

ESSB 5693 - H AMD TO H AMD (H-2871.1/22) **1168**
By Representative Wicks

ADOPTED 02/26/2022

1 On page 161, line 4, increase the Dedicated Marijuana Account—
2 State Appropriation (FY 2023) by \$500,000

3 On page 161, line 8, correct the total

4 On page 162, after line 5, insert the following:

5 "(9) "\$500,000 of the dedicated marijuana account—state
6 appropriation for fiscal year 2023 is provided solely for the board,
7 in consultation with the office of equity and community
8 organizations, to select a third-party contractor to prioritize
9 applicants in the cannabis social equity program under RCW
10 69.50.335."

11 On page 769, after line 16, insert the following:

12 **"Sec. 955.** RCW 69.50.335 and 2021 c 169 s 2 are each amended to
13 read as follows:

14 (1) Beginning December 1, 2020, and until July 1, 2029, cannabis
15 retailer licenses that have been subject to forfeiture, revocation,
16 or cancellation by the board, or cannabis retailer licenses that were
17 not previously issued by the board but could have been issued without
18 exceeding the limit on the statewide number of cannabis retailer
19 licenses established before January 1, 2020, by the board, may be
20 issued or reissued to an applicant who meets the cannabis retailer
21 license requirements of this chapter.

22 (2)(a) In order to be considered for a retail license under
23 subsection (1) of this section, an applicant must be a social equity
24 applicant and submit a social equity plan along with other cannabis
25 retailer license application requirements to the board. If the
26 application proposes ownership by more than one person, then at least
27 fifty-one percent of the proposed ownership structure must reflect
28 the qualifications of a social equity applicant.

29 (b) Persons holding an existing cannabis retailer license or
30 title certificate for a cannabis retailer business in a local

1 jurisdiction subject to a ban or moratorium on cannabis retail
2 businesses may apply for a license under this section.

3 (3) (a) In determining the issuance of a license among applicants,
4 the board (~~(may prioritize applicants based on the extent to which~~
5 ~~the application addresses the components of the social equity plan)~~),
6 in consultation with the office of equity and community
7 organizations, shall select a third-party contractor to prioritize
8 applicants and the board shall review applications based on the
9 priority set by the third-party contractor. The third-party
10 contractor shall prioritize applicants based on a scoring rubric that
11 is developed by the board with input from the social equity in
12 cannabis task force and approved by the office of equity.

13 (b) The board may deny any application submitted under this
14 subsection if the board determines that:

15 (i) The application does not meet social equity goals or does not
16 meet social equity plan requirements; or

17 (ii) The application does not otherwise meet the licensing
18 requirements of this chapter.

19 (4) The board may adopt rules to implement this section. Rules
20 may include strategies for receiving advice on the social equity
21 program from individuals the program is intended to benefit. Rules
22 may also require that licenses awarded under this section be
23 transferred or sold only to individuals or groups of individuals who
24 comply with the requirements for initial licensure as a social equity
25 applicant with a social equity plan under this section.

26 (5) The annual fee for issuance, reissuance, or renewal for any
27 license under this section must be equal to the fee established in
28 RCW 69.50.325.

29 (6) For the purposes of this section:

30 (a) "Cannabis" has the meaning provided for "marijuana" under
31 this chapter.

32 (b) "Disproportionately impacted area" means a census tract or
33 comparable geographic area that satisfies the following criteria,
34 which may be further defined in rule by the board after consultation
35 with the commission on African American affairs and other agencies,
36 commissions, and community members as determined by the board:

37 (i) The area has a high poverty rate;

38 (ii) The area has a high rate of participation in income-based
39 federal or state programs;

40 (iii) The area has a high rate of unemployment; and

1 (iv) The area has a high rate of arrest, conviction, or
2 incarceration related to the sale, possession, use, cultivation,
3 manufacture, or transport of cannabis.

4 (c) "Social equity applicant" means:

5 (i) An applicant who has at least fifty-one percent ownership and
6 control by one or more individuals who have resided in a
7 disproportionately impacted area for a period of time defined in rule
8 by the board after consultation with the commission on African
9 American affairs and other commissions, agencies, and community
10 members as determined by the board;

11 (ii) An applicant who has at least fifty-one percent ownership
12 and control by at least one individual who has been convicted of a
13 cannabis offense, a drug offense, or is a family member of such an
14 individual; or

15 (iii) An applicant who meets criteria defined in rule by the
16 board after consultation with the commission on African American
17 affairs and other commissions, agencies, and community members as
18 determined by the board.

19 (d) "Social equity goals" means:

20 (i) Increasing the number of cannabis retailer licenses held by
21 social equity applicants from disproportionately impacted areas; and

22 (ii) Reducing accumulated harm suffered by individuals, families,
23 and local areas subject to severe impacts from the historical
24 application and enforcement of cannabis prohibition laws.

25 (e) "Social equity plan" means a plan that addresses at least
26 some of the elements outlined in this subsection (6)(e), along with
27 any additional plan components or requirements approved by the board
28 following consultation with the task force created in RCW 69.50.336.
29 The plan may include:

30 (i) A statement that the social equity applicant qualifies as a
31 social equity applicant and intends to own at least fifty-one percent
32 of the proposed cannabis retail business or applicants representing
33 at least fifty-one percent of the ownership of the proposed business
34 qualify as social equity applicants;

35 (ii) A description of how issuing a cannabis retail license to
36 the social equity applicant will meet social equity goals;

37 (iii) The social equity applicant's personal or family history
38 with the criminal justice system including any offenses involving
39 cannabis;

1 (iv) The composition of the workforce the social equity applicant
2 intends to hire;

3 (v) Neighborhood characteristics of the location where the social
4 equity applicant intends to operate, focusing especially on
5 disproportionately impacted areas; and

6 (vi) Business plans involving partnerships or assistance to
7 organizations or residents with connection to populations with a
8 history of high rates of enforcement of cannabis prohibition.

9 **Sec. 956.** RCW 69.50.540 and 2021 c 334 s 986 are each amended to
10 read as follows:

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

13 (1) For the purposes listed in this subsection (1), the
14 legislature must appropriate to the respective agencies amounts
15 sufficient to make the following expenditures on a quarterly basis or
16 as provided in this subsection:

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

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

38 (c) Five thousand dollars to the University of Washington alcohol
39 and drug abuse institute for the creation, maintenance, and timely

1 updating of web-based public education materials providing medically
2 and scientifically accurate information about the health and safety
3 risks posed by marijuana use;

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

7 (ii) One million three hundred twenty-three thousand dollars for
8 fiscal year 2020 to the health professions account established under
9 RCW 43.70.320 for the development and administration of the marijuana
10 authorization database by the department of health;

11 (iii) Two million four hundred fifty-three thousand dollars for
12 fiscal year 2020 and two million four hundred twenty-three thousand
13 dollars for fiscal years 2021, 2022, and 2023 to the Washington state
14 patrol for a drug enforcement task force. It is the intent of the
15 legislature that this policy will be continued in the 2021-2023
16 fiscal biennium; and

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

20 (e) Four hundred sixty-five thousand dollars for fiscal year
21 2020, four hundred sixty-four thousand dollars for fiscal year 2021,
22 two hundred seventy thousand dollars in fiscal year 2022, and two
23 hundred seventy-six thousand dollars in fiscal year 2023 to the
24 department of ecology for implementation of accreditation of
25 marijuana product testing laboratories;

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

29 (g) Eight hundred eight thousand dollars for each of fiscal years
30 2020 through 2023 to the department of health for the administration
31 of the marijuana authorization database;

32 (h) Six hundred thirty-five thousand dollars for fiscal year
33 2020, six hundred thirty-five thousand dollars for fiscal year 2021,
34 six hundred twenty-one thousand dollars for fiscal year 2022, and six
35 hundred twenty-seven thousand dollars for fiscal year 2023 to the
36 department of agriculture for compliance-based laboratory analysis of
37 pesticides in marijuana;

38 (i) One million six hundred fifty thousand dollars for fiscal
39 year 2022 and one million six hundred fifty thousand dollars for
40 fiscal year 2023 to the department of commerce to fund the

1 ((marijuana)) cannabis social equity technical assistance
2 ((competitive)) grant program under RCW 43.330.540; ((and))

3 (j) One hundred sixty-three thousand dollars for fiscal year 2022
4 and one hundred fifty-nine thousand dollars for fiscal year 2023 to
5 the department of commerce to establish a roster of mentors as part
6 of the cannabis social equity technical assistance grant program
7 under ((Engrossed Substitute House Bill No. 1443 (cannabis industry/
8 equity) [chapter 169, Laws of 2021])) chapter 169, Laws of 2021; and

9 (k) \$500,000 for fiscal year 2023 to the board, in consultation
10 with the office of equity and community organizations, to select a
11 third-party contractor to prioritize applicants in the cannabis
12 social equity program under RCW 69.50.335; and

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

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

27 (A) Of the funds appropriated under (a) (i) of this subsection for
28 new programs and new services, at least eighty-five percent must be
29 directed to evidence-based or research-based programs and practices
30 that produce objectively measurable results and, by September 1,
31 2020, are cost-beneficial; and

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

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

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

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

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

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

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

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

23 (B) The Washington poison control center.

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

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

33 (ii) For each fiscal year, except for the 2019-2021 and 2021-2023
34 fiscal biennia, the legislature must appropriate a minimum of one
35 million twenty-one thousand dollars to the University of Washington.
36 For each fiscal year, except for the 2019-2021 and 2021-2023 fiscal
37 biennia, the legislature must appropriate a minimum of six hundred
38 eighty-one thousand dollars to Washington State University under this
39 subsection (2)(c). It is the intent of the legislature that this
40 policy will be continued in the 2023-2025 fiscal biennium;

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

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

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

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

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

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

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

38 (B) Seventy percent must be distributed to counties, cities, and
39 towns ratably on a per capita basis. Counties must receive sixty
40 percent of the distribution, which must be disbursed based on each

1 county's total proportional population. Funds may only be distributed
2 to jurisdictions that do not prohibit the siting of any state
3 licensed marijuana producer, processor, or retailer.

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

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

10 (iv) The total share of marijuana excise tax revenues distributed
11 to counties and cities in (g)(i) of this subsection (2) may not
12 exceed fifteen million dollars in fiscal years 2018, 2019, 2020, and
13 2021, and twenty million dollars per fiscal year thereafter."

14 Renumber the remaining sections consecutively, correct any
15 internal references accordingly, and correct the title.

EFFECT: Appropriates \$500,000 from the Dedicated Marijuana Account for Fiscal Year 2023 to the Liquor and Cannabis Board (LCB) for the LCB, in consultation with the Office of Equity and community organizations, to select a third-party contractor to prioritize applicants for cannabis licenses in an existing cannabis social equity program. Requires the LCB to review applications based on the priority set by the third-party contractor. Requires the third-party contractor to prioritize applicants based on a scoring rubric that is developed by the LCB with input from the Social Equity in Cannabis Task Force and approved by the Office of Equity.

FISCAL EFFECT: Increases Dedicated Marijuana Account—State by \$500,000. (Decreases General Fund—State resources by \$500,000.)

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