

TITLE 9. HEALTH SERVICES
CHAPTER 18. DEPARTMENT OF HEALTH SERVICES
ADULT-USE MARIJUANA PROGRAM

ARTICLE 3. MARIJUANA ESTABLISHMENTS

Section

R9-18-303. Applying for an Initial Marijuana Establishment License

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- A. To apply for an initial marijuana establishment license under A.R.S. § 36-2854(A)(1)(f), an applicant shall electronically submit to the Department, **between during the application period beginning on** December 1, 2021, **and through** December 14, 2021:
1. The following information in a Department-provided format:
 - a. The legal name of the proposed marijuana establishment;
 - b. The following information for the applicant:
 - i. Name of the entity applying,
 - ii. Type of business organization,
 - iii. Arizona mailing address,
 - iv. Telephone number, and
 - v. E-mail address;
 - c. For a business organization that is not a publicly traded corporation, the name, residence address, and date of birth of each principal officer ~~and~~, each board member, according to R9-18-301, **and any other person who is entitled to 10% or more of the profits;**
 - d. For a business organization that is a publicly traded corporation, the name, residence address, and date of birth of each principal officer ~~and~~, each board member, according to R9-18-301, **and any other person** who is entitled to 10% or more of the profits of the proposed marijuana establishment;
 - e. Whether the applicant agrees to allow the Department to submit supplemental requests for information;
 - f. An attestation that, if the applicant is issued a marijuana establishment license, the proposed marijuana establishment will not operate until the proposed marijuana establishment is inspected and obtains an approval to operate from the Department;
 - g. An attestation that the applicant understands and will comply with the requirements in A.R.S. Title 36, Chapter 28.2, and this Chapter;
 - h. An attestation that information provided to the Department to apply for a marijuana establishment license is true and correct; and
 - i. The signatures of each principal officer and each board member of the proposed

marijuana establishment according to R9-18-301 and the date signed;

2. Documentation that the applicant is in good standing with the Arizona Corporation Commission;

3. For each principal officer and each board member listed according to subsection (A)(1)(c) or (d), documentation of the principal officer's or board member's marijuana facility agent license:

3-4. An attestation from each principal officer and each board member listed according to subsection (A)(1)(c) or (d) that, subject to the completion of expungement proceedings according to A.R.S. § 36-2862 if applicable, the principal officer or board member does not have an excluded felony offense, as defined in A.R.S. § 36-2801;

4-5. Documentation that the applicant is eligible to apply under A.R.S. § 36-2854(A)(9), as specified in subsection (B);

5-6. Documentation confirming that each principal officer or board member who meets the criteria in subsections (B)(1) and (2) cannot be removed from the principal officer's or board member's position without:

- a. The written consent of the principal officer or board member, or
- b. A court order for removal of the principal officer or board member; and

6-7. The application fee in R9-18-102(C) for a marijuana establishment license.

B. An applicant is eligible to apply for a marijuana establishment license under subsection (A) if:

1. Each principal officer and each board member according to R9-18-301 has completed the Department-provided educational training course, through the Department's portal system, focusing on:

a. Forming and registering a business in Arizona, which may include:

i. Identifying potential exploitive or predatory offers.

ii. Benefits and drawbacks of different types of business structures.

iii. Purposes and importance of business documents.

iv. Having legal review of potential contracts and documents, and

v. Registering a business with the Arizona Corporation Commission and Arizona Department of Revenue.

b. Obtaining financial backing, which may include:

i. Fundraising and investors.

ii. Financial modeling to estimate past and potential revenue and expenses.

and

- iii. Creating an executive summary of a business plan;
- c. The application and licensing process, which may include:
 - i. Eligibility;
 - ii. Application portal;
 - iii. Required documentation and fees;
 - iv. Availability of assistance with preparing applications;
 - v. Review of state laws and rules related to the operation of a marijuana establishment; and
 - vi. Ensuring compliance with state laws and rules related to the operation of a marijuana establishment; and
- d. Information relevant to an applicant that is successful in obtaining a license for a marijuana establishment, which may include:
 - i. Identifying and obtaining an appropriate location;
 - ii. Location considerations specific to marijuana establishments;
 - iii. Employment-related information and considerations;
 - iv. Marketing, trademarks, and branding; and
 - iv. Other information related to operating a marijuana establishment;

1.2. One or more of the principal officers or board members of the applying entity holds at least 51% ownership in the entity; and

2.3. Each individual specified according to subsection ~~(B)(1)~~ (B)(2) as being one or more of the principal officers or board members of the applying entity holding an aggregate of at least 51% ownership in the entity:

- a. Has a certificate of completion of the Department-provided educational training course focusing on:
 - i. State laws and regulations related to the operation of a marijuana establishment;
 - ii. Obtaining financial backing; and
 - iii. Specific requirements in the rules of this Chapter; and

b. Meets meets at least three of the following four criteria:

- i.a. Had a household income in at least three of the previous five years that, for the respective year, was less than 400% of the federal poverty level, which is the annual household income for a household of a particular size that is specified in the poverty guidelines updated annually in the Federal Register by the U.S.

Department of Health and Human Services, as shown by a copy of the income tax returns for the respective years submitted by the individual to the U.S. Internal Revenue Service or the Arizona Department of Revenue;

ii.b. Has been adversely affected by the enforcement of previous marijuana laws because the individual:

(+i). ~~Is eligible for and has petitioned for~~ Has been granted expungement pursuant to A.R.S. 36-2862, as demonstrated by a copy of the expungement; or

(-i). Was convicted in Arizona of a violation of federal or state law related to marijuana or marijuana paraphernalia, ~~and does not have an excluded felony offense as demonstrated by a copy of the court's conviction document;~~

iii.c. Has been adversely affected by the enforcement of previous marijuana laws because the individual is related, as one of the following, to another individual who was convicted in Arizona of a violation of federal or state laws related to marijuana or marijuana paraphernalia, as demonstrated by court documents for the other individual and applicable documentation, specified by the Department, verifying the individual's relationship to the other individual at the time of the conviction or on the date of application:

(+i). Spouse;

(-ii). Surviving spouse, as defined in A.A.C. R9-1-301;

(-iii). Parent, as defined in A.A.C. R9-1-301;

(+iv). Child, including a biological child, adopted child, foster child, or step-child;

(-v). Sibling, including full- or half-sister or brother, adopted sister or brother, foster sister or brother, or step-sister or brother; or

(-vi). Legal guardian, as defined in A.A.C. R9-1-301; or

iv.d. ~~Has a physical address, and has~~ Has lived for at least three of the previous five years at the physical address, in ~~a community an area~~ that has been identified by the Department as being disproportionately affected by the enforcement of Arizona's previous marijuana laws, as demonstrated by applicable documentation specified by the Department.

C. An applicant shall ensure that no principal officer ~~or~~ board member, or person entitled to 10% or

more of the profits of the applying entity is a principal officer ~~or~~ board member or person entitled to 10% or more of the profits of the applying entity on more than one other marijuana establishment license application, for a total of no more than two marijuana establishment license applications, submitted according to subsection (A).

- D.** Before an entity with a marijuana establishment license begins operating a marijuana establishment, the entity shall apply for and obtain an approval to operate a marijuana establishment from the Department.
- E.** For purposes of subsection (B), “ownership” means that an individual has an interest in an applying entity that:
1. Entitles the individual to at least that portion of distributed profits of the applying entity that is proportional to the percentage of the individual’s interest in the applying entity;
 2. Ensures that the individual has a percentage of the voting rights in the applying entity that is proportional to the percentage of the individual’s interest in the applying entity; and
 3. Is not subject to restrictions or assignments of voting rights or other arrangements that causes cause or may cause benefits derived from the individual’s interest in the applying entity to go to another individual due to any circumstance other than voluntary sale of the interest or the individual’s death or incapacity.