

REFERENCE TITLE: marijuana; rural opportunity initiative

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1363

Introduced by
Senator Gowan

AN ACT

AMENDING SECTIONS 36-2803.01 AND 36-2854, ARIZONA REVISED STATUTES;
AMENDING TITLE 36, CHAPTER 28.2, ARIZONA REVISED STATUTES, BY ADDING
SECTION 36-2857.01; 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 36-2803.01, Arizona Revised
4 Statutes, is amended to read:

5 36-2803.01. New dispensary registration certificates;
6 issuance; priority; requirements; definition

7 A. **EXCEPT AS PROVIDED IN SUBSECTION E OF THIS SECTION**, beginning on
8 April 1, 2020, the department shall issue all new nonprofit medical
9 marijuana dispensary registration certificates in the following order of
10 priority based on the dispensary's geographic area as described in the
11 registration certificate application:

12 1. The geographic area had a registered nonprofit medical marijuana
13 dispensary move from the geographic area and the geographic area is at
14 least twenty-five miles from another dispensary that has been issued a
15 dispensary registration certificate.

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

18 3. According to rule, if there are no dispensary registration
19 certificate applications as described in paragraph 1 or 2 of this
20 subsection.

21 B. If the department receives multiple applications as described in
22 subsection A, paragraph 1 of this section from previously approved
23 nonprofit medical marijuana dispensary locations, the department shall
24 approve the certificate for the application that serves the most
25 qualifying patients within five miles of the proposed dispensary location.
26 If the department receives multiple applications as described in
27 subsection A, paragraph 2 of this section or if there are no applications
28 from previously approved dispensary locations, the department may issue
29 the registration certificate by random drawing.

30 C. A nonprofit medical marijuana dispensary that receives a
31 registration certificate pursuant to subsection A, paragraph 1 or 2 **OR**
32 **SUBSECTION E** of this section on or after April 1, 2020 must open the
33 dispensary at the approved location within eighteen months after the
34 application is approved or the registration certificate becomes invalid.

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

38 1. If the dispensary is located within a city or town, only within
39 that city or town.

40 2. If the dispensary is located within an unincorporated area, only
41 within the unincorporated area of the county where the dispensary is
42 located but not within twenty-five miles from another dispensary that has
43 been issued a dispensary registration certificate.

1 E. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, THE
2 DEPARTMENT SHALL ISSUE A NONPROFIT MEDICAL MARIJUANA DISPENSARY
3 REGISTRATION CERTIFICATE TO EACH ENTITY THAT IS ISSUED A MARIJUANA
4 ESTABLISHMENT LICENSE PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH
5 1, SUBDIVISION (g) AND ALLOW THESE REGISTRATION CERTIFICATE HOLDERS TO
6 RELOCATE THEIR RETAIL SITE ONLY TO ANOTHER UNSERVED RURAL COMMUNITY IN
7 ACCORDANCE WITH SECTION 36-2857.01.

8 ~~F.~~ F. For the purposes of this section, "geographic area" means a
9 city, town or unincorporated area of a county.

10 Sec. 2. Subject to the requirements of article IV, part 1,
11 section 1, Constitution of Arizona, section 36-2854, Arizona Revised
12 Statutes, is amended to read:

13 36-2854. Rules; licensing; early applicants; fees; civil
14 penalty; legal counsel

15 A. The department shall adopt rules to implement and enforce this
16 chapter and regulate marijuana, marijuana products, marijuana
17 establishments and marijuana testing facilities. Those rules shall
18 include requirements for:

19 1. Licensing marijuana establishments and marijuana testing
20 facilities, including conducting investigations and background checks to
21 determine eligibility for licensing for marijuana establishment and
22 marijuana testing facility applicants, except that:

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

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

31 (c) Notwithstanding subdivision (b) of this paragraph, the
32 department may issue a marijuana establishment license to not more than
33 two marijuana establishments per county that contains no registered
34 nonprofit medical marijuana dispensaries, or one marijuana establishment
35 license per county that contains one registered nonprofit medical
36 marijuana dispensary. Any license issued pursuant to this subdivision
37 shall be for a fixed county and may not be relocated outside of that
38 county.

39 (d) The department shall accept applications for marijuana
40 establishment licenses from early applicants beginning January 19, 2021
41 through March 9, 2021. Not later than sixty days after receiving an
42 application pursuant to this subdivision, the department shall issue a
43 marijuana establishment license to each qualified early applicant. If the
44 department has not adopted final rules pursuant to this section at the
45 time marijuana establishment licenses are issued pursuant to this

1 subdivision, licensees shall comply with the rules adopted by the
2 department to implement chapter 28.1 of this title except those that are
3 inconsistent with this chapter.

4 (e) After issuing marijuana establishment licenses to qualified
5 early applicants, the department shall issue marijuana establishment
6 licenses available under subdivisions (b) and (c) of this paragraph by
7 random selection and according to rules adopted pursuant to this section.
8 At least sixty days before any random selection, the department shall
9 prominently publicize the random selection on its website and through
10 other means of general distribution intended to reach as many interested
11 parties as possible and shall provide notice through an email notification
12 system to which interested parties can subscribe.

13 (f) Notwithstanding subdivisions (b) and (c) of this paragraph, and
14 not later than six months after the department adopts final rules to
15 implement a social equity ownership program pursuant to paragraph 9 of
16 this subsection, the department shall issue twenty-six additional
17 marijuana establishment licenses to entities that are qualified pursuant
18 to the social equity ownership program.

19 (g) NOTWITHSTANDING SUBDIVISIONS (b) AND (c) OF THIS PARAGRAPH, THE
20 DEPARTMENT SHALL ISSUE A MARIJUANA ESTABLISHMENT LICENSE TO EACH ENTITY
21 THAT IS QUALIFIED PURSUANT TO THE RURAL OPPORTUNITY INITIATIVE. THE
22 LICENSES ISSUED PURSUANT TO THIS SUBDIVISION SHALL BE FOR A FIXED
23 COMMUNITY THAT HAS NOT OPTED OUT OF THE RURAL OPPORTUNITY INITIATIVE, AND
24 THE ENTITY'S RETAIL SITE MAY BE RELOCATED ONLY TO AN UNSERVED RURAL
25 COMMUNITY IN ACCORDANCE WITH SECTION 36-2857.01. THE DEPARTMENT MAY NOT
26 ISSUE MORE THAN EIGHTEEN MARIJUANA ESTABLISHMENT LICENSES PURSUANT TO THIS
27 SUBDIVISION.

28 ~~(g)~~ (h) Licenses issued by the department to marijuana
29 establishments and marijuana testing facilities shall be valid for a
30 period of two years. A dual licensee's initial renewal date, which will
31 be the ongoing renewal date for both the dual licensee's marijuana
32 establishment license and nonprofit medical marijuana dispensary
33 registration, is the earlier of:

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

35 (ii) The date of the nonprofit medical marijuana dispensary
36 registration renewal.

37 ~~(h)~~ (i) The department may not issue a marijuana establishment or
38 marijuana testing facility license to an applicant who has an ownership
39 interest in an out-of-state marijuana establishment or marijuana testing
40 facility, or the other state's equivalent, that has had its license
41 revoked by the other state.

42 2. Licensing fees and renewal fees for marijuana establishments and
43 marijuana testing facilities in amounts that are reasonable and related to
44 the actual cost of processing applications for licenses and renewals and

1 that do not exceed five times the fees prescribed by the department to
2 register or renew a nonprofit medical marijuana dispensary.

3 3. The security of marijuana establishments and marijuana testing
4 facilities.

5 4. Marijuana establishments to safely cultivate, process and
6 manufacture marijuana and marijuana products. The department shall
7 require licensees to procure, develop, acquire and maintain a system to
8 track marijuana and marijuana products at all points of cultivation,
9 manufacturing and sale. The system developed and maintained pursuant to
10 this paragraph shall:

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

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

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

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

17 (ii) The processing of marijuana and marijuana products by a
18 marijuana establishment.

19 (iii) The sale and purchase of marijuana and marijuana products
20 between licensees.

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

23 (v) The disposal of marijuana waste.

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

27 (vii) Any other information that the department determines is
28 reasonably necessary to accomplish the duties, functions and powers of the
29 department.

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

33 5. Tracking, testing, labeling consistent with section 36-2854.01
34 and packaging marijuana and marijuana products, including requirements
35 that marijuana and marijuana products be:

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

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

41 6. Forms of government-issued identification that are acceptable by
42 a marijuana establishment verifying a consumer's age and procedures
43 related to verifying a consumer's age consistent with section 4-241.
44 Until the department adopts final rules related to verifying a consumer's

1 age, marijuana establishments shall comply with the proof of legal age
2 requirements prescribed in section 4-241.

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

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

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

13 8. Ensuring the health, safety and training of employees of
14 marijuana establishments and marijuana testing facilities.

15 9. The creation and implementation of a social equity ownership
16 program to promote the ownership and operation of marijuana establishments
17 and marijuana testing facilities by individuals from communities
18 disproportionately impacted by the enforcement of previous marijuana laws.

19 10. Prohibiting a marijuana testing facility from having any direct
20 or indirect familial relationship with or financial ownership interest in
21 a marijuana establishment or related marijuana business entity or
22 management company. The rules shall include prohibiting a marijuana
23 establishment from having any direct or indirect familial relationship
24 with or financial ownership interest in a marijuana testing facility or
25 related marijuana business entity or management company.

26 11. Requiring marijuana establishments 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 marijuana
34 establishment.

35 B. The department may:

36 1. Subject to title 41, chapter 6, article 10, deny any application
37 submitted or deny, suspend or revoke, in whole or in part, any
38 registration or license issued under this chapter if the registered or
39 licensed party or an officer, agent or employee of the registered or
40 licensed party does any of the following:

41 (a) Violates this chapter or any rule adopted pursuant to this
42 chapter.

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

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

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

19 4. Adopt any other rules that are not expressly stated in this
20 section and that are necessary to ensure the safe and responsible
21 cultivation, sale, processing, manufacture, testing and transport of
22 marijuana and marijuana products.

23 C. Until the department adopts rules allowing and regulating
24 delivery by marijuana establishments pursuant to subsection D of this
25 section, delivery is unlawful under this chapter.

26 D. On or after January 1, 2023, the department may, and not later
27 than January 1, 2025 the department shall, adopt rules to allow and
28 regulate delivery by marijuana establishments. The rules shall:

29 1. Require that delivery and the marijuana and marijuana products
30 to be delivered originate from a designated retail location of a marijuana
31 establishment and only after an order is made with the marijuana
32 establishment by a consumer. The rules may not limit the distance between
33 the delivery location and the originating designated retail location of
34 the marijuana establishment.

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

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

41 4. Prohibit extra or unallocated marijuana or marijuana products in
42 delivery vehicles.

43 5. Require that deliveries be made only by marijuana facility
44 agents in unmarked vehicles that are equipped with a global positioning
45 system or similar location tracking system and video surveillance and

1 recording equipment, and that contain a locked compartment in which
2 marijuana and marijuana products must be stored. The rules may not limit
3 the number of vehicles that a marijuana establishment may use for
4 delivery.

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

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

9 8. Include any other provisions necessary to ensure safe and
10 restricted delivery.

11 9. Require dual licensees to comply with the rules adopted pursuant
12 to this subsection.

13 E. Except as provided in subsection D of this section, the
14 department may not allow delivery of marijuana or marijuana products under
15 this chapter by any individual or entity. In addition to any other
16 penalty imposed by law, an individual or entity that delivers marijuana or
17 marijuana products in a manner that is not authorized by this chapter
18 shall pay a civil penalty of \$20,000 per violation to the smart and safe
19 Arizona fund established by section 36-2856. This subsection may be
20 enforced by the attorney general.

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

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

24 1. Prohibits the operation of marijuana establishments, either
25 expressly or through requirements that make the operation of a marijuana
26 establishment unduly burdensome.

27 2. Prohibits or interferes with the ability of a dual licensee to
28 operate a marijuana establishment and a nonprofit medical marijuana
29 dispensary at shared locations.

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

33 1. Defending this chapter or rules adopted pursuant to this
34 chapter.

35 2. Defending chapter 28.1 of this title or rules adopted pursuant
36 to chapter 28.1 of this title.

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

40 J. On request, the department of health services shall share with
41 the department of revenue information regarding a marijuana establishment,
42 marijuana testing facility or dual licensee, including its name, physical
43 address, cultivation site and transaction privilege tax license number.

1 K. Notwithstanding any other law, the department may:
2 1. License an independent third-party laboratory to also operate as
3 a marijuana testing facility.

4 2. Operate a marijuana testing facility.

5 L. The department shall maintain and publish a current list of all
6 marijuana establishments and marijuana testing facilities by name and
7 license number.

8 M. Notwithstanding any other law, the issuance of an occupational,
9 professional or other regulatory license or certification to a person by a
10 jurisdiction or regulatory authority outside this state does not entitle
11 that person to be issued a marijuana establishment license, a marijuana
12 testing facility license, or any other license, registration or
13 certification under this chapter.

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

16 1. A marijuana testing facility is prohibited from having any
17 direct or indirect familial relationship with or financial ownership
18 interest in a marijuana establishment or related marijuana business entity
19 or management company.

20 2. A marijuana establishment is prohibited from having any direct
21 or indirect familial relationship with or financial ownership interest in
22 a marijuana testing facility or related marijuana business entity or
23 management company.

24 Sec. 3. Subject to the requirements of article IV, part 1,
25 section 1, Constitution of Arizona, title 36, chapter 28.2, Arizona
26 Revised Statutes, is amended by adding section 36-2857.01, to read:

27 36-2857.01. Rural opportunity initiative; applicant
28 requirements; opt out; posting requirements;
29 definitions

30 A. THE RURAL OPPORTUNITY INITIATIVE IS ESTABLISHED TO CREATE TAX
31 REVENUE AND ECONOMIC OPPORTUNITIES FOR UNSERVED RURAL COMMUNITIES THROUGH
32 THE ISSUANCE OF NOT MORE THAN EIGHTEEN MARIJUANA ESTABLISHMENT LICENSES
33 PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g)
34 AND NOT MORE THAN EIGHTEEN NONPROFIT MEDICAL MARIJUANA DISPENSARY
35 REGISTRATION CERTIFICATES PURSUANT TO SECTION 36-2803.01, SUBSECTION E, TO
36 CREATE NOT MORE THAN EIGHTEEN ADDITIONAL DUAL LICENSEES.

37 B. THE DEPARTMENT MAY ESTABLISH MINISTERIAL TEMPLATES AND
38 ELECTRONIC SUBMISSION SYSTEMS TO ACCEPT FILINGS UNDER THIS SECTION. ANY
39 TEMPLATE OR ELECTRONIC FORMAT MAY REQUEST ONLY THE INFORMATION AND
40 DOCUMENTATION EXPRESSLY REQUIRED BY THIS SECTION.

41 C. THE DEPARTMENT SHALL POST AND MAINTAIN ON THE DEPARTMENT'S
42 PUBLIC WEBSITE ALL OF THE FOLLOWING:

43 1. A CURRENT LIST OF UNSERVED RURAL COMMUNITIES THAT HAVE OPTED OUT
44 UNDER SUBSECTION D OF THIS SECTION.

1 2. A CURRENT LIST OF UNSERVED RURAL COMMUNITIES FOR WHICH THE
2 DEPARTMENT HAS ISSUED A LICENSE UNDER THIS SECTION.

3 3. INSTRUCTIONS FOR SUBMITTING AN OPT-OUT ACTION AND FOR SUBMITTING
4 AN APPLICATION UNDER THIS SECTION.

5 4. AFTER EIGHTEEN MARIJUANA ESTABLISHMENT LICENSES HAVE BEEN ISSUED
6 PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g)
7 AND EIGHTEEN NONPROFIT MEDICAL MARIJUANA DISPENSARY REGISTRATION
8 CERTIFICATES HAVE BEEN ISSUED PURSUANT TO SECTION 36-2803.01, SUBSECTION
9 E, A NOTICE THAT NO ADDITIONAL LICENSES OR REGISTRATION CERTIFICATES ARE
10 AVAILABLE UNDER THE RURAL OPPORTUNITY INITIATIVE.

11 D. EXCEPT AS PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION, AN
12 UNSERVED RURAL COMMUNITY MAY OPT OUT OF THE RURAL OPPORTUNITY INITIATIVE
13 AS FOLLOWS:

14 1. A CITY OR TOWN MAY OPT OUT OF PARTICIPATION IN THE RURAL
15 OPPORTUNITY INITIATIVE BY SUBMITTING TO THE DEPARTMENT A CERTIFIED COPY OF
16 A RESOLUTION OR ORDINANCE ADOPTED BY THE CITY OR TOWN GOVERNING BODY THAT
17 STATES THE CITY'S OR TOWN'S INTENT TO OPT OUT.

18 2. A COUNTY MAY OPT OUT OF PARTICIPATION IN THE RURAL OPPORTUNITY
19 INITIATIVE ON BEHALF OF A CENSUS-DESIGNATED AREA IN THE COUNTY, BUT NOT ON
20 BEHALF OF A CITY OR TOWN, BY SUBMITTING TO THE DEPARTMENT A CERTIFIED COPY
21 OF A RESOLUTION ADOPTED BY THE BOARD OF SUPERVISORS THAT STATES THE
22 COUNTY'S INTENT TO OPT OUT ON BEHALF OF THE CENSUS-DESIGNATED AREA.

23 3. THE ACTION TAKEN BY A CITY, TOWN OR COUNTY TO OPT OUT OF
24 PARTICIPATION IN THE RURAL OPPORTUNITY INITIATIVE IS EFFECTIVE FOR THE
25 PURPOSES OF THIS SECTION IF RECEIVED BY THE DEPARTMENT BEFORE THE
26 DEPARTMENT ISSUES EITHER A MARIJUANA ESTABLISHMENT LICENSE PURSUANT TO
27 SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g) OR A MEDICAL
28 MARIJUANA DISPENSARY REGISTRATION CERTIFICATE PURSUANT TO SECTION
29 36-2803.01, SUBSECTION E FOR THAT UNSERVED RURAL COMMUNITY. AN ACTION
30 TAKEN BY A CITY, TOWN OR COUNTY TO OPT OUT OF PARTICIPATION IN THE RURAL
31 OPPORTUNITY INITIATIVE THAT IS RECEIVED AFTER THE DEPARTMENT ISSUES A
32 LICENSE OR REGISTRATION CERTIFICATION UNDER THE RURAL OPPORTUNITY
33 INITIATIVE DOES NOT AFFECT THE VALIDITY OF ANY LICENSE OR REGISTRATION
34 CERTIFICATE THAT IS ALREADY ISSUED.

35 E. BEGINNING ONE HUNDRED EIGHTY DAYS AFTER THE EFFECTIVE DATE OF
36 THIS SECTION, THE DEPARTMENT SHALL ACCEPT APPLICATIONS FOR MARIJUANA
37 ESTABLISHMENT LICENSES PURSUANT TO SECTION 36-2854, SUBSECTION A,
38 PARAGRAPH 1, SUBDIVISION (g) AND NONPROFIT MEDICAL MARIJUANA DISPENSARY
39 REGISTRATION CERTIFICATES PURSUANT TO SECTION 36-2803.01, SUBSECTION E,
40 ONLY THROUGH AN ELECTRONIC SUBMISSION SYSTEM THAT TIME-STAMPS EACH
41 SUBMISSION TO THE SECOND AND PROVIDES THE APPLICANT WITH AN ELECTRONIC
42 RECEIPT.

43 F. TO APPLY FOR A MARIJUANA ESTABLISHMENT LICENSE PURSUANT TO
44 SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g) AND A
45 NONPROFIT MEDICAL MARIJUANA DISPENSARY REGISTRATION CERTIFICATE PURSUANT

1 TO SECTION 36-2803.01, SUBSECTION E, AN APPLICANT SHALL SUBMIT ALL OF THE
2 FOLLOWING INFORMATION TO THE DEPARTMENT IN A FORMAT PRESCRIBED BY THE
3 DEPARTMENT:

4 1. THE LEGAL NAME OF THE APPLICANT AND, IF DIFFERENT, THE LEGAL
5 NAME OF THE PROPOSED MARIJUANA ESTABLISHMENT OR NONPROFIT MEDICAL
6 MARIJUANA DISPENSARY.

7 2. THE BUSINESS ORGANIZATION TYPE OF THE APPLICANT AND, IF
8 APPLICABLE, THE STATE OR JURISDICTION OF FORMATION.

9 3. THE PHYSICAL ADDRESS OF THE PROPOSED RETAIL SITE AND THE COUNTY
10 IN WHICH THE PROPOSED RETAIL SITE IS LOCATED.

11 4. THE IDENTIFICATION OF THE UNSERVED RURAL COMMUNITY THE APPLICANT
12 SEEKS TO SERVE.

13 5. DOCUMENTATION THAT THE APPLICANT IS IN GOOD STANDING WITH THE
14 CORPORATION COMMISSION, IF APPLICABLE.

15 6. THE NAME, TITLE OR POSITION, AND CONTACT INFORMATION OF EACH
16 PRINCIPAL OFFICER AND EACH BOARD MEMBER OF THE APPLICANT.

17 7. THE NAME AND RESIDENCE ADDRESS OF ANY PERSON WHO IS ENTITLED TO
18 A SHARE OF AT LEAST TEN PERCENT OF THE PROFITS OF THE APPLICANT. AN
19 APPLICATION MAY NOT REQUIRE THE DISCLOSURE OF THE IDENTITY OF ANY PERSON
20 WHO IS ENTITLED TO A SHARE OF LESS THAN TEN PERCENT OF THE PROFITS OF AN
21 APPLICANT THAT IS A PUBLICLY TRADED CORPORATION.

22 8. AN ATTESTATION, SIGNED UNDER PENALTY OF PERJURY BY A PRINCIPAL
23 OFFICER, THAT:

24 (a) THE APPLICANT AND EACH PERSON IDENTIFIED PURSUANT TO PARAGRAPH
25 6 OR 7 OF THIS SUBSECTION HAS NOT BEEN CONVICTED OF AN EXCLUDED FELONY
26 OFFENSE.

27 (b) THE APPLICANT DOES NOT HAVE AN OWNERSHIP INTEREST IN AN
28 OUT-OF-STATE MARIJUANA ESTABLISHMENT OR MARIJUANA TESTING FACILITY, OR THE
29 OTHER STATE'S EQUIVALENT, THAT HAS HAD ITS LICENSE REVOKED BY THE OTHER
30 STATE.

31 (c) THE INFORMATION SUBMITTED IS TRUE, COMPLETE AND NOT MISLEADING.

32 G. IN ADDITION TO THE INFORMATION REQUIRED BY SUBSECTION F OF THIS
33 SECTION, AN APPLICANT SHALL SUBMIT DOCUMENTATION OF BOTH OF THE FOLLOWING
34 FOR THE PROPOSED RETAIL SITE:

35 1. WRITTEN PERMISSION FROM THE OWNER OR AUTHORIZED LEGAL
36 REPRESENTATIVE OF THE OWNER OF THE PROPERTY THAT AUTHORIZES USE OF THE
37 PROPERTY AS A MARIJUANA RETAIL SITE OPERATING PURSUANT TO BOTH A MARIJUANA
38 ESTABLISHMENT LICENSE AND A NONPROFIT MEDICAL MARIJUANA DISPENSARY
39 REGISTRATION CERTIFICATE, WHICH MUST BE SIGNED, NOTARIZED AND DATED NOT
40 MORE THAN SIXTY DAYS BEFORE THE APPLICATION IS SUBMITTED.

41 2. WRITTEN DOCUMENTATION ISSUED BY THE LOCAL JURISDICTION WITH LAND
42 USE AUTHORITY OVER THE PROPOSED RETAIL SITE SHOWING THAT THE PROPOSED
43 RETAIL SITE COMPLIES WITH LOCAL ZONING RESTRICTIONS APPLICABLE TO A
44 MARIJUANA RETAIL SITE OF A DUAL LICENSEE.

1 H. FOR THE PURPOSES OF THIS SECTION, A LANDOWNER MAY NOT PROVIDE
2 LANDOWNER CONSENT FOR THE SAME PROPERTY ADDRESS TO MORE THAN ONE
3 APPLICANT. THE APPLICANT THAT FIRST RECEIVES A LANDOWNER'S CONSENT AFTER
4 THE EFFECTIVE DATE OF THIS SECTION IS THE ONLY APPLICANT THAT MAY APPLY TO
5 OPERATE A RETAIL SITE ON THAT PROPERTY.

6 I. THE DEPARTMENT SHALL REVIEW AND APPROVE OR DENY APPLICATIONS FOR
7 MARIJUANA ESTABLISHMENT LICENSES PURSUANT TO SECTION 36-2854, SUBSECTION
8 A, PARAGRAPH 1, SUBDIVISION (g) AND NONPROFIT MEDICAL MARIJUANA DISPENSARY
9 REGISTRATION CERTIFICATES PURSUANT TO SECTION 36-2803.01, SUBSECTION E AS
10 FOLLOWS:

11 1. WITHIN THIRTY WORKING DAYS AFTER RECEIVING AN APPLICATION, THE
12 DEPARTMENT SHALL EITHER:

13 (a) PROVIDE THE APPLICANT WITH WRITTEN NOTICE THAT THE APPLICATION
14 IS ADMINISTRATIVELY COMPLETE.

15 (b) PROVIDE THE APPLICANT WITH WRITTEN NOTICE OF ANY DEFICIENCIES
16 IN THE APPLICATION, INCLUDING A LIST OF THE INFORMATION OR DOCUMENTS
17 REQUIRED BY THIS SECTION THAT ARE MISSING OR INCOMPLETE.

18 2. AN APPLICANT SHALL SUBMIT ANY MISSING OR INCOMPLETE INFORMATION
19 OR DOCUMENTS IDENTIFIED IN A NOTICE OF DEFICIENCIES NOT LATER THAN TEN
20 WORKING DAYS AFTER RECEIVING THE NOTICE. IF THE APPLICANT FAILS TO DO SO,
21 THE APPLICATION IS WITHDRAWN.

22 3. AN APPLICATION IS CONSIDERED COMPLETE UNDER THIS SECTION ONLY IF
23 THE APPLICANT HAS SUBMITTED ALL INFORMATION AND DOCUMENTATION REQUIRED BY
24 SUBSECTION F OF THIS SECTION. THE TIME AND DATE OF COMPLETION IS THE
25 ELECTRONIC TIMESTAMP ON THE SUBMISSION THAT FIRST MAKES THE APPLICATION
26 COMPLETE.

27 4. WITHIN SIXTY WORKING DAYS AFTER AN APPLICATION IS COMPLETE, THE
28 DEPARTMENT SHALL APPROVE THE APPLICATION AND ISSUE THE LICENSE AND
29 REGISTRATION CERTIFICATE REQUIRED BY THIS SECTION OR SHALL DENY THE
30 APPLICATION WITH A WRITTEN STATEMENT OF THE SPECIFIC REASONS FOR DENIAL
31 AND THE STATUTORY BASIS FOR EACH REASON. A DENIAL MAY BE APPEALED
32 PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10.

33 J. THE DEPARTMENT SHALL ISSUE THE MARIJUANA ESTABLISHMENT LICENSES
34 PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g)
35 AND THE NONPROFIT MEDICAL MARIJUANA DISPENSARY REGISTRATION CERTIFICATES
36 PURSUANT TO SECTION 36-2803.01, SUBSECTION E AS FOLLOWS:

37 1. THE DEPARTMENT SHALL ISSUE A MARIJUANA ESTABLISHMENT LICENSE
38 PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g)
39 AND A NONPROFIT MEDICAL MARIJUANA DISPENSARY REGISTRATION CERTIFICATE
40 PURSUANT TO SECTION 36-2803.01, SUBSECTION E FOR AN UNSERVED RURAL
41 COMMUNITY THAT HAS NOT OPTED OUT TO THE QUALIFIED APPLICANT WHOSE COMPLETE
42 APPLICATION TO SERVE THAT UNSERVED RURAL COMMUNITY IS FIRST RECEIVED BY
43 TIMESTAMP.

44 2. IF TWO OR MORE COMPLETE APPLICATIONS TO SERVE THE SAME UNSERVED
45 RURAL COMMUNITY HAVE AN IDENTICAL TIMESTAMP TO THE SECOND, THE DEPARTMENT

1 SHALL CONDUCT A RANDOM DRAWING BETWEEN THOSE APPLICANTS AT A PUBLICLY
2 NOTICED PROCEEDING NOT LATER THAN TEN WORKING DAYS AFTER THE TIE IS
3 IDENTIFIED. THE DEPARTMENT SHALL POST THE RESULT ON ITS PUBLIC WEBSITE
4 NOT LATER THAN ONE WORKING DAY AFTER THE DRAWING.

5 K. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER OR CHAPTER
6 28.1 OF THIS TITLE, EACH ENTITY THAT IS ISSUED A MARIJUANA ESTABLISHMENT
7 LICENSE PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 1,
8 SUBDIVISION (g) AND A NONPROFIT MEDICAL MARIJUANA DISPENSARY REGISTRATION
9 CERTIFICATE PURSUANT TO SECTION 36-2803.01, SUBSECTION E:

10 1. SHALL BE LICENSED BY THE DEPARTMENT TO OPERATE ONLY ONE RETAIL
11 LOCATION AND ONE OFF-SITE LOCATION AT WHICH THE ENTITY MAY CULTIVATE
12 MARIJUANA AND MANUFACTURE MARIJUANA PRODUCTS.

13 2. IS NOT REQUIRED TO OPERATE THE ENTITY'S RETAIL SITE FOR MORE
14 THAN TWENTY-FOUR HOURS EACH WEEK.

15 3. SHALL OPEN THE ENTITY'S RETAIL SITE WITHIN EIGHTEEN MONTHS AFTER
16 BEING ISSUED A MARIJUANA ESTABLISHMENT LICENSE PURSUANT TO SECTION
17 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g), OR THE MARIJUANA
18 ESTABLISHMENT LICENSE BECOMES INVALID.

19 4. MAY MOVE ITS RETAIL SITE ONLY TO ANOTHER UNSERVED RURAL
20 COMMUNITY THAT HAS NOT OPTED OUT OF THE RURAL OPPORTUNITY INITIATIVE
21 PURSUANT TO THIS SECTION BY SUBMITTING AN APPLICATION TO THE DEPARTMENT
22 THAT INCLUDES THE DOCUMENTATION REQUIRED BY SUBSECTION G OF THIS SECTION.

23 L. THE PROPOSED RETAIL SITE IDENTIFIED IN AN APPLICATION UNDER THIS
24 SECTION:

25 1. MUST BE LOCATED WITHIN THE BOUNDARIES OF THE UNSERVED RURAL
26 COMMUNITY THE APPLICANT SEEKS TO SERVE.

27 2. MUST BE LOCATED ON A PARCEL THAT IS AT LEAST TWENTY-FIVE MILES
28 FROM A MARIJUANA RETAIL SITE AS MEASURED FROM THE CLOSEST POINTS OF BOTH
29 PROPERTIES.

30 3. MAY NOT BE LOCATED IN UNINCORPORATED TERRITORY THAT IS
31 SURROUNDED ON ALL SIDES BY AN INDIAN RESERVATION.

32 M. FOR THE PURPOSES OF THIS SECTION:

33 1. "BOARD MEMBER" MEANS, IN ADDITION TO ANY INDIVIDUAL IDENTIFIED
34 IN AN ENTITY'S ORGANIZATIONAL GOVERNING DOCUMENTS AS A BOARD MEMBER, ALL
35 OF THE FOLLOWING:

36 (a) IF A CORPORATION IS APPLYING FOR A LICENSE, THE MEMBERS OF THE
37 BOARD OF DIRECTORS OF THE CORPORATION.

38 (b) IF A PARTNERSHIP IS APPLYING FOR A LICENSE, THE PARTNERS WHO
39 ARE NOT LIMITED PARTNERS.

40 (c) IF A LIMITED LIABILITY COMPANY IS APPLYING FOR A LICENSE, THE
41 PRINCIPAL OFFICERS OF THE LIMITED LIABILITY COMPANY.

42 (d) IF AN ASSOCIATION OR COOPERATIVE IS APPLYING FOR A LICENSE, THE
43 PRINCIPAL OFFICERS OF THE ASSOCIATION OR COOPERATIVE.

1 (e) IF A BUSINESS ORGANIZATION TYPE OTHER THAN THOSE DESCRIBED IN
2 SUBDIVISIONS (a) THROUGH (d) OF THIS PARAGRAPH IS APPLYING FOR A LICENSE,
3 THE PRINCIPAL OFFICERS OF THE BUSINESS ORGANIZATION.

4 2. "PRINCIPAL OFFICER" MEANS, IN ADDITION TO ANY INDIVIDUAL
5 IDENTIFIED IN AN ENTITY'S ORGANIZATIONAL GOVERNING DOCUMENTS AS A
6 PRINCIPAL OFFICER, ALL OF THE FOLLOWING:

7 (a) IF A CORPORATION IS APPLYING FOR A LICENSE, TWO INDIVIDUALS WHO
8 ARE OFFICERS OF THE CORPORATION, INCLUDING THE PRESIDENT OR CHIEF
9 EXECUTIVE OFFICER AND INDIVIDUALS SERVING AS SECRETARY AND TREASURER.

10 (b) IF A PARTNERSHIP IS APPLYING FOR A LICENSE, ALL GENERAL
11 PARTNERS AND THE PRINCIPAL OFFICERS OF ANY ENTITY GENERAL PARTNER.

12 (c) IF A LIMITED LIABILITY COMPANY IS APPLYING FOR A LICENSE, ALL
13 MANAGERS OF A MANAGER-MANAGED LIMITED LIABILITY COMPANY, ALL MEMBERS OF A
14 MEMBER-MANAGED LIMITED LIABILITY COMPANY AND THE PRINCIPAL OFFICERS OF AN
15 ENTITY MANAGER OR MEMBER.

16 (d) IF AN ASSOCIATION OR COOPERATIVE IS APPLYING FOR A LICENSE, THE
17 CHIEF EXECUTIVE OFFICER OR EXECUTIVE DIRECTOR OR A COMPARABLE LEADER.

18 (e) IF A BUSINESS ORGANIZATION TYPE OTHER THAN THOSE DESCRIBED IN
19 SUBDIVISIONS (a) THROUGH (d) OF THIS PARAGRAPH IS APPLYING FOR A LICENSE,
20 TWO INDIVIDUALS WHO OCCUPY THE TOP LEADERSHIP POSITIONS OF THE BUSINESS
21 ORGANIZATION.

22 3. "QUALIFIED APPLICANT" MEANS AN ENTITY THAT SUBMITS A COMPLETE
23 APPLICATION THAT SATISFIES ALL REQUIREMENTS OF THIS SECTION.

24 4. "UNSERVED RURAL COMMUNITY":

25 (a) MEANS A CITY, TOWN OR CENSUS-DESIGNATED AREA THAT HAS A
26 POPULATION OF LESS THAN FIFTY THOUSAND PERSONS AND CONTAINS ONE OR MORE
27 PARCELS OF PROPERTY THAT ARE AT LEAST TWENTY-FIVE MILES FROM ANOTHER
28 MARIJUANA RETAIL SITE, AS MEASURED FROM THE CLOSEST POINTS OF BOTH
29 PROPERTIES.

30 (b) DOES NOT INCLUDE UNINCORPORATED TERRITORY THAT IS SURROUNDED ON
31 ALL SIDES BY AN INDIAN RESERVATION.

32 5. "WORKING DAY" MEANS MONDAY THROUGH FRIDAY, EXCLUDING STATE
33 HOLIDAYS AND STATEWIDE FURLOUGH DAYS.

34 Sec. 4. Requirements for enactment; three-fourths vote

35 Pursuant to article IV, part 1, section 1, Constitution of Arizona,
36 sections 36-2803.01 and 36-2854, Arizona Revised Statutes, as amended by
37 this act, and section 36-2857.01, Arizona Revised Statutes, as added by
38 this act, are effective only on the affirmative vote of at least
39 three-fourths of the members of each house of the legislature.