**2227-S2 AMH SAWY H4998.1 - NOT FOR FLOOR USE**

**2SHB 2227** - H AMD **1316**

By Representative Sawyer

Strike everything after the enacting clause and insert the following:

"**Sec.**  RCW 69.50.348 and 2013 c 3 s 11 are each amended to read as follows:

(1) On a schedule determined by the state liquor ((~~control~~)) and cannabis board, every licensed marijuana producer and processor must submit representative samples of marijuana, useable marijuana, or marijuana-infused products produced or processed by the licensee to an independent, third-party testing laboratory meeting the accreditation requirements established by the state liquor ((~~control~~)) and cannabis board, for inspection and testing to certify compliance with quality assurance and product standards adopted by the state liquor ((~~control~~)) and cannabis board under RCW 69.50.342. Any sample remaining after testing shall be destroyed by the laboratory or returned to the licensee submitting the sample.

(2) Licensees must submit the results of ((~~this~~)) inspection and testing for quality assurance and product standards required under subsection (1) of this section to the state liquor ((~~control~~)) and cannabis board on a form developed by the state liquor ((~~control~~)) and cannabis board.

(3) If a representative sample inspected and tested under this section does not meet the applicable quality assurance and product standards ((~~adopted~~)) established by the state liquor ((~~control~~)) and cannabis board, the entire lot from which the sample was taken must be destroyed.

(4) The state liquor and cannabis board may adopt rules necessary to implement this section.

**Sec.**  RCW 69.50.348 and 2013 c 3 s 11 are each amended to read as follows:

(1) On a schedule determined by the state liquor ((~~control~~)) and cannabis board, every licensed marijuana producer and processor must submit representative samples of marijuana, useable marijuana, or marijuana-infused products produced or processed by the licensee to an independent, third-party testing laboratory meeting the accreditation requirements established by the state ((~~liquor control board~~)) department of ecology, for inspection and testing to certify compliance with quality assurance and product standards adopted by the state liquor ((~~control~~)) and cannabis board under RCW 69.50.342. Any sample remaining after testing shall be destroyed by the laboratory or returned to the licensee submitting the sample.

(2) Licensees must submit the results of ((~~this~~)) inspection and testing for quality assurance and product standards required under subsection (1) of this section to the state liquor ((~~control~~)) and cannabis board on a form developed by the state liquor ((~~control~~)) and cannabis board.

(3) If a representative sample inspected and tested under this section does not meet the applicable quality assurance and product standards ((~~adopted~~)) established by the state liquor ((~~control~~)) and cannabis board, the entire lot from which the sample was taken must be destroyed.

(4) The department of ecology may establish and collect fees for the accreditation of marijuana product testing laboratories as required in this section. The department of ecology may determine, assess, and collect, and each testing laboratory seeking accreditation must pay, fees sufficient to cover the direct and indirect costs of implementing an accreditation program. The department of ecology must develop by rule a fee schedule allocating the costs of the accreditation program established by this section. The fee schedule must fully cover, but not exceed, administration costs, program development costs, and oversight costs. The department of ecology must review and update its fee schedule. The costs of marijuana product testing laboratory accreditation are those incurred by the department in administering and enforcing the accreditation program. The costs may include, but are not limited to, the costs incurred in undertaking the following accreditation functions:

(a) Evaluating protocols and procedures;

(b) Determining the accuracy and reliability of test results, including internal quality assurance and quality control procedures, and proficiency at analyzing test samples; and

(c) Such other accreditation activities as the department of ecology deems appropriate.

(5) The department of ecology and the liquor and cannabis board must act cooperatively to ensure effective implementation and administration of this section.

NEW SECTION. **Sec.**  A new section is added to chapter 43.21A RCW to read as follows:

By July 1, 2021, the department must, in consultation with the liquor and cannabis board, adopt rules to implement section 2, chapter . . ., Laws of 2018 (section 2 of this act).

**Sec.**  RCW 69.50.345 and 2015 c 70 s 8 are each amended to read as follows:

The state liquor and cannabis board, subject to the provisions of this chapter, must adopt rules that establish the procedures and criteria necessary to implement the following:

(1) Licensing of marijuana producers, marijuana processors, and marijuana retailers, including prescribing forms and establishing application, reinstatement, and renewal fees.

(a) Application forms for marijuana producers must request the applicant to state whether the applicant intends to produce marijuana for sale by marijuana retailers holding medical marijuana endorsements and the amount of or percentage of canopy the applicant intends to commit to growing plants determined by the department under RCW 69.50.375 to be of a THC concentration, CBD concentration, or THC to CBD ratio appropriate for marijuana concentrates, useable marijuana, or marijuana-infused products sold to qualifying patients.

(b) The state liquor and cannabis board must reconsider and increase limits on the amount of square feet permitted to be in production on July 24, 2015, and increase the percentage of production space for those marijuana producers who intend to grow plants for marijuana retailers holding medical marijuana endorsements if the marijuana producer designates the increased production space to plants determined by the department under RCW 69.50.375 to be of a THC concentration, CBD concentration, or THC to CBD ratio appropriate for marijuana concentrates, useable marijuana, or marijuana-infused products to be sold to qualifying patients. If current marijuana producers do not use all the increased production space, the state liquor and cannabis board may reopen the license period for new marijuana producer license applicants but only to those marijuana producers who agree to grow plants for marijuana retailers holding medical marijuana endorsements. Priority in licensing must be given to marijuana producer license applicants who have an application pending on July 24, 2015, but who are not yet licensed and then to new marijuana producer license applicants. After January 1, 2017, any reconsideration of the limits on the amount of square feet permitted to be in production to meet the medical needs of qualifying patients must consider information contained in the medical marijuana authorization database established in RCW 69.51A.230;

(2) Determining, in consultation with the office of financial management, the maximum number of retail outlets that may be licensed in each county, taking into consideration:

(a) Population distribution;

(b) Security and safety issues;

(c) The provision of adequate access to licensed sources of marijuana concentrates, useable marijuana, and marijuana-infused products to discourage purchases from the illegal market; and

(d) The number of retail outlets holding medical marijuana endorsements necessary to meet the medical needs of qualifying patients. The state liquor and cannabis board must reconsider and increase the maximum number of retail outlets it established before July 24, 2015, and allow for a new license application period and a greater number of retail outlets to be permitted in order to accommodate the medical needs of qualifying patients and designated providers. After January 1, 2017, any reconsideration of the maximum number of retail outlets needed to meet the medical needs of qualifying patients must consider information contained in the medical marijuana authorization database established in RCW 69.51A.230;

(3) Determining the maximum quantity of marijuana a marijuana producer may have on the premises of a licensed location at any time without violating Washington state law;

(4) Determining the maximum quantities of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products a marijuana processor may have on the premises of a licensed location at any time without violating Washington state law;

(5) Determining the maximum quantities of marijuana concentrates, useable marijuana, and marijuana-infused products a marijuana retailer may have on the premises of a retail outlet at any time without violating Washington state law;

(6) In making the determinations required by this section, the state liquor and cannabis board shall take into consideration:

(a) Security and safety issues;

(b) The provision of adequate access to licensed sources of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products to discourage purchases from the illegal market; and

(c) Economies of scale, and their impact on licensees' ability to both comply with regulatory requirements and undercut illegal market prices;

(7) Determining the nature, form, and capacity of all containers to be used by licensees to contain marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products, and their labeling requirements, to include but not be limited to:

(a) The business or trade name and Washington state unified business identifier number of the licensees that processed and sold the marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product;

(b) Lot numbers of the marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product;

(c) THC concentration and CBD concentration of the marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product;

(d) Medically and scientifically accurate information about the health and safety risks posed by marijuana use; and

(e) Language required by RCW 69.04.480;

(8) In consultation with the department of agriculture and the department, establishing classes of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products according to grade, condition, cannabinoid profile, THC concentration, CBD concentration, or other qualitative measurements deemed appropriate by the state liquor and cannabis board;

(9) Establishing reasonable time, place, and manner restrictions and requirements regarding advertising of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products that are not inconsistent with the provisions of this chapter, taking into consideration:

(a) Federal laws relating to marijuana that are applicable within Washington state;

(b) Minimizing exposure of people under twenty-one years of age to the advertising;

(c) The inclusion of medically and scientifically accurate information about the health and safety risks posed by marijuana use in the advertising; and

(d) Ensuring that retail outlets with medical marijuana endorsements may advertise themselves as medical retail outlets;

(10) Specifying and regulating the time and periods when, and the manner, methods, and means by which, licensees shall transport and deliver marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products within the state;

(11) In consultation with the department and the department of agriculture, ((~~establishing accreditation requirements for testing laboratories used by licensees to demonstrate compliance with standards adopted by the state liquor and cannabis board, and~~)) prescribing methods of producing, processing, and packaging marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products; conditions of sanitation; and standards of ingredients, quality, and identity of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products produced, processed, packaged, or sold by licensees;

(12) Specifying procedures for identifying, seizing, confiscating, destroying, and donating to law enforcement for training purposes all marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products produced, processed, packaged, labeled, or offered for sale in this state that do not conform in all respects to the standards prescribed by this chapter or the rules of the state liquor and cannabis board.

NEW SECTION. **Sec.**  (1) Beginning on the effective date of this section, a nonrefundable additional fee of eighty-six dollars is imposed on all applications and renewals of licenses for marijuana producers, processors, and retailers. The fee applies to all applications and license modifications received on or after the effective date of this section and renewals where the date of the license expiration is on or after June 30, 2018. Revenue collected pursuant to the fee authorized under this section is to be used for research by the state department of ecology in developing accreditation standards for marijuana product testing laboratories and rule making in preparation for establishing an accreditation program for these laboratories.

(2) This section expires June 30, 2021.

NEW SECTION. **Sec.**  Section 1 of this act expires July 1, 2021.

NEW SECTION. **Sec.**  Sections 2 and 4 of this act take effect July 1, 2021."

Correct the title.

EFFECT: (1) Establishes that until July 1, 2021, the Liquor and Cannabis Board shall continue to be responsible for ensuring that marijuana product testing laboratories meet accreditation requirements established by the Liquor and Cannabis Board; (2) establishes that until July 1, 2021, the Liquor and Cannabis Board has rule-making authority regarding the accreditation of licensed marijuana product testing laboratories; (3) establishes that as of July 1, 2021, responsibility for the creation and implementation of accreditation requirements for marijuana product testing laboratories is shifted from the Liquor and Cannabis Board to the Department of Ecology; (4) requires that, effective July 1, 2021, the Department of Ecology and the Liquor and Cannabis Board act cooperatively to ensure the effective implementation and administration of marijuana testing laboratory accreditation requirements; (5) establishes that, by July 1, 2021, the Department of Ecology, in consultation with the Liquor and Cannabis Board, must adopt rules governing the accreditation of marijuana product testing laboratories; (6) effective July 1, 2021, eliminates provisions requiring the Liquor and Cannabis Board to consult with the Department of Agriculture regarding accreditation requirements for marijuana product testing laboratories; and (7) eliminates the requirement that the Department of Ecology report to the Legislature by January 15, 2019, with recommendations regarding marijuana product testing laboratory accreditation standards.