



ARIZONA STATE SENATE
Fifty-Fifth Legislature, Second Regular Session

AMENDED
FACT SHEET FOR S.B. 1402

rural marijuana establishments; dual licensing

Purpose

An emergency measure that requires the Department of Health Services (DHS) to issue a new nonprofit medical marijuana dispensary registration certificate to an establishment if a final adjudication in a court of law makes outlined determinations. Allows recreational marijuana licensees to apply for a nonprofit medical marijuana dispensary registration certificate or a recreational marijuana establishment license. Contains requirements for enactment for initiatives and referendums (Proposition 105).

Background

In 2010, Arizona voters approved the Arizona Medical Marijuana Act to establish a regulatory system, overseen by DHS, that allows a dispensary to dispense a permissible amount of medical marijuana to a qualifying patient or the qualifying patient's designated caregiver ([A.R.S. Title 36, Chapter 28.1](#)). In 2020, Arizona voters approved the Smart and Safe Arizona Act which legalized the sale and use of recreational marijuana to Arizonans who are at least 21 years of age ([A.R.S. Title 36, Chapter 28.2](#)).

Licenses for both medical and recreational marijuana are issued by DHS and are valid for a period of two years. The total number of authorized recreational marijuana dispensaries in the state is limited to 1 for every 10 registered pharmacies. However, DHS may issue up to two recreational marijuana licenses in excess of this limit for each county without an established medical marijuana dispensary or one additional license in each county with only one medical marijuana dispensary. Additionally, medical marijuana dispensaries may seek dual licensure through DHS as a recreational and medical marijuana dispensary. These licensees must comply with the rules outlined for all marijuana establishments ([A.R.S. § 36-2854](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires DHS to issue a new nonprofit medical marijuana dispensary registration certificate if a final adjudication in a court of law:
 - a) finds that between January 1, 2017, and December 31, 2020, an applicant filed a complete and compliant application;
 - b) finds that the proposed medical marijuana dispensary would have been located either in a county with no registered medical dispensaries or in a location where there is no medical dispensary within 25 miles;
 - c) finds that DHS declined to process the application; and
 - d) requires DHS to issue the applicant a medical dispensary certificate.

FACT SHEET

S.B. 1402

Page 2

2. Allows a recreational marijuana licensee to apply for a nonprofit medical marijuana dispensary registration certificate or a recreational marijuana establishment license.
3. Requires DHS to approve each qualified applicant on submittal of a completed application and application fee.
4. Exempts DHS from statutory rulemaking requirements for one year for purposes of approving dual licensees.
5. Makes technical changes.
6. Requires for enactment the affirmative vote of at least three-fourths of the members of each house of the Legislature (Proposition 105).
7. Becomes effective on signature of the Governor, if the emergency clause is enacted.

Amendments Adopted by Committee of the Whole

1. Requires the DHS to issue a new nonprofit medical marijuana dispensary registration certificate if a final adjudication in a court of law:
 - a) finds that between January 1, 2017, and December 31, 2020, an applicant filed a complete and compliant application;
 - b) finds that the proposed medical marijuana dispensary would have been located either in a county with no registered medical dispensaries or in a location where there is no medical dispensary within 25 miles;
 - c) finds that DHS declined to process the application; and
 - d) requires DHS to issue the applicant a medical dispensary certificate.
2. Allows a recreational marijuana licensee to apply for a nonprofit medical marijuana dispensary registration certificate or a recreational marijuana establishment license.
3. Requires DHS to approve each qualified applicant on submittal of a completed application and application fee.
4. Removes the exemption of recreational marijuana dispensaries that transition to a dual license from laws regulating the priority issuance of medical marijuana licenses by DHS.
5. Removes language asserting that medical marijuana dispensary registration certificates issued to a recreational marijuana dispensary under a dual license do not count toward the total number of authorized medical marijuana dispensaries in the state or in a geographic area.
6. Removes the authority of recreational marijuana licensee's that become dual licensees to sell medical marijuana on request to DHS.
7. Exempts DHS from statutory rulemaking requirements for one year for purposes of approving dual licensees.
8. Adds an emergency clause.

FACT SHEET
S.B. 1402
Page 3

Senate Action:

HHS 2/2/22 DPA 6-2-0

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