



Bill Number: S.B. 1494

Gowan Floor Amendment

Reference to: printed bill

Amendment drafted by: Leg Council

## FLOOR AMENDMENT EXPLANATION

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1. Requires the Department of Health Services (DHS) to adopt rules for third-party laboratory certification fees in an amount less than \$5,000 for an application and less than \$1,000 for a renewal.
2. Prohibits the amount of fees collected by DHS from exceeding the amount sufficient to implement and administer the Medical Marijuana Act.
3. Subjects dispensaries to product testing by certified third-party laboratories (laboratories) beginning June 1, 2020, rather than June 1, 2021.
4. Allows DHS to spend monies from the Medical Marijuana Fund to develop and implement the Medical Marijuana Testing Library.
5. Requires DHS to make laboratory test results available to the general public.
6. Requires DHS rules relating to dispensary testing to include requirements that the testing:
  - a) determines unsafe levels of microbial contamination, pesticides, herbicides, fungicides, growth regulators and residual solvents; and
  - b) confirms the potency of marijuana to be dispensed beginning June 1, 2020.
7. Requires DHS rules relating to dispensary testing to:
  - a) include process requirements for the collection, storage and testing of samples of marijuana for medical use;
  - b) establish potency standards; and
  - c) establish reporting standards for test results.
8. Allows DHS rules relating to remediation of dispensaries to include the destruction of contaminated marijuana products, fines, license suspension and license revocation.
9. Requires a laboratory certified to analyze marijuana to:
  - a) have a quality assurance program and standards;
  - b) have an adequate chain of custody and sample requirement policies;
  - c) have adequate record retention processes to preserve records; and
  - d) establish procedures to ensure that results are accurate, precise and scientifically valid prior to reporting results.

Amendment explanation prepared by Mike Hans

03/05/2019

- 10. Renders DHS responsible for proficiency testing and remediating problems with laboratories, including fines, license suspension or license revocation.**
- 11. Increases the membership of the Medical Marijuana Advisory Council (Council) from 9 members to 11 members by adding the following members:**
  - a) a Council member of a dispensary focused on concentrate;**
  - b) a Council member of an Arizona-based dispensary focused on edible manufacturing; and**
  - c) an Arizona resident that is a veteran of the U.S. Armed Forces.**
- 12. Adds a Proposition 108 clause.**

GOWAN FLOOR AMENDMENT  
SENATE AMENDMENTS TO S.B. 1494  
(Reference to printed bill)

1 Page 1, between lines 1 and 2, insert:

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

5 36-2803. Rulemaking; notice

6 A. The department shall adopt rules:

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

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

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

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

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

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

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

1 (d) Minimum security requirements for nonprofit medical marijuana  
2 dispensaries, including requirements ~~for protection of~~ TO PROTECT each  
3 registered nonprofit medical marijuana dispensary location by a fully  
4 operational security alarm system.

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

8 5. Establishing application and renewal fees for registry  
9 identification cards, ~~and~~ nonprofit medical marijuana dispensary  
10 registration certificates AND INDEPENDENT THIRD-PARTY LABORATORY  
11 CERTIFICATES, according to the following:

12 (a) The total amount of all fees ~~shall generate revenues~~ MAY NOT  
13 EXCEED AN AMOUNT THAT IS sufficient to implement and administer this  
14 chapter, except that fee revenue may be offset or supplemented by private  
15 donations.

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

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

20 (d) INDEPENDENT THIRD-PARTY LABORATORY APPLICATION FEES MAY NOT  
21 EXCEED \$5,000.

22 (e) INDEPENDENT THIRD-PARTY LABORATORY RENEWAL FEES MAY NOT EXCEED  
23 \$1,000.

24 ~~(d)~~ (f) The total amount of revenue GENERATED from nonprofit medical  
25 marijuana dispensary application and renewal fees, ~~and~~ registry  
26 identification card fees for nonprofit medical marijuana dispensary agents  
27 ~~shall be~~ AND INDEPENDENT THIRD-PARTY LABORATORY FEES MAY NOT EXCEED AN  
28 AMOUNT sufficient to implement and administer the nonprofit medical  
29 marijuana dispensary provisions of this chapter, including the verification  
30 system, except that the fee revenue may be offset or supplemented by  
31 private donations.

1           ~~(e)~~ (g) The department may establish a sliding scale of patient  
2 application and renewal fees based on a qualifying patient's household  
3 income.

4           ~~(f)~~ (h) The department may consider private donations under section  
5 36-2817 to reduce application and renewal fees.

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

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

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

1           E. THE DEPARTMENT SHALL ADOPT RULES FOR TESTING MARIJUANA FOR  
2 MEDICAL USE FROM NONPROFIT MEDICAL MARIJUANA DISPENSARIES BEFORE SELLING OR  
3 DISPENSING MARIJUANA TO CARDHOLDERS TO DETERMINE UNSAFE LEVELS OF MICROBIAL  
4 CONTAMINATION, PESTICIDES, HERBICIDES, FUNGICIDES, GROWTH REGULATORS AND  
5 RESIDUAL SOLVENTS AND CONFIRMING THE POTENCY OF THE MARIJUANA TO BE  
6 DISPENSED BEGINNING JUNE 1, 2020. THE RULES SHALL:

7           1. INCLUDE PROCESS REQUIREMENTS FOR COLLECTING, STORING AND TESTING  
8 SAMPLES OF MARIJUANA FOR MEDICAL USE.

9           2. ESTABLISH POTENCY STANDARDS WITH THE STANDARD VARIANCE ALLOWANCE.

10           3. ESTABLISH REMEDIATION REQUIREMENTS FOR NONPROFIT MEDICAL  
11 MARIJUANA DISPENSARIES IF TESTING IDENTIFIES UNSAFE LEVELS OF MICROBIAL  
12 CONTAMINATION, PESTICIDES, HERBICIDES, FUNGICIDES, GROWTH REGULATORS OR  
13 RESIDUAL SOLVENTS IN THE MARIJUANA. REMEDIATION MAY INCLUDE DESTROYING  
14 CONTAMINATED MEDICAL MARIJUANA PRODUCTS, IMPOSING FINES AND SUSPENDING OR  
15 REVOKING A DISPENSARY'S LICENSE.

16           4. ESTABLISH STANDARDS FOR REPORTING TEST RESULTS TO THE DEPARTMENT  
17 AND THE DESIGNATED CAREGIVER OR NONPROFIT MEDICAL MARIJUANA DISPENSARY THAT  
18 CULTIVATES THE MARIJUANA. THE DEPARTMENT SHALL MAKE THE TEST RESULTS  
19 AVAILABLE TO THE GENERAL PUBLIC.

20           F. THE DEPARTMENT SHALL ADOPT RULES TO CERTIFY INDEPENDENT  
21 THIRD-PARTY LABORATORIES THAT ANALYZE MARIJUANA CULTIVATED FOR MEDICAL USE.  
22 THE DEPARTMENT SHALL ESTABLISH CERTIFICATION FEES FOR LABORATORIES PURSUANT  
23 TO SUBSECTION A OF THIS SECTION. IN ORDER TO BE CERTIFIED AS AN  
24 INDEPENDENT THIRD-PARTY LABORATORY THAT IS ALLOWED TO TEST MARIJUANA FOR  
25 MEDICAL USE PURSUANT TO THIS CHAPTER, AN INDEPENDENT THIRD-PARTY  
26 LABORATORY:

27           1. MUST MEET CRITERIA ESTABLISHED BY THE DEPARTMENT.

28           2. MAY NOT HAVE ANY FAMILIAL OR FINANCIAL RELATIONSHIP WITH OR  
29 INTEREST IN A NONPROFIT MEDICAL MARIJUANA DISPENSARY OR RELATED MEDICAL  
30 MARIJUANA BUSINESS ENTITY OR MANAGEMENT COMPANY, OR ANY FAMILIAL OR

1 FINANCIAL RELATIONSHIP WITH A DESIGNATED CAREGIVER FOR WHICH THE LABORATORY  
2 IS TESTING MARIJUANA FOR MEDICAL USE IN THIS STATE.

3 3. MUST HAVE A QUALITY ASSURANCE PROGRAM AND STANDARDS.

4 4. MUST HAVE AN ADEQUATE CHAIN OF CUSTODY AND SAMPLE REQUIREMENT  
5 POLICIES.

6 5. MUST HAVE AN ADEQUATE RECORDS RETENTION PROCESS TO PRESERVE  
7 RECORDS.

8 6. MUST ESTABLISH PROCEDURES TO ENSURE THAT RESULTS ARE ACCURATE,  
9 PRECISE AND SCIENTIFICALLY VALID BEFORE REPORTING THE RESULTS.

10 G. THE DEPARTMENT IS RESPONSIBLE FOR PROFICIENCY TESTING AND  
11 REMEDIATING PROBLEMS WITH INDEPENDENT THIRD-PARTY LABORATORIES THAT ARE  
12 CERTIFIED AND REGULATED PURSUANT TO THIS CHAPTER. REMEDIATION MAY INCLUDE  
13 IMPOSING FINES AND SUSPENDING OR REVOKING A LABORATORY'S CERTIFICATION."

14 Renumber to conform

15 Page 1, line 43, strike the colon

16 Line 44, strike "1."

17 Page 2, strike lines 1 through 24, insert:

18 "I. BEGINNING JUNE 1, 2020, REGISTERED NONPROFIT MEDICAL MARIJUANA  
19 DISPENSARIES ARE SUBJECT TO PRODUCT TESTING BY CERTIFIED INDEPENDENT  
20 THIRD-PARTY LABORATORIES PURSUANT TO THIS CHAPTER AND RULES ADOPTED  
21 PURSUANT TO THIS CHAPTER."

22 Line 29, strike "BY SUBSECTION I OF"

23 Line 30, strike "THIS SECTION" insert "BY THIS CHAPTER"; strike the second  
24 "SECTION" insert "CHAPTER"

25 Page 3, line 2, strike "SECTION" insert "SECTIONS 36-2803 AND"

26 Between lines 33 and 34, insert:

27 "D. THE DEPARTMENT MAY SPEND THE NECESSARY MONIES FROM THE MEDICAL  
28 MARIJUANA FUND ESTABLISHED BY SECTION 36-2817 TO DEVELOP AND IMPLEMENT THE  
29 MEDICAL MARIJUANA TESTING REFERENCE LIBRARY."

30 Reletter to conform

31 Line 44, strike "NINE" insert "ELEVEN"

1 Page 4, line 8, after "DISPENSARY" insert "THAT IS FOCUSED PRIMARILY ON  
2 CULTIVATION"

3 Between lines 8 and 9, insert:

4 "5. A BOARD MEMBER OF A MEDICAL MARIJUANA DISPENSARY THAT IS FOCUSED  
5 ON CONCENTRATE.

6 "6. A BOARD MEMBER OF AN ARIZONA-BASED MEDICAL MARIJUANA DISPENSARY  
7 THAT IS FOCUSED PRIMARILY ON EDIBLE MANUFACTURING BY UNITS."

8 Renumber to conform

9 Line 10, strike "AND" insert "OR"

10 Between lines 15 and 16, insert:

11 "11. A RESIDENT OF THIS STATE WHO IS A VETERAN OF THE UNITED STATES  
12 ARMED SERVICES."

13 Between lines 26 and 27, insert:

14 "Sec. 5. Requirements for enactment; two-thirds vote

15 Pursuant to article IX, section 22, Constitution of Arizona, this act  
16 is effective only on the affirmative vote of at least two-thirds of the  
17 members of each house of the legislature and is effective immediately on  
18 the signature of the governor or, if the governor vetoes this act, on the  
19 subsequent affirmative vote of at least three-fourths of the members of  
20 each house of the legislature."

21 Renumber to conform

22 Line 29, after "sections" insert "36-2803,"

23 Amend title to conform

DAVID GOWAN

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03/05/2019  
10:52 AM  
C: MH