

1 while continuing efforts towards disbanding the unregulated marijuana
2 markets. The legislature further finds that ongoing evaluation on the
3 impact of meaningful marijuana tax reform for the purpose of
4 stabilizing revenues is crucial to the overall effort of protecting
5 the citizens and resources of this state. The legislature further
6 finds that a partnership with local jurisdictions in this effort is
7 imperative to the success of the legislature's policy objective. The
8 legislature further finds that sharing revenues to promote a
9 successful partnership in achieving the legislature's intent should
10 be transparent and hold local jurisdictions accountable for their use
11 of state shared revenues. Therefore, the legislature intends to
12 reform the current tax structure for the regulated legal marijuana
13 system to create price parity with the large medical and illicit
14 markets with the specific objective of increasing the market share of
15 the legal and highly regulated marijuana market. The legislature
16 further intends to share marijuana tax revenues with local
17 jurisdictions for public safety purposes and to facilitate the
18 ongoing process of ensuring a safe regulated marijuana market in all
19 communities across the state.

20 (b) The legislature further finds marijuana use for qualifying
21 patients is a valid and necessary option health care professionals
22 may recommend for their patients. The legislature further finds that
23 while recognizing the difference between recreational and medical use
24 of marijuana, it is also imperative to distinguish that the
25 authorization for medical use of marijuana is different from a valid
26 prescription provided by a doctor to a patient. The legislature
27 further finds the authorization for medical use of marijuana is
28 unlike over-the-counter medications that require no oversight by a
29 health care professional. The legislature further finds that due to
30 the unique characterization of authorizations for the medical use of
31 marijuana, the policy of providing a tax preference benefit for
32 patients using an authorization should in no way be construed as
33 precedent for changes in the treatment of prescription medications or
34 over-the-counter medications. Therefore, the legislature intends to
35 provide qualifying patients and their designated providers a retail
36 sales and use tax exemption on marijuana purchased or obtained for
37 medical use when authorized by a health care professional.

38 (2)(a) This subsection is the tax preference performance
39 statement for the retail sales and use tax exemption for marijuana
40 purchased or obtained by qualifying patients or their designated

1 providers provided in sections 208(1) and 209(1) of this act. The
2 performance statement is only intended to be used for subsequent
3 evaluation of the tax preference. It is not intended to create a
4 private right of action by any party or be used to determine
5 eligibility for preferential tax treatment.

6 (b) The legislature categorizes the tax preference as one
7 intended to accomplish the general purposes indicated in RCW
8 82.32.808(2)(e).

9 (c) It is the legislature's specific public policy objective to
10 provide qualifying patients and their designated providers a retail
11 sales and use tax exemption on marijuana purchased or obtained for
12 medical use when authorized by a health care professional.

13 (d) To measure the effectiveness of the exemption provided in
14 this act in achieving the specific public policy objective described
15 in (c) of this subsection, the department of revenue must provide the
16 necessary data and assistance to the state liquor and cannabis board
17 for the report required in RCW 69.50.535.

18 PART II

19 Marijuana Excise Tax, Exemptions, and Distribution of Revenues 20 Contracting for Illegal Marijuana Eradication

21 **Sec. 201.** RCW 69.50.334 and 2013 c 3 s 7 are each amended to
22 read as follows:

23 (1) The action, order, or decision of the state liquor
24 ~~((control))~~ and cannabis board as to any denial of an application for
25 the reissuance of a license to produce, process, or sell marijuana,
26 or as to any revocation, suspension, or modification of any license
27 to produce, process, or sell marijuana, ~~((shall))~~ or as to the
28 administrative review of a notice of unpaid trust fund taxes under
29 section 202 of this act, must be an adjudicative proceeding and
30 subject to the applicable provisions of chapter 34.05 RCW.

31 ~~((1))~~ (2) An opportunity for a hearing may be provided to an
32 applicant for the reissuance of a license prior to the disposition of
33 the application, and if no opportunity for a prior hearing is
34 provided then an opportunity for a hearing to reconsider the
35 application must be provided the applicant.

36 ~~((2))~~ (3) An opportunity for a hearing must be provided to a
37 licensee prior to a revocation or modification of any license and,

1 except as provided in subsection ~~((4))~~ (6) of this section, prior
2 to the suspension of any license.

3 ~~((3))~~ (4) An opportunity for a hearing must be provided to any
4 person issued a notice of unpaid trust fund taxes under section 202
5 of this act.

6 (5) No hearing ~~((shall))~~ may be required under this section until
7 demanded by the applicant ~~((or))~~, licensee, or person issued a notice
8 of unpaid trust fund taxes under section 202 of this act.

9 ~~((4))~~ (6) The state liquor ~~((control))~~ and cannabis board may
10 summarily suspend a license for a period of up to one hundred eighty
11 days without a prior hearing if it finds that public health, safety,
12 or welfare imperatively require emergency action, and it incorporates
13 a finding to that effect in its order. Proceedings for revocation or
14 other action must be promptly instituted and determined. An
15 administrative law judge may extend the summary suspension period for
16 up to one calendar year from the first day of the initial summary
17 suspension in the event the proceedings for revocation or other
18 action cannot be completed during the initial one hundred eighty-day
19 period due to actions by the licensee. The state liquor ~~((control))~~
20 and cannabis board's enforcement division shall complete a
21 preliminary staff investigation of the violation before requesting an
22 emergency suspension by the state liquor ~~((control))~~ and cannabis
23 board.

24 NEW SECTION. Sec. 202. A new section is added to chapter 69.50
25 RCW under the subchapter heading "article V" to read as follows:

26 (1) Whenever the board determines that a limited liability
27 business entity has collected trust fund taxes and has failed to
28 remit those taxes to the board and that business entity has been
29 terminated, dissolved, or abandoned, or is insolvent, the board may
30 pursue collection of the entity's unpaid trust fund taxes, including
31 penalties on those taxes, against any or all of the responsible
32 individuals. For purposes of this subsection, "insolvent" means the
33 condition that results when the sum of the entity's debts exceeds the
34 fair market value of its assets. The board may presume that an entity
35 is insolvent if the entity refuses to disclose to the board the
36 nature of its assets and liabilities.

37 (2)(a) For a responsible individual who is the current or a
38 former chief executive or chief financial officer, liability under
39 this section applies regardless of fault or whether the individual

1 was or should have been aware of the unpaid trust fund tax liability
2 of the limited liability business entity.

3 (b) For any other responsible individual, liability under this
4 section applies only if he or she willfully failed to pay or to cause
5 to be paid to the board the trust fund taxes due from the limited
6 liability business entity.

7 (3)(a) Except as provided in this subsection (3)(a), a
8 responsible individual who is the current or a former chief executive
9 or chief financial officer is liable under this section only for
10 trust fund tax liability accrued during the period that he or she was
11 the chief executive or chief financial officer. However, if the
12 responsible individual had the responsibility or duty to remit
13 payment of the limited liability business entity's trust fund taxes
14 to the board during any period of time that the person was not the
15 chief executive or chief financial officer, that individual is also
16 liable for trust fund tax liability that became due during the period
17 that he or she had the duty to remit payment of the limited liability
18 business entity's taxes to the board but was not the chief executive
19 or chief financial officer.

20 (b) All other responsible individuals are liable under this
21 section only for trust fund tax liability that became due during the
22 period he or she had the responsibility or duty to remit payment of
23 the limited liability business entity's taxes to the board.

24 (4) Persons described in subsection (3)(b) of this section are
25 exempt from liability under this section in situations where
26 nonpayment of the limited liability business entity's trust fund
27 taxes was due to reasons beyond their control as determined by the
28 board by rule.

29 (5) Any person having been issued a notice of unpaid trust fund
30 taxes under this section is entitled to an administrative hearing
31 under RCW 69.50.334 and any such rules the board may adopt.

32 (6) This section does not relieve the limited liability business
33 entity of its trust fund tax liability or otherwise impair other tax
34 collection remedies afforded by law.

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

37 (a) "Board" means the state liquor and cannabis board.

38 (b) "Chief executive" means: The president of a corporation or
39 for other entities or organizations other than corporations or if the
40 corporation does not have a president as one of its officers, the

1 highest ranking executive manager or administrator in charge of the
2 management of the company or organization.

3 (c) "Chief financial officer" means: The treasurer of a
4 corporation or for entities or organizations other than corporations
5 or if a corporation does not have a treasurer as one of its officers,
6 the highest senior manager who is responsible for overseeing the
7 financial activities of the entire company or organization.

8 (d) "Limited liability business entity" means a type of business
9 entity that generally shields its owners from personal liability for
10 the debts, obligations, and liabilities of the entity, or a business
11 entity that is managed or owned in whole or in part by an entity that
12 generally shields its owners from personal liability for the debts,
13 obligations, and liabilities of the entity. Limited liability
14 business entities include corporations, limited liability companies,
15 limited liability partnerships, trusts, general partnerships and
16 joint ventures in which one or more of the partners or parties are
17 also limited liability business entities, and limited partnerships in
18 which one or more of the general partners are also limited liability
19 business entities.

20 (e) "Manager" has the same meaning as in RCW 25.15.005.

21 (f) "Member" has the same meaning as in RCW 25.15.005, except
22 that the term only includes members of member-managed limited
23 liability companies.

24 (g) "Officer" means any officer or assistant officer of a
25 corporation, including the president, vice president, secretary, and
26 treasurer.

27 (h)(i) "Responsible individual" includes any current or former
28 officer, manager, member, partner, or trustee of a limited liability
29 business entity with unpaid trust fund tax liability.

30 (ii) "Responsible individual" also includes any current or former
31 employee or other individual, but only if the individual had the
32 responsibility or duty to remit payment of the limited liability
33 business entity's unpaid trust fund tax liability.

34 (iii) Whenever any taxpayer has one or more limited liability
35 business entities as a member, manager, or partner, "responsible
36 individual" also includes any current and former officers, members,
37 or managers of the limited liability business entity or entities or
38 of any other limited liability business entity involved directly in
39 the management of the taxpayer. For purposes of this subsection

1 (7)(h)(iii), "taxpayer" means a limited liability business entity
2 with unpaid trust fund taxes.

3 (i) "Trust fund taxes" means taxes collected from buyers and
4 deemed held in trust under RCW 69.50.535.

5 (j) "Willfully failed to pay or to cause to be paid" means that
6 the failure was the result of an intentional, conscious, and
7 voluntary course of action.

8 **Sec. 203.** RCW 69.50.357 and 2014 c 192 s 4 are each amended to
9 read as follows:

10 (1) Retail outlets (~~((shall sell no))~~) may not sell products or
11 services other than marijuana concentrates, useable marijuana,
12 marijuana-infused products, or paraphernalia intended for the storage
13 or use of marijuana concentrates, useable marijuana, or marijuana-
14 infused products.

15 (2) Licensed marijuana retailers (~~((shall))~~) may not employ persons
16 under twenty-one years of age or allow persons under twenty-one years
17 of age to enter or remain on the premises of a retail outlet.

18 (3) Licensed marijuana retailers (~~((shall))~~) may not display any
19 signage (~~((in a window, on a door, or on the outside of the premises
20 of a retail outlet that is visible to the general public from a
21 public right of way, other than a single sign no larger than one
22 thousand six hundred square inches identifying the retail outlet by
23 the licensee's business or trade name.~~

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

27 (~~(5))~~) outside of the licensed premises, other than two signs
28 identifying the retail outlet by the licensee's business or trade
29 name. Each sign must be no larger than one thousand six hundred
30 square inches, be permanently affixed to a building or other
31 structure, and be posted not less than one thousand feet from any
32 elementary school, secondary school, or playground.

33 (~~(4)~~) No licensed marijuana retailer or employee of a retail outlet
34 (~~((shall))~~) may open or consume, or allow to be opened or consumed, any
35 marijuana concentrates, useable marijuana, or marijuana-infused
36 product on the outlet premises.

37 (~~((+6))~~) (5) The state liquor (~~((control))~~) and cannabis board
38 (~~((shall))~~) must fine a licensee one thousand dollars for each
39 violation of any subsection of this section. Fines collected under

1 this section must be deposited into the dedicated marijuana ((fund))
2 account created under RCW 69.50.530.

3 **Sec. 204.** RCW 69.50.369 and 2013 c 3 s 18 are each amended to
4 read as follows:

5 (1) No licensed marijuana producer, processor, researcher, or
6 retailer ((shall)) may place or maintain, or cause to be placed or
7 maintained, an advertisement of marijuana, useable marijuana,
8 marijuana concentrates, or a marijuana-infused product in any form or
9 through any medium whatsoever:

10 (a) Within one thousand feet of the perimeter of a school
11 grounds, playground, recreation center or facility, child care
12 center, public park, or library, or any game arcade admission to
13 which is not restricted to persons aged twenty-one years or older;

14 (b) On or in a public transit vehicle or public transit shelter;
15 or

16 (c) On or in a publicly owned or operated property.

17 (2) Merchandising within a retail outlet is not advertising for
18 the purposes of this section.

19 (3) This section does not apply to a noncommercial message.

20 (4) The state liquor ((control)) and cannabis board ((shall))
21 must fine a licensee one thousand dollars for each violation of
22 subsection (1) of this section. Fines collected under this subsection
23 must be deposited into the dedicated marijuana ((fund)) account
24 created under RCW 69.50.530.

25 **Sec. 205.** RCW 69.50.535 and 2014 c 192 s 7 are each amended to
26 read as follows:

27 (1) ~~((There is levied and collected a marijuana excise tax equal~~
28 ~~to twenty five percent of the selling price on each wholesale sale in~~
29 ~~this state of marijuana by a licensed marijuana producer to a~~
30 ~~licensed marijuana processor or another licensed marijuana producer.~~
31 ~~This tax is the obligation of the licensed marijuana producer.~~

32 (2) ~~There is levied and collected a marijuana excise tax equal to~~
33 ~~twenty five percent of the selling price on each wholesale sale in~~
34 ~~this state of marijuana concentrates, useable marijuana, and~~
35 ~~marijuana infused products by a licensed marijuana processor to a~~
36 ~~licensed marijuana retailer. This tax is the obligation of the~~
37 ~~licensed marijuana processor.~~

1 ~~(3))~~ (a) There is levied and collected a marijuana excise tax
2 equal to ~~((twenty-five))~~ thirty percent of the selling price on each
3 retail sale in this state of marijuana concentrates, useable
4 marijuana, and marijuana-infused products. This tax is ~~((the~~
5 ~~obligation of the licensed marijuana retailer, is))~~ separate and in
6 addition to general state and local sales and use taxes that apply to
7 retail sales of tangible personal property, and is not part of the
8 total retail price to which general state and local sales and use
9 taxes apply. The tax must be separately itemized from the state and
10 local retail sales tax on the sales receipt provided to the buyer.

11 (b) The tax levied in this section must be reflected in the price
12 list or quoted shelf price in the licensed marijuana retail store and
13 in any advertising that includes prices for all useable marijuana,
14 marijuana concentrates, or marijuana-infused products.

15 ~~((4))~~ (2) All revenues collected from the marijuana excise
16 ~~((taxes))~~ tax imposed under ~~((subsections (1) through (3) of))~~ this
17 section ~~((shall))~~ must be deposited each day in ~~((a depository~~
18 ~~approved by the state treasurer and transferred to the state~~
19 ~~treasurer to be credited to))~~ the dedicated marijuana ~~((fund))~~
20 account.

21 ~~((5))~~ (3) The ~~((state liquor control board shall))~~ tax imposed
22 in this section must be paid by the buyer to the seller. Each seller
23 must collect from the buyer the full amount of the tax payable on
24 each taxable sale. The tax collected as required by this section is
25 deemed to be held in trust by the seller until paid to the board. If
26 any seller fails to collect the tax imposed in this section or,
27 having collected the tax, fails to pay it as prescribed by the board,
28 whether such failure is the result of the seller's own acts or the
29 result of acts or conditions beyond the seller's control, the seller
30 is, nevertheless, personally liable to the state for the amount of
31 the tax.

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

34 (a) "Board" means the state liquor and cannabis board.

35 (b) "Retail sale" has the same meaning as in RCW 82.08.010.

36 (c) "Selling price" has the same meaning as in RCW 82.08.010,
37 except that when product is sold under circumstances where the total
38 amount of consideration paid for the product is not indicative of its
39 true value, "selling price" means the true value of the product sold
40 as determined or agreed to by the board.

1 (d) "Product" means marijuana, marijuana concentrates, useable
2 marijuana, and marijuana-infused products.

3 (e) "True value" means market value based on sales at comparable
4 locations in this state of the same or similar product of like
5 quality and character sold under comparable conditions of sale to
6 comparable purchasers. However, in the absence of such sales of the
7 same or similar product, true value means the value of the product
8 sold as determined by all of the seller's direct and indirect costs
9 attributable to the product.

10 (5)(a) The board must regularly review the tax level((s))
11 established under this section and make recommendations, in
12 consultation with the department of revenue, to the legislature as
13 appropriate regarding adjustments that would further the goal of
14 discouraging use while undercutting illegal market prices.

15 (b) The state liquor and cannabis board must report, in
16 compliance with RCW 43.01.036, to the appropriate committees of the
17 legislature every two years. The report at a minimum must include the
18 following:

19 (i) The specific recommendations required under (a) of this
20 subsection;

21 (ii) A comparison of gross sales and tax collections prior to and
22 after any marijuana tax change;

23 (iii) The increase or decrease in the volume of legal marijuana
24 sold prior to and after any marijuana tax change;

25 (iv) Increases or decreases in the number of licensed marijuana
26 producers, processors, and retailers;

27 (v) The number of illegal and noncompliant marijuana outlets the
28 board requires to be closed;

29 (vi) Gross marijuana sales and tax collections in Oregon; and

30 (vii) The total amount of reported sales and use taxes exempted
31 for qualifying patients. The department of revenue must provide the
32 data of exempt amounts to the board.

33 (c) The board is not required to report to the legislature as
34 required in (b) of this subsection after January 1, 2025.

35 **Sec. 206.** RCW 69.50.540 and 2013 c 3 s 28 are each amended to
36 read as follows:

37 ~~((All marijuana excise taxes collected from sales of marijuana,~~
38 ~~useable marijuana, and marijuana-infused products under RCW~~
39 ~~69.50.535, and the license fees, penalties, and forfeitures derived~~

1 ~~under chapter 3, Laws of 2013 from marijuana producer, marijuana~~
2 ~~processor, and marijuana retailer licenses shall every three months~~
3 ~~be disbursed by the state liquor control board as follows:~~

4 ~~(1))~~ The legislature must annually appropriate moneys in the
5 dedicated marijuana account created in RCW 69.50.530 as follows:

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

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

26 ~~((2))~~ (b) Fifty thousand dollars to the department of social
27 and health services for the purpose of contracting with the
28 Washington state institute for public policy to conduct the cost-
29 benefit evaluation and produce the reports described in RCW
30 69.50.550. This appropriation ~~((shall))~~ ends after production of the
31 final report required by RCW 69.50.550;

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

37 ~~((4))~~ (d) An amount not ~~((exceeding))~~ less than one million two
38 hundred fifty thousand dollars to the state liquor ~~((control board as~~
39 ~~is necessary for administration of chapter 3, Laws of 2013;~~

1 ~~(5) Of the funds remaining after the disbursements identified in~~
2 ~~subsections (1) through (4) of this section)) and cannabis board for~~
3 ~~administration of this chapter as appropriated in the omnibus~~
4 ~~appropriations act;~~

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

9 (a)(i) Fifteen percent to the department of social and health
10 services division of behavioral health and recovery for
11 ~~((implementation and maintenance))~~ the development, implementation,
12 maintenance, and evaluation of programs and practices aimed at the
13 prevention or reduction of maladaptive substance use, substance-use
14 disorder, substance abuse or substance dependence, as these terms are
15 defined in the Diagnostic and Statistical Manual of Mental Disorders,
16 among middle school and high school age students, whether as an
17 explicit goal of a given program or practice or as a consistently
18 corresponding effect of its implementation, mental health services
19 for children and youth, and services for pregnant and parenting
20 women, subject to (a)(iii) of this subsection; PROVIDED, That:

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

27 ~~((+))~~ (B) Up to fifteen percent of the funds ~~((disbursed))~~
28 appropriated under (a)(i) of this subsection for new programs and new
29 services may be directed to ~~((research-based and))~~ proven and tested
30 practices, emerging best practices, or promising practices.

31 (ii) In deciding which programs and practices to fund, the
32 secretary of the department of social and health services ~~((shall))~~
33 must consult, at least annually, with the University of Washington's
34 social development research group and the University of Washington's
35 alcohol and drug abuse institute~~((+))~~.

36 (iii) For the fiscal year beginning July 1, 2016, the legislature
37 must appropriate twenty-eight million three hundred fourteen thousand
38 dollars under this subsection (2)(a). For the fiscal year beginning
39 July 1, 2017, and each subsequent fiscal year, the amount
40 appropriated for this subsection (2)(a) must be increased by the

1 annual growth in the Washington state population as published by the
2 office of financial management plus the annual growth in the implicit
3 price deflator as published by the federal bureau of labor
4 statistics;

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

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

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

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

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

24 (B) The Washington poison control center.

25 (ii) For the fiscal year beginning July 1, 2016, the legislature
26 must appropriate nine million seven hundred fifty thousand dollars
27 under this subsection (2)(b). For the fiscal year beginning July 1,
28 2017, and each subsequent fiscal year, the amounts appropriated for
29 this subsection (2)(b) must be increased by the annual growth in the
30 Washington state population as published by the office of financial
31 management plus the annual growth in the implicit price deflator as
32 published by the federal bureau of labor statistics;

33 (c) Six-tenths of one percent to the University of Washington and
34 four-tenths of one percent to Washington State University for
35 research on the short and long-term effects of marijuana use, to
36 include but not be limited to formal and informal methods for
37 estimating and measuring intoxication and impairment, and for the
38 dissemination of such research;

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) 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; and

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

17 (i) Until January 1, 2022, if marijuana excise tax collections
18 deposited into the general fund in the prior fiscal year exceed
19 twenty-five million dollars, then each fiscal year the legislature
20 must appropriate an amount equal to thirty percent of all marijuana
21 excise taxes deposited into the general fund the prior fiscal year to
22 the treasurer for distribution to counties and eligible cities. The
23 distribution amount allocated to each county, including the portion
24 for eligible cities within the county, is ratably based on the total
25 amount of taxable sales of marijuana products subject to the
26 marijuana excise tax under RCW 69.50.535 in the prior fiscal year
27 within the county, including all taxable sales attributable to the
28 incorporated areas within the county. Distribution amounts allocated
29 to each county, and eligible cities within the county, must be
30 distributed in four installments by the last day of each fiscal
31 quarter as follows:

32 (A) Sixty percent must be distributed to each county, except
33 where there is no eligible city with taxable sales of marijuana
34 products in the prior fiscal year, in which case the county must
35 receive one hundred percent of the distribution amount allocated to
36 the county as determined in (g)(i) of this subsection (2). A county
37 in which the producing, processing, or retailing of marijuana
38 products is prohibited in the unincorporated area of the county is
39 not entitled to a distribution and the distribution amount must be

1 distributed instead to the eligible cities within the county as
2 provided in (g)(i)(B) of this subsection (2).

3 (B) After making any distribution to counties as provided in
4 (g)(i)(A) of this subsection (2), the treasurer must distribute the
5 remaining amount to eligible cities within the counties. The share to
6 each eligible city within a county must be determined by a division
7 among the eligible cities within each county ratably based on total
8 sales, from the prior fiscal year, of all marijuana products subject
9 to the marijuana excise tax under RCW 69.50.535 within the boundaries
10 of each eligible city located within the county. "Eligible city"
11 means any city or town in which sales of marijuana products are
12 attributable to a marijuana retailer, as defined in RCW 69.50.101,
13 located within the boundaries of the city or town.

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

18 (iii) The total share of marijuana excise tax revenues
19 distributed to counties and cities in (g)(i) of this subsection (2)
20 may not exceed twenty million dollars per fiscal year.

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

24 NEW SECTION. Sec. 207. A new section is added to chapter 69.50
25 RCW to read as follows:

26 (1) The joint legislative audit and review committee must provide
27 a report to the fiscal committees of the state legislature analyzing
28 the incremental cost of legalization of marijuana on local
29 jurisdictions by January 31, 2021. The committee may rely on data
30 provided by local jurisdictions in subsection (2) of this section,
31 along with data from the state liquor and cannabis board, the state
32 treasurer, and the state auditor for the report. The report must
33 include at a minimum the following information:

34 (a) The amount of marijuana tax revenues expended for: (i)
35 General government purposes; (ii) public safety purposes; and (iii)
36 specific costs associated with the licensing and siting of marijuana
37 businesses;

38 (b) The number and type of marijuana-related calls for service
39 and arrests by jurisdiction; and

1 (c) The number and type of liquor and other drug-related calls
2 for service and arrests by jurisdiction.

3 (2) All counties, and cities with a population greater than
4 twenty thousand, receiving more than ten thousand dollars in
5 marijuana excise tax revenue under RCW 69.50.540, must provide the
6 joint legislative audit and review committee a report that includes
7 the information listed in subsection (1) of this section by January
8 31, 2016, and every subsequent January 31st, until January 31, 2020.

9 NEW SECTION. **Sec. 208.** A new section is added to chapter 82.08
10 RCW to read as follows:

11 (1) Beginning July 1, 2016, the tax levied by RCW 82.08.020 does
12 not apply to:

13 (a) Sales of marijuana concentrates, useable marijuana, or
14 marijuana-infused products, identified by the department of health
15 under RCW 69.50.--- (section 10, chapter . . ., Laws of 2015 (2SSB
16 5052 (S-1522/15))) to be beneficial for medical use, by marijuana
17 retailers with medical marijuana endorsements to qualifying patients
18 or designated providers who have been issued authorization cards;

19 (b) Sales of products containing THC with a THC concentration of
20 0.3 percent or less to qualifying patients or designated providers
21 who have been issued authorization cards by marijuana retailers with
22 medical marijuana endorsements;

23 (c) Sales of marijuana concentrates, useable marijuana, or
24 marijuana-infused products, identified by the department of health
25 under RCW 69.50.--- (section 10, chapter . . ., Laws of 2015 (2SSB
26 5052 (S-1522/15))) to have a low THC, high CBD ratio, and to be
27 beneficial for medical use, by marijuana retailers with medical
28 marijuana endorsements, to any person;

29 (d) Sales of topical, noningestible products containing THC with
30 a THC concentration of 0.3 percent or less by health care
31 professionals under RCW 69.51A.--- (section 35, chapter . . ., Laws
32 of 2015 (2SSB 5052 (S-1522/15)));

33 (e)(i) Marijuana, marijuana concentrates, useable marijuana,
34 marijuana-infused products, or products containing THC with a THC
35 concentration of 0.3 percent or less produced by a cooperative and
36 provided to its members; and

37 (ii) Any nonmonetary resources and labor contributed by an
38 individual member of the cooperative in which the individual is a
39 member. However, nothing in this subsection (1)(e) may be construed

1 to exempt the individual members of a cooperative from the tax
2 imposed in RCW 82.08.020 on any purchase of property or services
3 contributed to the cooperative.

4 (2) From the effective date of this section until July 1, 2016,
5 the tax levied by RCW 82.08.020 does not apply to sales of marijuana,
6 marijuana concentrates, useable marijuana, marijuana-infused
7 products, or products containing THC with a THC concentration of 0.3
8 percent or less, by collective gardens under RCW 69.51A.085 to
9 qualifying patients or designated providers, if such sales are in
10 compliance with chapter 69.51A RCW.

11 (3) Each seller making exempt sales under subsection (1) or (2)
12 of this section must maintain information establishing eligibility
13 for the exemption in the form and manner required by the department.

14 (4) The department must provide a separate tax reporting line for
15 exemption amounts claimed under this section.

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

18 (a) "Cooperative" means a cooperative authorized by and operating
19 in compliance with RCW 69.51A.--- (section 26, chapter . . ., Laws of
20 2015 (2SSB 5052 (S-1522/15))).

21 (b) "Marijuana retailer with a medical marijuana endorsement"
22 means a marijuana retailer permitted under RCW 69.50.--- (section 10,
23 chapter . . ., Laws of 2015 (2SSB 5052 (S-1522/15))) to sell
24 marijuana for medical use to qualifying patients and designated
25 providers.

26 (c) "Products containing THC with a THC concentration of 0.3
27 percent or less" means all products containing THC with a THC
28 concentration not exceeding 0.3 percent and that, when used as
29 intended, are inhalable, ingestible, or absorbable.

30 (d) "THC concentration," "marijuana," "marijuana concentrates,"
31 "useable marijuana," "marijuana retailer," and "marijuana-infused
32 products" have the same meanings as provided in RCW 69.50.101 and the
33 terms "qualifying patients," "designated providers," and
34 "authorization card" have the same meaning as provided in RCW
35 69.51A.010.

36 NEW SECTION. **Sec. 209.** A new section is added to chapter 82.12
37 RCW to read as follows:

38 (1) From the effective date of this section until July 1, 2016,
39 the provisions of this chapter do not apply to the use of marijuana,

1 marijuana concentrates, useable marijuana, marijuana-infused
2 products, or products containing THC with a THC concentration of 0.3
3 percent or less, by a collective garden under RCW 69.51A.085, and the
4 qualifying patients or designated providers participating in the
5 collective garden, if such use is in compliance with chapter 69.51A
6 RCW.

7 (2) Beginning July 1, 2016, the provisions of this chapter do not
8 apply to:

9 (a) The use of marijuana concentrates, useable marijuana, or
10 marijuana-infused products, identified by the department of health
11 under RCW 69.50.--- (section 10, chapter . . ., Laws of 2015 (2SSB
12 5052 (S-1522/15))) to be beneficial for medical use, by qualifying
13 patients or designated providers who have been issued authorization
14 cards and have obtained such products from a marijuana retailer with
15 a medical marijuana endorsement.

16 (b) The use of products containing THC with a THC concentration
17 of 0.3 percent or less by qualifying patients or designated providers
18 who have been issued authorization cards and have obtained such
19 products from a marijuana retailer with a medical marijuana
20 endorsement.

21 (c)(i) Marijuana retailers with a medical marijuana endorsement
22 with respect to:

23 (A) Marijuana concentrates, useable marijuana, or marijuana-
24 infused products; or

25 (B) Products containing THC with a THC concentration of 0.3
26 percent or less;

27 (ii) The exemption in this subsection (2)(c) applies only if such
28 products are provided at no charge to a qualifying patient or
29 designated provider who has been issued an authorization card. Each
30 such retailer providing such products at no charge must maintain
31 information establishing eligibility for this exemption in the form
32 and manner required by the department.

33 (d) The use of marijuana concentrates, useable marijuana, or
34 marijuana-infused products, identified by the department of health
35 under RCW 69.50.--- (section 10, chapter . . ., Laws of 2015 (2SSB
36 5052 (S-1522/15))) to have a low THC, high CBD ratio, and to be
37 beneficial for medical use, purchased from marijuana retailers with a
38 medical marijuana endorsement.

39 (e) Health care professionals with respect to the use of products
40 containing THC with a THC concentration of 0.3 percent or less

1 provided at no charge by the health care professionals under RCW
2 69.51A.--- (section 35, chapter . . . , Laws of 2015 (2SSB 5052
3 (S-1522/15))). Each health care professional providing such products
4 at no charge must maintain information establishing eligibility for
5 this exemption in the form and manner required by the department.

6 (f) The use of topical, noningestible products containing THC
7 with a THC concentration of 0.3 percent or less by qualifying
8 patients when purchased from or provided at no charge by a health
9 care professional under RCW 69.51A.--- (section 35, chapter . . . ,
10 Laws of 2015 (2SSB 5052 (S-1522/15))).

11 (g) The use of:

12 (i) Marijuana, marijuana concentrates, useable marijuana,
13 marijuana-infused products, or products containing THC with a THC
14 concentration of 0.3 percent or less, by a cooperative and its
15 members, when produced by the cooperative; and

16 (ii) Any nonmonetary resources and labor by a cooperative when
17 contributed by its members. However, nothing in this subsection
18 (2)(g) may be construed to exempt the individual members of a
19 cooperative from the tax imposed in RCW 82.12.020 on the use of any
20 property or services purchased by the member and contributed to the
21 cooperative.

22 (3) The definitions in section 208 of this act apply to this
23 section.

24 NEW SECTION. **Sec. 210.** The provisions of RCW 82.32.805 and
25 82.32.808(8) do not apply to the exemptions in sections 208 and 209
26 of this act.

27 NEW SECTION. **Sec. 211.** A new section is added to chapter 69.50
28 RCW to read as follows:

29 (1)(a) Except as provided in (b) of this subsection, a retail
30 sale of a bundled transaction that includes marijuana product is
31 subject to the tax imposed under RCW 69.50.535 on the entire selling
32 price of the bundled transaction.

33 (b) If the selling price is attributable to products that are
34 taxable and products that are not taxable under RCW 69.50.535, the
35 portion of the price attributable to the nontaxable products are
36 subject to the tax imposed by RCW 69.50.535 unless the seller can
37 identify by reasonable and verifiable standards the portion that is
38 not subject to tax from its books and records that are kept in the

1 regular course of business for other purposes including, but not
2 limited to, nontax purposes.

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

5 (i) "Bundled transaction" means:

6 (A) The retail sale of two or more products where the products
7 are otherwise distinct and identifiable, are sold for one nonitemized
8 price, and at least one product is a marijuana product subject to the
9 tax under RCW 69.50.535; and

10 (B) A marijuana product provided free of charge with the required
11 purchase of another product. A marijuana product is provided free of
12 charge if the sales price of the product purchased does not vary
13 depending on the inclusion of the marijuana product provided free of
14 charge.

15 (ii) "Distinct and identifiable products" does not include
16 packaging such as containers, boxes, sacks, bags, and bottles, or
17 materials such as wrapping, labels, tags, and instruction guides,
18 that accompany the retail sale of the products and are incidental or
19 immaterial to the retail sale thereof. Examples of packaging that are
20 incidental or immaterial include grocery sacks, shoeboxes, and dry
21 cleaning garment bags.

22 (iii) "Marijuana product" means "useable marijuana," "marijuana
23 concentrates," and "marijuana-infused products" as defined in RCW
24 69.50.101.

25 (iv) "Selling price" has the same meaning as in RCW 82.08.010,
26 except that when product is sold under circumstances where the total
27 amount of consideration paid for the product is not indicative of its
28 true value, "selling price" means the true value of the product sold
29 as determined or agreed to by the state liquor and cannabis board.

30 (v) "True value" means market value based on sales at comparable
31 locations in this state of the same or similar product of like
32 quality and character sold under comparable conditions of sale to
33 comparable purchasers. However, in the absence of such sales of the
34 same or similar product, "true value" means the value of the product
35 sold as determined by all of the seller's direct and indirect costs
36 attributable to the product.

37 NEW SECTION. **Sec. 212.** A new section is added to chapter 69.50
38 RCW to read as follows:

1 (1) Marijuana producers, processors, and retailers are prohibited
2 from making sales of any marijuana or marijuana product, if the sale
3 of the marijuana or marijuana product is conditioned upon the buyer's
4 purchase of any service or nonmarijuana product. This subsection
5 applies whether the buyer purchases such service or nonmarijuana
6 product at the time of sale of the marijuana or marijuana product, or
7 in a separate transaction.

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

10 (a) "Marijuana product" means "useable marijuana," "marijuana
11 concentrates," and "marijuana-infused products," as those terms are
12 defined in RCW 69.50.101.

13 (b) "Nonmarijuana product" includes paraphernalia, promotional
14 items, lighters, bags, boxes, containers, and such other items as may
15 be identified by the state liquor and cannabis board.

16 (c) "Selling price" has the same meaning as in RCW 69.50.535.

17 (d) "Service" includes memberships and any other services
18 identified by the state liquor and cannabis board.

19 **PART III**

20 **Marijuana Business: Buffers and Licensee Residency**

21 **Sec. 301.** RCW 69.50.331 and 2013 c 3 s 6 are each amended to
22 read as follows:

23 (1) For the purpose of considering any application for a license
24 to produce, process, research, transport or deliver marijuana,
25 useable marijuana, marijuana concentrates, or marijuana-infused
26 products subject to the regulations established under section 502 of
27 this act, or sell marijuana, or for the renewal of a license to
28 produce, process, research, transport or deliver marijuana, useable
29 marijuana, marijuana concentrates, or marijuana-infused products
30 subject to the regulations established under section 502 of this act,
31 or sell marijuana, the state liquor (~~control~~) and cannabis board
32 may cause an inspection of the premises to be made, and may inquire
33 into all matters in connection with the construction and operation of
34 the premises. For the purpose of reviewing any application for a
35 license and for considering the denial, suspension, revocation, or
36 renewal or denial thereof, of any license, the state liquor
37 (~~control~~) and cannabis board may consider any prior criminal
38 conduct of the applicant including an administrative violation

1 history record with the state liquor (~~(control)~~) and cannabis board
2 and a criminal history record information check. The state liquor
3 (~~(control)~~) and cannabis board may submit the criminal history record
4 information check to the Washington state patrol and to the
5 identification division of the federal bureau of investigation in
6 order that these agencies may search their records for prior arrests
7 and convictions of the individual or individuals who filled out the
8 forms. The state liquor (~~(control)~~) and cannabis board (~~(shall)~~) must
9 require fingerprinting of any applicant whose criminal history record
10 information check is submitted to the federal bureau of
11 investigation. The provisions of RCW 9.95.240 and of chapter 9.96A
12 RCW (~~(shall)~~) do not apply to these cases. Subject to the provisions
13 of this section, the state liquor (~~(control)~~) and cannabis board may,
14 in its discretion, grant or deny the renewal or license applied for.
15 Denial may be based on, without limitation, the existence of chronic
16 illegal activity documented in objections submitted pursuant to
17 subsections (7)(c) and (9) of this section. Authority to approve an
18 uncontested or unopposed license may be granted by the state liquor
19 (~~(control)~~) and cannabis board to any staff member the board
20 designates in writing. Conditions for granting this authority
21 (~~(shall)~~) must be adopted by rule. No license of any kind may be
22 issued to:

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

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

27 (c) A partnership, employee cooperative, association, nonprofit
28 corporation, or corporation unless formed under the laws of this
29 state, and unless all of the members thereof are qualified to obtain
30 a license as provided in this section; or

31 (d) A person whose place of business is conducted by a manager or
32 agent, unless the manager or agent possesses the same qualifications
33 required of the licensee.

34 (2)(a) The state liquor (~~(control)~~) and cannabis board may, in
35 its discretion, subject to the provisions of RCW 69.50.334, suspend
36 or cancel any license; and all protections of the licensee from
37 criminal or civil sanctions under state law for producing,
38 processing, researching, or selling marijuana, marijuana
39 concentrates, useable marijuana, or marijuana-infused products

1 thereunder (~~shall~~) must be suspended or terminated, as the case may
2 be.

3 (b) The state liquor (~~control~~) and cannabis board (~~shall~~)
4 must immediately suspend the license of a person who has been
5 certified pursuant to RCW 74.20A.320 by the department of social and
6 health services as a person who is not in compliance with a support
7 order. If the person has continued to meet all other requirements for
8 reinstatement during the suspension, reissuance of the license
9 (~~shall be~~) is automatic upon the state liquor (~~control~~) and
10 cannabis board's receipt of a release issued by the department of
11 social and health services stating that the licensee is in compliance
12 with the order.

13 (c) The state liquor (~~control~~) and cannabis board may request
14 the appointment of administrative law judges under chapter 34.12 RCW
15 who (~~shall~~) have power to administer oaths, issue subpoenas for the
16 attendance of witnesses and the production of papers, books,
17 accounts, documents, and testimony, examine witnesses, and to receive
18 testimony in any inquiry, investigation, hearing, or proceeding in
19 any part of the state, under rules and regulations the state liquor
20 (~~control~~) and cannabis board may adopt.

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

26 (e) In case of disobedience of any person to comply with the
27 order of the state liquor (~~control~~) and cannabis board or a
28 subpoena issued by the state liquor (~~control~~) and cannabis board,
29 or any of its members, or administrative law judges, or on the
30 refusal of a witness to testify to any matter regarding which he or
31 she may be lawfully interrogated, the judge of the superior court of
32 the county in which the person resides, on application of any member
33 of the board or administrative law judge, shall compel obedience by
34 contempt proceedings, as in the case of disobedience of the
35 requirements of a subpoena issued from said court or a refusal to
36 testify therein.

37 (3) Upon receipt of notice of the suspension or cancellation of a
38 license, the licensee (~~shall forthwith~~) must deliver (~~up~~) the
39 license to the state liquor (~~control~~) and cannabis board. Where the
40 license has been suspended only, the state liquor (~~control~~) and

1 cannabis board (~~(shall)~~) must return the license to the licensee at
2 the expiration or termination of the period of suspension. The state
3 liquor (~~(control)~~) and cannabis board (~~(shall)~~) must notify all other
4 licensees in the county where the subject licensee has its premises
5 of the suspension or cancellation of the license; and no other
6 licensee or employee of another licensee may allow or cause any
7 marijuana, marijuana concentrates, useable marijuana, or marijuana-
8 infused products to be delivered to or for any person at the premises
9 of the subject licensee.

10 (4) Every license issued under this chapter (~~(3, Laws of 2013~~
11 ~~shall be)~~) is subject to all conditions and restrictions imposed by
12 this chapter (~~(3, Laws of 2013)~~) or by rules adopted by the state
13 liquor (~~(control)~~) and cannabis board to implement and enforce this
14 chapter (~~(3, Laws of 2013)~~). All conditions and restrictions imposed
15 by the state liquor (~~(control)~~) and cannabis board in the issuance of
16 an individual license (~~(shall)~~) must be listed on the face of the
17 individual license along with the trade name, address, and expiration
18 date.

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

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

23 (7)(a) Before the state liquor (~~(control)~~) and cannabis board
24 issues a new or renewed license to an applicant it (~~(shall)~~) must
25 give notice of the application to the chief executive officer of the
26 incorporated city or town, if the application is for a license within
27 an incorporated city or town, or to the county legislative authority,
28 if the application is for a license outside the boundaries of
29 incorporated cities or towns.

30 (b) The incorporated city or town through the official or
31 employee selected by it, or the county legislative authority or the
32 official or employee selected by it, (~~(shall have)~~) has the right to
33 file with the state liquor (~~(control)~~) and cannabis board within
34 twenty days after the date of transmittal of the notice for
35 applications, or at least thirty days prior to the expiration date
36 for renewals, written objections against the applicant or against the
37 premises for which the new or renewed license is asked. The state
38 liquor (~~(control)~~) and cannabis board may extend the time period for
39 submitting written objections.

1 (c) The written objections (~~shall~~) must include a statement of
2 all facts upon which the objections are based, and in case written
3 objections are filed, the city or town or county legislative
4 authority may request, and the state liquor (~~control~~) and cannabis
5 board may in its discretion hold, a hearing subject to the applicable
6 provisions of Title 34 RCW. If the state liquor (~~control~~) and
7 cannabis board makes an initial decision to deny a license or renewal
8 based on the written objections of an incorporated city or town or
9 county legislative authority, the applicant may request a hearing
10 subject to the applicable provisions of Title 34 RCW. If a hearing is
11 held at the request of the applicant, state liquor (~~control~~) and
12 cannabis board representatives (~~shall~~) must present and defend the
13 state liquor (~~control~~) and cannabis board's initial decision to
14 deny a license or renewal.

15 (d) Upon the granting of a license under this title the state
16 liquor (~~control~~) and cannabis board (~~shall~~) must send written
17 notification to the chief executive officer of the incorporated city
18 or town in which the license is granted, or to the county legislative
19 authority if the license is granted outside the boundaries of
20 incorporated cities or towns.

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

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

36 (c) A city, county, or town may permit the licensing of research
37 premises allowed under section 1001 of this act within one thousand
38 feet but not less than one hundred feet of the facilities described
39 in (a) of this subsection by enacting an ordinance authorizing such
40 distance reduction, provided that the ordinance will not negatively

1 impact the jurisdiction's civil regulatory enforcement, criminal law
2 enforcement, public safety, or public health.

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

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

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

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

16 (9) In determining whether to grant or deny a license or renewal
17 of any license, the state liquor (~~control~~) and cannabis board
18 (~~shall~~) must give substantial weight to objections from an
19 incorporated city or town or county legislative authority based upon
20 chronic illegal activity associated with the applicant's operations
21 of the premises proposed to be licensed or the applicant's operation
22 of any other licensed premises, or the conduct of the applicant's
23 patrons inside or outside the licensed premises. "Chronic illegal
24 activity" means (a) a pervasive pattern of activity that threatens
25 the public health, safety, and welfare of the city, town, or county
26 including, but not limited to, open container violations, assaults,
27 disturbances, disorderly conduct, or other criminal law violations,
28 or as documented in crime statistics, police reports, emergency
29 medical response data, calls for service, field data, or similar
30 records of a law enforcement agency for the city, town, county, or
31 any other municipal corporation or any state agency; or (b) an
32 unreasonably high number of citations for violations of RCW 46.61.502
33 associated with the applicant's or licensee's operation of any
34 licensed premises as indicated by the reported statements given to
35 law enforcement upon arrest.

36 **PART IV**

37 **Consumption of Marijuana in a Public Place**

1 (3) A common carrier licensed under section 502 of this act may,
2 for the purpose of transporting and delivering marijuana, useable
3 marijuana, marijuana concentrates, and marijuana-infused products,
4 utilize Washington state ferry routes for such transportation and
5 delivery.

6 (4) The possession of marijuana, useable marijuana, marijuana
7 concentrates, and marijuana-infused products being physically
8 transported or delivered within the state, in amounts not exceeding
9 those that may be established under section 502(3) of this act, by a
10 licensed employee of a common carrier when performing the duties
11 authorized under, and in accordance with, this section and section
12 502 of this act, is not a violation of this section, this chapter, or
13 any other provision of Washington state law.

14 NEW SECTION. **Sec. 502.** A new section is added to chapter 69.50
15 RCW to read as follows:

16 (1) The state liquor and cannabis board must adopt rules
17 providing for an annual licensing procedure of a common carrier who
18 seeks to transport or deliver marijuana, useable marijuana, marijuana
19 concentrates, and marijuana-infused products within the state.

20 (2) The rules for licensing must:

21 (a) Establish criteria for considering the approval or denial of
22 a common carrier's original application or renewal application;

23 (b) Provide minimum qualifications for any employee authorized to
24 drive or operate the transportation or delivery vehicle, including a
25 minimum age of at least twenty-one years;

26 (c) Address the safety of the employees transporting or
27 delivering the products, including issues relating to the carrying of
28 firearms by such employees;

29 (d) Address the security of the products being transported,
30 including a system of electronically tracking all products at both
31 the point of pickup and the point of delivery; and

32 (e) Set reasonable fees for the application and licensing
33 process.

34 (3) The state liquor and cannabis board may adopt rules
35 establishing the maximum amounts of marijuana, useable marijuana,
36 marijuana concentrates, and marijuana-infused products that may be
37 physically transported or delivered at one time by a common carrier
38 as provided under section 501 of this act.

1 **Sec. 503.** RCW 69.50.4013 and 2013 c 3 s 20 are each amended to
2 read as follows:

3 (1) It is unlawful for any person to possess a controlled
4 substance unless the substance was obtained directly from, or
5 pursuant to, a valid prescription or order of a practitioner while
6 acting in the course of his or her professional practice, or except
7 as otherwise authorized by this chapter.

8 (2) Except as provided in RCW 69.50.4014, any person who violates
9 this section is guilty of a class C felony punishable under chapter
10 9A.20 RCW.

11 (3)(a) The possession, by a person twenty-one years of age or
12 older, of useable marijuana, marijuana concentrates, or marijuana-
13 infused products in amounts that do not exceed those set forth in RCW
14 69.50.360(3) is not a violation of this section, this chapter, or any
15 other provision of Washington state law.

16 (b) The possession of marijuana, useable marijuana, marijuana
17 concentrates, and marijuana-infused products being physically
18 transported or delivered within the state, in amounts not exceeding
19 those that may be established under section 502(3) of this act, by a
20 licensed employee of a common carrier when performing the duties
21 authorized in accordance with sections 501 and 502 of this act, is
22 not a violation of this section, this chapter, or any other provision
23 of Washington state law.

24 **Sec. 504.** RCW 18.170.020 and 2007 c 154 s 2 are each amended to
25 read as follows:

26 The requirements of this chapter do not apply to:

27 (1) A person who is employed exclusively or regularly by one
28 employer and performs the functions of a private security guard
29 solely in connection with the affairs of that employer, if the
30 employer is not a private security company. However, in accordance
31 with section 501 of this act, an employee engaged in marijuana-
32 related transportation or delivery services on behalf of a common
33 carrier must be licensed as an armed private security guard under
34 this chapter in order to be authorized to carry or use a firearm
35 while providing such services;

36 (2) A sworn peace officer while engaged in the performance of the
37 officer's official duties;

38 (3) A sworn peace officer while employed by any person to engage
39 in off-duty employment as a private security guard, but only if the

1 employment is approved by the chief law enforcement officer of the
2 jurisdiction where the employment takes place and the sworn peace
3 officer does not employ, contract with, or broker for profit other
4 persons to assist him or her in performing the duties related to his
5 or her private employer; or

6 (4)(a) A person performing crowd management or guest services
7 including, but not limited to, a person described as a ticket taker,
8 usher, door attendant, parking attendant, crowd monitor, or event
9 staff who:

10 ((+a)) (i) Does not carry a firearm or other dangerous weapon
11 including, but not limited to, a stun gun, taser, pepper mace, or
12 nightstick;

13 ((+b)) (ii) Does not wear a uniform or clothing readily
14 identifiable by a member of the public as that worn by a private
15 security officer or law enforcement officer; and

16 ((+c)) (iii) Does not have as his or her primary responsibility
17 the detainment of persons or placement of persons under arrest.

18 (b) The exemption provided in this subsection applies only when a
19 crowd has assembled for the purpose of attending or taking part in an
20 organized event, including preevent assembly, event operation hours,
21 and postevent departure activities.

22 **Sec. 505.** RCW 69.50.4014 and 2003 c 53 s 335 are each amended to
23 read as follows:

24 Except as provided in RCW 69.50.401(2)(c) or as otherwise
25 authorized by this chapter, any person found guilty of possession of
26 forty grams or less of ((marihuana)) marijuana is guilty of a
27 misdemeanor.

28 **PART VI**

29 **Funding for Marijuana Health Awareness Program**

30 **Sec. 601.** RCW 66.08.050 and 2014 c 63 s 3 are each amended to
31 read as follows:

32 The board, subject to the provisions of this title and the rules,
33 must:

34 (1) Determine the nature, form and capacity of all packages to be
35 used for containing liquor kept for sale under this title;

1 (2) Execute or cause to be executed, all contracts, papers, and
2 documents in the name of the board, under such regulations as the
3 board may fix;

4 (3) Pay all customs, duties, excises, charges and obligations
5 whatsoever relating to the business of the board;

6 (4) Require bonds from all employees in the discretion of the
7 board, and to determine the amount of fidelity bond of each such
8 employee;

9 (5) Perform services for the state lottery commission to such
10 extent, and for such compensation, as may be mutually agreed upon
11 between the board and the commission;

12 (6) Accept and deposit into the general fund-local account and
13 disburse, subject to appropriation, federal grants or other funds or
14 donations from any source for the purpose of improving public
15 awareness of the health risks associated with alcohol and marijuana
16 consumption by youth and the abuse of alcohol and marijuana by adults
17 in Washington state. The board's alcohol awareness program must
18 cooperate with federal and state agencies, interested organizations,
19 and individuals to effect an active public beverage alcohol awareness
20 program;

21 (7) Monitor and regulate the practices of licensees as necessary
22 in order to prevent the theft and illegal trafficking of liquor
23 pursuant to RCW 66.28.350;

24 (8) Perform all other matters and things, whether similar to the
25 foregoing or not, to carry out the provisions of this title, and has
26 full power to do each and every act necessary to the conduct of its
27 regulatory functions, including all supplies procurement, preparation
28 and approval of forms, and every other undertaking necessary to
29 perform its regulatory functions whatsoever, subject only to audit by
30 the state auditor. However, the board has no authority to regulate
31 the content of spoken language on licensed premises where wine and
32 other liquors are served and where there is not a clear and present
33 danger of disorderly conduct being provoked by such language or to
34 restrict advertising of lawful prices.

35 **PART VII**

36 **Cannabis Health and Beauty Aid Exemption**

37 NEW SECTION. **Sec. 701.** A new section is added to chapter 69.50
38 RCW to read as follows:

1 (1) Cannabis health and beauty aids are not subject to the
2 regulations and penalties of this chapter that apply to marijuana,
3 marijuana concentrates, or marijuana-infused products.

4 (2) For purposes of this section, "cannabis health and beauty
5 aid" means a product containing parts of the cannabis plant and
6 which:

7 (a) Is intended for use only as a topical application to provide
8 therapeutic benefit or to enhance appearance;

9 (b) Contains a THC concentration of not more than 0.3 percent;

10 (c) Does not cross the blood-brain barrier; and

11 (d) Is not intended for consumption by humans or animals.

12 PART VIII

13 Signage and Public Notice Requirements

14 NEW SECTION. **Sec. 801.** A new section is added to chapter 69.50
15 RCW to read as follows:

16 (1) Applicants for a marijuana producer's, marijuana processor's,
17 marijuana researcher's or marijuana retailer's license under this
18 chapter must display a sign provided by the state liquor and cannabis
19 board on the outside of the premises to be licensed notifying the
20 public that the premises are subject to an application for such
21 license. The sign must:

22 (a) Contain text with content sufficient to notify the public of
23 the nature of the pending license application, the date of the
24 application, the name of the applicant, and contact information for
25 the state liquor and cannabis board;

26 (b) Be conspicuously displayed on, or immediately adjacent to,
27 the premises subject to the application and in the location that is
28 most likely to be seen by the public;

29 (c) Be of a size sufficient to ensure that it will be readily
30 seen by the public; and

31 (d) Be posted within seven business days of the submission of the
32 application to the state liquor and cannabis board.

33 (2) The state liquor and cannabis board must adopt such rules as
34 are necessary for the implementation of this section, including rules
35 pertaining to the size of the sign and the text thereon, the textual
36 content of the sign, the fee for providing the sign, and any other
37 requirements necessary to ensure that the sign provides adequate
38 notice to the public.

1 **PART IX**

2 **Marijuana-Infused Products and Concentrates**

3 **Sec. 901.** RCW 69.50.101 and 2014 c 192 s 1 are each amended to
4 read as follows:

5 ~~((Unless the context clearly requires otherwise, definitions of~~
6 ~~terms shall be as indicated where used in this chapter:)) The
7 definitions in this section apply throughout this chapter unless the
8 context clearly requires otherwise.~~

9 (a) "Administer" means to apply a controlled substance, whether
10 by injection, inhalation, ingestion, or any other means, directly to
11 the body of a patient or research subject by:

12 (1) a practitioner authorized to prescribe (or, by the
13 practitioner's authorized agent); or

14 (2) the patient or research subject at the direction and in the
15 presence of the practitioner.

16 (b) "Agent" means an authorized person who acts on behalf of or
17 at the direction of a manufacturer, distributor, or dispenser. It
18 does not include a common or contract carrier, public
19 warehouseperson, or employee of the carrier or warehouseperson.

20 (c) "Commission" means the pharmacy quality assurance commission.

21 (d) "Controlled substance" means a drug, substance, or immediate
22 precursor included in Schedules I through V as set forth in federal
23 or state laws, or federal or commission rules.

24 (e)(1) "Controlled substance analog" means a substance the
25 chemical structure of which is substantially similar to the chemical
26 structure of a controlled substance in Schedule I or II and:

27 (i) that has a stimulant, depressant, or hallucinogenic effect on
28 the central nervous system substantially similar to the stimulant,
29 depressant, or hallucinogenic effect on the central nervous system of
30 a controlled substance included in Schedule I or II; or

31 (ii) with respect to a particular individual, that the individual
32 represents or intends to have a stimulant, depressant, or
33 hallucinogenic effect on the central nervous system substantially
34 similar to the stimulant, depressant, or hallucinogenic effect on the
35 central nervous system of a controlled substance included in Schedule
36 I or II.

37 (2) The term does not include:

38 (i) a controlled substance;

1 (ii) a substance for which there is an approved new drug
2 application;

3 (iii) a substance with respect to which an exemption is in effect
4 for investigational use by a particular person under Section 505 of
5 the federal Food, Drug and Cosmetic Act, 21 U.S.C. Sec. 355, to the
6 extent conduct with respect to the substance is pursuant to the
7 exemption; or

8 (iv) any substance to the extent not intended for human
9 consumption before an exemption takes effect with respect to the
10 substance.

11 (f) "Deliver" or "delivery," means the actual or constructive
12 transfer from one person to another of a substance, whether or not
13 there is an agency relationship.

14 (g) "Department" means the department of health.

15 (h) "Dispense" means the interpretation of a prescription or
16 order for a controlled substance and, pursuant to that prescription
17 or order, the proper selection, measuring, compounding, labeling, or
18 packaging necessary to prepare that prescription or order for
19 delivery.

20 (i) "Dispenser" means a practitioner who dispenses.

21 (j) "Distribute" means to deliver other than by administering or
22 dispensing a controlled substance.

23 (k) "Distributor" means a person who distributes.

24 (l) "Drug" means (1) a controlled substance recognized as a drug
25 in the official United States pharmacopoeia/national formulary or the
26 official homeopathic pharmacopoeia of the United States, or any
27 supplement to them; (2) controlled substances intended for use in the
28 diagnosis, cure, mitigation, treatment, or prevention of disease in
29 individuals or animals; (3) controlled substances (other than food)
30 intended to affect the structure or any function of the body of
31 individuals or animals; and (4) controlled substances intended for
32 use as a component of any article specified in (1), (2), or (3) of
33 this subsection. The term does not include devices or their
34 components, parts, or accessories.

35 (m) "Drug enforcement administration" means the drug enforcement
36 administration in the United States Department of Justice, or its
37 successor agency.

38 (n) "Electronic communication of prescription information" means
39 the transmission of a prescription or refill authorization for a drug
40 of a practitioner using computer systems. The term does not include a

1 prescription or refill authorization verbally transmitted by
2 telephone nor a facsimile manually signed by the practitioner.

3 (o) "Immediate precursor" means a substance:

4 (1) that the commission has found to be and by rule designates as
5 being the principal compound commonly used, or produced primarily for
6 use, in the manufacture of a controlled substance;

7 (2) that is an immediate chemical intermediary used or likely to
8 be used in the manufacture of a controlled substance; and

9 (3) the control of which is necessary to prevent, curtail, or
10 limit the manufacture of the controlled substance.

11 (p) "Isomer" means an optical isomer, but in subsection ~~((+z+))~~
12 (bb)(5) of this section, RCW 69.50.204(a) (12) and (34), and
13 69.50.206(b)(4), the term includes any geometrical isomer; in RCW
14 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any
15 positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and
16 69.50.208(a) the term includes any positional or geometric isomer.

17 (q) "Lot" means a definite quantity of marijuana, useable
18 marijuana, marijuana concentrates, or marijuana-infused product
19 identified by a lot number, every portion or package of which is
20 uniform within recognized tolerances for the factors that appear in
21 the labeling.

22 (r) "Lot number" ~~((shall))~~ must identify the licensee by business
23 or trade name and Washington state unified business identifier
24 number, and the date of harvest or processing for each lot of
25 marijuana, useable marijuana, or marijuana-infused product.

26 (s) "Manufacture" means the production, preparation, propagation,
27 compounding, conversion, or processing of a controlled substance,
28 either directly or indirectly or by extraction from substances of
29 natural origin, or independently by means of chemical synthesis, or
30 by a combination of extraction and chemical synthesis, and includes
31 any packaging or repackaging of the substance or labeling or
32 relabeling of its container. The term does not include the
33 preparation, compounding, packaging, repackaging, labeling, or
34 relabeling of a controlled substance:

35 (1) by a practitioner as an incident to the practitioner's
36 administering or dispensing of a controlled substance in the course
37 of the practitioner's professional practice; or

38 (2) by a practitioner, or by the practitioner's authorized agent
39 under the practitioner's supervision, for the purpose of, or as an

1 incident to, research, teaching, or chemical analysis and not for
2 sale.

3 (t) "Marijuana" or "marihuana" means all parts of the plant
4 Cannabis, whether growing or not, with a THC concentration greater
5 than 0.3 percent on a dry weight basis; the seeds thereof; the resin
6 extracted from any part of the plant; and every compound,
7 manufacture, salt, derivative, mixture, or preparation of the plant,
8 its seeds or resin. The term does not include the mature stalks of
9 the plant, fiber produced from the stalks, oil or cake made from the
10 seeds of the plant, any other compound, manufacture, salt,
11 derivative, mixture, or preparation of the mature stalks (except the
12 resin extracted therefrom), fiber, oil, or cake, or the sterilized
13 seed of the plant which is incapable of germination.

14 (u) "Marijuana concentrates" means products consisting wholly or
15 in part of the resin extracted from any part of the plant Cannabis
16 and having a THC concentration greater than ~~((sixty))~~ ten percent.

17 (v) "Marijuana processor" means a person licensed by the state
18 liquor ~~((control))~~ and cannabis board to process marijuana into
19 useable marijuana, marijuana concentrates, and marijuana-infused
20 products, package and label useable marijuana, marijuana
21 concentrates, and marijuana-infused products for sale in retail
22 outlets, and sell useable marijuana, marijuana concentrates, and
23 marijuana-infused products at wholesale to marijuana retailers.

24 (w) "Marijuana producer" means a person licensed by the state
25 liquor ~~((control))~~ and cannabis board to produce and sell marijuana
26 at wholesale to marijuana processors and other marijuana producers.

27 (x) "Marijuana products" means useable marijuana, marijuana
28 concentrates, and marijuana-infused products as defined in this
29 section.

30 (y) "Marijuana-infused products" means products that contain
31 marijuana or marijuana extracts, are intended for human use, are
32 derived from marijuana as defined in subsection (t) of this section,
33 and have a THC concentration no greater than ~~((0.3))~~ ten percent
34 ~~((and no greater than sixty percent))~~. The term "marijuana-infused
35 products" does not include either useable marijuana or marijuana
36 concentrates.

37 ~~((y))~~ (z) "Marijuana researcher" means a person licensed by the
38 state liquor and cannabis board to produce, process, and possess
39 marijuana for the purposes of conducting research on marijuana and
40 marijuana-derived drug products.

1 ~~(aa)~~ (aa) "Marijuana retailer" means a person licensed by the state
2 liquor ~~((control))~~ and cannabis board to sell useable marijuana,
3 marijuana concentrates, and marijuana-infused products in a retail
4 outlet.

5 ~~((z))~~ (bb) "Narcotic drug" means any of the following, whether
6 produced directly or indirectly by extraction from substances of
7 vegetable origin, or independently by means of chemical synthesis, or
8 by a combination of extraction and chemical synthesis:

9 (1) Opium, opium derivative, and any derivative of opium or opium
10 derivative, including their salts, isomers, and salts of isomers,
11 whenever the existence of the salts, isomers, and salts of isomers is
12 possible within the specific chemical designation. The term does not
13 include the isoquinoline alkaloids of opium.

14 (2) Synthetic opiate and any derivative of synthetic opiate,
15 including their isomers, esters, ethers, salts, and salts of isomers,
16 esters, and ethers, whenever the existence of the isomers, esters,
17 ethers, and salts is possible within the specific chemical
18 designation.

19 (3) Poppy straw and concentrate of poppy straw.

20 (4) Coca leaves, except coca leaves and extracts of coca leaves
21 from which cocaine, ecgonine, and derivatives or ecgonine or their
22 salts have been removed.

23 (5) Cocaine, or any salt, isomer, or salt of isomer thereof.

24 (6) Cocaine base.

25 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer
26 thereof.

27 (8) Any compound, mixture, or preparation containing any quantity
28 of any substance referred to in subparagraphs (1) through (7).

29 ~~((aa))~~ (cc) "Opiate" means any substance having an addiction-
30 forming or addiction-sustaining liability similar to morphine or
31 being capable of conversion into a drug having addiction-forming or
32 addiction-sustaining liability. The term includes opium, substances
33 derived from opium (opium derivatives), and synthetic opiates. The
34 term does not include, unless specifically designated as controlled
35 under RCW 69.50.201, the dextrorotatory isomer of 3-methoxy-n-
36 methylmorphinan and its salts (dextromethorphan). The term includes
37 the racemic and levorotatory forms of dextromethorphan.

38 ~~((bb))~~ (dd) "Opium poppy" means the plant of the species
39 *Papaver somniferum* L., except its seeds.

1 ~~((ee))~~ (ee) "Person" means individual, corporation, business
2 trust, estate, trust, partnership, association, joint venture,
3 government, governmental subdivision or agency, or any other legal or
4 commercial entity.

5 ~~((dd))~~ (ff) "Poppy straw" means all parts, except the seeds, of
6 the opium poppy, after mowing.

7 ~~((ee))~~ (gg) "Practitioner" means:

8 (1) A physician under chapter 18.71 RCW; a physician assistant
9 under chapter 18.71A RCW; an osteopathic physician and surgeon under
10 chapter 18.57 RCW; an osteopathic physician assistant under chapter
11 18.57A RCW who is licensed under RCW 18.57A.020 subject to any
12 limitations in RCW 18.57A.040; an optometrist licensed under chapter
13 18.53 RCW who is certified by the optometry board under RCW 18.53.010
14 subject to any limitations in RCW 18.53.010; a dentist under chapter
15 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW;
16 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced
17 registered nurse practitioner, or licensed practical nurse under
18 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW
19 who is licensed under RCW 18.36A.030 subject to any limitations in
20 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific
21 investigator under this chapter, licensed, registered or otherwise
22 permitted insofar as is consistent with those licensing laws to
23 distribute, dispense, conduct research with respect to or administer
24 a controlled substance in the course of their professional practice
25 or research in this state.

26 (2) A pharmacy, hospital or other institution licensed,
27 registered, or otherwise permitted to distribute, dispense, conduct
28 research with respect to or to administer a controlled substance in
29 the course of professional practice or research in this state.

30 (3) A physician licensed to practice medicine and surgery, a
31 physician licensed to practice osteopathic medicine and surgery, a
32 dentist licensed to practice dentistry, a podiatric physician and
33 surgeon licensed to practice podiatric medicine and surgery, a
34 licensed physician assistant or a licensed osteopathic physician
35 assistant specifically approved to prescribe controlled substances by
36 his or her state's medical quality assurance commission or equivalent
37 and his or her supervising physician, an advanced registered nurse
38 practitioner licensed to prescribe controlled substances, or a
39 veterinarian licensed to practice veterinary medicine in any state of
40 the United States.

1 (a) To test chemical potency and composition levels;
2 (b) To conduct clinical investigations of marijuana-derived drug
3 products;
4 (c) To conduct research on the efficacy and safety of
5 administering marijuana as part of medical treatment; and
6 (d) To conduct genomic or agricultural research.

7 (2) As part of the application process for a marijuana research
8 license, an applicant must submit to the life sciences discovery fund
9 authority a description of the research that is intended to be
10 conducted. The life sciences discovery fund authority must review the
11 project and determine that it meets the requirements of subsection
12 (1) of this section. If the life sciences discovery fund authority
13 determines that the research project does not meet the requirements
14 of subsection (1) of this section, the application must be denied.

15 (3) A marijuana research licensee may only sell marijuana grown
16 or within its operation to other marijuana research licensees. The
17 state liquor and cannabis board may revoke a marijuana research
18 license for violations of this subsection.

19 (4) A marijuana research licensee may contract with the
20 University of Washington or Washington State University to perform
21 research in conjunction with the university. All research projects
22 must be approved by the life sciences discovery fund authority and
23 meet the requirements of subsection (1) of this section.

24 (5) In establishing a marijuana research license, the state
25 liquor and cannabis board may adopt rules on the following:
26 (a) Application requirements;
27 (b) Marijuana research license renewal requirements, including
28 whether additional research projects may be added or considered;
29 (c) Conditions for license revocation;
30 (d) Security measures to ensure marijuana is not diverted to
31 purposes other than research;
32 (e) Amount of plants, useable marijuana, marijuana concentrates,
33 or marijuana-infused products a licensee may have on its premises;
34 (f) Licensee reporting requirements;
35 (g) Conditions under which marijuana grown by marijuana
36 processors may be donated to marijuana research licensees; and
37 (h) Additional requirements deemed necessary by the state liquor
38 and cannabis board.

39 (6) The production, processing, possession, delivery, donation,
40 and sale of marijuana in accordance with this section and the rules

1 adopted to implement and enforce it, by a validly licensed marijuana
2 researcher, shall not be a criminal or civil offense under Washington
3 state law. Every marijuana research license must be issued in the
4 name of the applicant, must specify the location at which the
5 marijuana researcher intends to operate, which must be within the
6 state of Washington, and the holder thereof may not allow any other
7 person to use the license.

8 (7) The application fee for a marijuana research license is two
9 hundred fifty dollars. The annual fee for issuance and renewal of a
10 marijuana research license is one thousand dollars. Fifty percent of
11 the application fee, the issuance fee, and the renewal fee must be
12 deposited to the life sciences discovery fund under RCW 43.350.070.

13 **Sec. 1002.** RCW 28B.20.502 and 2011 c 181 s 1002 are each amended
14 to read as follows:

15 (1) The University of Washington and Washington State University
16 may conduct scientific research on the efficacy and safety of
17 administering ((cannabis)) marijuana as part of medical treatment. As
18 part of this research, the University of Washington and Washington
19 State University may develop and conduct studies to ascertain the
20 general medical safety and efficacy of ((cannabis)) marijuana, and
21 may develop medical guidelines for the appropriate administration and
22 use of ((cannabis)) marijuana.

23 (2) The University of Washington and Washington State University
24 may, in accordance with section 1001 of this act, contract with
25 marijuana research licensees to conduct research permitted under this
26 section and section 1001 of this act.

27 **Sec. 1003.** RCW 43.350.030 and 2005 c 424 s 4 are each amended to
28 read as follows:

29 In addition to other powers and duties prescribed in this
30 chapter, the authority is empowered to:

31 (1) Use public moneys in the life sciences discovery fund,
32 leveraging those moneys with amounts received from other public and
33 private sources in accordance with contribution agreements, to
34 promote life sciences research;

35 (2) Solicit and receive gifts, grants, and bequests, and enter
36 into contribution agreements with private entities and public
37 entities other than the state to receive moneys in consideration of
38 the authority's promise to leverage those moneys with amounts

1 received through appropriations from the legislature and
2 contributions from other public entities and private entities, in
3 order to use those moneys to promote life sciences research. Nonstate
4 moneys received by the authority for this purpose (~~shall~~) must be
5 deposited in the life sciences discovery fund created in RCW
6 43.350.070;

7 (3) Hold funds received by the authority in trust for their use
8 pursuant to this chapter to promote life sciences research;

9 (4) Manage its funds, obligations, and investments as necessary
10 and as consistent with its purpose including the segregation of
11 revenues into separate funds and accounts;

12 (5) Make grants to entities pursuant to contract for the
13 promotion of life sciences research to be conducted in the state.
14 Grant agreements (~~shall~~) must specify deliverables to be provided
15 by the recipient pursuant to the grant. The authority shall solicit
16 requests for funding and evaluate the requests by reference to
17 factors such as: (a) The quality of the proposed research; (b) its
18 potential to improve health outcomes, with particular attention to
19 the likelihood that it will also lower health care costs, substitute
20 for a more costly diagnostic or treatment modality, or offer a
21 breakthrough treatment for a particular disease or condition; (c) its
22 potential for leveraging additional funding; (d) its potential to
23 provide health care benefits or benefit human learning and
24 development; (e) its potential to stimulate the health care delivery,
25 biomedical manufacturing, and life sciences related employment in the
26 state; (f) the geographic diversity of the grantees within
27 Washington; (g) evidence of potential royalty income and contractual
28 means to recapture such income for purposes of this chapter; and (h)
29 evidence of public and private collaboration;

30 (6) Create one or more advisory boards composed of scientists,
31 industrialists, and others familiar with life sciences research;
32 (~~and~~)

33 (7) Review and approve or disapprove marijuana research license
34 applications under section 1001 of this act;

35 (8) Review any reports made by marijuana research licensees under
36 state liquor and cannabis board rule and provide the state liquor and
37 cannabis board with its determination on whether the research project
38 continues to meet research qualifications under section 1001(1) of
39 this act; and

1 **Sec. 1201.** RCW 69.50.342 and 2013 c 3 s 9 are each amended to
2 read as follows:

3 For the purpose of carrying into effect the provisions of chapter
4 3, Laws of 2013 according to their true intent or of supplying any
5 deficiency therein, the state liquor (~~((control))~~) and cannabis board
6 may adopt rules not inconsistent with the spirit of chapter 3, Laws
7 of 2013 as are deemed necessary or advisable. Without limiting the
8 generality of the preceding sentence, the state liquor (~~((control))~~)
9 and cannabis board is empowered to adopt rules regarding the
10 following:

11 (1) The equipment and management of retail outlets and premises
12 where marijuana is produced or processed, and inspection of the
13 retail outlets and premises;

14 (2) The books and records to be created and maintained by
15 licensees, the reports to be made thereon to the state liquor
16 (~~((control))~~) and cannabis board, and inspection of the books and
17 records;

18 (3) Methods of producing, processing, and packaging marijuana,
19 useable marijuana, and marijuana-infused products; conditions of
20 sanitation; and standards of ingredients, quality, and identity of
21 marijuana, useable marijuana, and marijuana-infused products
22 produced, processed, packaged, or sold by licensees;

23 (4) Security requirements for retail outlets and premises where
24 marijuana is produced or processed, and safety protocols for
25 licensees and their employees;

26 (5) Screening, hiring, training, and supervising employees of
27 licensees;

28 (6) Retail outlet locations and hours of operation;

29 (7) Labeling requirements and restrictions on advertisement of
30 marijuana, useable marijuana, (~~((and))~~) marijuana concentrates,
31 marijuana-infused products, and cannabis health and beauty aids;

32 (8) Forms to be used for purposes of chapter 3, Laws of 2013 or
33 the rules adopted to implement and enforce it, the terms and
34 conditions to be contained in licenses issued under chapter 3, Laws
35 of 2013, and the qualifications for receiving a license issued under
36 chapter 3, Laws of 2013, including a criminal history record
37 information check. The state liquor (~~((control))~~) and cannabis board
38 may submit any criminal history record information check to the
39 Washington state patrol and to the identification division of the
40 federal bureau of investigation in order that these agencies may

1 search their records for prior arrests and convictions of the
2 individual or individuals who filled out the forms. The state liquor
3 (~~control~~) and cannabis board (~~shall~~) must require fingerprinting
4 of any applicant whose criminal history record information check is
5 submitted to the federal bureau of investigation;

6 (9) Application, reinstatement, and renewal fees for licenses
7 issued under chapter 3, Laws of 2013, and fees for anything done or
8 permitted to be done under the rules adopted to implement and enforce
9 chapter 3, Laws of 2013;

10 (10) The manner of giving and serving notices required by chapter
11 3, Laws of 2013 or rules adopted to implement or enforce it;

12 (11) Times and periods when, and the manner, methods, and means
13 by which, licensees (~~shall~~) must transport and deliver marijuana,
14 useable marijuana, and marijuana-infused products within the state;

15 (12) Identification, seizure, confiscation, destruction, or
16 donation to law enforcement for training purposes of all marijuana,
17 useable marijuana, and marijuana-infused products produced,
18 processed, sold, or offered for sale within this state which do not
19 conform in all respects to the standards prescribed by chapter 3,
20 Laws of 2013 or the rules adopted to implement and enforce it:
21 PROVIDED, That nothing in chapter 3, Laws of 2013 (~~shall~~) may be
22 construed as authorizing the state liquor (~~control~~) and cannabis
23 board to seize, confiscate, destroy, or donate to law enforcement
24 marijuana, useable marijuana, or marijuana-infused products produced,
25 processed, sold, offered for sale, or possessed in compliance with
26 the Washington state medical use of cannabis act, chapter 69.51A RCW.

27 **Sec. 1202.** RCW 66.08.012 and 2012 c 117 s 265 are each amended
28 to read as follows:

29 There shall be a board, known as the "Washington state liquor
30 (~~control~~) and cannabis board," consisting of three members, to be
31 appointed by the governor, with the consent of the senate, who
32 (~~shall~~) must each be paid an annual salary to be fixed by the
33 governor in accordance with the provisions of RCW 43.03.040. The
34 governor may, in his or her discretion, appoint one of the members as
35 chair of the board, and a majority of the members (~~shall~~)
36 constitutes a quorum of the board.

37 NEW SECTION. **Sec. 1203.** Subject to appropriation, if, in
38 addition to any distributions required by section 206 of this act,

1 funding of at least six million dollars per fiscal year for fiscal
2 years 2016 and 2017 is not provided by June 30, 2015, in the omnibus
3 appropriations act for distribution to local governments for
4 marijuana enforcement, this section is null and void. The
5 appropriation in the omnibus appropriations act must reference this
6 section by bill and section number. Distributions to local
7 governments are based on the distribution formula required under
8 section 206(2)(g)(i) of this act.

9 NEW SECTION. **Sec. 1204.** (1) Subject to the contingency in
10 subsection (3) of this section, parts I through IV, VI through IX,
11 XI, and XII of this act are necessary for the immediate preservation
12 of the public peace, health, or safety, or support of the state
13 government and its existing public institutions, and take effect July
14 1, 2015.

15 (2) Subject to the contingency in subsection (3) of this section,
16 parts V and X of this act take effect October 1, 2015.

17 (3) This act takes effect on the dates provided in subsection (1)
18 and (2) of this section if Senate Bill No. 5052, or any subsequent
19 version of Senate Bill No. 5052, is enacted into law by July 1, 2015.

--- END ---