

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

# SENATE BILL 1641

AN ACT

AMENDING SECTIONS 36-2850, 36-2854, 36-2857, 36-2858, 36-2859, 36-2860,  
36-2861, 36-2864 AND 36-2865, 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. Subject to the requirements of article IV, part 1,  
3 section 1, Constitution of Arizona, section 36-2850, Arizona Revised  
4 Statutes, is amended to read:

5 36-2850. Definitions

6 In this chapter, unless the context requires otherwise:

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

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

14 3. "Consume," "consuming" and "consumption" mean the act of  
15 ingesting, inhaling or otherwise introducing marijuana into the human  
16 body.

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

19 5. "Cultivate" and "cultivation" mean to propagate, breed, grow,  
20 prepare and package marijuana.

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

24 7. "Department" means the department of health services or its  
25 successor agency.

26 8. "Designated caregiver" has the same meaning prescribed in  
27 section 36-2801.

28 9. "Dual licensee" means an entity that holds both a nonprofit  
29 medical marijuana dispensary registration and a marijuana establishment  
30 license.

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

32 (a) An entity seeking to operate a marijuana establishment in a  
33 county with fewer than two registered nonprofit medical marijuana  
34 dispensaries.

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

37 11. "Employee," "employer," "health care facility," and "places of  
38 employment" have the same meanings prescribed in ~~the smoke-free Arizona~~  
39 ~~act~~, section 36-601.01.

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

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

- 1           14. "Independent third-party laboratory" has the same meaning  
2 prescribed in section 36-2801.
- 3           15. "Industrial hemp" has the same meaning prescribed in section  
4 3-311.
- 5           16. "Licensee" means a person that obtains a license pursuant to  
6 section 36-2854.
- 7           17. "Locality" means a city, town or county.
- 8           18. "Manufacture" and "manufacturing" mean to compound, blend,  
9 extract, infuse or otherwise make or prepare a marijuana product.
- 10          19. "Marijuana":
- 11           (a) Means all parts of the plant of the genus cannabis, whether  
12 growing or not, as well as the seeds from the plant, the resin extracted  
13 from any part of the plant, and every compound, manufacture, salt,  
14 derivative, mixture or preparation of the plant or its seeds or resin.
- 15           (b) Includes cannabis as defined in 13-3401.
- 16           (c) Does not include industrial hemp, the fiber produced from the  
17 stalks of the plant of the genus cannabis, oil or cake made from the seeds  
18 of the plant, sterilized seeds of the plant that are incapable of  
19 germination, or the weight of any other ingredient combined with marijuana  
20 to prepare topical or oral administrations, food, drink or other products.
- 21          20. "Marijuana concentrate":
- 22           (a) Means resin extracted from any part of a plant of the genus  
23 cannabis and every compound, manufacture, salt, derivative, mixture or  
24 preparation of that resin or tetrahydrocannabinol.
- 25           (b) Does not include industrial hemp or the weight of any other  
26 ingredient combined with cannabis to prepare topical or oral  
27 administrations, food, drink or other products.
- 28          21. "Marijuana establishment" means an entity that is licensed by  
29 the department to operate all of the following:
- 30           (a) A single retail location at which the licensee may sell  
31 marijuana and marijuana products to consumers, cultivate marijuana and  
32 manufacture marijuana products.
- 33           (b) A single off-site cultivation location at which the licensee  
34 may cultivate marijuana, process marijuana and manufacture marijuana  
35 products, but from which marijuana and marijuana products may not be  
36 transferred or sold to consumers.
- 37           (c) A single off-site location at which the licensee may  
38 manufacture marijuana products and package and store marijuana and  
39 marijuana products, but from which marijuana and marijuana products may  
40 not be transferred or sold to consumers.
- 41          22. "Marijuana facility agent" means a principal officer, board  
42 member or employee of a marijuana establishment or marijuana testing  
43 facility who is at least twenty-one years of age and who has not been  
44 convicted of an excluded felony offense.



1 less than ten percent of the profits of an applicant that is a publicly  
2 traded corporation.

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

7 (c) Notwithstanding subdivision (b) of this paragraph, the  
8 department may issue a marijuana establishment license to not more than  
9 two marijuana establishments per county that contains no registered  
10 nonprofit medical marijuana dispensaries, or one marijuana establishment  
11 license per county that contains one registered nonprofit medical  
12 marijuana dispensary. Any license issued pursuant to this subdivision  
13 shall be for a fixed county and may not be relocated outside of that  
14 county.

15 (d) The department shall accept applications for marijuana  
16 establishment licenses from early applicants beginning January 19, 2021  
17 through March 9, 2021. Not later than sixty days after receiving an  
18 application pursuant to this subdivision, the department shall issue a  
19 marijuana establishment license to each qualified early applicant. If the  
20 department has not adopted final rules pursuant to this section at the  
21 time marijuana establishment licenses are issued pursuant to this  
22 subdivision, licensees shall comply with the rules adopted by the  
23 department to implement chapter 28.1 of this title except those that are  
24 inconsistent with this chapter.

25 (e) After issuing marijuana establishment licenses to qualified  
26 early applicants, the department shall issue marijuana establishment  
27 licenses available under subdivisions (b) and (c) of this paragraph by  
28 random selection and according to rules adopted pursuant to this section.  
29 At least sixty days before any random selection, the department shall  
30 prominently publicize the random selection on its website and through  
31 other means of general distribution intended to reach as many interested  
32 parties as possible and shall provide notice through an email notification  
33 system to which interested parties can subscribe.

34 (f) Notwithstanding subdivisions (b) and (c) of this paragraph, and  
35 not later than six months after the department adopts final rules to  
36 implement a social equity ownership program pursuant to paragraph 9 of  
37 this subsection, the department shall issue twenty-six additional  
38 marijuana establishment licenses to entities that are qualified pursuant  
39 to the social equity ownership program.

40 (g) BEGINNING JANUARY 1, 2029, THE DEPARTMENT SHALL ACCEPT  
41 APPLICATIONS FOR MARIJUANA PRODUCER LICENSES. UNTIL JANUARY 1, 2032, THE  
42 DEPARTMENT SHALL ACCEPT APPLICATIONS ONLY FROM ENTITIES THAT CONTRACTED ON  
43 OR BEFORE JANUARY 1, 2026 WITH A MARIJUANA ESTABLISHMENT, A NONPROFIT  
44 MEDICAL MARIJUANA DISPENSARY OR A MANAGEMENT COMPANY FOR A MARIJUANA  
45 ESTABLISHMENT OR A NONPROFIT MEDICAL MARIJUANA DISPENSARY TO HAVE A RIGHT

1 TO CULTIVATE MARIJUANA OR MANUFACTURE MARIJUANA PRODUCTS AND KEEP ALL OR  
2 SUBSTANTIALLY ALL OF THE PROFITS GENERATED FROM THAT CULTIVATION. UNTIL  
3 JANUARY 1, 2032, THE DEPARTMENT SHALL PROHIBIT THE TRANSFER OR SUBLEASE OF  
4 MARIJUANA PRODUCER LICENSES AND PROHIBIT ENTITIES THAT LACK A MARIJUANA  
5 PRODUCER LICENSE FROM CULTIVATING MARIJUANA OR MANUFACTURING MARIJUANA  
6 PRODUCTS AT MARIJUANA PRODUCER SITES. BEGINNING IN 2032, THE DEPARTMENT  
7 MAY ISSUE ADDITIONAL MARIJUANA PRODUCER LICENSES. UNLESS SPECIFICALLY  
8 IDENTIFIED IN THIS CHAPTER, THE DEPARTMENT SHALL NOT IMPOSE ANY  
9 RESTRICTIONS OR OBLIGATIONS ON MARIJUANA PRODUCERS THAT ARE NOT IMPOSED ON  
10 MARIJUANA ESTABLISHMENTS.

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

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

18 (ii) The date of the nonprofit medical marijuana dispensary  
19 registration renewal.

20 ~~(h)~~ (i) The department may not issue a marijuana establishment,  
21 MARIJUANA PRODUCER or marijuana testing facility license to an applicant  
22 who has an ownership interest in an out-of-state marijuana establishment,  
23 MARIJUANA PRODUCER or marijuana testing facility, or the other state's  
24 equivalent, that has had its license revoked by the other state.

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

31 3. The security of marijuana establishments, MARIJUANA PRODUCERS  
32 and marijuana testing facilities.

33 4. Marijuana establishments AND MARIJUANA PRODUCERS to safely  
34 cultivate, process and manufacture marijuana and marijuana products. The  
35 department shall require licensees to procure, develop, acquire and  
36 maintain a system to track marijuana and marijuana products at all points  
37 of cultivation, manufacturing and sale, AS APPLICABLE. The system  
38 developed and maintained pursuant to this paragraph shall:

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

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

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

43 (i) The propagation of immature marijuana plants and the production  
44 of marijuana by a marijuana establishment OR MARIJUANA PRODUCER.

1 (ii) The processing of marijuana and marijuana products by a  
2 marijuana establishment OR MARIJUANA PRODUCER.

3 (iii) The sale and purchase of marijuana and marijuana products  
4 between licensees.

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

7 (v) The disposal of marijuana waste.

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

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

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

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

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

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

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

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

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

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

41 8. Ensuring the health, safety and training of employees of  
42 marijuana establishments and marijuana testing facilities.

1           9. The creation and implementation of a social equity ownership  
2 program to promote the ownership and operation of marijuana establishments  
3 and marijuana testing facilities by individuals from communities  
4 disproportionately impacted by the enforcement of previous marijuana laws.

5           10. Prohibiting a marijuana testing facility from having any direct  
6 or indirect familial relationship with or financial ownership interest in  
7 a marijuana establishment, **MARIJUANA PRODUCER** or related marijuana  
8 business entity or management company. The rules shall include  
9 prohibiting a marijuana establishment **OR MARIJUANA PRODUCER** from having  
10 any direct or indirect familial relationship with or financial ownership  
11 interest in a marijuana testing facility or related marijuana business  
12 entity or management company.

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

22           B. The department may:

23           1. Subject to title 41, chapter 6, article 10, deny any application  
24 submitted or deny, suspend or revoke, in whole or in part, any  
25 registration or license issued under this chapter if the registered or  
26 licensed party or an officer, agent or employee of the registered or  
27 licensed party does any of the following:

28           (a) Violates this chapter or any rule adopted pursuant to this  
29 chapter.

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

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

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

6           4. Adopt any other rules that are not expressly stated in this  
7 section and that are necessary to ensure the safe and responsible  
8 cultivation, sale, processing, manufacture, testing and transport of  
9 marijuana and marijuana products.

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

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

16           1. Require that delivery and the marijuana and marijuana products  
17 to be delivered originate from a designated retail location of a marijuana  
18 establishment and only after an order is made with the marijuana  
19 establishment by a consumer. The rules may not limit the distance between  
20 the delivery location and the originating designated retail location of  
21 the marijuana establishment.

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

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

28           4. Prohibit extra or unallocated marijuana or marijuana products in  
29 delivery vehicles.

30           5. Require that deliveries be made only by marijuana facility  
31 agents in unmarked vehicles that are equipped with a global positioning  
32 system or similar location tracking system and video surveillance and  
33 recording equipment, and that contain a locked compartment in which  
34 marijuana and marijuana products must be stored. The rules may not limit  
35 the number of vehicles that a marijuana establishment may use for  
36 delivery.

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

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

41           8. Include any other provisions necessary to ensure safe and  
42 restricted delivery.

43           9. Require dual licensees to comply with the rules adopted pursuant  
44 to this subsection.

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

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

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

12 1. Prohibits the operation of marijuana establishments OR MARIJUANA  
13 PRODUCERS, either expressly or through requirements that make the  
14 operation of a marijuana establishment OR MARIJUANA PRODUCER unduly  
15 burdensome.

16 2. Prohibits or interferes with the ability of a dual licensee to  
17 operate a marijuana establishment and a nonprofit medical marijuana  
18 dispensary at shared locations.

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

22 1. Defending this chapter or rules adopted pursuant to this  
23 chapter.

24 2. Defending chapter 28.1 of this title or rules adopted pursuant  
25 to chapter 28.1 of this title.

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

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

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

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

36 2. Operate a marijuana testing facility.

37 L. The department shall maintain and publish a current list of all  
38 marijuana establishments, MARIJUANA PRODUCERS and marijuana testing  
39 facilities by name and license number.

40 M. Notwithstanding any other law, the issuance of an occupational,  
41 professional or other regulatory license or certification to a person by a  
42 jurisdiction or regulatory authority outside this state does not entitle  
43 that person to be issued a marijuana establishment license, a marijuana  
44 testing facility license, or any other license, registration or  
45 certification under this chapter.

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

3 1. A marijuana testing facility is prohibited from having any  
4 direct or indirect familial relationship with or financial ownership  
5 interest in a marijuana establishment, MARIJUANA PRODUCER or related  
6 marijuana business entity or management company.

7 2. A marijuana establishment OR MARIJUANA PRODUCER is prohibited  
8 from having any direct or indirect familial relationship with or financial  
9 ownership interest in a marijuana testing facility or related marijuana  
10 business entity or management company.

11 Sec. 3. Subject to the requirements of article IV, part 1, section  
12 1, Constitution of Arizona, section 36-2857, Arizona Revised Statutes, is  
13 amended to read:

14 36-2857. Localities; marijuana establishments, marijuana  
15 producers and marijuana testing facilities

16 A. A locality may:

17 1. Enact reasonable zoning regulations that limit the use of land  
18 for marijuana establishments, MARIJUANA PRODUCERS and marijuana testing  
19 facilities to specified areas.

20 2. Limit the number of marijuana establishments, MARIJUANA  
21 PRODUCERS or marijuana testing facilities, or ~~both~~ ANY COMBINATION  
22 THEREOF.

23 3. Prohibit marijuana establishments, MARIJUANA PRODUCERS or  
24 marijuana testing facilities, or ~~both~~ ANY COMBINATION THEREOF.

25 4. Regulate the time, place and manner of marijuana establishment,  
26 MARIJUANA PRODUCER and marijuana testing facility operations.

27 5. Establish reasonable restrictions on public signage regarding  
28 marijuana, marijuana establishments, MARIJUANA PRODUCERS and marijuana  
29 testing facilities.

30 6. Prohibit or restrict delivery within ~~its~~ THE LOCALITY'S  
31 jurisdiction.

32 B. A county may exercise its authority pursuant to subsection A of  
33 this section only in unincorporated areas of the county.

34 C. A locality may not enact any ordinance, regulation or rule that:

35 1. Is more restrictive than a comparable ordinance, regulation or  
36 rule that applies to nonprofit medical marijuana dispensaries.

37 2. Makes the operation of a marijuana establishment, MARIJUANA  
38 PRODUCER or marijuana testing facility unduly burdensome if the locality  
39 has not prohibited marijuana establishments, MARIJUANA PRODUCERS or  
40 marijuana testing facilities.

41 3. Conflicts with this chapter or rules adopted pursuant to this  
42 chapter.

43 4. Prohibits the transportation of marijuana by a marijuana  
44 establishment, MARIJUANA PRODUCER or marijuana testing facility on public  
45 roads.

1           5. Restricts or interferes with the ability of a dual licensee or  
2 an entity eligible to become a dual licensee to operate a nonprofit  
3 medical marijuana dispensary and a marijuana establishment cooperatively  
4 at shared locations.

5           6. Except as expressly authorized by this section or section  
6 36-2851, prohibits or restricts any conduct or transaction allowed by this  
7 chapter, or imposes any liability or penalty in addition to that  
8 prescribed by this chapter for any conduct or transaction constituting a  
9 violation of this chapter.

10          7. Allows a marijuana establishment to locate within five hundred  
11 feet of a public or private school, a child care facility or a facility  
12 that provides preschool programs.

13          Sec. 4. Subject to the requirements of article IV, part 1,  
14 section 1, Constitution of Arizona, section 36-2858, Arizona Revised  
15 Statutes, is amended to read:

16           36-2858. Lawful operation of marijuana establishments,  
17 marijuana producers and marijuana testing  
18 facilities

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

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

27           (a) Possess marijuana or marijuana products.

28           (b) Purchase, sell or transport marijuana and marijuana products to  
29 or from a marijuana establishment OR MARIJUANA PRODUCER.

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

34           (d) Cultivate, produce, test or process marijuana or manufacture  
35 marijuana or marijuana products by any means, including chemical  
36 extraction or chemical synthesis.

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

1           3. A MARIJUANA PRODUCER, OR AN AGENT ACTING ON BEHALF OF A  
2 MARIJUANA PRODUCER, TO:

3           (a) POSSESS MARIJUANA OR MARIJUANA PRODUCTS.

4           (b) PURCHASE, SELL OR TRANSPORT MARIJUANA AND MARIJUANA PRODUCTS TO  
5 OR FROM A MARIJUANA ESTABLISHMENT OR MARIJUANA PRODUCER.

6           (c) CULTIVATE, PRODUCE, TEST OR PROCESS MARIJUANA OR MARIJUANA  
7 PRODUCTS BY ANY MEANS, INCLUDING CHEMICAL EXTRACTION OR CHEMICAL  
8 SYNTHESIS.

9           ~~3.~~ 4. A marijuana testing facility, or an agent acting on behalf  
10 of a marijuana testing facility, to obtain, possess, process, repackage,  
11 transfer, transport or test marijuana and marijuana products.

12           ~~4.~~ 5. A nonprofit medical marijuana dispensary or a marijuana  
13 establishment, or an agent acting on behalf of a nonprofit medical  
14 marijuana dispensary or a marijuana establishment, to sell or otherwise  
15 transfer marijuana or marijuana products to a nonprofit medical marijuana  
16 dispensary, a marijuana establishment or an agent acting on behalf of a  
17 nonprofit medical marijuana dispensary or a marijuana establishment.

18           ~~5.~~ 6. Any individual, corporation or other entity to sell, lease  
19 or otherwise allow property or goods that are owned, managed or controlled  
20 by the individual, corporation or other entity to be used for any activity  
21 authorized by this chapter, or to provide services to a marijuana  
22 establishment, ~~or~~ marijuana testing facility, or AN agent acting on  
23 behalf of a marijuana establishment or marijuana testing facility, in  
24 connection with any activity authorized by this chapter.

25           B. This section does not preclude the department from imposing  
26 penalties against a marijuana establishment, MARIJUANA PRODUCER or  
27 marijuana testing facility for failing to comply with this chapter or  
28 rules adopted pursuant to this chapter.

29           C. A marijuana establishment OR MARIJUANA PRODUCER may be owned or  
30 operated by a publicly traded company.

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

32           1. May hold a marijuana establishment license and operate a  
33 marijuana establishment pursuant to this chapter.

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

38           3. Must continue to hold both its marijuana establishment license  
39 and nonprofit medical marijuana dispensary registration, regardless of any  
40 change in ownership of the dual licensee, unless it terminates its status  
41 as a dual licensee and forfeits either its marijuana establishment license  
42 or nonprofit medical marijuana dispensary registration by notifying the  
43 department of such a termination and forfeiture.

- 1           4. Is not required to:
- 2           (a) Employ or contract with a medical director.
- 3           (b) Obtain nonprofit medical marijuana dispensary agent or  
4 marijuana facility agent registrations for outside vendors that do not  
5 have regular, unsupervised access to the interior of the dual licensee's  
6 premises.
- 7           (c) Have a single secure entrance as required by section 36-2806,  
8 subsection C, but may be required to implement appropriate security  
9 measures to deter and prevent the theft of marijuana and to reasonably  
10 regulate customer access to the premises.
- 11           (d) Comply with any other provision of chapter 28.1 of this title  
12 or any rule adopted pursuant to chapter 28.1 of this title that makes its  
13 operation as a dual licensee unduly burdensome.
- 14           E. Notwithstanding any other law, a dual licensee that elects to  
15 operate on a for-profit basis pursuant to subsection D, paragraph 2 of  
16 this section:
- 17           1. Is subject to the taxes imposed pursuant to title 43.
- 18           2. Is not required to submit its annual financial statements or an  
19 audit report to the department for purposes of renewing its nonprofit  
20 medical marijuana dispensary registration.
- 21           F. Notwithstanding any other law, a dual licensee must conduct both  
22 of the following operations at a shared location:
- 23           1. Sell marijuana and marijuana products to consumers pursuant to  
24 this chapter.
- 25           2. Dispense marijuana to registered qualifying patients and  
26 registered designated caregivers pursuant to chapter 28.1 of this title.
- 27           G. Notwithstanding chapter 28.1 of this title or any rule adopted  
28 pursuant to chapter 28.1 of this title, a dual licensee may engage in any  
29 act, practice, conduct or transaction allowed for a marijuana  
30 establishment by this chapter.
- 31           H. Notwithstanding any other law:
- 32           1. An individual may be an applicant, principal officer or board  
33 member of more than one marijuana establishment or more than one dual  
34 licensee regardless of the establishment's location.
- 35           2. Two or more marijuana establishments, **MARIJUANA PRODUCERS** or  
36 dual licensees may designate a single off-site location as prescribed in  
37 section 36-2850, paragraph 21, subdivision (c) to be jointly used by those  
38 dual licensees, **MARIJUANA PRODUCERS** or marijuana establishments.
- 39           I. Marijuana establishments, **MARIJUANA PRODUCERS**, marijuana testing  
40 facilities and dual licensees that are subject to applicable federal or  
41 state antidiscrimination laws may not pay their employees differently  
42 based solely on a protected class status such as sex, race, color,  
43 religion, national origin, age or disability. This subsection does not  
44 expand or modify the jurisdictional reach, provisions or requirements of  
45 any applicable antidiscrimination law.



1 acknowledgment shall be in accordance with restrictions imposed by this  
2 section.

3 D. All advertising pursuant to this section must contain the  
4 following conspicuous and legible warning: "Do not use marijuana if you  
5 are under twenty-one years of age or pregnant. Keep marijuana out of  
6 reach of children." All printed warnings must occupy at least ten percent  
7 of the advertising area and must be in black font on a white background,  
8 except that billboard advertisement warnings shall be in a type size that  
9 is at least ten percent of the largest type used in the advertisement.

10 E. A billboard advertisement under this section is prohibited  
11 within one thousand radial feet of any child care center, church,  
12 substance abuse recovery facility, public park, public playground or  
13 public or private school that provides instruction to students in  
14 preschool or kindergarten programs or any of grades one through twelve.  
15 An individual or entity that violates this subsection, on notification by  
16 the attorney general's office, has thirty days to comply with these  
17 requirements. For circumstances beyond the control of the billboard  
18 operator that may prevent removal within the prescribed time frame, the  
19 advertisement must be removed as soon as safely and legally  
20 practicable. An individual or entity that does not comply with this  
21 subsection is subject to the civil penalties and disciplinary action  
22 prescribed in this section.

23 F. An advertising platform may host advertising only if all of the  
24 following apply:

25 1. The advertising is authorized by a marijuana establishment,  
26 MARIJUANA PRODUCER or nonprofit medical marijuana dispensary.

27 2. The advertising accurately and legibly identifies the marijuana  
28 establishment, MARIJUANA PRODUCER or nonprofit medical marijuana  
29 dispensary responsible for the content of the advertising by name and  
30 license number or registration number.

31 3. The advertising contains a printed warning that complies with  
32 subsection D of this section.

33 G. Any advertising under this chapter involving direct,  
34 individualized communication or dialogue shall use a method of age  
35 affirmation to verify that the recipient is at least twenty-one years of  
36 age before engaging in that communication or dialogue. For the purposes  
37 of this subsection, that method of age affirmation may include user  
38 confirmation, birth date disclosure or other similar registration methods.

39 H. It is unlawful for an individual or entity other than a  
40 marijuana establishment or dual licensee to do any of the following in a  
41 manner that is not authorized by this chapter or rules adopted by the  
42 department pursuant to this chapter:

43 1. Facilitate the delivery of marijuana or marijuana products.

1           2. Solicit or accept orders for marijuana or marijuana products or  
2 operate a platform that solicits or accepts orders for marijuana or  
3 marijuana products.

4           3. Operate a listing service related to the sale or delivery of  
5 marijuana or marijuana products.

6           I. A marijuana establishment, a nonprofit medical marijuana  
7 dispensary or an individual or entity that sells marijuana paraphernalia  
8 and that violates this section, on notification by the department or  
9 attorney general's office, has fourteen days to comply with the  
10 requirements of this section.

11           J. A marijuana establishment OR MARIJUANA PRODUCER that is found to  
12 be in violation of this section by the attorney general is subject to  
13 disciplinary action by the department pursuant to section 36-2854,  
14 subsection B. A nonprofit medical marijuana dispensary that is found to  
15 be in violation of this section by the attorney general is subject to  
16 disciplinary action by the department pursuant to section 36-2816.

17           K. In addition to any other penalty imposed by law, an individual  
18 or entity other than a marijuana establishment, MARIJUANA PRODUCER or  
19 nonprofit medical marijuana dispensary that advertises marijuana or  
20 marijuana products, including marijuana paraphernalia, in violation of  
21 this section or otherwise violates this section shall pay a civil penalty  
22 of \$20,000 per violation to the smart and safe Arizona fund established by  
23 section 36-2856.

24           L. This section shall be enforced by the attorney general.

25           M. For the purposes of this section, advertising does not include a  
26 communication of a marijuana establishment or nonprofit medical marijuana  
27 dispensary that is targeted only to the established customer base or that  
28 is requested by a customer or potential customer pursuant to an opt-in  
29 with an age affirmation.

30           Sec. 6. Subject to the requirements of article IV, part 1,  
31 section 1, Constitution of Arizona, section 36-2860, Arizona Revised  
32 Statutes, is amended to read:

33           36-2860. Packaging; restrictions on particular marijuana  
34 products

35           A. A marijuana establishment OR MARIJUANA PRODUCER may not:

36           1. Package or label marijuana or marijuana products in a false or  
37 misleading manner.

38           2. Manufacture or sell marijuana products that resemble the form of  
39 a human, animal, insect, fruit, toy or cartoon.

40           3. Sell or advertise marijuana or marijuana products with names  
41 that resemble or imitate food or drink brands marketed to children, or  
42 otherwise advertise marijuana or marijuana products to children.

43           B. A marijuana establishment OR MARIJUANA PRODUCER that violates  
44 this section is subject to disciplinary action by the department pursuant  
45 to section 36-2854, subsection B.



1 court to compel the department to perform the actions mandated under this  
2 chapter.

3 B. If the department fails to issue a license or send a notice of  
4 denial within sixty days after receiving a complete marijuana  
5 establishment application pursuant to section 36-2854, subsection A,  
6 paragraph 1, subdivision (d), the applicant may commence a special action  
7 in superior court to compel the department to perform the actions mandated  
8 under this chapter.

9 C. Notwithstanding chapter 28.1 of this title, if the department  
10 fails to issue any marijuana establishment licenses pursuant to section  
11 36-2854, subsection A, paragraph 1, subdivision (d) on or before April 5,  
12 2021, each nonprofit medical marijuana dispensary in good standing may  
13 begin to cultivate, produce, process, manufacture, transport and test  
14 marijuana and marijuana products and may sell marijuana and marijuana  
15 products to consumers until the department issues licenses to operate  
16 marijuana establishments. If this occurs, nonprofit medical marijuana  
17 dispensaries in good standing shall:

18 1. Be treated as marijuana establishments for all purposes under  
19 this chapter, and their nonprofit medical marijuana establishment agents  
20 shall be treated as marijuana facility agents for all purposes under this  
21 chapter.

22 2. Comply with the rules adopted by the department to implement  
23 chapter 28.1 of this title, except those that are inconsistent with this  
24 chapter.

25 D. IF THE DEPARTMENT FAILS TO BEGIN ACCEPTING APPLICATIONS AS  
26 PROVIDED IN SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g),  
27 ANY CITIZEN MAY COMMENCE A SPECIAL ACTION IN SUPERIOR COURT TO COMPEL THE  
28 DEPARTMENT TO PERFORM THE REQUIRED ACTIONS.

29 Sec. 10. Requirements for enactment; three-fourths vote

30 Pursuant to article IV, part 1, section 1, Constitution of Arizona,  
31 sections 36-2850, 36-2854, 36-2857, 36-2858, 36-2859, 36-2860, 36-2861,  
32 36-2864 and 36-2865, Arizona Revised Statutes, as amended by this act, are  
33 effective only on the affirmative vote of at least three-fourths of the  
34 members of each house of the legislature.