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)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Subject to the requirements of article IV, part 1, section 1, Constitution of Arizona, Title 36, chapter 28.2, Arizona Revised Statutes, is amended by adding section 36-2866, to read:

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

A. The original principal officer or board member with at least fifty-one percent ownership of any entity that received a marijuana establishment license under the social equity ownership program established pursuant to Section 36-2854, subsection A, paragraph 9, on April 8, 2022, may transfer the marijuana establishment license to any entity of the officer's or member's choice if any of the following applies:

1. The original principal officer or board member with at least fifty-one percent ownership has been subject to a predatory agreement.
2. A principal officer or board member who held a minority interest when the marijuana establishment license was originally issued violated any rules adopted pursuant to this chapter.
3. A principal officer or board member who held a minority interest in the entity at the time of application failed to disclose an excluded felony offense.
4. A principal officer or board member who held a minority interest in the entity at the time of application did not possess a marijuana facility agent card at the time of the application.

B. The transfer of the license pursuant to subsection A of this section is subject to the Attorney General's approval.

C. The original principal officer or board member who held at least fifty-one percent ownership of any entity that received a marijuana establishment license under the social equity ownership program established pursuant to Section 36-2854, subsection A, paragraph 9 and that believes the officer or member was the subject of a predatory agreement or that subsection A of this section applies may file a complaint with the Attorney General's Office. The Attorney General shall investigate and determine whether the agreement is a predatory agreement pursuant to this section.

D. The Attorney General's Office, in conjunction with the department, may take appropriate enforcement action against any marijuana facility agent that entered into a predatory agreement to take control of the marijuana establishment license using a predatory agreement. The department may take action against a party to a predatory agreement at license renewal or marijuana facility agent card renewal.

E. For the purposes of this section:

1. "Minimum fair market value" means the total annual recreational marijuana revenue in tax year 2023 for all recreational marijuana
ESTABLISHMENT LICENSES, DIVIDED BY THE TOTAL NUMBER OF ALL MARIJUANA
ESTABLISHMENT LICENSES, INCLUDING THOSE HELD BY DUAL LICENSEES.

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

Sec. 2. Severability

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

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

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