

PROPOSED
HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1128
(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

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; fee;
7 definition

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

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

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

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

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

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

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

1 (d) The department shall accept applications for marijuana
2 establishment licenses from early applicants beginning January 19, 2021
3 through March 9, 2021. Not later than sixty days after receiving an
4 application pursuant to this subdivision, the department shall issue a
5 marijuana establishment license to each qualified early applicant. If the
6 department has not adopted final rules pursuant to this section at the
7 time marijuana establishment licenses are issued pursuant to this
8 subdivision, licensees shall comply with the rules adopted by the
9 department to implement chapter 28.1 of this title except those that are
10 inconsistent with this chapter.

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

20 (f) Notwithstanding subdivisions (b) and (c) of this paragraph, and
21 not later than six months after the department adopts final rules to
22 implement a social equity ownership program pursuant to paragraph 9 of
23 this subsection, the department shall issue twenty-six additional
24 marijuana establishment licenses to entities that are qualified pursuant
25 to the social equity ownership program.

26 (g) NOTWITHSTANDING SUBDIVISIONS (b) AND (c) OF THIS PARAGRAPH, THE
27 DEPARTMENT SHALL ISSUE A MARIJUANA ESTABLISHMENT LICENSE TO EACH ENTITY
28 THAT IS QUALIFIED PURSUANT TO THE RURAL OPPORTUNITY INITIATIVE. THE
29 LICENSES ISSUED PURSUANT TO THIS SUBDIVISION SHALL BE FOR A FIXED
30 COMMUNITY THAT HAS NOT OPTED OUT OF THE RURAL OPPORTUNITY INITIATIVE, AND
31 THE ENTITY'S RETAIL LOCATION MAY BE RELOCATED ONLY TO AN UNSERVED RURAL
32 COMMUNITY IN ACCORDANCE WITH SECTION 36-2857.01. THE DEPARTMENT MAY NOT
33 ISSUE MORE THAN EIGHTEEN MARIJUANA ESTABLISHMENT LICENSES PURSUANT TO THIS
34 SUBDIVISION.

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

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

42 (ii) The date of the nonprofit medical marijuana dispensary
43 registration renewal.

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

1 2. Licensing fees and renewal fees for marijuana establishments and
2 marijuana testing facilities in amounts that are reasonable and related to
3 the actual cost of processing applications for licenses and renewals and
4 that do not exceed five times the fees prescribed by the department to
5 register or renew a nonprofit medical marijuana dispensary.

6 3. The security of marijuana establishments and marijuana testing
7 facilities.

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

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

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

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

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

20 (ii) The processing of marijuana and marijuana products by a
21 marijuana establishment.

22 (iii) The sale and purchase of marijuana and marijuana products
23 between licensees.

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

26 (v) The disposal of marijuana waste.

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

30 (vii) Any other information that the department determines is
31 reasonably necessary to accomplish the duties, functions and powers of the
32 department.

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

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

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

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

44 6. Forms of government-issued identification that are acceptable by
45 a marijuana establishment verifying a consumer's age and procedures
46 related to verifying a consumer's age consistent with section 4-241.
47 Until the department adopts final rules related to verifying a consumer's
48 age, marijuana establishments shall comply with the proof of legal age
49 requirements prescribed in section 4-241.

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

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

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

11 8. Ensuring the health, safety and training of employees of
12 marijuana establishments and marijuana testing facilities.

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

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

24 11. Requiring marijuana establishments to display in a conspicuous
25 location a sign that warns pregnant women about the potential dangers to
26 fetuses caused by smoking or ingesting marijuana while pregnant or to
27 infants while breastfeeding and the risk of being reported to the
28 department of child safety during pregnancy or at the birth of the child
29 by persons who are required to report. The rules shall include the
30 specific warning language that must be included on the sign. The cost and
31 display of the sign required by rule shall be borne by the marijuana
32 establishment.

33 B. The department may:

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

39 (a) Violates this chapter or any rule adopted pursuant to this
40 chapter.

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

44 2. Subject to title 41, chapter 6, article 10, and unless another
45 penalty is provided elsewhere in this chapter, assess a civil penalty
46 against a person that violates this chapter or any rule adopted pursuant
47 to this chapter in an amount not to exceed \$2,000 for each violation.
48 Each day a violation occurs constitutes a separate violation. In
49 determining the amount of a civil penalty assessed against a person, the

1 department shall consider all of the factors set forth in section 36-2816,
2 subsection H. All civil penalties collected by the department pursuant to
3 this paragraph shall be deposited in the smart and safe Arizona fund
4 established by section 36-2856.

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

10 4. Adopt any other rules that are not expressly stated in this
11 section and that are necessary to ensure the safe and responsible
12 cultivation, sale, processing, manufacture, testing and transport of
13 marijuana and marijuana products.

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

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

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

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

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

32 4. Prohibit extra or unallocated marijuana or marijuana products in
33 delivery vehicles.

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

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

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

45 8. Include any other provisions necessary to ensure safe and
46 restricted delivery.

47 9. Require dual licensees to comply with the rules adopted pursuant
48 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, either
13 expressly or through requirements that make the operation of a marijuana
14 establishment unduly burdensome.

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

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

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

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

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

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

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

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

35 2. Operate a marijuana testing facility.

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

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

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

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

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

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

12 36-2857.01. Rural opportunity initiative; applicant
13 requirements; opt out; department notification;
14 fees; posting requirements; definitions

15 A. THE RURAL OPPORTUNITY INITIATIVE IS ESTABLISHED TO CREATE TAX
16 REVENUE AND ECONOMIC OPPORTUNITIES FOR UNSERVED RURAL COMMUNITIES THROUGH
17 THE ISSUANCE OF NOT MORE THAN EIGHTEEN MARIJUANA ESTABLISHMENT LICENSES
18 PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g)
19 AND NOT MORE THAN EIGHTEEN NONPROFIT MEDICAL MARIJUANA DISPENSARY
20 REGISTRATION CERTIFICATES PURSUANT TO SECTION 36-2803.01, SUBSECTION E, TO
21 CREATE NOT MORE THAN EIGHTEEN ADDITIONAL DUAL LICENSEES.

22 B. THE DEPARTMENT MAY ESTABLISH MINISTERIAL TEMPLATES AND
23 ELECTRONIC SUBMISSION SYSTEMS TO ACCEPT FILINGS UNDER THIS SECTION. ANY
24 TEMPLATE OR ELECTRONIC FORMAT MAY REQUEST ONLY THE INFORMATION AND
25 DOCUMENTATION EXPRESSLY REQUIRED BY THIS SECTION.

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

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

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

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

34 4. AFTER EIGHTEEN MARIJUANA ESTABLISHMENT LICENSES HAVE BEEN ISSUED
35 PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g), A
36 NOTICE THAT NO ADDITIONAL LICENSES ARE AVAILABLE UNDER THE RURAL
37 OPPORTUNITY INITIATIVE.

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

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

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

1 3. THE ACTION TAKEN BY A CITY, TOWN OR COUNTY, ON BEHALF OF A
2 CENSUS-DESIGNATED AREA, TO OPT OUT OF PARTICIPATION IN THE RURAL
3 OPPORTUNITY INITIATIVE IS EFFECTIVE FOR THE PURPOSES OF THIS SECTION ONLY
4 IF RECEIVED BY THE DEPARTMENT AT LEAST ONE MONTH BEFORE THE DEPARTMENT
5 ACCEPTS APPLICATIONS PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH
6 1, SUBDIVISION (g). AN ACTION TAKEN BY A CITY, TOWN OR COUNTY TO OPT OUT
7 OF PARTICIPATION IN THE RURAL OPPORTUNITY INITIATIVE THAT IS RECEIVED LESS
8 THAN ONE MONTH BEFORE THE DEPARTMENT ACCEPTS APPLICATIONS PURSUANT TO
9 SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g) IS NOT VALID
10 AND DOES NOT AFFECT THE VALIDITY OF A LICENSE OR REGISTRATION CERTIFICATE
11 THAT IS ISSUED DURING THE APPLICATION PERIOD THAT STARTS ONE MONTH AFTER
12 THE DEADLINE.

13 E. BEGINNING APRIL 1, 2027 THROUGH APRIL 14, 2027, THE DEPARTMENT
14 SHALL ACCEPT APPLICATIONS FOR MARIJUANA ESTABLISHMENT LICENSES PURSUANT TO
15 SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g) ONLY THROUGH
16 AN ELECTRONIC SUBMISSION SYSTEM THAT TIME-STAMPS EACH SUBMISSION TO THE
17 SECOND AND PROVIDES THE APPLICANT WITH AN ELECTRONIC RECEIPT. IF FEWER
18 THAN EIGHTEEN LICENSES ARE ISSUED PURSUANT TO APPLICATIONS SUBMITTED IN
19 2027, THE DEPARTMENT SHALL ACCEPT APPLICATIONS AGAIN ONE YEAR AFTER THE
20 FINAL LICENSE IS ISSUED FROM THE APPLICATIONS SUBMITTED DURING 2027.

21 F. TO APPLY FOR A MARIJUANA ESTABLISHMENT LICENSE PURSUANT TO
22 SECTION 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g), AN APPLICANT
23 SHALL SUBMIT ALL OF THE FOLLOWING INFORMATION TO THE DEPARTMENT IN A
24 FORMAT PRESCRIBED BY THE DEPARTMENT:

25 1. THE APPLICANT'S:

- 26 (a) LEGAL NAME.
- 27 (b) MAILING ADDRESS IN THIS STATE.
- 28 (c) TELEPHONE NUMBER.
- 29 (d) EMAIL ADDRESS.

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

32 3. THE PHYSICAL ADDRESS OF THE PROPOSED RETAIL LOCATION AND THE
33 COUNTY IN WHICH THE PROPOSED RETAIL LOCATION IS LOCATED.

34 4. THE IDENTIFICATION OF THE UNSERVED RURAL COMMUNITY THE APPLICANT
35 SEEKS TO SERVE.

36 5. THE NAME, RESIDENCE ADDRESS, DATE OF BIRTH, TITLE OR POSITION,
37 AND CONTACT INFORMATION OF EACH PRINCIPAL OFFICER AND EACH BOARD MEMBER OF
38 THE APPLICANT.

39 6. THE NAME, RESIDENCE ADDRESS AND DATE OF BIRTH, IF APPLICABLE, OF
40 ANY PERSON WHO IS ENTITLED TO A SHARE OF AT LEAST TEN PERCENT OF THE
41 PROFITS OF THE APPLICANT. AN APPLICATION MAY NOT REQUIRE THE DISCLOSURE
42 OF THE IDENTITY OF ANY PERSON WHO IS ENTITLED TO A SHARE OF LESS THAN TEN
43 PERCENT OF THE PROFITS OF AN APPLICANT THAT IS A PUBLICLY TRADED
44 CORPORATION.

45 7. THE NAME AND MAILING ADDRESS OF A REFUND RECIPIENT WHO MAY BE AN
46 INDIVIDUAL RESIDING IN THIS STATE, INCLUDING A STATUTORY AGENT IN THIS
47 STATE OR AN ATTORNEY WHO IS LICENSED IN THIS STATE AND WHO MAINTAINS A
48 TRUST ACCOUNT, TO RECEIVE A REFUND THAT MAY BE PROVIDED UNDER SUBSECTION J
49 OF THIS SECTION.

1 8. WHETHER THE APPLICANT AGREES TO ALLOW THE DEPARTMENT TO SUBMIT
2 SUPPLEMENTAL REQUESTS FOR INFORMATION.

3 9. AN ATTESTATION, SIGNED UNDER PENALTY OF PERJURY BY A PRINCIPAL
4 OFFICER, THAT:

5 (a) THE APPLICANT AND EACH PERSON IDENTIFIED PURSUANT TO PARAGRAPH
6 5 OR 6 OF THIS SUBSECTION HAS NOT BEEN CONVICTED OF AN EXCLUDED FELONY
7 OFFENSE.

8 (b) THE APPLICANT AND EACH PERSON IDENTIFIED PURSUANT TO PARAGRAPH
9 5 OR 6 OF THIS SUBSECTION DOES NOT HAVE AN OWNERSHIP INTEREST IN AN
10 OUT-OF-STATE MARIJUANA ESTABLISHMENT, MARIJUANA TESTING FACILITY OR
11 SIMILAR ENTITY THAT HAS HAD ITS LICENSE TO POSSESS MARIJUANA FOR
12 COMMERCIAL PURPOSES REVOKED.

13 (c) THE APPLICANT UNDERSTANDS AND WILL COMPLY WITH THE REQUIREMENTS
14 OF THIS CHAPTER AND CHAPTER 28.1 OF THIS TITLE AND THE DEPARTMENT'S RULES
15 FOR ADMINISTERING THIS CHAPTER AND CHAPTER 28.1 OF THIS TITLE, INCLUDING
16 THE PROHIBITION ON RELOCATING THE RETAIL LOCATION THAT IS ASSOCIATED WITH
17 A LICENSE ISSUED UNDER THIS SECTION TO A GEOGRAPHIC AREA THAT DOES NOT
18 QUALIFY AS AN UNSERVED RURAL COMMUNITY.

19 (d) THE APPLICANT WAIVES AND RELEASES TO THE FULLEST EXTENT ALLOWED
20 BY LAW ANY CLAIM AGAINST THIS STATE, THE DEPARTMENT AND THE DEPARTMENT'S
21 OFFICERS, EMPLOYEES AND AGENTS FOR MONETARY DAMAGES, ATTORNEY FEES AND
22 COSTS RESULTING FROM OR RELATING TO THE APPLICATION OR OTHER ACTIONS UNDER
23 THIS SECTION WITHOUT LIMITING THE APPLICANT'S RIGHT TO SEEK ADMINISTRATIVE
24 OR JUDICIAL REVIEW OF A FINAL ADMINISTRATIVE DECISION PURSUANT TO TITLE
25 41, CHAPTER 6, ARTICLE 10.

26 (e) THE INFORMATION SUBMITTED IS TRUE, COMPLETE AND NOT MISLEADING.

27 G. IN ADDITION TO THE INFORMATION REQUIRED BY SUBSECTION F OF THIS
28 SECTION, AN APPLICANT SHALL SUBMIT DOCUMENTATION OF ALL OF THE FOLLOWING
29 FOR THE PROPOSED RETAIL LOCATION:

30 1. FOR EACH PRINCIPAL OFFICER AND EACH BOARD MEMBER OF THE
31 APPLICANT, DOCUMENTATION OF THE PRINCIPAL OFFICER'S OR BOARD MEMBER'S
32 MARIJUANA FACILITY AGENT LICENSE.

33 2. DOCUMENTATION THAT THE APPLICANT IS IN GOOD STANDING WITH THE
34 CORPORATION COMMISSION, IF APPLICABLE.

35 3. DOCUMENTATION IN A FORM PRESCRIBED BY THE DEPARTMENT THAT IS
36 ENTITLED "DOCUMENTATION OF PROPERTY OWNERSHIP FOR RURAL OPPORTUNITY
37 INITIATIVE APPLICATIONS" FROM THE OWNER OR AUTHORIZED LEGAL REPRESENTATIVE
38 OF THE OWNER OF THE PROPERTY INTENDED TO SERVE AS THE APPLICANT'S RETAIL
39 LOCATION THAT:

40 (a) AUTHORIZES USE OF THE PROPERTY AS A MARIJUANA RETAIL LOCATION
41 OPERATING PURSUANT TO BOTH A MARIJUANA ESTABLISHMENT LICENSE AND A
42 NONPROFIT MEDICAL MARIJUANA DISPENSARY REGISTRATION CERTIFICATE.

43 (b) CONTAINS AN ATTESTATION UNDER PENALTY OF PERJURY THAT THE
44 PROPERTY OWNER OR AUTHORIZED LEGAL REPRESENTATIVE OF THE PROPERTY OWNER,
45 AS APPLICABLE, HAS NOT EXECUTED DOCUMENTATION IN THE SAME
46 DEPARTMENT-PRESCRIBED FORMAT THAT AUTHORIZES ANOTHER PERSON TO USE THE
47 PROPERTY AS A MARIJUANA RETAIL LOCATION AND HAS NOT AGREED TO PROVIDE
48 ANOTHER INDIVIDUAL WITH A RIGHT TO USE THE PROPERTY IDENTIFIED IN THE
49 DOCUMENTATION IN CONNECTION WITH AN APPLICATION PURSUANT TO THIS SECTION.

1 (c) IS SIGNED, NOTARIZED AND DATED NOT MORE THAN SIXTY DAYS BEFORE
2 THE APPLICATION IS SUBMITTED.

3 4. WRITTEN DOCUMENTATION ISSUED BY THE LOCAL JURISDICTION WITH LAND
4 USE AUTHORITY OVER THE PROPOSED RETAIL LOCATION SHOWING THAT THE PROPOSED
5 RETAIL LOCATION COMPLIES WITH LOCAL ZONING RESTRICTIONS APPLICABLE TO A
6 MARIJUANA RETAIL LOCATION OF A DUAL LICENSEE.

7 H. THE DEPARTMENT SHALL REVIEW AND APPROVE OR DENY APPLICATIONS FOR
8 MARIJUANA ESTABLISHMENT LICENSES PURSUANT TO SECTION 36-2854, SUBSECTION
9 A, PARAGRAPH 1, SUBDIVISION (g) AS FOLLOWS:

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

12 (a) PROVIDE THE APPLICANT WITH WRITTEN NOTICE THAT THE APPLICATION
13 IS ADMINISTRATIVELY COMPLETE AND HAS ENTERED SUBSTANTIVE REVIEW.

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

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

21 3. AN APPLICATION IS CONSIDERED ADMINISTRATIVELY COMPLETE UNDER
22 THIS SECTION ONLY IF THE APPLICANT HAS SUBMITTED ALL INFORMATION AND
23 DOCUMENTATION REQUIRED BY SUBSECTIONS F AND G OF THIS SECTION. THE
24 DEPARTMENT SHALL PLACE ADMINISTRATIVELY COMPLETE APPLICATIONS IN A QUEUE
25 FOR SUBSTANTIVE REVIEW AND SHALL CONDUCT THE SUBSTANTIVE REVIEW IN THE
26 ORDER IN WHICH THE ADMINISTRATIVELY COMPLETE APPLICATIONS ARE RECEIVED
27 BASED ON THE TIME STAMP PRESCRIBED IN SUBSECTION E OF THIS SECTION,
28 STARTING WITH THE FIRST APPLICATION THAT WAS SUBMITTED, WHEN THE
29 APPLICATION HAS BEEN DETERMINED TO BE ADMINISTRATIVELY COMPLETE OR WHEN
30 THE TIME FOR REVIEW AND APPEAL HAS EXPIRED.

31 4. FOR THE PURPOSES OF DETERMINING ELIGIBILITY UNDER THIS SECTION,
32 INCLUDING WHETHER THE COMMUNITY THAT IS IDENTIFIED PURSUANT TO SUBSECTION
33 F, PARAGRAPH 4 OF THIS SECTION IS AN UNSERVED RURAL COMMUNITY AND WHETHER
34 THE PROPOSED RETAIL LOCATION COMPLIES WITH SUBSECTION L OF THIS SECTION,
35 THE DEPARTMENT SHALL DETERMINE COMPLIANCE BASED ON THE FACTS AND
36 CIRCUMSTANCES THAT EXIST AT THE TIME THE DEPARTMENT PROVIDES WRITTEN
37 NOTICE THAT THE APPLICATION HAS ENTERED SUBSTANTIVE REVIEW.

38 5. THE DEPARTMENT SHALL CONDUCT A SUBSTANTIVE REVIEW OF
39 LATER-RECEIVED APPLICATIONS ONLY IF BEGINNING AN APPLICATION'S SUBSTANTIVE
40 REVIEW DOES NOT CAUSE AN EARLIER-RECEIVED APPLICATION WHOSE REVIEW OR
41 APPEAL IS ONGOING TO BECOME INELIGIBLE DUE TO THE LOCATION OF THE
42 APPLICANTS' PROPOSED MARIJUANA RETAIL LOCATIONS OR THE NUMBER OF LICENSES
43 REMAINING TO BE ISSUED PURSUANT TO THE RURAL OPPORTUNITY INITIATIVE.

1 6. IF TWO OR MORE APPLICATIONS BEGIN SUBSTANTIVE REVIEW AT THE SAME
2 TIME DUE TO THEIR ELECTRONIC TIME STAMPS AND THE APPLICATIONS EITHER SEEK
3 TO OPERATE MARIJUANA RETAIL LOCATIONS WITHIN TWENTY-FIVE MILES OF EACH
4 OTHER OR EXCEED THE NUMBER OF LICENSES REMAINING TO BE ISSUED PURSUANT TO
5 THE RURAL OPPORTUNITY INITIATIVE, THE DEPARTMENT SHALL CONDUCT A RANDOM
6 DRAWING BETWEEN THE APPLICATIONS AT A PUBLICLY NOTICED PROCEEDING WITHIN
7 TEN WORKING DAYS AFTER THE TIE IS IDENTIFIED. THE DEPARTMENT SHALL POST
8 THE RESULT ON ITS PUBLIC WEBSITE WITHIN ONE WORKING DAY AFTER THE DRAWING.

9 7. WITHIN SIXTY WORKING DAYS AFTER THE DEPARTMENT PROVIDES WRITTEN
10 NOTICE TO AN APPLICANT THAT THE APPLICATION HAS ENTERED SUBSTANTIVE
11 REVIEW, THE DEPARTMENT SHALL APPROVE THE APPLICATION AND ISSUE THE LICENSE
12 REQUIRED BY THIS SECTION OR SHALL DENY THE APPLICATION WITH A WRITTEN
13 STATEMENT OF THE SPECIFIC REASONS FOR DENIAL AND THE STATUTORY BASIS FOR
14 EACH REASON. A DENIAL MAY BE APPEALED PURSUANT TO TITLE 41, CHAPTER 6,
15 ARTICLE 10.

16 I. NOTWITHSTANDING TITLE 41, CHAPTER 6, ARTICLE 7.1 OR ANY OTHER
17 LAW, THE DEPARTMENT MAY DEFER THE COMMENCEMENT OF SUBSTANTIVE REVIEW FOR
18 AN ADMINISTRATIVELY COMPLETE APPLICATION UNTIL THE APPLICATION REACHES THE
19 FRONT OF THE QUEUE PRESCRIBED IN SUBSECTION H, PARAGRAPH 3 OF THIS
20 SECTION.

21 J. THE DEPARTMENT MAY ESTABLISH AN APPLICATION FEE FOR MARIJUANA
22 ESTABLISHMENT LICENSE APPLICATIONS SUBMITTED PURSUANT TO THIS SECTION.
23 THE DEPARTMENT MAY REFUND A PORTION OF THE APPLICATION FEE TO AN APPLICANT
24 THAT DOES NOT RECEIVE A LICENSE PURSUANT TO SUBSECTION H, PARAGRAPH 7 OF
25 THIS SECTION.

26 K. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER OR CHAPTER
27 28.1 OF THIS TITLE, EACH ENTITY THAT IS ISSUED A MARIJUANA ESTABLISHMENT
28 LICENSE PURSUANT TO SECTION 36-2854, SUBSECTION A, PARAGRAPH 1,
29 SUBDIVISION (g) AND A NONPROFIT MEDICAL MARIJUANA DISPENSARY REGISTRATION
30 CERTIFICATE PURSUANT TO SECTION 36-2803.01, SUBSECTION E:

31 1. IS NOT REQUIRED TO OPERATE THE ENTITY'S RETAIL LOCATION FOR MORE
32 THAN TWENTY-FOUR HOURS EACH WEEK.

33 2. SHALL OPEN THE ENTITY'S RETAIL LOCATION WITHIN EIGHTEEN MONTHS
34 AFTER BEING ISSUED A MARIJUANA ESTABLISHMENT LICENSE PURSUANT TO SECTION
35 36-2854, SUBSECTION A, PARAGRAPH 1, SUBDIVISION (g), OR THE MARIJUANA
36 ESTABLISHMENT LICENSE BECOMES INVALID.

37 3. MAY MOVE ITS RETAIL LOCATION ONLY TO ANOTHER UNSERVED RURAL
38 COMMUNITY THAT HAS NOT OPTED OUT OF THE RURAL OPPORTUNITY INITIATIVE
39 PURSUANT TO THIS SECTION BY SUBMITTING AN APPLICATION TO THE DEPARTMENT
40 THAT INCLUDES THE DOCUMENTATION REQUIRED BY SUBSECTION G OF THIS SECTION.

41 L. THE PROPOSED RETAIL LOCATION IDENTIFIED IN AN APPLICATION UNDER
42 THIS SECTION:

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

45 2. MUST BE LOCATED ON A PARCEL THAT IS AT LEAST TWENTY-FIVE MILES
46 FROM A MARIJUANA RETAIL LOCATION AS MEASURED FROM THE CLOSEST POINTS OF
47 BOTH PROPERTIES.

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

1 M. THIS STATE AND ITS AGENCIES, EMPLOYEES AND AGENTS ARE NOT LIABLE
2 FOR RELYING IN GOOD FAITH ON INFORMATION OR DOCUMENTATION THAT IS
3 SUBMITTED OR PROVIDED PURSUANT TO THIS SECTION, INCLUDING PROPERTY OWNER
4 CONSENT SUBMITTED PURSUANT TO SUBSECTION G, PARAGRAPH 3 OF THIS SECTION,
5 LOCAL ZONING DOCUMENTATION SUBMITTED PURSUANT TO SUBSECTION G, PARAGRAPH 4
6 OF THIS SECTION AND AN OPT OUT ACTION SUBMITTED PURSUANT TO SUBSECTION D
7 OF THIS SECTION. THE DEPARTMENT DOES NOT OWE A DUTY TO ANY PERSON TO
8 INDEPENDENTLY VERIFY THE INFORMATION OR DOCUMENTATION EXCEPT AS EXPRESSLY
9 REQUIRED BY THIS SECTION. THE DEPARTMENT IS NOT LIABLE FOR ANY ERROR OR
10 OMISSION IN A LIST POSTED PURSUANT TO SUBSECTION C OF THIS SECTION.

11 N. FOR THE PURPOSES OF THIS SECTION:

12 1. "BOARD MEMBER" HAS THE SAME MEANING PRESCRIBED IN RULES ADOPTED
13 BY THE DEPARTMENT TO IMPLEMENT THIS CHAPTER AND CHAPTER 28.1 OF THIS
14 TITLE.

15 2. "PRINCIPAL OFFICER" HAS THE SAME MEANING PRESCRIBED IN RULES
16 ADOPTED BY THE DEPARTMENT TO IMPLEMENT THIS CHAPTER AND CHAPTER 28.1 OF
17 THIS TITLE.

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

20 4. "UNSERVED RURAL COMMUNITY":

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

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

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

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

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

36 Amend title to conform

DAVID LIVINGSTON

1128LIVINGSTON SE.docx
03/23/2026
03:00 PM
C: MH
130UUTEHD