

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1408
(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, Arizona Revised
4 Statutes, is amended to read:

5
6 36-2803. Rulemaking; notice; testing of marijuana and
7 marijuana products; fees

8 A. The department shall adopt rules:

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

14 2. Establishing the form and content of registration and renewal
15 applications submitted under this chapter.

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

18 4. Governing nonprofit medical marijuana dispensaries to protect
19 against diversion and theft without imposing an undue burden on nonprofit
20 medical marijuana dispensaries or compromising the confidentiality of
21 cardholders, including:

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

24 (b) Minimum oversight requirements for nonprofit medical marijuana
25 dispensaries.

1 (c) Minimum recordkeeping requirements for nonprofit medical
2 marijuana dispensaries.

3 (d) Minimum security requirements for nonprofit medical marijuana
4 dispensaries, including requirements to protect each registered nonprofit
5 medical marijuana dispensary location by a fully operational security alarm
6 system.

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

10 5. Establishing application and renewal fees for registry
11 identification cards, nonprofit medical marijuana dispensary registration
12 certificates and independent third-party laboratory certificates, according
13 to the following:

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

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

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

21 (d) The total amount of revenue generated from nonprofit medical
22 marijuana dispensary application and renewal fees, registry identification
23 card fees for nonprofit medical marijuana dispensary agents and independent
24 third-party laboratory agents and application and renewal fees for
25 independent third-party laboratories shall be sufficient to implement and
26 administer this chapter, including the verification system, except that the
27 fee revenue may be offset or supplemented by private donations.

28 (e) The department may establish a sliding scale of patient
29 application and renewal fees THAT ARE based on a qualifying patient's
30 household income AND THAT ARE REASONABLE AND RELATED TO THE ACTUAL COSTS OF
31 PROCESSING APPLICATIONS AND RENEWALS.

1 (f) The department may consider private donations under section
2 36-2817 to reduce application and renewal fees.

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

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

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

28 E. ~~Beginning November 1, 2020~~ ON A DATE DETERMINED BY THE
29 DEPARTMENT, before selling or dispensing marijuana or marijuana products to
30 registered qualified patients or registered designated caregivers,
31 nonprofit medical marijuana dispensaries shall test marijuana and marijuana
32 products for medical use to determine unsafe levels of microbial

1 contamination, heavy metals, pesticides, ~~herbicides~~, fungicides, growth
2 regulators and residual solvents and confirm the potency of the marijuana
3 to be dispensed. THE DRIED FLOWERS OF THE MARIJUANA PLANT ARE NOT REQUIRED
4 TO BE TESTED FOR RESIDUAL SOLVENTS.

5 F. ~~Beginning November 1, 2020~~ ON A DATE DETERMINED BY THE
6 DEPARTMENT, nonprofit medical marijuana dispensaries shall:

7 1. Provide test results to a registered qualifying patient or
8 designated caregiver immediately on request.

9 2. Display in a conspicuous location a sign that notifies patients
10 of their right to receive the certified independent third-party laboratory
11 test results for marijuana and marijuana products for medical use.

12 G. The department shall adopt rules to certify and regulate
13 independent third-party laboratories that analyze marijuana cultivated for
14 medical use. The department shall establish certification fees for
15 laboratories pursuant to subsection A of this section. In order to be
16 certified as an independent third-party laboratory that is allowed to test
17 marijuana and marijuana products for medical use pursuant to this chapter,
18 an independent third-party laboratory:

19 1. Must meet requirements established by the department, including
20 reporting and health and safety requirements.

21 2. May not have any direct or indirect familial or financial
22 relationship with or interest in a nonprofit medical marijuana dispensary
23 or related medical marijuana business entity or management company, or any
24 direct or indirect familial or financial relationship with a designated
25 caregiver for whom the laboratory is testing marijuana and marijuana
26 products for medical use in this state.

27 3. Must have a quality assurance program and standards.

28 4. Must have an adequate chain of custody and sample requirement
29 policies.

30 5. Must have an adequate records retention process to preserve
31 records.

1 6. Must establish procedures to ensure that results are accurate,
2 precise and scientifically valid before reporting the results.

3 7. Must be accredited by a national or international accreditation
4 association or other similar accrediting entity, as determined by the
5 department.

6 8. Must establish policies and procedures for disposal and reverse
7 distribution of samples that are collected by the laboratory.

8 H. The department may conduct proficiency testing and remediate
9 problems with independent third-party laboratories that are certified and
10 regulated pursuant to this chapter. Remediation may include assessing
11 civil penalties and suspending or revoking a laboratory's certification.

12 Sec. 2. Subject to the requirements of article IV, part 1,
13 section 1, Constitution of Arizona, title 36, chapter 28.1, Arizona Revised
14 Statutes, is amended by adding section 36-2803.02, to read:

15 36-2803.02. Warning labels: requirements

16 THE DEPARTMENT OF HEALTH SERVICES SHALL DEVELOP WARNING LABELS THAT
17 ARE BASED ON THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES
18 OFFICE OF THE SURGEON GENERAL'S WARNINGS ON MARIJUANA. THE DEPARTMENT OF
19 HEALTH SERVICES SHALL REQUIRE THE LABELS TO BE AFFIXED TO THE PACKAGING OF
20 ANY MEDICAL MARIJUANA THAT IS DISPENSED BY A REGISTERED NONPROFIT MEDICAL
21 MARIJUANA DISPENSARY TO A QUALIFIED PATIENT OR A DESIGNATED CAREGIVER.

22 Sec. 3. Subject to the requirements of article IV, part 1,
23 section 1, Constitution of Arizona, section 36-2806, Arizona Revised
24 Statutes, is amended to read:

25 36-2806. Registered nonprofit medical marijuana dispensaries;
26 requirements; rules; inspections; testing

27 A. A registered nonprofit medical marijuana dispensary shall be
28 operated on a not-for-profit basis. The bylaws of a registered nonprofit
29 medical marijuana dispensary shall contain such provisions relative to the
30 disposition of revenues and receipts to establish and maintain its
31 nonprofit character. A registered nonprofit medical marijuana dispensary

1 need not be recognized as tax-exempt by the internal revenue service and is
2 not required to incorporate pursuant to title 10, chapter 19, article 1.

3 B. The operating documents of a registered nonprofit medical
4 marijuana dispensary shall include procedures ~~for the oversight of~~ TO
5 OVERSEE the registered nonprofit medical marijuana dispensary and
6 procedures to ensure accurate recordkeeping.

7 C. A registered nonprofit medical marijuana dispensary shall ~~have a~~
8 ~~single secure entrance and shall~~ implement appropriate security measures to
9 deter and prevent the theft of marijuana and unauthorized entrance into
10 areas containing marijuana.

11 D. A registered nonprofit medical marijuana dispensary is prohibited
12 from acquiring, possessing, cultivating, manufacturing, delivering,
13 transferring, transporting, supplying or dispensing marijuana for any
14 purpose except to assist registered qualifying patients with the medical
15 use of marijuana directly or through the registered qualifying patients'
16 designated caregivers or an independent third-party laboratory agent or a
17 certified independent third-party laboratory for the purposes prescribed in
18 this chapter and department rule.

19 E. All cultivation of marijuana must take place in an enclosed,
20 locked facility, at a physical address provided to the department during
21 the registration process, that can be accessed only by registered nonprofit
22 medical marijuana dispensary agents associated in the registry with the
23 nonprofit medical marijuana dispensary.

24 F. A registered nonprofit medical marijuana dispensary may acquire
25 usable marijuana or marijuana plants from a registered qualifying patient
26 or a registered designated caregiver only if the registered qualifying
27 patient or registered designated caregiver receives no compensation for the
28 marijuana.

29 G. A nonprofit medical marijuana dispensary shall not allow any
30 person to consume marijuana on the property of the nonprofit medical
31 marijuana dispensary.

1 H. Registered nonprofit medical marijuana dispensaries are subject
2 to reasonable inspection by the department. The department ~~shall give~~
3 ~~reasonable notice of an inspection under this subsection~~ MAY VISIT AND
4 INSPECT A NONPROFIT MEDICAL MARIJUANA DISPENSARY AT ANY TIME DURING REGULAR
5 HOURS OF OPERATION AS NECESSARY TO DETERMINE WHETHER THE DISPENSARY
6 COMPLIES WITH THIS CHAPTER AND THE RULES ADOPTED PURSUANT TO THIS CHAPTER.

7 I. ~~Beginning November 1, 2020~~ ON A DATE DETERMINED BY THE
8 DEPARTMENT, registered nonprofit medical marijuana dispensaries are subject
9 to product testing by certified independent third-party laboratories
10 pursuant to this chapter and rules adopted pursuant to this chapter.

11 J. Notwithstanding title 13, chapter 34, an employee of the
12 department or an independent third-party laboratory agent may not be
13 charged with or prosecuted for possession of marijuana that is cultivated
14 for medical use as required by this chapter and the rules adopted pursuant
15 to this chapter.

16 Sec. 4. Subject to the requirements of article IV, part 1,
17 section 1, Constitution of Arizona, title 36, chapter 28.1, Arizona Revised
18 Statutes, is amended by adding section 36-2812, to read:

19 36-2812. Marijuana research; grants; posting

20 A. THE DEPARTMENT SHALL PROVIDE GRANTS FROM MONIES IN THE MEDICAL
21 MARIJUANA FUND ESTABLISHED BY SECTION 36-2817 FOR META-ANALYSES ON THE
22 CORRELATION BETWEEN MARIJUANA USE AND MENTAL ILLNESS, INCLUDING PSYCHOSIS,
23 AND VIOLENT BEHAVIOR.

24 B. GRANTS PROVIDED PURSUANT TO THIS SECTION ARE EXEMPT FROM THE
25 REQUIREMENTS OF TITLE 41, CHAPTER 24.

26 C. THE DEPARTMENT SHALL POST ON ITS PUBLIC WEBSITE ALL RESEARCH
27 CONDUCTED PURSUANT TO THE GRANTS PROVIDED UNDER THIS SECTION.

1 Sec. 5. Subject to the requirements of article IV, part 1,
2 section 1, Constitution of Arizona, section 36-2817, Arizona Revised
3 Statutes, is amended to read:

4 36-2817. Medical marijuana fund; private donations; use of
5 monies

6 A. The medical marijuana fund is established consisting of fees
7 collected, civil penalties imposed and private donations received under
8 this chapter. The department shall administer the fund. Monies in the fund
9 are continuously appropriated.

10 B. The director of the department may accept and spend private
11 grants, gifts, donations, contributions and devises to assist in carrying
12 out ~~the provisions of~~ this chapter.

13 C. Monies in the medical marijuana fund do not revert to the state
14 general fund at the end of a fiscal year.

15 D. On ~~the effective date of this amendment to this section~~ NOVEMBER
16 30, 2020, the director of the department shall transfer the following sums
17 from the medical marijuana fund for the following purposes:

18 1. \$15,000,000 to the Arizona teachers academy fund established by
19 section 15-1655.

20 2. \$10,000,000 to the department to fund the formation and operation
21 of councils, commissions and programs dedicated to improving public health,
22 including teen suicide prevention, the maternal mortality review program,
23 improving youth health, substance abuse prevention, addressing adverse
24 childhood experiences, the Arizona poison control system established
25 pursuant to section 36-1161, the Arizona health improvement plan, the child
26 fatality review team established pursuant to section 36-3501 and the
27 chronic pain self management program.

28 3. \$10,000,000 to the governor's office of highway safety to
29 distribute grants for the following purposes:

30 (a) Reducing impaired driving, including conducting training
31 programs and purchasing equipment for detecting, testing and enforcing laws
32 against driving, flying or boating while impaired.

1 (b) Equipment, training and personnel costs for dedicated traffic
2 enforcement.

3 4. \$2,000,000 to the department to implement, carry out and enforce
4 chapter 28.2 of this title.

5 5. \$4,000,000 to the department to distribute grants to qualified
6 nonprofit entities that will provide outreach to individuals who may be
7 eligible to file petitions for expungement pursuant to section 36-2862 and
8 will assist with the expungement petition process. The department shall
9 distribute grants pursuant to this paragraph on or before June 30, 2021.

10 6. \$2,000,000 to the department OF HEALTH SERVICES to develop and
11 implement, in conjunction with the department of economic security and
12 other state agencies, a social equity ownership program to promote the
13 ownership and operation of marijuana establishments and marijuana testing
14 facilities by individuals from communities disproportionately impacted by
15 the enforcement of previous marijuana laws. For the purposes of this
16 paragraph, "marijuana establishment" and "marijuana testing facility" have
17 the same meanings prescribed in section 36-2850.

18 7. \$1,000,000 to the department to fund programs and grants to
19 qualified nonprofit organizations for education and community outreach
20 related to chapter 28.2 of this title.

21 8. \$1,000,000 to the smart and safe Arizona fund established by
22 section 36-2856.

23 E. AFTER ALL COSTS INCURRED TO IMPLEMENT, CARRY OUT AND ENFORCE THIS
24 CHAPTER AND THE RULES ADOPTED PURSUANT TO THIS CHAPTER ARE PAID FOR FISCAL
25 YEAR 2021-2022, THE DEPARTMENT SHALL TRANSFER FROM THE MEDICAL MARIJUANA
26 FUND THE FOLLOWING SUMS FOR THE FOLLOWING PURPOSES:

27 1. \$1,250,000 TO THE DEPARTMENT FOR SUICIDE PREVENTION.

28 2. \$1,250,000 TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM FOR
29 SUICIDE PREVENTION.

30 3. \$2,000,000 TO THE ARIZONA MENTAL HEALTH RESEARCH INSTITUTE FOR
31 RESEARCH TO IMPROVE MENTAL HEALTH SERVICES, RESEARCH AND EDUCATION IN THIS
32 STATE.

1 4. \$2,000,000 TO THE DEPARTMENT FOR THE PRIMARY CARE PROVIDER LOAN
2 REPAYMENT PROGRAM AND THE RURAL PRIVATE PRIMARY CARE PROVIDER LOAN
3 REPAYMENT PROGRAM ESTABLISHED BY CHAPTER 21 OF THIS TITLE. THE DEPARTMENT
4 SHALL PRIORITIZE RURAL PROVIDERS IN THE AREAS OF MENTAL HEALTH CARE AND
5 BEHAVIORAL HEALTH CARE IF FEASIBLE AND APPROPRIATE.

6 5. \$2,000,000 TO THE BOARD OF MEDICAL STUDENT LOANS FOR THE PURPOSES
7 OF TITLE 15, CHAPTER 13, ARTICLE 7. THE BOARD SHALL PRIORITIZE STUDENTS
8 WHO INTEND TO PRACTICE IN THE AREA OF PSYCHIATRY OR OTHER AREAS OF PRACTICE
9 THAT TREAT MENTAL ILLNESS IF FEASIBLE AND APPROPRIATE.

10 6. \$5,000,000 TO COUNTY PUBLIC HEALTH DEPARTMENTS, IN PROPORTION TO
11 THE POPULATION OF EACH COUNTY, FOR THE PURPOSES OF ADDRESSING IMPORTANT
12 PUBLIC HEALTH ISSUES AND COMMUNITIES AFFECTED BY DRUG ADDICTION AND
13 INCARCERATION.

14 7. \$1,000,000 TO THE DEPARTMENT FOR THE HEALTH CARE DIRECTIVES
15 REGISTRY ESTABLISHED PURSUANT TO SECTION 36-3291.

16 F. MONIES TRANSFERRED PURSUANT TO SUBSECTION E OF THIS SECTION DO
17 NOT REVERT TO THE STATE GENERAL FUND.

18 G. THE DIRECTOR SHALL TRANSFER \$2,000,000 FROM THE MEDICAL MARIJUANA
19 FUND TO THE DEPARTMENT TO PROVIDE GRANTS FOR MARIJUANA RESEARCH STUDIES
20 PURSUANT TO SECTION 36-2812.

21 Sec. 6. Subject to the requirements of article IV, part 1,
22 section 1, Constitution of Arizona, section 36-2820, Arizona Revised
23 Statutes, is amended to read:

24 36-2820. Use of outside counsel

25 ~~Subject to~~ NOTWITHSTANDING section 41-192, the department may employ
26 legal counsel and make an expenditure or incur an indebtedness for legal
27 services ~~for the purposes of defending~~ TO IMPLEMENT, ADVISE ON OR DEFEND
28 this chapter, CHAPTER 28.2 or the rules adopted pursuant to this chapter OR
29 CHAPTER 28.2.

30 Sec. 7. Exemption from rulemaking

31 For the purposes of this act, the department of health services is
32 exempt from the rulemaking requirements of title 41, chapters 6 and 6.1,

1 Arizona Revised Statutes, for thirty-six months after the effective date of
2 this act, except that the department shall provide the public with a
3 reasonable opportunity to comment on the proposed rules.

4 Sec. 8. Requirements for enactment; three-fourths vote

5 Pursuant to article IV, part 1, section 1, Constitution of Arizona,
6 this act is effective only on the affirmative vote of at least
7 three-fourths of the members of each house of the legislature.

8 Sec. 9. Emergency

9 This act is an emergency measure that is necessary to preserve the
10 public peace, health or safety and is operative immediately as provided by
11 law."

12 Amend title to conform

And, as so amended, it do pass

REGINA E. COBB
CHAIRMAN

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