Locality" means a city, town or county.

28 ~~18.~~ 19. "Manufacture" and "manufacturing" mean to compound, blend,
29 extract, infuse or otherwise make or prepare a marijuana product.

30 ~~19.~~ 20. "Marijuana":

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

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

36 (c) Does not include industrial hemp, HEMP-DERIVED MANUFACTURED
37 PSYCHOTROPIC CANNABINOIDS, the fiber produced from the stalks of the plant
38 of the genus cannabis, oil or cake made from the seeds of the plant,
39 sterilized seeds of the plant that are incapable of germination, or the
40 weight of any other ingredient combined with marijuana to prepare topical
41 or oral administrations, food, drink or other products.

42 ~~20.~~ 21. "Marijuana concentrate":

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

1 (b) Does not include industrial hemp, HEMP-DERIVED MANUFACTURED
2 PSYCHOTROPIC CANNABINOIDS or the weight of any other ingredient combined
3 with cannabis to prepare topical or oral administrations, food, drink or
4 other products.

5 ~~21.~~ 22. "Marijuana establishment" means an entity that is licensed
6 by the department to operate all of the following:

7 (a) A single retail location at which the licensee may sell
8 marijuana and marijuana products to consumers, cultivate marijuana and
9 manufacture marijuana products.

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

14 (c) A single off-site location at which the licensee may
15 manufacture marijuana products and package and store marijuana and
16 marijuana products, but from which marijuana and marijuana products may
17 not be transferred or sold to consumers.

18 ~~22.~~ 23. "Marijuana facility agent" means a principal officer,
19 board member or employee of a marijuana establishment or marijuana testing
20 facility who is at least twenty-one years of age and who has not been
21 convicted of an excluded felony offense.

22 ~~23.~~ 24. "Marijuana products" means marijuana concentrate and
23 products that are composed of marijuana and other ingredients, ~~and~~ that
24 are intended for use or consumption, including edible products, ointments
25 and tinctures, AND THAT DO NOT CONTAIN ANY HEMP-DERIVED MANUFACTURED
26 PSYCHOTROPIC CANNABINOIDS.

27 ~~24.~~ 25. "Marijuana testing facility" means the department or
28 another entity that is licensed by the department to analyze the potency
29 of marijuana and test marijuana for harmful contaminants.

30 ~~25.~~ 26. "Nonprofit medical marijuana dispensary" has the same
31 meaning prescribed in section 36-2801.

32 ~~26.~~ 27. "Nonprofit medical marijuana dispensary agent" has the
33 same meaning prescribed in section 36-2801.

34 ~~27.~~ 28. "Open space" means a public park, public sidewalk, public
35 walkway or public pedestrian thoroughfare.

36 ~~28.~~ 29. "Process" and "processing" mean to harvest, dry, cure,
37 trim or separate parts of the marijuana plant.

38 ~~29.~~ 30. "Public place" has the same meaning prescribed in section
39 36-601.01.

40 ~~30.~~ 31. "Qualifying patient" has the same meaning prescribed in
41 section 36-2801.

42 ~~31.~~ 32. "Smoke" means to inhale, exhale, burn, carry or possess
43 any lighted marijuana or lighted marijuana products, whether natural or
44 synthetic.

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

4 (c) The remainder to community college districts and provisional
5 community colleges districts in proportion to each district's full-time
6 equivalent student enrollment percentage of the total statewide audited
7 full-time equivalent student enrollment in the preceding fiscal year
8 prescribed in section 15-1466.01.

9 2. 31.4 percent to municipal police departments, municipal fire
10 departments, fire districts established pursuant to title 48, chapter 5
11 and county sheriffs' departments in proportion to the number of enrolled
12 members for each such agency in the public safety personnel retirement
13 system established by title 38, chapter 5, article 4 and the public safety
14 personnel defined contribution RETIREMENT plan established ~~by~~ PURSUANT TO
15 title 38, chapter 5, article 4.1, for personnel costs.

16 3. 25.4 percent to the Arizona highway user revenue fund
17 established by section 28-6533.

18 4. ~~10~~ TEN percent to the justice reinvestment fund established by
19 section 36-2863.

20 5. 0.2 percent to the attorney general to use to enforce this
21 chapter, INCLUDING INVESTIGATING AND TAKING ACTION AS PRESCRIBED BY TITLE
22 44, CHAPTER 10, ARTICLE 7 RELATING TO THE SALE, MARKETING AND DISTRIBUTION
23 OF HEMP-DERIVED MANUFACTURED PSYCHOTROPIC CANNABINOIDS, or to grant to
24 localities to enforce this chapter.

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

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

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

31 Sec. 7. Subject to the requirements of article IV, part 1, section
32 1, Constitution of Arizona, section 36-2858, Arizona Revised Statutes, is
33 amended to read:

34 36-2858. Lawful operation of marijuana establishments and
35 marijuana testing facilities

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

42 1. A marijuana establishment, or an agent acting on behalf of a
43 marijuana establishment, to:

44 (a) Possess marijuana or marijuana products.

1 (b) Purchase, sell or transport marijuana and marijuana products to
2 or from a marijuana establishment.

3 (c) Sell marijuana and marijuana products to consumers, except that
4 a marijuana establishment may not sell more than one ounce of marijuana to
5 a consumer in a single transaction, not more than five grams of which may
6 be in the form of marijuana concentrate.

7 (d) Cultivate, produce, test or process marijuana or manufacture
8 marijuana or marijuana products by any means, including chemical
9 extraction or chemical synthesis.

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

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

19 4. A nonprofit medical marijuana dispensary or a marijuana
20 establishment, or an agent acting on behalf of a nonprofit medical
21 marijuana dispensary or a marijuana establishment, to sell or otherwise
22 transfer marijuana or marijuana products to a nonprofit medical marijuana
23 dispensary, a marijuana establishment or an agent acting on behalf of a
24 nonprofit medical marijuana dispensary or a marijuana establishment.

25 5. Any individual, corporation or other entity to sell, lease or
26 otherwise allow property or goods that are owned, managed or controlled by
27 the individual, corporation or other entity to be used for any activity
28 authorized by this chapter, or to provide services to a marijuana
29 establishment, or marijuana testing facility or agent acting on behalf of
30 a marijuana establishment or marijuana testing facility in connection with
31 any activity authorized by this chapter.

32 B. This section does not preclude the department from imposing
33 penalties against a marijuana establishment or marijuana testing facility
34 for failing to comply with this chapter or rules adopted pursuant to this
35 chapter.

36 C. A marijuana establishment may be owned or operated by a publicly
37 traded company.

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

39 1. May hold a marijuana establishment license and operate a
40 marijuana establishment pursuant to this chapter.

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

1 3. Must continue to hold both its marijuana establishment license
2 and nonprofit medical marijuana dispensary registration, regardless of any
3 change in ownership of the dual licensee, unless it terminates its status
4 as a dual licensee and forfeits either its marijuana establishment license
5 or nonprofit medical marijuana dispensary registration by notifying the
6 department of such a termination and forfeiture.

7 4. Is not required to:

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

9 (b) Obtain nonprofit medical marijuana dispensary agent or
10 marijuana facility agent registrations for outside vendors that do not
11 have regular, unsupervised access to the interior of the dual licensee's
12 premises.

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

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

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

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

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

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

29 1. Sell marijuana and marijuana products to consumers pursuant to
30 this chapter.

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

33 G. Notwithstanding chapter 28.1 of this title or any rule adopted
34 pursuant to chapter 28.1 of this title, a dual licensee may engage in any
35 act, practice, conduct or transaction allowed for a marijuana
36 establishment by this chapter.

37 H. Notwithstanding any other law:

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

41 2. Two or more marijuana establishments or dual licensees may
42 designate a single off-site location as prescribed in section 36-2850,
43 paragraph ~~21~~ 22, subdivision (c) to be jointly used by those dual
44 licensees or marijuana establishments.

1 I. Marijuana establishments, marijuana testing facilities and dual
2 licensees that are subject to applicable federal or state
3 antidiscrimination laws may not pay their employees differently based
4 solely on a protected class status such as sex, race, color, religion,
5 national origin, age or disability. This subsection does not expand or
6 modify the jurisdictional reach, provisions or requirements of any
7 applicable antidiscrimination law.

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

9 Pursuant to article IV, part 1, section 1, Constitution of Arizona,
10 sections 36-2801, 36-2804.05, 36-2850, 36-2856 and 36-2858, Arizona
11 Revised Statutes, as amended 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.