

REFERENCE TITLE: marijuana; social equity licenses; enforcement

State of Arizona  
Senate  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **SB 1262**

Introduced by  
Senator Borrelli: Representatives Diaz, Gillette, Peña

AN ACT

AMENDING TITLE 36, CHAPTER 28.2, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2866; 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, title 36, chapter 28.2, Arizona  
4 Revised Statutes, is amended by adding section 36-2866, to read:

5 36-2866. Social equity ownership program; predatory  
6 agreements; transfer; enforcement; definitions

7 A. THE ORIGINAL PRINCIPAL OFFICER OR BOARD MEMBER WITH AT LEAST  
8 FIFTY-ONE PERCENT OWNERSHIP OF ANY ENTITY THAT RECEIVED A MARIJUANA  
9 ESTABLISHMENT LICENSE UNDER THE SOCIAL EQUITY OWNERSHIP PROGRAM  
10 ESTABLISHED PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 9, ON  
11 APRIL 8, 2022, MAY TRANSFER THE MARIJUANA ESTABLISHMENT LICENSE TO ANY  
12 ENTITY OF THE OFFICER'S OR MEMBER'S CHOICE IF ANY OF THE FOLLOWING  
13 APPLIES:

14 1. THE ORIGINAL PRINCIPAL OFFICER OR BOARD MEMBER WITH AT LEAST  
15 FIFTY-ONE PERCENT OWNERSHIP HAS BEEN SUBJECT TO A PREDATORY AGREEMENT.

16 2. A PRINCIPAL OFFICER OR BOARD MEMBER WHO HELD A MINORITY INTEREST  
17 WHEN THE MARIJUANA ESTABLISHMENT LICENSE WAS ORIGINALLY ISSUED VIOLATED  
18 ANY RULES ADOPTED PURSUANT TO THIS CHAPTER.

19 3. A PRINCIPAL OFFICER OR BOARD MEMBER WHO HELD A MINORITY INTEREST  
20 IN THE ENTITY AT THE TIME OF APPLICATION FAILED TO DISCLOSE AN EXCLUDED  
21 FELONY OFFENSE.

22 4. A PRINCIPAL OFFICER OR BOARD MEMBER WHO HELD A MINORITY INTEREST  
23 IN THE ENTITY AT THE TIME OF APPLICATION DID NOT POSSESS A MARIJUANA  
24 FACILITY AGENT CARD AT THE TIME OF THE APPLICATION.

25 B. THE TRANSFER OF THE LICENSE PURSUANT TO SUBSECTION A OF THIS  
26 SECTION IS SUBJECT TO THE ATTORNEY GENERAL'S APPROVAL.

27 C. THE ORIGINAL PRINCIPAL OFFICER OR BOARD MEMBER WHO HELD AT LEAST  
28 FIFTY-ONE PERCENT OWNERSHIP OF ANY ENTITY THAT RECEIVED A MARIJUANA  
29 ESTABLISHMENT LICENSE UNDER THE SOCIAL EQUITY OWNERSHIP PROGRAM  
30 ESTABLISHED PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 9 AND  
31 THAT BELIEVES THE OFFICER OR MEMBER WAS THE SUBJECT OF A PREDATORY  
32 AGREEMENT OR THAT SUBSECTION A OF THIS SECTION APPLIES MAY FILE A  
33 COMPLAINT WITH THE ATTORNEY GENERAL'S OFFICE. THE ATTORNEY GENERAL SHALL  
34 INVESTIGATE AND DETERMINE WHETHER THE AGREEMENT IS A PREDATORY AGREEMENT  
35 PURSUANT TO THIS SECTION.

36 D. THE ATTORNEY GENERAL'S OFFICE, IN CONJUNCTION WITH THE  
37 DEPARTMENT, MAY TAKE APPROPRIATE ENFORCEMENT ACTION AGAINST ANY MARIJUANA  
38 FACILITY AGENT THAT ENTERED INTO A PREDATORY AGREEMENT TO TAKE CONTROL OF  
39 THE MARIJUANA ESTABLISHMENT LICENSE USING A PREDATORY AGREEMENT. THE  
40 DEPARTMENT MAY TAKE ACTION AGAINST A PARTY TO A PREDATORY AGREEMENT AT  
41 LICENSE RENEWAL OR MARIJUANA FACILITY AGENT CARD RENEWAL.

42 E. FOR THE PURPOSES OF THIS SECTION:

43 1. "MINIMUM FAIR MARKET VALUE" MEANS THE TOTAL ANNUAL RECREATIONAL  
44 MARIJUANA REVENUE IN TAX YEAR 2023 FOR ALL RECREATIONAL MARIJUANA

1 ESTABLISHMENT LICENSES, DIVIDED BY THE TOTAL NUMBER OF ALL MARIJUANA  
2 ESTABLISHMENT LICENSES, INCLUDING THOSE HELD BY DUAL LICENSEES.

3 2. "PREDATORY AGREEMENT" MEANS ANY AGREEMENT SIGNED BEFORE OR  
4 WITHIN TWELVE MONTHS AFTER A MARIJUANA ESTABLISHMENT LICENSE UNDER THE  
5 SOCIAL EQUITY OWNERSHIP PROGRAM ESTABLISHED PURSUANT TO SECTION 36-2854,  
6 SUBSECTION A, PARAGRAPH 9 WAS ISSUED THAT REQUIRED THE ORIGINAL PRINCIPAL  
7 OFFICER OR BOARD MEMBER WHO HELD AT LEAST FIFTY-ONE PERCENT OWNERSHIP OF  
8 ANY ENTITY THAT RECEIVED A MARIJUANA ESTABLISHMENT LICENSE UNDER THE  
9 SOCIAL EQUITY OWNERSHIP PROGRAM TO SELL OR OTHERWISE TRANSFER OR GIVE  
10 CONTROL OF THE OFFICER'S OR MEMBER'S OWNERSHIP INTEREST FOR LESS THAN  
11 MINIMUM FAIR MARKET VALUE.

12 Sec. 2. Severability

13 If a provision of this act or its application to any person or  
14 circumstance is held invalid, the invalidity does not affect other  
15 provisions or applications of the act that can be given effect without the  
16 invalid provision or application, and to this end the provisions of this  
17 act are severable.

18 Sec. 3. Requirements for enactment; three-fourths vote

19 Pursuant to article IV, part 1, section 1, Constitution of Arizona,  
20 section 36-2866, Arizona Revised Statutes, as added by this act, is  
21 effective only on the affirmative vote of at least three-fourths of the  
22 members of each house of the legislature.