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**HOUSE BILL 2263**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Representatives Pettigrew, MacEwen, Kirby, Blake, Fitzgibbon, Ryu, Appleton, Frame, Ormsby, Wylie, and Peterson

AN ACT Relating to expanding opportunities for marijuana businesses by removing residency barriers and providing access to capital for minority and women-owned businesses through a fee on certain investments; amending RCW 69.50.331 and 69.50.540; adding new sections to chapter 43.31 RCW; adding a new section to chapter 69.50 RCW; creating a new section; providing an effective date; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature finds that financial barriers have limited the ability of minority and women-owned businesses to participate in entering the marijuana business marketplace and to expand their existing businesses. The legislature also finds the current marijuana marketplace would benefit from removing existing barriers to capital investments in marijuana businesses.

The legislature further finds that it is appropriate for the state to provide additional opportunities for minority and women-owned marijuana businesses through the creation of a marijuana equity fund to provide low or no interest loans for new or existing minority and women-owned marijuana businesses.

The legislature intends to remedy the lack of access to capital in the marijuana marketplace by minority and women-owned businesses by enacting a transaction fee on new capital investments in marijuana businesses. The proceeds of the transaction fee will be designated to assist minority and women-owned businesses to enter into the marijuana marketplace and to assist in the expansion of their existing marijuana businesses.

NEW SECTION. **Sec.**  A new section is added to chapter 43.31 RCW to read as follows:

The marijuana equity account is created in the custody of the state treasurer. All receipts from the transaction fee on new investments in marijuana businesses as established under section 5 of this act and payments made on loans made under section 3 of this act must be deposited in the account. Expenditures from the account may be used only for providing loans with low or no interest, as provided under section 3 of this act, to minority and women-owned and operated marijuana business enterprises that have received state certification under chapter 39.19 RCW. Only the director of the department of commerce or the director's designee may authorize expenditures from the account. The account is subject to the allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

NEW SECTION. **Sec.**  A new section is added to chapter 43.31 RCW to read as follows:

(1) The marijuana equity loan program is created in the department of commerce to assist minority and women-owned and operated business enterprises to enter into the marijuana marketplace and to assist in the expansion of their existing marijuana businesses.

(2) The department of commerce may provide loans from the marijuana equity account, created in section 2 of this act, to minority and women-owned and operated marijuana business enterprises that have received state certification under chapter 39.19 RCW.

(3)(a) The department of commerce must adopt rules to implement this section, including the setting of interest rates and payment terms. The rules may include additional criteria for making loans as recommended by the marijuana equity advisory board created in section 4 of this act.

(b) The rules must be guided by the following principles:

(i) The initial interest rates on loans made under this section may be as low as zero percent, but may not exceed two percent, for the initial term of:

(A) Four years for borrowers who obtain a marijuana producer or marijuana processor license under chapter 69.50 RCW; or

(B) Two years for borrowers who obtain a marijuana retail license under chapter 69.50 RCW.

(ii) Upon completion of the initial borrowing term specified in (b)(i) of this subsection, the interest rate on a loan will increase from the initial interest rate by an additional one-half percent per year for the next five years of the loan term.

(iii) Loan payments may be for interest only for the initial terms specified in (b)(i) of this subsection.

(iv) All loans made under this section must have a maximum repayment term of ten years.

(4) All loan repayment moneys received must be deposited into the marijuana equity account, created in section 2 of this act, for the purpose of making new loans under this section.

(5) The department of commerce must submit an annual report to the appropriate committees of the legislature that specifies the number of loans that were made in the program, the average initial interest rates on the loans, the average length of the loans, the total amount loaned in the calendar year, the current account balance, and the amount of loan interest and premium repayments deposited back into the account each year.

NEW SECTION. **Sec.**  A new section is added to chapter 43.31 RCW to read as follows:

(1) The department of commerce must create a marijuana equity advisory board to assist in implementing section 3 of this act, which may include the development of criteria for making loans to minority and women-owned and operated marijuana business enterprises.

(2) The marijuana equity advisory board must include minorities and women who currently own and operate marijuana businesses, members of statewide organizations who represent marijuana business interests, a representative of the office of minority and women's business enterprises, and a representative from the liquor and cannabis board. The department of commerce may include other interested stakeholders. A representative of the department of commerce must chair the board.

(3) The members of the marijuana equity advisory board shall serve without compensation. Members are reimbursed for travel expenses as provided in RCW 43.03.050 and 43.03.060.

(4) The liquor and cannabis board must reimburse the department of commerce for expenses incurred under this section from the board's dedicated marijuana account appropriation under RCW 69.50.540.

NEW SECTION. **Sec.**  A new section is added to chapter 69.50 RCW to read as follows:

(1) The board shall collect a transaction fee from any investor or financier on any financial contribution made by the investor or financier to a licensed marijuana business, as provided in this section. The fee is in addition to any other fees or costs established under this chapter.

(2)(a) Except as provided in (c) of this subsection, the transaction fee shall be assessed at a rate of one percent on any financial contribution by an investor or financier in excess of five hundred thousand dollars.

(b) Financial contributions by an investor or financier, and any affiliate or relative of the investor or financier, within any twelve-month period must be aggregated for purposes of determining the amount of the financial contribution for the purposes of assessing the fee under this section.

(c) If, after two years from the effective date of this section, the total amount collected from the fee established under this section does not exceed two million dollars, then the fee will be assessed at a rate of one percent on any contribution amounts above two hundred thousand dollars.

(3)(a) The board may adopt rules in accordance with this section.

(b) The transaction fee under this section must be collected in conjunction with the marijuana additional funding application and the change in governing people, percentage owned, or stock unit ownership application processing fees.

(c) Applicants must provide, in a form and manner determined by the board, adequate records of financial contributions including, but not limited to, the amounts and sources of all financial contributions.

(d) Any amounts received as the result of a change in ownership or transfer of stock must be disclosed to the board and is subject to the transaction fee under this section.

(4) Amounts collected from the transaction fee established under this section must be deposited into the marijuana equity account created in section 2 of this act.

(5) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Affiliate" means any business or nonprofit entity that is an investor or financier in a licensed marijuana business and that is either: (i) Owned by the investor or financier; or (ii) under the same common ownership as the investor or financier.

(b) "Entity" has the meaning provided in RCW 23.95.105.

(c) "Financial contribution" means a gift, investment, or loan of funds.

(d) "Financier or investor" means any individual or business entity making a financial contribution to a licensed marijuana business.

(e) "Relative" means any individual related to the financier or investor by blood, marriage, or adoption.

(6) This section expires June 30, 2030.

**Sec.**  RCW 69.50.331 and 2019 c 394 s 7 are each amended to read as follows:

(1) For the purpose of considering any application for a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, or marijuana-infused products subject to the regulations established under RCW 69.50.385, or sell marijuana, or for the renewal of a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, or marijuana-infused products subject to the regulations established under RCW 69.50.385, or sell marijuana, the board must conduct a comprehensive, fair, and impartial evaluation of the applications timely received.

(a) The board may cause an inspection of the premises to be made, and may inquire into all matters in connection with the construction and operation of the premises. For the purpose of reviewing any application for a license and for considering the denial, suspension, revocation, cancellation, or renewal or denial thereof, of any license, the board may consider any prior criminal arrests or convictions of the applicant, any public safety administrative violation history record with the board, and a criminal history record information check. The board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The board must require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation. The provisions of RCW 9.95.240 and of chapter 9.96A RCW do not apply to these cases. Subject to the provisions of this section, the board may, in its discretion, grant or deny the renewal or license applied for. Denial may be based on, without limitation, the existence of chronic illegal activity documented in objections submitted pursuant to subsections (7)(c) and (10) of this section. Authority to approve an uncontested or unopposed license may be granted by the board to any staff member the board designates in writing. Conditions for granting this authority must be adopted by rule.

(b) No license of any kind may be issued to:

(i) A person under the age of twenty-one years;

(ii) A ((~~person doing business as a sole proprietor who has not lawfully resided in the state for at least six months prior to applying to receive a license;~~

~~(iii) A partnership, employee cooperative, association, nonprofit corporation, or corporation~~)) business or nonprofit entity unless formed under the laws of this state((~~, and unless all of the members thereof are qualified to obtain a license as provided in this section~~)) or holding a certificate of registration under chapter 23.95 RCW; or

((~~(iv)~~)) (iii) A person whose place of business is conducted by a manager or agent, unless the manager or agent possesses the same qualifications required of the licensee.

(c)(i) A person is not required to be a resident of this state and a business or nonprofit entity with a certificate of registration is not required to be formed under the laws of this state to qualify for a marijuana license, subject to the following requirements:

(A) Any natural person holding an ownership interest of more than ten percent of the entity must qualify for and be named on the license;

(B) Except as provided in (c)(i)(C) of this subsection, any natural person holding an ownership interest of ten percent or less of the entity is not required to qualify for or be named on the license;

(C) If no natural person owns more than ten percent of the entity, the natural person with the largest ownership interest must qualify for and be named on the license; and

(D) Officers and directors of the entity must possess the same qualifications required of the licensee.

(ii) The identification of any natural person holding an ownership interest of ten percent or less but more than one percent of the entity, who is not otherwise required to qualify for and be named on the license as provided in (c)(i) of this subsection, must be disclosed to the board.

(d) The board may impose additional licensing fees to recover any additional costs incurred in investigating any nonresident required to be investigated under this section. If, after reasonable efforts, the board is unable to investigate any nonresident required to be investigated under this section, in accordance with the investigatory standards applicable to the investigation of a state resident, the board has discretionary authority to deny a license or license renewal to an entity.

(2)(a) The board may, in its discretion, subject to RCW 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend or cancel any license; and all protections of the licensee from criminal or civil sanctions under state law for producing, processing, researching, or selling marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products thereunder must be suspended or terminated, as the case may be.

(b) The board must immediately suspend the license of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license is automatic upon the board's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

(c) The board may request the appointment of administrative law judges under chapter 34.12 RCW who shall have power to administer oaths, issue subpoenas for the attendance of witnesses and the production of papers, books, accounts, documents, and testimony, examine witnesses, receive testimony in any inquiry, investigation, hearing, or proceeding in any part of the state, and consider mitigating and aggravating circumstances in any case and deviate from any prescribed penalty, under rules the board may adopt.

(d) Witnesses must be allowed fees and mileage each way to and from any inquiry, investigation, hearing, or proceeding at the rate authorized by RCW 34.05.446. Fees need not be paid in advance of appearance of witnesses to testify or to produce books, records, or other legal evidence.

(e) In case of disobedience of any person to comply with the order of the board or a subpoena issued by the board, or any of its members, or administrative law judges, or on the refusal of a witness to testify to any matter regarding which he or she may be lawfully interrogated, the judge of the superior court of the county in which the person resides, on application of any member of the board or administrative law judge, compels obedience by contempt proceedings, as in the case of disobedience of the requirements of a subpoena issued from said court or a refusal to testify therein.

(3) Upon receipt of notice of the suspension or cancellation of a license, the licensee must forthwith deliver up the license to the board. Where the license has been suspended only, the board must return the license to the licensee at the expiration or termination of the period of suspension. The board must notify all other licensees in the county where the subject licensee has its premises of the suspension or cancellation of the license; and no other licensee or employee of another licensee may allow or cause any marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products to be delivered to or for any person at the premises of the subject licensee.

(4) Every license issued under this chapter is subject to all conditions and restrictions imposed by this chapter or by rules adopted by the board to implement and enforce this chapter. All conditions and restrictions imposed by the board in the issuance of an individual license must be listed on the face of the individual license along with the trade name, address, and expiration date.

(5) Every licensee must post and keep posted its license, or licenses, in a conspicuous place on the premises.

(6) No licensee may employ any person under the age of twenty-one years.

(7)(a) Before the board issues a new or renewed license to an applicant it must give notice of the application to the chief executive officer of the incorporated city or town, if the application is for a license within an incorporated city or town, or to the county legislative authority, if the application is for a license outside the boundaries of incorporated cities or towns, or to the tribal government if the application is for a license within Indian country, or to the port authority if the application for a license is located on property owned by a port authority.

(b) The incorporated city or town through the official or employee selected by it, the county legislative authority or the official or employee selected by it, the tribal government, or port authority has the right to file with the board within twenty days after the date of transmittal of the notice for applications, or at least thirty days prior to the expiration date for renewals, written objections against the applicant or against the premises for which the new or renewed license is asked. The board may extend the time period for submitting written objections upon request from the authority notified by the board.

(c) The written objections must include a statement of all facts upon which the objections are based, and in case written objections are filed, the city or town or county legislative authority may request, and the board may in its discretion hold, a hearing subject to the applicable provisions of Title 34 RCW. If the board makes an initial decision to deny a license or renewal based on the written objections of an incorporated city or town or county legislative authority, the applicant may request a hearing subject to the applicable provisions of Title 34 RCW. If a hearing is held at the request of the applicant, board representatives must present and defend the board's initial decision to deny a license or renewal.

(d) Upon the granting of a license under this title the board must send written notification to the chief executive officer of the incorporated city or town in which the license is granted, or to the county legislative authority if the license is granted outside the boundaries of incorporated cities or towns.

(8)(a) Except as provided in (b) through (d) of this subsection, the board may not issue a license for any premises within one thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older.

(b) A city, county, or town may permit the licensing of premises within one thousand feet but not less than one hundred feet of the facilities described in (a) of this subsection, except elementary schools, secondary schools, and playgrounds, by enacting an ordinance authorizing such distance reduction, provided that such distance reduction will not negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement interests, public safety, or public health.

(c) A city, county, or town may permit the licensing of research premises allowed under RCW 69.50.372 within one thousand feet but not less than one hundred feet of the facilities described in (a) of this subsection by enacting an ordinance authorizing such distance reduction, provided that the ordinance will not negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement, public safety, or public health.

(d) The board may license premises located in compliance with the distance requirements set in an ordinance adopted under (b) or (c) of this subsection. Before issuing or renewing a research license for premises within one thousand feet but not less than one hundred feet of an elementary school, secondary school, or playground in compliance with an ordinance passed pursuant to (c) of this subsection, the board must ensure that the facility:

(i) Meets a security standard exceeding that which applies to marijuana producer, processor, or retailer licensees;

(ii) Is inaccessible to the public and no part of the operation of the facility is in view of the general public; and

(iii) Bears no advertising or signage indicating that it is a marijuana research facility.

(e) The board may not issue a license for any premises within Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee patent lands within the exterior boundaries of a reservation, without the consent of the federally recognized tribe associated with the reservation or Indian country.

(9) A city, town, or county may adopt an ordinance prohibiting a marijuana producer or marijuana processor from operating or locating a business within areas zoned primarily for residential use or rural use with a minimum lot size of five acres or smaller.

(10) In determining whether to grant or deny a license or renewal of any license, the board must give substantial weight to objections from an incorporated city or town or county legislative authority based upon chronic illegal activity associated with the applicant's operations of the premises proposed to be licensed or the applicant's operation of any other licensed premises, or the conduct of the applicant's patrons inside or outside the licensed premises.

(11) For the purposes of this section:

(a) "Chronic illegal activity" means ((~~(a)~~)): (i) A pervasive pattern of activity that threatens the public health, safety, and welfare of the city, town, or county including, but not limited to, open container violations, assaults, disturbances, disorderly conduct, or other criminal law violations, or as documented in crime statistics, police reports, emergency medical response data, calls for service, field data, or similar records of a law enforcement agency for the city, town, county, or any other municipal corporation or any state agency; or ((~~(b)~~)) (ii) an unreasonably high number of citations for violations of RCW 46.61.502 associated with the applicant's or licensee's operation of any licensed premises as indicated by the reported statements given to law enforcement upon arrest.

(b) "Entity" has the meaning provided in RCW 23.95.105.

(c) "Interest" has the meaning provided in RCW 23.95.105.

**Sec.**  RCW 69.50.540 and 2019 c 415 s 978 are each amended to read as follows:

The legislature must annually appropriate moneys in the dedicated marijuana account created in RCW 69.50.530 as follows:

(1) For the purposes listed in this subsection (1), the legislature must appropriate to the respective agencies amounts sufficient to make the following expenditures on a quarterly basis:

(a) One hundred twenty-five thousand dollars to the health care authority to design and administer the Washington state healthy youth survey, analyze the collected data, and produce reports, in collaboration with the office of the superintendent of public instruction, department of health, department of commerce, family policy council, and state liquor and cannabis board. The survey must be conducted at least every two years and include questions regarding, but not necessarily limited to, academic achievement, age at time of substance use initiation, antisocial behavior of friends, attitudes toward antisocial behavior, attitudes toward substance use, laws and community norms regarding antisocial behavior, family conflict, family management, parental attitudes toward substance use, peer rewarding of antisocial behavior, perceived risk of substance use, and rebelliousness. Funds disbursed under this subsection may be used to expand administration of the healthy youth survey to student populations attending institutions of higher education in Washington;

(b) Fifty thousand dollars to the health care authority for the purpose of contracting with the Washington state institute for public policy to conduct the cost-benefit evaluation and produce the reports described in RCW 69.50.550. This appropriation ends after production of the final report required by RCW 69.50.550;

(c) Five thousand dollars to the University of Washington alcohol and drug abuse institute for the creation, maintenance, and timely updating of web-based public education materials providing medically and scientifically accurate information about the health and safety risks posed by marijuana use;

(d)(i) An amount not less than one million two hundred fifty thousand dollars to the state liquor and cannabis board for administration of this chapter as appropriated in the omnibus appropriations act;

(ii) Two million six hundred fifty-one thousand seven hundred fifty dollars for fiscal year 2018 and three hundred fifty-one thousand seven hundred fifty dollars for fiscal year 2019 to the health professions account established under RCW 43.70.320 for the development and administration of the marijuana authorization database by the department of health;

(iii) Two million seven hundred twenty-three thousand dollars for fiscal year 2020 and two million five hundred twenty-three thousand dollars for fiscal year 2021 to the Washington state patrol for a drug enforcement task force. It is the intent of the legislature that this policy will be continued in the 2021-2023 fiscal biennium; and

(iv) Ninety-eight thousand dollars for fiscal year 2019 to the department of ecology for research on accreditation of marijuana product testing laboratories;

(e) Four hundred sixty-five thousand dollars for fiscal year 2020 and four hundred sixty-four thousand dollars for fiscal year 2021 to the department of ecology for implementation of accreditation of marijuana product testing laboratories;

(f) One hundred eighty-nine thousand dollars for fiscal year 2020 to the department of health for rule making regarding compassionate care renewals;

(g) Eight hundred eight thousand dollars for fiscal year 2020 and eight hundred eight thousand dollars for fiscal year 2021 to the department of health for the administration of the marijuana authorization database; ((~~and~~

~~(h) $635,000 [Six hundred thirty-five thousand dollars]~~)) (h) One hundred thousand dollars for the fiscal year 2020 to the department of commerce for the purpose of implementing section 3 of this act; and

(i) Six hundred thirty-five thousand dollars for fiscal year 2020 and ((~~$635,000 [six hundred thirty-five thousand dollars]~~)) six hundred thirty-five thousand dollars for fiscal year 2021 to the department of agriculture for compliance-based laboratory analysis of pesticides in marijuana.

(2) From the amounts in the dedicated marijuana account after appropriation of the amounts identified in subsection (1) of this section, the legislature must appropriate for the purposes listed in this subsection (2) as follows:

(a)(i) Up to fifteen percent to the health care authority for the development, implementation, maintenance, and evaluation of programs and practices aimed at the prevention or reduction of maladaptive substance use, substance use disorder, substance abuse or substance dependence, as these terms are defined in the Diagnostic and Statistical Manual of Mental Disorders, among middle school and high school-age students, whether as an explicit goal of a given program or practice or as a consistently corresponding effect of its implementation, mental health services for children and youth, and services for pregnant and parenting women; PROVIDED, That:

(A) Of the funds appropriated under (a)(i) of this subsection for new programs and new services, at least eighty-five percent must be directed to evidence-based or research-based programs and practices that produce objectively measurable results and, by September 1, 2020, are cost-beneficial; and

(B) Up to fifteen percent of the funds appropriated under (a)(i) of this subsection for new programs and new services may be directed to proven and tested practices, emerging best practices, or promising practices.

(ii) In deciding which programs and practices to fund, the director of the health care authority must consult, at least annually, with the University of Washington's social development research group and the University of Washington's alcohol and drug abuse institute.

(iii) For each fiscal year, the legislature must appropriate a minimum of twenty-five million five hundred thirty-six thousand dollars under this subsection (2)(a);

(b)(i) Up to ten percent to the department of health for the following, subject to (b)(ii) of this subsection (2):

(A) Creation, implementation, operation, and management of a marijuana education and public health program that contains the following:

(I) A marijuana use public health hotline that provides referrals to substance abuse treatment providers, utilizes evidence-based or research-based public health approaches to minimizing the harms associated with marijuana use, and does not solely advocate an abstinence-only approach;

(II) A grants program for local health departments or other local community agencies that supports development and implementation of coordinated intervention strategies for the prevention and reduction of marijuana use by youth; and

(III) Media-based education campaigns across television, internet, radio, print, and out-of-home advertising, separately targeting youth and adults, that provide medically and scientifically accurate information about the health and safety risks posed by marijuana use; and

(B) The Washington poison control center.

(ii) For each fiscal year, the legislature must appropriate a minimum of nine million seven hundred fifty thousand dollars under this subsection (2)(b);

(c)(i) Up to six-tenths of one percent to the University of Washington and four-tenths of one percent to Washington State University for research on the short and long-term effects of marijuana use, to include but not be limited to formal and informal methods for estimating and measuring intoxication and impairment, and for the dissemination of such research.

(ii) For each fiscal year, except for the 2017-2019 and 2019-2021 fiscal biennia, the legislature must appropriate a minimum of one million twenty-one thousand dollars to the University of Washington. For each fiscal year, except for the 2017-2019 and 2019-2021 fiscal biennia, the legislature must appropriate a minimum of six hundred eighty-one thousand dollars to Washington State University under this subsection (2)(c). It is the intent of the legislature that this policy will be continued in the 2019-2021 fiscal biennium;

(d) Fifty percent to the state basic health plan trust account to be administered by the Washington basic health plan administrator and used as provided under chapter 70.47 RCW;

(e) Five percent to the Washington state health care authority to be expended exclusively through contracts with community health centers to provide primary health and dental care services, migrant health services, and maternity health care services as provided under RCW 41.05.220;

(f)(i) Up to three-tenths of one percent to the office of the superintendent of public instruction to fund grants to building bridges programs under chapter 28A.175 RCW.

(ii) For each fiscal year, the legislature must appropriate a minimum of five hundred eleven thousand dollars to the office of the superintendent of public instruction under this subsection (2)(f); and

(g) At the end of each fiscal year, the treasurer must transfer any amounts in the dedicated marijuana account that are not appropriated pursuant to subsection (1) of this section and this subsection (2) into the general fund, except as provided in (g)(i) of this subsection (2).

(i) Beginning in fiscal year 2018, if marijuana excise tax collections deposited into the general fund in the prior fiscal year exceed twenty-five million dollars, then each fiscal year the legislature must appropriate an amount equal to thirty percent of all marijuana excise taxes deposited into the general fund the prior fiscal year to the treasurer for distribution to counties, cities, and towns as follows:

(A) Thirty percent must be distributed to counties, cities, and towns where licensed marijuana retailers are physically located. Each jurisdiction must receive a share of the revenue distribution under this subsection (2)(g)(i)(A) based on the proportional share of the total revenues generated in the individual jurisdiction from the taxes collected under RCW 69.50.535, from licensed marijuana retailers physically located in each jurisdiction. For purposes of this subsection (2)(g)(i)(A), one hundred percent of the proportional amount attributed to a retailer physically located in a city or town must be distributed to the city or town.

(B) Seventy percent must be distributed to counties, cities, and towns ratably on a per capita basis. Counties must receive sixty percent of the distribution, which must be disbursed based on each county's total proportional population. Funds may only be distributed to jurisdictions that do not prohibit the siting of any state licensed marijuana producer, processor, or retailer.

(ii) Distribution amounts allocated to each county, city, and town must be distributed in four installments by the last day of each fiscal quarter.

(iii) By September 15th of each year, the state liquor and cannabis board must provide the state treasurer the annual distribution amount, if any, for each county and city as determined in (g)(i) of this subsection (2).

(iv) The total share of marijuana excise tax revenues distributed to counties and cities in (g)(i) of this subsection (2) may not exceed fifteen million dollars in fiscal years 2018, 2019, 2020, and 2021, and twenty million dollars per fiscal year thereafter. It is the intent of the legislature that the policy for the maximum distributions in the subsequent fiscal biennia will be no more than fifteen million dollars per fiscal year.

For the purposes of this section, "marijuana products" means "useable marijuana," "marijuana concentrates," and "marijuana-infused products" as those terms are defined in RCW 69.50.101.

NEW SECTION. **Sec.**  This act takes effect July 1, 2020.

**--- END ---**