



Bill Number: S.B. 1713

Hatathlie Floor Amendment

Reference to: printed bill

Amendment drafted by: Leg. Council

FLOOR AMENDMENT EXPLANATION

The Hatathlie floor amendment modifies the definition of an “unserved rural community” to exclude an unincorporated territory that is surrounded on all sides by an Indian reservation.

HATATHLIE FLOOR AMENDMENT
SENATE AMENDMENTS TO S.B. 1713
(Reference to printed bill)

Amendment instruction key:

[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.

[Green underlining in brackets] indicates text added to new session law or text restoring existing law.

~~[GREEN STRIKEOUT IN BRACKETS]~~ indicates new text removed from statute or previously enacted session law.

~~[Green strikeout in brackets]~~ indicates text removed from existing statute, previously enacted session law or new session law.

<<Green carets>> indicate a section added to the bill.

~~<<Green strikeout in carets>>~~ indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Subject to the requirements of article IV, part 1,
3 section 1, Constitution of Arizona, section 36-2854, Arizona Revised
4 Statutes, is amended to read:

5 36-2854. Rules; licensing; early applicants; fees; civil
6 penalty; legal counsel

7 A. The department shall adopt rules to implement and enforce this
8 chapter and regulate marijuana, marijuana products, marijuana
9 establishments and marijuana testing facilities. Those rules shall
10 include requirements for:

11 1. Licensing marijuana establishments and marijuana testing
12 facilities, including conducting investigations and background checks to
13 determine eligibility for licensing for marijuana establishment and
14 marijuana testing facility applicants, except that:

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

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

23 (c) Notwithstanding subdivision (b) of this paragraph, the
24 department may issue a marijuana establishment license to not more than
25 two marijuana establishments per county that contains no registered
26 nonprofit medical marijuana dispensaries, or one marijuana establishment
27 license per county that contains one registered nonprofit medical
28 marijuana dispensary. Any license issued pursuant to this subdivision

1 shall be for a fixed county and may not be relocated outside of that
2 county.

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

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

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

28 (g) NOTWITHSTANDING SUBDIVISIONS (b) AND (c) OF THIS PARAGRAPH, THE
29 DEPARTMENT SHALL ISSUE MARIJUANA ESTABLISHMENT LICENSES AND NONPROFIT
30 MEDICAL MARIJUANA DISPENSARY REGISTRATION CERTIFICATES TO ENTITIES THAT
31 ARE QUALIFIED PURSUANT TO THE RURAL OPPORTUNITY INITIATIVE. THE LICENSES
32 AND CERTIFICATES ISSUED PURSUANT TO THIS SUBDIVISION SHALL BE FOR A FIXED
33 COMMUNITY THAT HAS NOT OPTED OUT OF THE RURAL OPPORTUNITY INITIATIVE, AND
34 THE DUAL LICENSEE'S RETAIL SITE MAY BE RELOCATED ONLY TO AN UNSERVED RURAL
35 COMMUNITY IN ACCORDANCE WITH SECTION 36-2857.01.

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

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

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

45 ~~(h)~~ (i) The department may not issue a marijuana establishment or
46 marijuana testing facility license to an applicant who has an ownership
47 interest in an out-of-state marijuana establishment or marijuana testing

1 facility, or the other state's equivalent, that has had its license
2 revoked by the other state.

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

8 3. The security of marijuana establishments and marijuana testing
9 facilities.

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

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

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

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

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

22 (ii) The processing of marijuana and marijuana products by a
23 marijuana establishment.

24 (iii) The sale and purchase of marijuana and marijuana products
25 between licensees.

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

28 (v) The disposal of marijuana waste.

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

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

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

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

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

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

46 6. Forms of government-issued identification that are acceptable by
47 a marijuana establishment verifying a consumer's age and procedures

1 related to verifying a consumer's age consistent with section 4-241.
2 Until the department adopts final rules related to verifying a consumer's
3 age, marijuana establishments shall comply with the proof of legal age
4 requirements prescribed in section 4-241.

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

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

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

15 8. Ensuring the health, safety and training of employees of
16 marijuana establishments and marijuana testing facilities.

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

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

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

37 12. ESTABLISHING AND IMPLEMENTING A RURAL OPPORTUNITY INITIATIVE IN
38 ACCORDANCE WITH SECTION 36-2857.01 TO CREATE TAX REVENUE AND ECONOMIC
39 OPPORTUNITIES FOR RURAL COMMUNITIES.

40 B. The department may:

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

46 (a) Violates this chapter or any rule adopted pursuant to this
47 chapter.

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

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

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

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

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

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

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

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

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

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

43 5. Require that deliveries be made only by marijuana facility
44 agents in unmarked vehicles that are equipped with a global positioning
45 system or similar location tracking system and video surveillance and
46 recording equipment, and that contain a locked compartment in which
47 marijuana and marijuana products must be stored. The rules may not limit

1 the number of vehicles that a marijuana establishment may use for
2 delivery.

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

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

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

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

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

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

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

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

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

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

31 1. Defending this chapter or rules adopted pursuant to this
32 chapter.

33 2. Defending chapter 28.1 of this title or rules adopted pursuant
34 to chapter 28.1 of this title.

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

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

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

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

45 2. Operate a marijuana testing facility.

1 L. The department shall maintain and publish a current list of all
2 marijuana establishments and marijuana testing facilities by name and
3 license number.

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

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

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

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

20 Sec. 2. Subject to the requirements of article IV, part 1,
21 section 1, Constitution of Arizona, title 36, chapter 28.2, Arizona
22 Revised Statutes, is amended by adding section 36-2857.01, to read:

23 36-2857.01. Rural opportunity initiative; applicant
24 requirements; definition

25 A. ON OR BEFORE JULY 1, 2026, THE DEPARTMENT SHALL ADOPT RULES
26 ESTABLISHING A RURAL OPPORTUNITY INITIATIVE IN ACCORDANCE WITH THIS
27 SECTION.

28 B. ON OR BEFORE AUGUST 1, 2026, THE DEPARTMENT SHALL POST ON THE
29 DEPARTMENT'S PUBLIC WEBSITE A FORM THAT ALLOWS UNSERVED RURAL COMMUNITIES
30 TO COMMUNICATE TO THE DEPARTMENT THE COMMUNITY'S INTENTION TO OPT OUT OF
31 PARTICIPATION IN THE RURAL OPPORTUNITY INITIATIVE. FOR THE PURPOSES OF
32 THIS SECTION, A COUNTY MAY OPT OUT OF PARTICIPATION ON BEHALF OF
33 CENSUS-DESIGNATED AREAS IN THE COUNTY, NOT INCLUDING CITIES OR TOWNS. AN
34 UNSERVED RURAL COMMUNITY MAY WITHDRAW ITS OPT-OUT FORM AT ANY TIME.

35 C. ON OR BEFORE OCTOBER 1, 2026, THE DEPARTMENT SHALL POST AND
36 MAINTAIN ON THE DEPARTMENT'S PUBLIC WEBSITE A CURRENT LIST OF UNSERVED
37 RURAL COMMUNITIES THAT HAVE OPTED OUT OF THE RURAL OPPORTUNITY INITIATIVE.

38 D. BEGINNING OCTOBER 1, 2026, THE DEPARTMENT SHALL ACCEPT
39 APPLICATIONS FROM QUALIFIED APPLICANTS. WITHIN SIXTY DAYS AFTER RECEIVING
40 THE FIRST APPLICATION FROM A QUALIFIED APPLICANT THAT SEEKS TO SERVE A
41 SPECIFIC UNSERVED RURAL COMMUNITY, THE DEPARTMENT SHALL AWARD AND ALLOCATE
42 A MARIJUANA ESTABLISHMENT LICENSE AND A NONPROFIT MEDICAL MARIJUANA
43 DISPENSARY REGISTRATION CERTIFICATE TO THE QUALIFIED APPLICANT THAT FIRST
44 APPLIES TO SERVE THE UNSERVED RURAL COMMUNITY.

45 E. TO QUALIFY FOR A LICENSE PURSUANT TO THE RURAL OPPORTUNITY
46 INITIATIVE, AN APPLICANT SHALL COMPLETE AND SUBMIT A DEPARTMENT-APPROVED
47 FORM OR FORMS SHOWING THAT THE APPLICANT HAS A LANDOWNER'S CONSENT TO USE

1 PROPERTY IN THE ELIGIBLE UNSERVED RURAL COMMUNITY FOR A MARIJUANA RETAIL
2 SITE AND A DEPARTMENT-APPROVED FORM OR FORMS SHOWING THE PROPERTY IS IN
3 COMPLIANCE WITH LOCAL ZONING RESTRICTIONS APPLICABLE TO WHERE A DUAL
4 LICENSEE MAY BE LOCATED.

5 F. A LANDOWNER MAY NOT EXECUTE OR AGREE TO EXECUTE MULTIPLE
6 LANDOWNER CONSENT FORMS CONCERNING THE SAME PROPERTY ADDRESS FOR THE RURAL
7 OPPORTUNITY INITIATIVE. THE LANDOWNER CONSENT FORM EXECUTED FIRST IN TIME
8 IS THE ONLY VALID LANDOWNER CONSENT FORM.

9 G. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER OR CHAPTER
10 28.1 OF THIS TITLE, ENTITIES THAT BECOME A DUAL LICENSEE PURSUANT TO THIS
11 SECTION:

12 1. SHALL BE LICENSED BY THE DEPARTMENT TO OPERATE ONLY ONE RETAIL
13 LOCATION AND ONE OFF-SITE LOCATION AT WHICH THE DUAL LICENSEE MAY
14 CULTIVATE MARIJUANA AND MANUFACTURE MARIJUANA PRODUCTS.

15 2. MAY OPERATE AN OFF-SITE LOCATION ONLY AT A PROPERTY WHERE
16 CULTIVATION OPERATIONS WERE CONDUCTED PURSUANT TO THE DEPARTMENT'S
17 APPROVAL FOR AT LEAST ONE DAY DURING THE EIGHTEEN MONTHS IMMEDIATELY
18 PRECEDING A DUAL LICENSEE'S DATE OF APPLICATION TO OPERATE AT THE OFF-SITE
19 CULTIVATION LOCATION.

20 3. ARE NOT REQUIRED TO OPERATE THE DUAL LICENSEE'S RETAIL SITE FOR
21 MORE THAN TWENTY-FOUR HOURS EACH WEEK.

22 H. ANY ENTITY THAT BECOMES A DUAL LICENSEE PURSUANT TO THIS SECTION
23 MAY MOVE ITS RETAIL SITE ONLY TO ANOTHER UNSERVED RURAL COMMUNITY THAT HAS
24 NOT OPTED OUT OF THE RURAL OPPORTUNITY INITIATIVE PURSUANT TO THIS
25 SECTION.

26 I. FOR THE PURPOSES OF THIS SECTION, "UNSERVED RURAL COMMUNITY"[;
27 1.] MEANS A CITY, TOWN OR CENSUS-DESIGNATED AREA THAT HAS A
28 POPULATION OF LESS THAN FIFTY THOUSAND PERSONS AND CONTAINS ONE OR MORE
29 PARCELS OF PROPERTY THAT ARE AT LEAST TWENTY-FIVE MILES FROM A MARIJUANA
30 RETAIL SITE, AS MEASURED FROM THE CLOSEST POINTS OF BOTH PROPERTIES.

31 [2. DOES NOT INCLUDE AN UNINCORPORATED TERRITORY THAT IS SURROUNDED
32 ON ALL SIDES BY AN INDIAN RESERVATION.]

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

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

39 Enroll and engross to conform

40 Amend title to conform

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