

REFERENCE TITLE: **medical marijuana; inspection; testing; appropriation**

State of Arizona
Senate
Fifty-third Legislature
Second Regular Session
2018

SB 1420

Introduced by

Senators Borrelli: Allen S, Barto, Bowie, Bradley, Burges, Cajero
Bedford, Contreras, Dalessandro, Fann, Farley, Farnsworth D, Gray,
Griffin, Hobbs, Kavanagh, Kerr, Mendez, Meza, Miranda, Otondo,
Peshlakai, Petersen, Pratt, Quezada, Smith, Worsley, Yarbrough;
Representatives Allen J, Alston, Andrade, Barton, Blanc, Bolding,
Bowers, Boyer, Campbell, Cardenas, Chávez, Clark, Clodfelter, Cobb,
Cook, Descheenie, Engel, Espinoza, Farnsworth E, Fernandez, Finchem,
Friese, Gabaldón, Gonzales, Grantham, Hernandez, John, Kern, Lawrence,
Leach, Livingston, Martinez, Mesnard, Mitchell, Navarrete, Norgaard,
Nutt, Payne, Peten, Powers Hannley, Rios, Rivero, Saldate, Salman,
Shooter, Shope, Stringer, Thorpe, Toma, Townsend, Udall

AN ACT

**AMENDING TITLE 3, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 3-109.03; AMENDING SECTIONS 3-145, 3-201, 3-231, 3-364,
36-2803, 36-2804.01, 36-2804.02 AND 36-2806, ARIZONA REVISED STATUTES;
APPROPRIATING MONIES; RELATING TO MEDICAL MARIJUANA.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Subject to the requirements of article IV, part 1,
3 section 1, Constitution of Arizona, title 3, chapter 1, article 1, Arizona
4 Revised Statutes, is amended by adding section 3-109.03, to read:

5 3-109.03. Marijuana for medical use; agricultural commodity;
6 rules; definitions

7 A. MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE BY A NONPROFIT
8 MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED CAREGIVER IS AN AGRICULTURAL
9 COMMODITY AS DEFINED IN RULE BY THE DEPARTMENT AND, BEGINNING JANUARY 1,
10 2019, IS SUBJECT TO REGULATION UNDER THIS TITLE AND THE RULES ADOPTED
11 PURSUANT TO THIS TITLE. THE DIRECTOR MAY ADOPT ANY RULES NECESSARY
12 RELATING TO THE CULTIVATION OF MARIJUANA FOR MEDICAL USE AND REQUIRED
13 TESTING BY INDEPENDENT THIRD-PARTY LABORATORIES OF MARIJUANA THAT IS
14 CULTIVATED BY A NONPROFIT MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED
15 CAREGIVER FOR MEDICAL USE.

16 B. FOR THE PURPOSES OF THIS TITLE, "DESIGNATED CAREGIVER",
17 "MARIJUANA", "MEDICAL USE" AND "NONPROFIT MEDICAL MARIJUANA DISPENSARY"
18 HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 36-2801.

19 Sec. 2. Subject to the requirements of article IV, part 1, section
20 1, Constitution of Arizona, section 3-145, Arizona Revised Statutes, is
21 amended to read:

22 3-145. Mandatory and voluntary certification; sampling
23 procedures; application; immunity; expiration;
24 renewal

25 A. A person ~~who~~ THAT establishes, conducts or maintains a
26 laboratory that provides agricultural laboratory services to agencies or
27 departments of this state or its political subdivisions shall apply for a
28 certificate from the state agricultural laboratory as proof that the
29 laboratory so certified is in compliance with rules adopted by the
30 director for the certification of such laboratories. Any other person
31 providing agricultural laboratory services may apply for such a
32 certificate.

33 B. A person providing guaranteed laboratory analysis information to
34 distributors of commercial feed and whole seeds for consumption by
35 livestock shall be certified under this section.

36 C. An individual who collects samples for the state agricultural
37 laboratory or for any certified agricultural laboratory shall follow the
38 sampling procedures established by the director.

39 D. A PERSON THAT PROVIDES LABORATORY ANALYSIS OF MARIJUANA
40 CULTIVATED FOR MEDICAL USE SHALL APPLY FOR A CERTIFICATE FROM THE STATE
41 AGRICULTURAL LABORATORY. THE DIRECTOR SHALL ADOPT RULES FOR THE
42 CERTIFICATION OF LABORATORIES THAT ANALYZE MARIJUANA CULTIVATED FOR
43 MEDICAL USE, INCLUDING THE REQUIRED SAMPLING AND TESTING OF MARIJUANA.
44 EXCEPT AS PROVIDED IN SECTION 36-2806, A LABORATORY THAT IS CERTIFIED TO
45 ANALYZE MARIJUANA SHALL REPORT THE TEST RESULTS ONLY TO THE NONPROFIT

1 MEDICAL MARIJUANA DISPENSARY OR DESIGNATED CAREGIVER THAT CULTIVATES THE
2 MARIJUANA, THE DEPARTMENT OF HEALTH SERVICES AND THE STATE AGRICULTURAL
3 LABORATORY. NOTWITHSTANDING TITLE 13, CHAPTER 34, AN EMPLOYEE OF THE
4 DEPARTMENT OF AGRICULTURE OR AN EMPLOYEE OF ANY CONTRACTED THIRD-PARTY
5 TESTING FACILITY MAY NOT BE CHARGED WITH OR PROSECUTED FOR POSSESSION OF
6 ANY AMOUNT OF MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE AND THAT THE
7 EMPLOYEE IS USING AS A SAMPLE FOR TESTING AS REQUIRED BY THIS SUBSECTION
8 AND RULES ADOPTED PURSUANT TO THIS TITLE.

9 ~~D.~~ E. A certified laboratory shall report test results only to the
10 party ~~who provided~~ THAT PROVIDES the original sample and, on request, to
11 the state agricultural laboratory or as required by section 3-2611.01.

12 ~~E.~~ F. A person ~~who~~ THAT desires a certificate pursuant to this
13 section shall file with the state agricultural laboratory an application
14 for a certificate accompanied by the application fee.

15 ~~F.~~ G. The application shall be on a form prescribed by the
16 assistant director and furnished by the state agricultural laboratory and
17 shall contain:

18 1. The name and location of the laboratory.

19 2. The name of the person owning the laboratory and the name of the
20 person supervising the laboratory.

21 3. A description of the programs, services and functions provided
22 by the laboratory.

23 4. Such other information as the assistant director deems necessary
24 to carry out the purposes of this section.

25 ~~G.~~ H. The assistant director shall issue a certificate to an
26 applicant if the assistant director is satisfied that the applicant has
27 complied with the rules prescribing standards for certified laboratories.

28 ~~H.~~ I. A certificate expires one year after the date of issuance
29 and shall be renewed ~~upon~~ ON payment of the renewal application fee as
30 prescribed in section 3-146 and continued compliance with this article and
31 the applicable rules.

32 Sec. 3. Subject to the requirements of article IV, part 1, section
33 1, Constitution of Arizona, section 3-201, Arizona Revised Statutes, is
34 amended to read:

35 3-201. Definitions

36 In this article, unless the context otherwise requires:

37 1. "Associate director" means the associate director of the
38 division.

39 2. "Diseases" includes any fungus, bacterium, virus or other
40 organism of any kind and any unknown cause that is or may be found to be
41 injurious, or likely to be or to become injurious to any domesticated or
42 cultivated plant, or to the product of any such plant.

43 3. "Division" means the plant services division of the Arizona
44 department of agriculture.

1 4. "Noxious weed" means any species of plant that is, or is liable
2 to be, detrimental or destructive and difficult to control or eradicate
3 and ~~shall include~~ INCLUDES any species that the director, after
4 investigation and hearing, ~~shall determine~~ DETERMINES to be a noxious
5 weed.

6 5. "Nursery" means real property or other premises on or in which
7 nursery stock is propagated, grown or cultivated or from which ~~source~~
8 nursery stock is offered for distribution or sale.

9 6. "Nursery stock" includes all trees, shrubs, vines, cacti,
10 agaves, succulents, herbaceous plants whether annuals, biennials or
11 perennials, bulbs, corms, rizomes, roots, decorative plant material,
12 flowers, fruit pits or seeds, cuttings, buds, grafts, scions and other
13 plants intended for sale, gift or propagation, either cultivated or
14 collected in the wild, except seeds as regulated by article 2 of this
15 chapter, fruit and vegetables regulated by chapter 3, articles 2 and 4 of
16 this title and cotton plants.

17 7. "Pests" includes all noxious weeds, insects, diseases, mites,
18 spiders, nematodes and other animal or plant organisms found TO BE
19 injurious, or likely to be or to become injurious, to any domesticated,
20 cultivated, native or wild plant, or to the product of any such plant.

21 8. "Plant" or "crop" includes:

22 (a) Every kind of vegetation, WHETHER wild or domesticated, and any
23 part ~~thereof~~ OF THAT VEGETATION, as well as seed, fruit or ~~other~~ ANOTHER
24 natural product of ~~such~~ THAT vegetation.

25 (b) MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE BY A NONPROFIT
26 MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED CAREGIVER.

27 9. "Shipment" includes anything that is brought into ~~the~~ THIS state
28 or that is transported within ~~the~~ THIS state and that may be the host or
29 may contain or carry or may be susceptible of containing, carrying or
30 having present on, in or about it any plant pest or plant disease.

31 Sec. 4. Subject to the requirements of article 10, part 1, section
32 1, Constitution of Arizona, section 3-231, Arizona Revised Statutes, is
33 amended to read:

34 3-231. Definitions

35 In this article, unless the context otherwise requires:

36 1. "Advertisement" means all representations, other than those on
37 the label, made in any manner relating to seed within the scope of this
38 article.

39 2. "Agricultural seed":

40 (a) Means the seeds of grass, forage, cereal, ~~and~~ and fiber crops and
41 any other kinds of seeds commonly recognized within this state as
42 agricultural seeds, lawn seeds and mixtures of such seeds. ~~and~~

43 (b) May include noxious-weed seeds ~~when~~ IF the department
44 determines that such THE seed is being used as agricultural seed.

1 (c) INCLUDES SEEDS OF MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE
2 BY A NONPROFIT MEDICAL MARIJUANA DISPENSARY OR A DESIGNATED CAREGIVER.

3 3. "Cease and desist order" means an administrative order THAT IS
4 provided by law restraining the sale, use, disposition and movement of a
5 definite amount of seed.

6 4. "Certified seed" or "registered seed" means seed that has been
7 produced and labeled in accordance with the procedures and in compliance
8 with the rules and regulations of an officially recognized seed-certifying
9 agency.

10 5. "Custom application" means an application of pesticide to a seed
11 by a pesticide applicator ~~who~~ THAT does not hold title to the seed.

12 6. "Dealer" means any person ~~who~~ THAT sells seed.

13 7. "Division" means the environmental services division of the
14 Arizona department of agriculture.

15 8. "Established plant, warehouse, or place of business" means any
16 permanent office headquarters maintained by an importer, broker, seller or
17 authorized manufacturer's agent, or any permanent warehouse, building or
18 structure in or from which a permanent business is operated, at which
19 stocks of agricultural seed, vegetable seed or ornamental plant seed
20 regulated by this article are sold, distributed, processed, mixed, stored
21 or kept.

22 9. "Hybrid" means the first generation seed of a crossbreed THAT IS
23 produced by controlling pollination and by combining two or more inbred
24 lines, or one inbred or a single crossbreed with an open pollinated
25 variety, or two varieties or species, except open pollinated varieties of
26 corn (zea mays). The second generation, or subsequent generations from
27 such crosses, shall not be regarded as crosses. Hybrid designations shall
28 be treated as variety names. Any kinds or varieties that have pure seed
29 ~~which~~ THAT is less than ninety-five ~~per cent~~ PERCENT but more than
30 seventy-five ~~per cent~~ PERCENT hybrid seed as a result of incompletely
31 controlled pollination in a cross shall be labeled to show the percentage
32 of pure seed that is hybrid seed, ~~;~~ or shall be labeled with a statement
33 such as "contains from seventy-five ~~per cent~~ PERCENT to ninety-five ~~per~~
34 ~~cent~~ PERCENT hybrid seed". No one kind of seed shall be labeled as hybrid
35 if the pure seed contains less than seventy-five ~~per cent~~ PERCENT hybrid
36 seed.

37 10. "Inoculant" means a commercial preparation containing
38 nitrogen-fixing bacteria that is applied to seed.

39 11. "Kind" means one or more related species or subspecies ~~which~~
40 THAT singly or collectively are known by one common name, such as corn,
41 oats, alfalfa and timothy.

42 12. "Label" means any label or other written, printed or graphic
43 representations, in any form whatsoever, accompanying or pertaining to any
44 seed whether in bulk or in containers and includes representations or
45 invoices.

1 13. "Labeler" means any person whose name and address appear on the
2 label pertaining to or attached to a lot or container of agricultural,
3 vegetable or ornamental plant seed THAT IS sold, offered for sale, exposed
4 for sale or transported for sowing purposes.

5 14. "License" means an Arizona state seed license that is obtained
6 from the department.

7 15. "Lot" means a definite quantity of seed THAT IS identified by a
8 lot number or other mark, every portion or bag of which is uniform within
9 recognized tolerances for the factors which THAT appear in the labeling.

10 16. "Noxious-weed seeds" means ~~"prohibited noxious-weed seeds" and~~
11 ~~"restricted noxious-weed seeds" as defined as follows and~~ THE FOLLOWING as
12 listed in the rules adopted under this article: ~~:-~~

13 (a) "Prohibited noxious-weed seeds", WHICH are the seeds of
14 perennial or annual weeds which THAT, when established, are highly
15 destructive and difficult to control by ordinary good cultural practice
16 and the seed of which is prohibited by this article subject to recognized
17 tolerances.

18 (b) "Restricted noxious-weed seeds", WHICH are all noxious-weed
19 seed not classified as prohibited noxious-weed seed.

20 17. "Ornamental plant seed" means the seed of any plant THAT IS used
21 for decorative or ornamental purposes and includes flower seed.

22 18. "Person" means any individual, partnership, corporation,
23 company, society or association.

24 19. "Pure seed", "germination" and other seed labeling and testing
25 terms in common usage shall be defined as in the federal seed act (53
26 Stat. 1275; 7 United States Code sections 1551 through 1611) and the rules
27 and regulations promulgated under that act.

28 20. "Record" means all information relating to the shipment or
29 shipments involved and includes a file sample of each lot of seed.

30 21. "Sell" means TO offer for sale, expose for sale, possess for
31 sale, exchange, barter or trade.

32 22. "Treated" means that the seed has received an application of a
33 substance or process that is designed to reduce, control or repel certain
34 disease organisms, insects or other pests attacking such seeds or
35 seedlings growing from the seeds.

36 23. "Type" means either a group of varieties so similar that the
37 individual varieties cannot be clearly differentiated except under special
38 conditions or, when used with a variety name, seed of the variety named,
39 which may be mixed with seed of other varieties of the same kind and of
40 similar character. If type is designated, the designation may be
41 associated with the name of the kind but in all cases shall be clearly
42 associated with the word "type". If the type designation does not include
43 a variety name, it shall include a name that describes a group of
44 varieties of similar character, and the pure seed shall be at least ninety

1 ~~per cent~~ PERCENT of one or more varieties THAT all ~~of which~~ conform to the
2 type designation.

3 24. "Variety" means a subdivision of a kind characterized by growth,
4 yield, plant, fruit, seed or other characteristics by which it can be
5 differentiated from other plants of the same kind.

6 25. "Vegetable seeds" means seeds of those crops ~~which~~ THAT are
7 grown in gardens and on truck farms and THAT are generally known and sold
8 under the name of vegetable seeds in this state.

9 26. "Weed seeds" means the seeds of all plants THAT ARE generally
10 recognized as weeds within this state and includes noxious-weed seeds.

11 Sec. 5. Subject to the requirements of article IV, part 1,
12 section 1, Constitution of Arizona, section 3-364, Arizona Revised
13 Statutes, is amended to read:

14 3-364. Inspection powers; notification requirements

15 A. The director may enter at reasonable times into or on or through
16 any public or private property for the purpose of ascertaining compliance
17 or noncompliance with any rules or orders adopted or issued under this
18 article. If practicable, and if notice will not inhibit the director's
19 ability to enforce this article, the director or the director's agent
20 shall notify the owner, operator or lessee of the property when entering
21 on the property.

22 B. THE DIRECTOR MAY ENTER AT REASONABLE TIMES INTO OR ON A PRIVATE
23 PROPERTY WHERE MARIJUANA IS CULTIVATED FOR MEDICAL USE FOR THE PURPOSE OF
24 ASCERTAINING COMPLIANCE OR NONCOMPLIANCE WITH ANY RULES OR ORDERS ADOPTED
25 OR ISSUED UNDER THIS TITLE. IF PRACTICABLE, AND IF NOTICE WILL NOT INHIBIT
26 THE DIRECTOR'S ABILITY TO ENFORCE THIS ARTICLE, THE DIRECTOR OR THE
27 DIRECTOR'S AGENT SHALL NOTIFY THE NONPROFIT MEDICAL MARIJUANA DISPENSARY
28 OR THE DESIGNATED CAREGIVER WHEN ENTERING ON THE PROPERTY.

29 ~~B.~~ C. Within five days after the inspection the director shall
30 inform any alleged violator in writing if the director anticipates an
31 enforcement action. The notice of a potential enforcement action shall
32 indicate the nature of the alleged violation and the last possible date
33 for issuing a citation under section 3-368, subsection F. If in the
34 course of an investigation the department identifies any additional
35 alleged violator, the director shall inform the additional alleged
36 violator within five days ~~of~~ AFTER initiating the new investigation. The
37 notice of a potential enforcement action against the additional alleged
38 violator shall indicate the nature of the alleged violation and the last
39 possible date for issuing a citation or notice of de minimis violation
40 under section 3-368, subsection F. If the director does not issue a
41 notice of a potential enforcement action, the director shall inform the
42 alleged violator within fifteen days after the inspection that the
43 director does not anticipate any enforcement action.

1 Sec. 6. Subject to the requirements of article IV, part 1,
2 section 1, Constitution of Arizona, section 36-2803, Arizona Revised
3 Statutes, is amended to read:

4 36-2803. Rulemaking; notice

5 A. The department shall adopt rules:

6 1. Governing the manner in which the department considers petitions
7 from the public to add debilitating medical conditions or treatments to
8 the list of debilitating medical conditions set forth in section 36-2801,
9 paragraph 3, including public notice of, and an opportunity to comment in
10 a public hearing on, petitions.

11 2. Establishing the form and content of registration and renewal
12 applications submitted under this chapter.

13 3. Governing the manner in which the department considers
14 applications for and renewals of registry identification cards.

15 4. Governing nonprofit medical marijuana dispensaries, ~~for~~ for the
16 purpose of protecting against diversion and theft without imposing an
17 undue burden on nonprofit medical marijuana dispensaries or compromising
18 the confidentiality of cardholders, including:

19 (a) The manner in which the department considers applications for
20 and renewals of registration certificates.

21 (b) Minimum oversight requirements for nonprofit medical marijuana
22 dispensaries.

23 (c) Minimum recordkeeping requirements for nonprofit medical
24 marijuana dispensaries.

25 (d) Minimum security requirements for nonprofit medical marijuana
26 dispensaries, including requirements for protection of each registered
27 nonprofit medical marijuana dispensary location by a fully operational
28 security alarm system.

29 (e) Procedures for suspending or revoking the registration
30 certificate of nonprofit medical marijuana dispensaries that violate this
31 chapter or the rules adopted pursuant to this section.

32 5. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, establishing
33 application and renewal fees for registry identification cards and
34 nonprofit medical marijuana dispensary registration certificates,
35 according to the following:

36 (a) The total amount of all fees shall generate revenues sufficient
37 to implement and administer this chapter, except that fee revenue may be
38 offset or supplemented by private donations.

39 (b) Nonprofit medical marijuana dispensary application fees may not
40 exceed \$5,000.

41 (c) Nonprofit medical marijuana dispensary renewal fees may not
42 exceed \$1,000.

43 (d) The total amount of revenue from nonprofit medical marijuana
44 dispensary application and renewal fees and registry identification card
45 fees for nonprofit medical marijuana dispensary agents shall be sufficient

1 to implement and administer the nonprofit medical marijuana dispensary
2 provisions of this chapter, including the verification system, except that
3 the fee revenue may be offset or supplemented by private donations.

4 ~~(e) The department may establish a sliding scale of patient
5 application and renewal fees based on a qualifying patient's household
6 income.~~

7 ~~(f)~~ (e) The department may consider private donations under
8 section 36-2817 to reduce application and renewal fees.

9 B. The department OF HEALTH SERVICES shall adopt rules that require
10 each nonprofit medical marijuana dispensary to display in a conspicuous
11 location a sign that warns pregnant women about the potential dangers to
12 fetuses caused by smoking or ingesting marijuana while pregnant or to
13 infants while breastfeeding and the risk of being reported to the
14 department of child safety during pregnancy or at the birth of the child
15 by persons who are required to report. The rules shall include the
16 specific warning language that must be included on the sign. The cost and
17 display of the sign required by rule shall be borne by the nonprofit
18 medical marijuana dispensary. The rules shall also require each
19 certifying physician to attest that the physician has provided information
20 to each qualifying female patient that warns about the potential dangers
21 to fetuses caused by smoking or ingesting marijuana while pregnant or to
22 infants while breastfeeding and the risk of being reported to the
23 department of child safety during pregnancy or at the birth of the child
24 by persons who are required to report.

25 C. The department is authorized to adopt the rules set forth in
26 subsections A and B of this section and shall adopt those rules pursuant
27 to title 41, chapter 6.

28 D. The department OF HEALTH SERVICES shall post prominently on its
29 public website a warning about the potential dangers to fetuses caused by
30 smoking or ingesting marijuana while pregnant or to infants while
31 breastfeeding and the risk of being reported to the department of child
32 safety during pregnancy or at the birth of the child by persons who are
33 required to report.

34 Sec. 7. Subject to the requirements of article IV, part 1,
35 section 1, Constitution of Arizona, section 36-2804.01, Arizona Revised
36 Statutes, is amended to read:

37 36-2804.01. Registration of nonprofit medical marijuana
38 dispensary agents; notices; civil penalty;
39 classification

40 A. A nonprofit medical marijuana dispensary agent shall be
41 registered with the department before BEING EMPLOYED BY OR volunteering ~~or~~
42 ~~working~~ at a NONPROFIT medical marijuana dispensary. A REGISTERED
43 NONPROFIT MEDICAL MARIJUANA DISPENSARY AGENT MAY USE THAT REGISTRATION TO
44 BE EMPLOYED BY OR VOLUNTEER AT ANY REGISTERED NONPROFIT MEDICAL MARIJUANA
45 DISPENSARY THAT IS OWNED BY THE SAME CORPORATION AND THAT HAS THE SAME

1 BOARD OF DIRECTORS OR THE SAME PRINCIPAL OFFICERS. THE REGISTERED
2 NONPROFIT MEDICAL MARIJUANA DISPENSARY AGENT SHALL INFORM THE DEPARTMENT
3 WITHIN TEN DAYS AFTER BEGINNING EMPLOYMENT OR VOLUNTEER WORK AT A
4 DIFFERENT NONPROFIT MEDICAL MARIJUANA DISPENSARY OF THE DISPENSARY'S NAME
5 AND LOCATION. A NONPROFIT MEDICAL MARIJUANA DISPENSARY AGENT MAY BE
6 EMPLOYED OR VOLUNTEER WITH A SINGLE REGISTRATION AT MULTIPLE NONPROFIT
7 MEDICAL MARIJUANA DISPENSARIES THAT ARE OWNED BY THE SAME CORPORATION WITH
8 THE SAME BOARD OF DIRECTORS OR THE SAME PRINCIPAL OFFICERS.

9 B. A nonprofit medical marijuana dispensary may apply to the
10 department for a registry identification card for a nonprofit medical
11 marijuana dispensary agent by submitting:

12 1. The name, address and date of birth of the PROSPECTIVE nonprofit
13 medical marijuana dispensary agent.

14 2. A nonprofit medical marijuana dispensary agent application.

15 3. A statement signed by the prospective nonprofit medical
16 marijuana dispensary agent pledging not to divert marijuana to anyone who
17 is not allowed to possess marijuana pursuant to this chapter.

18 4. The application fee.

19 C. A registered nonprofit medical marijuana dispensary shall notify
20 the department within ten days after a nonprofit medical marijuana
21 dispensary agent ceases to be employed by or volunteer at the registered
22 nonprofit medical marijuana dispensary.

23 D. ~~NO~~ A person who has been convicted of an excluded felony offense
24 may NOT be a nonprofit medical marijuana dispensary agent.

25 E. The department may conduct a STATE AND FEDERAL criminal records
26 check PURSUANT TO SECTION 41-1750 AND PUBLIC LAW 92-544 in order to carry
27 out this section.

28 Sec. 8. Subject to the requirements of article IV, part 1, section
29 1, Constitution of Arizona, section 36-2804.02, Arizona Revised Statutes,
30 is amended to read:

31 36-2804.02. Registration of qualifying patients and
32 designated caregivers; renewal

33 A. A qualifying patient may apply to the department for a registry
34 identification card by submitting:

35 1. Written certification issued by a physician within the ninety
36 days immediately preceding the date of application.

37 2. The application fee OF FIFTY DOLLARS.

38 3. An application, including:

39 (a) THE name, mailing address, residence address and date of birth
40 of the qualifying patient except that if the applicant is homeless ~~NO~~ AN
41 address is NOT required.

42 (b) THE name, address and telephone number of the qualifying
43 patient's physician.

44 (c) THE name, address and date of birth of the qualifying patient's
45 designated caregiver, if any.

1 (d) A statement signed by the qualifying patient pledging not to
2 divert marijuana to anyone who is not allowed to possess marijuana
3 pursuant to this chapter.

4 (e) A signed statement from the designated caregiver, if any,
5 agreeing to be the patient's designated caregiver and pledging not to
6 divert marijuana to anyone who is not allowed to possess marijuana
7 pursuant to this chapter.

8 (f) A designation as to who will be allowed to cultivate marijuana
9 plants for the qualifying patient's medical use if a registered nonprofit
10 medical marijuana dispensary is not operating within twenty-five miles of
11 the qualifying patient's home.

12 **B. A QUALIFYING PATIENT SHALL PAY A TWENTY-FIVE DOLLAR FEE FOR THE**
13 **RENEWAL OF A REGISTRY IDENTIFICATION CARD.**

14 ~~B.~~ C. The application for a qualifying patient's registry
15 identification card shall ask whether the patient would like the
16 department to notify ~~him~~ **THE PATIENT** of any clinical studies needing human
17 subjects for research on the medical use of marijuana. The department
18 shall notify interested patients if it is notified of studies that will be
19 conducted in the United States.

20 Sec. 9. Subject to the requirements of article IV, part 1,
21 section 1, Constitution of Arizona, section 36-2806, Arizona Revised
22 Statutes, is amended to read:

23 **36-2806. Registered nonprofit medical marijuana dispensaries;**
24 **inspection; testing; requirements; immunity**

25 A. A registered nonprofit medical marijuana dispensary shall be
26 operated on a not-for-profit basis. The bylaws of a registered nonprofit
27 medical marijuana dispensary shall contain such provisions relative to the
28 disposition of revenues and receipts to establish and maintain its
29 nonprofit character. A registered nonprofit medical marijuana dispensary
30 need not be recognized as tax-exempt by the internal revenue service and
31 is not required to incorporate pursuant to title 10, chapter 19,
32 article 1.

33 B. The operating documents of a registered nonprofit medical
34 marijuana dispensary shall include procedures for the oversight of the
35 registered nonprofit medical marijuana dispensary and procedures to ensure
36 accurate recordkeeping.

37 C. A registered nonprofit medical marijuana dispensary shall have a
38 single secure entrance and shall implement appropriate security measures
39 to deter and prevent the theft of marijuana and unauthorized entrance into
40 areas containing marijuana.

41 D. A registered nonprofit medical marijuana dispensary is
42 prohibited from acquiring, possessing, cultivating, manufacturing,
43 delivering, transferring, transporting, supplying or dispensing marijuana
44 for any purpose except to assist registered qualifying patients with the

1 medical use of marijuana directly or through the registered qualifying
2 patients' designated caregivers.

3 E. All cultivation of marijuana must take place in an enclosed,
4 locked facility at a physical address provided to the department during
5 the registration process, which can only be accessed by registered
6 nonprofit medical marijuana dispensary agents WHO ARE associated in the
7 registry with the nonprofit medical marijuana dispensary.

8 F. A registered nonprofit medical marijuana dispensary may acquire
9 usable marijuana or marijuana plants from a registered qualifying patient
10 or a registered designated caregiver only if the registered qualifying
11 patient or registered designated caregiver receives no compensation for
12 the marijuana.

13 G. A nonprofit medical marijuana dispensary shall not ~~permit~~ ALLOW
14 any person to consume marijuana on the property of a nonprofit medical
15 marijuana dispensary.

16 H. Registered nonprofit medical marijuana dispensaries are subject
17 to reasonable inspection by the department. The department shall:

18 1. Give reasonable notice of an inspection under this subsection.

19 2. ESTABLISH INSPECTION PROTOCOLS FOR NONPROFIT MEDICAL MARIJUANA
20 DISPENSARIES THAT INCLUDE THE INSPECTION OF DISPENSARY PREMISES BEGINNING
21 JANUARY 1, 2019 FOR SANITARY CONDITIONS FOR STORING AND PROCESSING MEDICAL
22 MARIJUANA AND FOR THE EXISTENCE OF MOLD IN ANY BUILDING OPERATED BY THE
23 DISPENSARY.

24 3. ESTABLISH REMEDIATION REQUIREMENTS FOR NONPROFIT MEDICAL
25 MARIJUANA DISPENSARY PREMISES WHERE AN INSPECTION VIOLATION IS FOUND.

26 I. BEGINNING JANUARY 1, 2019, THE DEPARTMENT SHALL COLLECT SAMPLES
27 OF EACH MEDICAL MARIJUANA PRODUCT BEING SOLD FOR TESTING TO CONFIRM THAT
28 THE PRODUCT DOES NOT INCLUDE MOLD AND IS LABELED CORRECTLY AND THAT THE
29 DISCLOSURE DOCUMENT INCLUDED WITH THE PRODUCT REFLECTS ANY CHEMICAL USED
30 IN PRODUCING THE MEDICAL MARIJUANA PRODUCT AND THE ACTUAL CONTENTS OF THE
31 PRODUCT. THE DEPARTMENT MAY CONTRACT WITH A THIRD-PARTY INDEPENDENT
32 LABORATORY TO COLLECT AND TEST THE MEDICAL MARIJUANA PRODUCT SAMPLES. IF
33 A MEDICAL MARIJUANA PRODUCT IS NOT LABELED CORRECTLY OR A DISCLOSURE
34 DOCUMENT IS NOT ACCURATE BASED ON THE RESULTS OF THE TESTING, THE PRODUCT
35 SHALL BE RETURNED TO THE NONPROFIT MEDICAL MARIJUANA DISPENSARY AND SHALL
36 BE LABELED CORRECTLY BEFORE BEING DISPENSED.

37 J. ALL MEDICAL MARIJUANA PRODUCTS THAT ARE DISPENSED BY A NONPROFIT
38 MEDICAL MARIJUANA DISPENSARY SHALL BE DISPENSED IN CHILDPROOF CONTAINERS
39 AND HAVE THE REGISTERED QUALIFYING PATIENT'S NAME AND REGISTRY
40 IDENTIFICATION CARD NUMBER INDICATED ON THE LABEL. THE MEDICAL MARIJUANA
41 PRODUCT SHALL INCLUDE A WRITTEN DISCLOSURE THAT LISTS ALL CHEMICAL
42 COMPOUNDS USED DURING THE CULTIVATION OF THE PRODUCT AS TESTED PURSUANT TO
43 TITLE 3.

1 K. NOTWITHSTANDING TITLE 13, CHAPTER 34, AN EMPLOYEE OF THE
2 DEPARTMENT OR AN EMPLOYEE OF ANY CONTRACTED THIRD-PARTY TESTING FACILITY
3 MAY NOT BE CHARGED WITH OR PROSECUTED FOR POSSESSION OF ANY AMOUNT OF
4 MARIJUANA THAT IS CULTIVATED FOR MEDICAL USE AND THAT THE EMPLOYEE IS
5 USING AS A SAMPLE FOR TESTING AS REQUIRED BY SUBSECTION I OF THIS SECTION
6 AND THE RULES ADOPTED PURSUANT TO THAT SUBSECTION.

7 Sec. 10. Appropriation; Arizona department of agriculture;
8 medical marijuana fund

9 The sum of \$2,000,000 is appropriated from the medical marijuana
10 fund established by section 36-2817, Arizona Revised Statutes, in fiscal
11 year 2018-2019 to the Arizona department of agriculture for the purpose of
12 regulating marijuana as an agricultural commodity.

13 Sec. 11. Short title

14 This act may be cited as the "Medical Marijuana Reform Act".

15 Sec. 12. Requirements for enactment; three-fourths vote

16 Pursuant to article IV, part 1, section 1, Constitution of Arizona,
17 section 3-109.03, Arizona Revised Statutes, as added by this act, sections
18 3-145, 3-201, 3-231, 3-364, 36-2803, 36-2804.01, 36-2804.02 and 36-2806,
19 Arizona Revised Statutes, as amended by this act, and section 10 of this
20 act are effective only on the affirmative vote of at least three-fourths
21 of the members of each house of the legislature.

22 Sec. 13. Emergency

23 This act is an emergency measure that is necessary to preserve the
24 public peace, health or safety and is operative immediately as provided by
25 law.