
SUBSTITUTE HOUSE BILL 2304

State of Washington

63rd Legislature

2014 Regular Session

By House Government Accountability & Oversight (originally sponsored by Representative Moscoso; by request of Liquor Control Board)

READ FIRST TIME 02/05/14.

1 AN ACT Relating to marijuana processing and retail licenses; and
2 amending RCW 69.50.325, 69.50.354, 69.50.357, 69.50.360, 42.56.270, and
3 69.50.535.

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

5 **Sec. 1.** RCW 69.50.325 and 2013 c 3 s 4 (Initiative Measure No.
6 502) are each amended to read as follows:

7 (1) There shall be a marijuana producer's license to produce
8 marijuana for sale at wholesale to marijuana processors and other
9 marijuana producers, regulated by the state liquor control board and
10 subject to annual renewal. The production, possession, delivery,
11 distribution, and sale of marijuana in accordance with the provisions
12 of chapter 3, Laws of 2013 and the rules adopted to implement and
13 enforce it, by a validly licensed marijuana producer, shall not be a
14 criminal or civil offense under Washington state law. Every marijuana
15 producer's license shall be issued in the name of the applicant, shall
16 specify the location at which the marijuana producer intends to
17 operate, which must be within the state of Washington, and the holder
18 thereof shall not allow any other person to use the license. The
19 application fee for a marijuana producer's license shall be two hundred

1 fifty dollars. The annual fee for issuance and renewal of a marijuana
2 producer's license shall be one thousand dollars. A separate license
3 shall be required for each location at which a marijuana producer
4 intends to produce marijuana.

5 (2) There shall be a marijuana processor's license to process,
6 package, and label marijuana, useable marijuana, and marijuana-infused
7 products for sale at wholesale to marijuana processors and marijuana
8 retailers, regulated by the state liquor control board and subject to
9 annual renewal. The processing, packaging, possession, delivery,
10 distribution, and sale of marijuana, useable marijuana, and marijuana-
11 infused products in accordance with the provisions of chapter 3, Laws
12 of 2013 and the rules adopted to implement and enforce it, by a validly
13 licensed marijuana processor, shall not be a criminal or civil offense
14 under Washington state law. Every marijuana processor's license shall
15 be issued in the name of the applicant, shall specify the location at
16 which the licensee intends to operate, which must be within the state
17 of Washington, and the holder thereof shall not allow any other person
18 to use the license. The application fee for a marijuana processor's
19 license shall be two hundred fifty dollars. The annual fee for
20 issuance and renewal of a marijuana processor's license shall be one
21 thousand dollars. A separate license shall be required for each
22 location at which a marijuana processor intends to process marijuana.

23 (3) There shall be a marijuana retailer's license to sell
24 marijuana, useable marijuana, and marijuana-infused products at retail
25 in retail outlets, regulated by the state liquor control board and
26 subject to annual renewal. The possession, delivery, distribution, and
27 sale of marijuana, useable marijuana, and marijuana-infused products in
28 accordance with the provisions of chapter 3, Laws of 2013 and the rules
29 adopted to implement and enforce it, by a validly licensed marijuana
30 retailer, shall not be a criminal or civil offense under Washington
31 state law. Every marijuana retailer's license shall be issued in the
32 name of the applicant, shall specify the location of the retail outlet
33 the licensee intends to operate, which must be within the state of
34 Washington, and the holder thereof shall not allow any other person to
35 use the license. The application fee for a marijuana retailer's
36 license shall be two hundred fifty dollars. The annual fee for
37 issuance and renewal of a marijuana retailer's license shall be one

1 thousand dollars. A separate license shall be required for each
2 location at which a marijuana retailer intends to sell marijuana,
3 useable marijuana, and marijuana-infused products.

4 **Sec. 2.** RCW 69.50.354 and 2013 c 3 s 13 (Initiative Measure No.
5 502) are each amended to read as follows:

6 There may be licensed, in no greater number in each of the counties
7 of the state than as the state liquor control board shall deem
8 advisable, retail outlets established for the purpose of making
9 marijuana, useable marijuana, and marijuana-infused products available
10 for sale to adults aged twenty-one and over. Retail sale of marijuana,
11 useable marijuana, and marijuana-infused products in accordance with
12 the provisions of chapter 3, Laws of 2013 and the rules adopted to
13 implement and enforce it, by a validly licensed marijuana retailer or
14 retail outlet employee, shall not be a criminal or civil offense under
15 Washington state law.

16 **Sec. 3.** RCW 69.50.357 and 2013 c 3 s 14 (Initiative Measure No.
17 502) are each amended to read as follows:

18 (1) Retail outlets shall sell no products or services other than
19 marijuana, useable marijuana, marijuana-infused products, or
20 paraphernalia intended for the storage or use of marijuana, useable
21 marijuana, or marijuana-infused products.

22 (2) Licensed marijuana retailers shall not employ persons under
23 twenty-one years of age or allow persons under twenty-one years of age
24 to enter or remain on the premises of a retail outlet.

25 (3) Licensed marijuana retailers shall not display any signage in
26 a window, on a door, or on the outside of the premises of a retail
27 outlet that is visible to the general public from a public right-of-
28 way, other than a single sign no larger than one thousand six hundred
29 square inches identifying the retail outlet by the licensee's business
30 or trade name.

31 (4) Licensed marijuana retailers shall not display useable
32 marijuana or marijuana-infused products in a manner that is visible to
33 the general public from a public right-of-way.

34 (5) No licensed marijuana retailer or employee of a retail outlet
35 shall open or consume, or allow to be opened or consumed, any

1 marijuana, useable marijuana, or marijuana-infused product on the
2 outlet premises.

3 (6) The state liquor control board shall fine a licensee one
4 thousand dollars for each violation of any subsection of this section.
5 Fines collected under this section must be deposited into the dedicated
6 marijuana fund created under RCW 69.50.530.

7 **Sec. 4.** RCW 69.50.360 and 2013 c 3 s 15 (Initiative Measure No.
8 502) are each amended to read as follows:

9 The following acts, when performed by a validly licensed marijuana
10 retailer or employee of a validly licensed retail outlet in compliance
11 with rules adopted by the state liquor control board to implement and
12 enforce chapter 3, Laws of 2013, shall not constitute criminal or civil
13 offenses under Washington state law:

14 (1) Purchase and receipt of marijuana, useable marijuana, or
15 marijuana-infused products that have been properly packaged and labeled
16 from a marijuana processor validly licensed under chapter 3, Laws of
17 2013;

18 (2) Possession of quantities of marijuana, useable marijuana, or
19 marijuana-infused products that do not exceed the maximum amounts
20 established by the state liquor control board under RCW 69.50.345(5);
21 and

22 (3) Delivery, distribution, and sale, on the premises of the retail
23 outlet, of any combination of the following amounts of marijuana,
24 useable marijuana, or marijuana-infused product to any person twenty-
25 one years of age or older:

- 26 (a) One ounce of useable marijuana;
- 27 (b) Sixteen ounces of marijuana-infused product in solid form;
- 28 (~~(c)~~)
- 29 (c) Seventy-two ounces of marijuana-infused product in liquid form;
- 30 or
- 31 (d) Seven grams of extract product.

32 **Sec. 5.** RCW 42.56.270 and 2013 c 305 s 14 are each amended to read
33 as follows:

34 The following financial, commercial, and proprietary information is
35 exempt from disclosure under this chapter:

1 (1) Valuable formulae, designs, drawings, computer source code or
2 object code, and research data obtained by any agency within five years
3 of the request for disclosure when disclosure would produce private
4 gain and public loss;

5 (2) Financial information supplied by or on behalf of a person,
6 firm, or corporation for the purpose of qualifying to submit a bid or
7 proposal for (a) a ferry system construction or repair contract as
8 required by RCW 47.60.680 through 47.60.750 or (b) highway construction
9 or improvement as required by RCW 47.28.070;

10 (3) Financial and commercial information and records supplied by
11 private persons pertaining to export services provided under chapters
12 43.163 and 53.31 RCW, and by persons pertaining to export projects
13 under RCW 43.23.035;

14 (4) Financial and commercial information and records supplied by
15 businesses or individuals during application for loans or program
16 services provided by chapters 43.325, 43.163, 43.160, 43.330, and
17 43.168 RCW, or during application for economic development loans or
18 program services provided by any local agency;

19 (5) Financial information, business plans, examination reports, and
20 any information produced or obtained in evaluating or examining a
21 business and industrial development corporation organized or seeking
22 certification under chapter 31.24 RCW;

23 (6) Financial and commercial information supplied to the state
24 investment board by any person when the information relates to the
25 investment of public trust or retirement funds and when disclosure
26 would result in loss to such funds or in private loss to the providers
27 of this information;

28 (7) Financial and valuable trade information under RCW 51.36.120;

29 (8) Financial, commercial, operations, and technical and research
30 information and data submitted to or obtained by the clean Washington
31 center in applications for, or delivery of, program services under
32 chapter 70.95H RCW;

33 (9) Financial and commercial information requested by the public
34 stadium authority from any person or organization that leases or uses
35 the stadium and exhibition center as defined in RCW 36.102.010;

36 (10)(a) Financial information, including but not limited to account
37 numbers and values, and other identification numbers supplied by or on
38 behalf of a person, firm, corporation, limited liability company,

1 partnership, or other entity related to an application for a horse
2 racing license submitted pursuant to RCW 67.16.260(1)(b), marijuana
3 producer, processor, or retailer license, liquor license, gambling
4 license, or lottery retail license;

5 (b) Internal control documents, independent auditors' reports and
6 financial statements, and supporting documents: (i) Of house-banked
7 social card game licensees required by the gambling commission pursuant
8 to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes
9 with an approved tribal/state compact for class III gaming;

10 (11) Proprietary data, trade secrets, or other information that
11 relates to: (a) A vendor's unique methods of conducting business; (b)
12 data unique to the product or services of the vendor; or (c)
13 determining prices or rates to be charged for services, submitted by
14 any vendor to the department of social and health services for purposes
15 of the development, acquisition, or implementation of state purchased
16 health care as defined in RCW 41.05.011;

17 (12)(a) When supplied to and in the records of the department of
18 commerce:

19 (i) Financial and proprietary information collected from any person
20 and provided to the department of commerce pursuant to RCW
21 43.330.050(8); and

22 (ii) Financial or proprietary information collected from any person
23 and provided to the department of commerce or the office of the
24 governor in connection with the siting, recruitment, expansion,
25 retention, or relocation of that person's business and until a siting
26 decision is made, identifying information of any person supplying
27 information under this subsection and the locations being considered
28 for siting, relocation, or expansion of a business;

29 (b) When developed by the department of commerce based on
30 information as described in (a)(i) of this subsection, any work product
31 is not exempt from disclosure;

32 (c) For the purposes of this subsection, "siting decision" means
33 the decision to acquire or not to acquire a site;

34 (d) If there is no written contact for a period of sixty days to
35 the department of commerce from a person connected with siting,
36 recruitment, expansion, retention, or relocation of that person's
37 business, information described in (a)(ii) of this subsection will be
38 available to the public under this chapter;

1 (13) Financial and proprietary information submitted to or obtained
2 by the department of ecology or the authority created under chapter
3 70.95N RCW to implement chapter 70.95N RCW;

4 (14) Financial, commercial, operations, and technical and research
5 information and data submitted to or obtained by the life sciences
6 discovery fund authority in applications for, or delivery of, grants
7 under chapter 43.350 RCW, to the extent that such information, if
8 revealed, would reasonably be expected to result in private loss to the
9 providers of this information;

10 (15) Financial and commercial information provided as evidence to
11 the department of licensing as required by RCW 19.112.110 or
12 19.112.120, except information disclosed in aggregate form that does
13 not permit the identification of information related to individual fuel
14 licensees;

15 (16) Any production records, mineral assessments, and trade secrets
16 submitted by a permit holder, mine operator, or landowner to the
17 department of natural resources under RCW 78.44.085;

18 (17)(a) Farm plans developed by conservation districts, unless
19 permission to release the farm plan is granted by the landowner or
20 operator who requested the plan, or the farm plan is used for the
21 application or issuance of a permit;

22 (b) Farm plans developed under chapter 90.48 RCW and not under the
23 federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to
24 RCW 42.56.610 and 90.64.190;

25 (18) Financial, commercial, operations, and technical and research
26 information and data submitted to or obtained by a health sciences and
27 services authority in applications for, or delivery of, grants under
28 RCW 35.104.010 through 35.104.060, to the extent that such information,
29 if revealed, would reasonably be expected to result in private loss to
30 providers of this information;

31 (19) Information gathered under chapter 19.85 RCW or RCW 34.05.328
32 that can be identified to a particular business;

33 (20) Financial and commercial information submitted to or obtained
34 by the University of Washington, other than information the university
35 is required to disclose under RCW 28B.20.150, when the information
36 relates to investments in private funds, to the extent that such
37 information, if revealed, would reasonably be expected to result in

1 loss to the University of Washington consolidated endowment fund or to
2 result in private loss to the providers of this information;

3 (21) Financial, commercial, operations, and technical and research
4 information and data submitted to or obtained by innovate Washington in
5 applications for, or delivery of, grants and loans under chapter 43.333
6 RCW, to the extent that such information, if revealed, would reasonably
7 be expected to result in private loss to the providers of this
8 information; and

9 (22) Market share data submitted by a manufacturer under RCW
10 70.95N.190(4).

11 **Sec. 6.** RCW 69.50.535 and 2013 c 3 s 27 (Initiative Measure No.
12 502) are each amended to read as follows:

13 (1) There is levied and collected a marijuana excise tax equal to
14 twenty-five percent of the selling price on each wholesale sale in this
15 state of marijuana by a licensed marijuana producer to a licensed
16 marijuana processor or another licensed marijuana producer. This tax
17 is the obligation of the licensed marijuana producer.

18 (2) There is levied and collected a marijuana excise tax equal to
19 twenty-five percent of the selling price on each wholesale sale in this
20 state of marijuana, useable marijuana (~~((or))~~), and marijuana-infused
21 products by a licensed marijuana processor to a licensed marijuana
22 retailer. This tax is the obligation of the licensed marijuana
23 processor.

24 (3) There is levied and collected a marijuana excise tax equal to
25 twenty-five percent of the selling price on each retail sale in this
26 state of marijuana, useable marijuana, and marijuana-infused products.
27 This tax is the obligation of the licensed marijuana retailer, is
28 separate and in addition to general state and local sales and use taxes
29 that apply to retail sales of tangible personal property, and is part
30 of the total retail price to which general state and local sales and
31 use taxes apply.

32 (4) All revenues collected from the marijuana excise taxes imposed
33 under subsections (1) through (3) of this section shall be deposited
34 each day in a depository approved by the state treasurer and
35 transferred to the state treasurer to be credited to the dedicated
36 marijuana fund.

1 (5) The state liquor control board shall regularly review the tax
2 levels established under this section and make recommendations to the
3 legislature as appropriate regarding adjustments that would further the
4 goal of discouraging use while undercutting illegal market prices.

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