
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2136

State of Washington

64th Legislature

2015 Regular Session

By House Appropriations (originally sponsored by Representative Carlyle)

READ FIRST TIME 04/01/15.

1 AN ACT Relating to comprehensive marijuana market reforms to
2 ensure a well-regulated and taxed marijuana market in Washington
3 state; amending RCW 69.50.334, 69.50.357, 69.50.369, 69.50.535,
4 69.50.540, 69.50.331, 69.50.445, 69.50.4013, 18.170.020, 69.50.4014,
5 66.08.050, 69.50.101, 28B.20.502, 43.350.030, 69.50.530, 69.50.360,
6 69.50.363, 69.50.366, 69.50.342, and 66.08.012; adding new sections
7 to chapter 69.50 RCW; adding new sections to chapter 82.08 RCW;
8 adding new sections to chapter 82.12 RCW; adding a new section to
9 chapter 42.56 RCW; adding new sections to chapter 43.06 RCW; adding a
10 new section to chapter 36.01 RCW; adding a new section to chapter
11 35.21 RCW; adding a new section to chapter 35A.21 RCW; creating new
12 sections; repealing RCW 69.50.425; providing contingent effective
13 dates; making appropriations; and declaring an emergency.

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

15 **PART I**
16 **Intent and Tax Preference Performance Statement**

17 NEW SECTION. **Sec. 101.** (1)(a) The legislature finds the
18 implementation of Initiative Measure No. 502 has established a
19 clearly disadvantaged regulated legal market with respect to prices
20 and the ability to compete with the unregulated medical dispensary

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

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

1 (2)(a) This subsection is the tax preference performance
2 statement for the retail sales and use tax exemption for marijuana
3 purchased or obtained by qualifying patients or their designated
4 providers provided in sections 208(1) and 209(1) of this act. The
5 performance statement is only intended to be used for subsequent
6 evaluation of the tax preference. It is not intended to create a
7 private right of action by any party or be used to determine
8 eligibility for preferential tax treatment.

9 (b) The legislature categorizes the tax preference as one
10 intended to accomplish the general purposes indicated in RCW
11 82.32.808(2)(e).

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

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

21 PART II

22 Marijuana Excise Tax, Exemptions, and Distribution of Revenues 23 Contracting for Illegal Marijuana Eradication

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

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

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

1 ~~((+2))~~ (3) An opportunity for a hearing must be provided to a
2 licensee prior to a revocation or modification of any license and,
3 except as provided in subsection ~~((+4))~~ (6) of this section, prior
4 to the suspension of any license.

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

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

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

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

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

1 (2)(a) For a responsible individual who is the current or a
2 former chief executive or chief financial officer, liability under
3 this section applies regardless of fault or whether the individual
4 was or should have been aware of the unpaid trust fund tax liability
5 of the limited liability business entity.

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

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

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

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

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

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

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

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

1 (b) "Chief executive" means: The president of a corporation or
2 for other entities or organizations other than corporations or if the
3 corporation does not have a president as one of its officers, the
4 highest ranking executive manager or administrator in charge of the
5 management of the company or organization.

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

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

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

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

27 (g) "Officer" means any officer or assistant officer of a
28 corporation, including the president, vice president, secretary, and
29 treasurer.

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

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

37 (iii) Whenever any taxpayer has one or more limited liability
38 business entities as a member, manager, or partner, "responsible
39 individual" also includes any current and former officers, members,
40 or managers of the limited liability business entity or entities or

1 of any other limited liability business entity involved directly in
2 the management of the taxpayer. For purposes of this subsection
3 (7)(h)(iii), "taxpayer" means a limited liability business entity
4 with unpaid trust fund taxes.

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

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

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

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

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

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

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

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

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

1 ~~((6))~~ (5) The state liquor ~~((control))~~ and cannabis board
2 ~~((shall))~~ must fine a licensee one thousand dollars for each
3 violation of any subsection of this section. Fines collected under
4 this section must be deposited into the dedicated marijuana ~~((fund))~~
5 account created under RCW 69.50.530.

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

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

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

17 (b) On or in a public transit vehicle or public transit shelter;
18 or

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

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

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

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

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

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

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

1 ~~licensed marijuana retailer. This tax is the obligation of the~~
2 ~~licensed marijuana processor.~~

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

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

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

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

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

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

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

38 (c) "Selling price" has the same meaning as in RCW 82.08.010,
39 except that when product is sold under circumstances where the total
40 amount of consideration paid for the product is not indicative of its

1 true value, "selling price" means the true value of the product sold
2 as determined or agreed to by the board.

3 (d) "Product" means marijuana, marijuana concentrates, useable
4 marijuana, and marijuana-infused products.

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

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

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

21 (i) The specific recommendations required under (a) of this
22 subsection;

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

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

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

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

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

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

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

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

1 ~~((All marijuana excise taxes collected from sales of marijuana,~~
2 ~~useable marijuana, and marijuana infused products under RCW~~
3 ~~69.50.535, and the license fees, penalties, and forfeitures derived~~
4 ~~under chapter 3, Laws of 2013 from marijuana producer, marijuana~~
5 ~~processor, and marijuana retailer licenses shall every three months~~
6 ~~be disbursed by the state liquor control board as follows:~~

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

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

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

29 ~~((2))~~ (b) Fifty thousand dollars to the department of social
30 and health services for the purpose of contracting with the
31 Washington state institute for public policy to conduct the cost-
32 benefit evaluation and produce the reports described in RCW
33 69.50.550. This appropriation ~~((shall))~~ ends after production of the
34 final report required by RCW 69.50.550;

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

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

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

8 (e) Twenty-three thousand seven hundred fifty dollars to the
9 department of enterprise services provided solely for the state
10 building code council established under RCW 19.27.070, to develop and
11 adopt fire and building code provisions related to marijuana
12 processing and extraction facilities. The distribution under this
13 subsection (1)(e) is for fiscal year 2016 only;

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

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

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

36 ~~((ii))~~ (B) Up to fifteen percent of the funds ~~((disbursed))~~
37 appropriated under (a)(i) of this subsection for new programs and new
38 services may be directed to ~~((research-based and))~~ proven and tested
39 practices, emerging best practices, or promising practices.

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

6 (iii) For the fiscal year beginning July 1, 2016, the legislature
7 must appropriate twenty-eight million three hundred fourteen thousand
8 dollars under this subsection (2)(a). For the fiscal year beginning
9 July 1, 2017, and each subsequent fiscal year, the amount
10 appropriated for this subsection (2)(a) must be increased by the
11 annual growth in the Washington state population as published by the
12 office of financial management plus the annual growth in the implicit
13 price deflator as published by the federal bureau of labor
14 statistics;

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

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

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

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

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

34 (B) The Washington poison control center.

35 (ii) For the fiscal year beginning July 1, 2016, the legislature
36 must appropriate nine million seven hundred fifty thousand dollars
37 under this subsection (2)(b). For the fiscal year beginning July 1,
38 2017, and each subsequent fiscal year, the amounts appropriated for
39 this subsection (2)(b) must be increased by the annual growth in the
40 Washington state population as published by the office of financial

1 management plus the annual growth in the implicit price deflator as
2 published by the federal bureau of labor statistics;

3 (c) Six-tenths of one percent to the University of Washington and
4 four-tenths of one percent to Washington State University for
5 research on the short and long-term effects of marijuana use, to
6 include but not be limited to formal and informal methods for
7 estimating and measuring intoxication and impairment, and for the
8 dissemination of such research;

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

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

17 (f) Three-tenths of one percent to the office of the
18 superintendent of public instruction to fund grants to building
19 bridges programs under chapter 28A.175 RCW; and

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

25 (i) Until January 1, 2022, if marijuana excise tax collections
26 deposited into the general fund in the prior fiscal year exceed
27 twenty-five million dollars, then each fiscal year the legislature
28 must appropriate an amount equal to thirty percent of all marijuana
29 excise taxes deposited into the general fund the prior fiscal year to
30 the treasurer for distribution to counties, cities, and towns as
31 follows:

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

1 amount attributed to a retailer physically located in a city or town
2 shall be distributed to the city or town.

3 (B) Seventy percent must be distributed to counties, cities, and
4 towns ratably on a per capita basis. Counties shall receive sixty
5 percent of the distribution, which shall be disbursed based on each
6 county's total proportional population, including the population
7 within incorporated cities and towns, and cities and towns shall
8 receive forty percent of this distribution, which shall be based on
9 each city or town's total proportional population. Funds may only be
10 distributed to jurisdictions that do not prohibit the siting of any
11 state licensed marijuana producer, processor, or retailer.

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

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

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

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

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

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

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

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

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

5 (2) All counties, and cities with a population greater than
6 twenty thousand, receiving more than ten thousand dollars in
7 marijuana excise tax revenue under RCW 69.50.540, must provide the
8 joint legislative audit and review committee a report that includes
9 the information listed in subsection (1) of this section by January
10 31, 2016, and every subsequent January 31st, until January 31, 2020.

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

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

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

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

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

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

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

1 (ii) Any nonmonetary resources and labor contributed by an
2 individual member of the cooperative in which the individual is a
3 member. However, nothing in this subsection (1)(e) may be construed
4 to exempt the individual members of a cooperative from the tax
5 imposed in RCW 82.08.020 on any purchase of property or services
6 contributed to the cooperative.

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

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

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

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

21 (a) "Cooperative" means a cooperative authorized by and operating
22 in compliance with RCW 69.51A.--- (section 26, chapter . . ., Laws of
23 2015 (2SSB 5052 (S-1522/15))).

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

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

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

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

1 (1) From the effective date of this section until July 1, 2016,
2 the provisions of this chapter do not apply to the use of marijuana,
3 marijuana concentrates, useable marijuana, marijuana-infused
4 products, or products containing THC with a THC concentration of 0.3
5 percent or less, by a collective garden under RCW 69.51A.085, and the
6 qualifying patients or designated providers participating in the
7 collective garden, if such use is in compliance with chapter 69.51A
8 RCW.

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

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

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

23 (c)(i) Marijuana retailers with a medical marijuana endorsement
24 with respect to:

25 (A) Marijuana concentrates, useable marijuana, or marijuana-
26 infused products; or

27 (B) Products containing THC with a THC concentration of 0.3
28 percent or less;

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

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

1 (e) Health care professionals with respect to the use of products
2 containing THC with a THC concentration of 0.3 percent or less
3 provided at no charge by the health care professionals under RCW
4 69.51A.--- (section 35, chapter . . . , Laws of 2015 (2SSB 5052
5 (S-1522/15))). Each health care professional providing such products
6 at no charge must maintain information establishing eligibility for
7 this exemption in the form and manner required by the department.

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

13 (g) The use of:

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

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

24 (3) The definitions in section 208 of this act apply to this
25 section.

26 NEW SECTION. **Sec. 210.** The provisions of RCW 82.32.805 and
27 82.32.808(8) do not apply to the exemptions in sections 208 and 209
28 of this act.

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

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

35 (b) If the selling price is attributable to products that are
36 taxable and products that are not taxable under RCW 69.50.535, the
37 portion of the price attributable to the nontaxable products are
38 subject to the tax imposed by RCW 69.50.535 unless the seller can

1 identify by reasonable and verifiable standards the portion that is
2 not subject to tax from its books and records that are kept in the
3 regular course of business for other purposes including, but not
4 limited to, nontax purposes.

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

7 (i) "Bundled transaction" means:

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

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

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

24 (iii) "Marijuana product" means "useable marijuana," "marijuana
25 concentrates," and "marijuana-infused products" as defined in RCW
26 69.50.101.

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

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

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

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

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

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

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

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

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

21 **PART III**

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

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

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

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

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

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

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

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

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

1 concentrates, useable marijuana, or marijuana-infused products
2 thereunder (~~shall~~) must be suspended or terminated, as the case may
3 be.

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

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

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

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

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

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

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

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

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

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

31 (b) The incorporated city or town through the official or
32 employee selected by it, or the county legislative authority or the
33 official or employee selected by it, (~~shall have~~) has the right to
34 file with the state liquor (~~control~~) and cannabis board within
35 twenty days after the date of transmittal of the notice for
36 applications, or at least thirty days prior to the expiration date
37 for renewals, written objections against the applicant or against the
38 premises for which the new or renewed license is asked. The state
39 liquor (~~control~~) and cannabis board may extend the time period for
40 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 **Sec. 401.** RCW 69.50.445 and 2013 c 3 s 21 are each amended to
2 read as follows:

3 (1) It is unlawful to open a package containing marijuana,
4 useable marijuana, (~~or a~~) marijuana-infused products, or marijuana
5 concentrates, or consume marijuana, useable marijuana, (~~or a~~)
6 marijuana-infused products, or marijuana concentrates, in (~~view of~~
7 ~~the general~~) a public place.

8 (2) For the purposes of this section, "public place" has the same
9 meaning as defined in RCW 66.04.010, but the exclusions in RCW
10 66.04.011 do not apply.

11 (3) A person who violates this section is guilty of a class 3
12 civil infraction under chapter 7.80 RCW.

13 **PART V**

14 **Transportation of Marijuana Products**

15 **NEW SECTION. Sec. 501.** A new section is added to chapter 69.50
16 RCW to read as follows:

17 (1) A licensed marijuana producer, marijuana processor, marijuana
18 researcher, or marijuana retailer, or their employees, in accordance
19 with the requirements of this chapter and the administrative rules
20 adopted thereunder, may use the services of a common carrier subject
21 to regulation under chapters 81.28 and 81.29 RCW and licensed in
22 compliance with the regulations established under section 502 of this
23 act, to physically transport or deliver marijuana, useable marijuana,
24 marijuana concentrates, and marijuana-infused products within the
25 state.

26 (2) An employee of a common carrier engaged in marijuana-related
27 transportation or delivery services authorized under subsection (1)
28 of this section is prohibited from carrying or using a firearm during
29 the course of providing such services, unless:

30 (a) Pursuant to section 502 of this act, the state liquor and
31 cannabis board explicitly authorizes the carrying or use of firearms
32 by such employee while engaged in the transportation or delivery
33 services;

34 (b) The employee has an armed private security guard license
35 issued pursuant to RCW 18.170.040; and

36 (c) The employee is in full compliance with the regulations
37 established by the state liquor and cannabis board under section 502
38 of this act.

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 ~~((ff))~~ (hh) "Prescription" means an order for controlled
2 substances issued by a practitioner duly authorized by law or rule in
3 the state of Washington to prescribe controlled substances within the
4 scope of his or her professional practice for a legitimate medical
5 purpose.

6 ~~((gg))~~ (ii) "Production" includes the manufacturing, planting,
7 cultivating, growing, or harvesting of a controlled substance.

8 ~~((hh))~~ (jj) "Retail outlet" means a location licensed by the
9 state liquor ~~((control))~~ and cannabis board for the retail sale of
10 useable marijuana, marijuana concentrates, and marijuana-infused
11 products.

12 ~~((ii))~~ (kk) "Secretary" means the secretary of health or the
13 secretary's designee.

14 ~~((jj))~~ (ll) "State," unless the context otherwise requires,
15 means a state of the United States, the District of Columbia, the
16 Commonwealth of Puerto Rico, or a territory or insular possession
17 subject to the jurisdiction of the United States.

18 ~~((kk))~~ (mm) "THC concentration" means percent of delta-9
19 tetrahydrocannabinol content per dry weight of any part of the plant
20 *Cannabis*, or per volume or weight of marijuana product, or the
21 combined percent of delta-9 tetrahydrocannabinol and
22 tetrahydrocannabinolic acid in any part of the plant *Cannabis*
23 regardless of moisture content.

24 ~~((ll))~~ (nn) "Ultimate user" means an individual who lawfully
25 possesses a controlled substance for the individual's own use or for
26 the use of a member of the individual's household or for
27 administering to an animal owned by the individual or by a member of
28 the individual's household.

29 ~~((mm))~~ (oo) "Useable marijuana" means dried marijuana flowers.
30 The term "useable marijuana" does not include either marijuana-
31 infused products or marijuana concentrates.

32 **PART X**
33 **Marijuana Research License**

34 **NEW SECTION. Sec. 1001.** A new section is added to chapter 69.50
35 RCW to read as follows:

36 (1) There shall be a marijuana research license that permits a
37 licensee to produce, process, possess, and deliver marijuana for the
38 following limited research purposes:

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 not including those projects conducted pursuant to a contract entered
23 into under RCW 28B.20.502(3), must be approved by the life sciences
24 discovery fund authority and meet the requirements of subsection (1)
25 of this section.

26 (5) In establishing a marijuana research license, the state
27 liquor and cannabis board may adopt rules on the following:

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

1 (6) The production, processing, possession, delivery, donation,
2 and sale of marijuana in accordance with this section and the rules
3 adopted to implement and enforce it, by a validly licensed marijuana
4 researcher, shall not be a criminal or civil offense under Washington
5 state law. Every marijuana research license must be issued in the
6 name of the applicant, must specify the location at which the
7 marijuana researcher intends to operate, which must be within the
8 state of Washington, and the holder thereof may not allow any other
9 person to use the license.

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

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

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

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

29 (3) The University of Washington and Washington State University
30 may contract to conduct marijuana research with an entity licensed to
31 conduct such research by a federally recognized Indian tribe located
32 within the geographical boundaries of the state of Washington.

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

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

37 (1) Use public moneys in the life sciences discovery fund,
38 leveraging those moneys with amounts received from other public and

1 private sources in accordance with contribution agreements, to
2 promote life sciences research;

3 (2) Solicit and receive gifts, grants, and bequests, and enter
4 into contribution agreements with private entities and public
5 entities other than the state to receive moneys in consideration of
6 the authority's promise to leverage those moneys with amounts
7 received through appropriations from the legislature and
8 contributions from other public entities and private entities, in
9 order to use those moneys to promote life sciences research. Nonstate
10 moneys received by the authority for this purpose (~~shall~~) must be
11 deposited in the life sciences discovery fund created in RCW
12 43.350.070;

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

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

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

36 (6) Create one or more advisory boards composed of scientists,
37 industrialists, and others familiar with life sciences research;
38 (~~and~~)

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

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

6 (9) Adopt policies and procedures to facilitate the orderly
7 process of grant application, review, and reward.

8 NEW SECTION. Sec. 1004. A new section is added to chapter 42.56
9 RCW to read as follows:

10 Reports submitted by marijuana research licensees in accordance
11 with rules adopted by the state liquor and cannabis board under
12 section 1001 of this act that contain proprietary information are
13 exempt from disclosure under this chapter.

14 **PART XI**

15 **Dedicated Marijuana Account**

16 **Sec. 1101.** RCW 69.50.530 and 2013 c 3 s 26 are each amended to
17 read as follows:

18 ~~((1) There shall be a fund, known as the dedicated marijuana~~
19 ~~fund, which shall consist of all marijuana excise taxes, license~~
20 ~~fees, penalties, forfeitures, and all other moneys, income, or~~
21 ~~revenue received by the state liquor control board from marijuana-~~
22 ~~related activities. The state treasurer shall be custodian of the~~
23 ~~fund.~~

24 (2)) The dedicated marijuana account is created in the state
25 treasury. All moneys received by the state liquor ((control)) and
26 cannabis board, or any employee thereof, from marijuana-related
27 activities ((shall)) must be deposited ((each day in a depository
28 approved by the state treasurer and transferred to the state
29 treasurer to be credited to the dedicated marijuana fund.

30 ~~(3) Disbursements from the dedicated marijuana fund shall be on~~
31 ~~authorization of the state liquor control board or a duly authorized~~
32 ~~representative thereof)) in the account. Unless otherwise provided in~~
33 ~~this act, all marijuana excise taxes collected from sales of~~
34 ~~marijuana, useable marijuana, marijuana concentrates, and marijuana-~~
35 ~~infused products under RCW 69.50.535, and the license fees,~~
36 ~~penalties, and forfeitures derived under this chapter from marijuana~~
37 ~~producer, marijuana processor, marijuana researcher, and marijuana~~

1 retailer licenses, must be deposited in the account. Moneys in the
2 account may only be spent after appropriation.

3 **PART XII**

4 **Agreements between the Governor and Indian Tribes**

5 NEW SECTION. Sec. 1201. A new section is added to chapter 43.06
6 RCW to read as follows:

7 The legislature intends to further the government-to-government
8 relationship between the state of Washington and federally recognized
9 Indian tribes in the state of Washington by authorizing the governor
10 to enter into agreements concerning the regulation of marijuana. Such
11 agreements may include provisions pertaining to: The lawful
12 commercial production, processing, sale, and possession of marijuana
13 for both recreational and medical purposes; marijuana-related
14 research activities; law enforcement, both criminal and civil; and
15 taxation. The legislature finds that these agreements will facilitate
16 and promote a cooperative and mutually beneficial relationship
17 between the state and the tribes regarding matters relating to the
18 legalization of marijuana, particularly in light of the fact that
19 federal Indian law precludes the state from enforcing its civil
20 regulatory laws in Indian country. Such cooperative agreements will
21 enhance public health and safety, ensure a lawful and well-regulated
22 marijuana market, encourage economic development, and provide fiscal
23 benefits to both the tribes and the state.

24 NEW SECTION. Sec. 1202. A new section is added to chapter 43.06
25 RCW to read as follows:

26 (1) The governor may enter into agreements with federally
27 recognized Indian tribes concerning marijuana. Marijuana agreements
28 may address any marijuana-related issue that involves both state and
29 tribal interests or otherwise has an impact on tribal-state
30 relations. Such agreements may include, but are not limited to, the
31 following provisions and subject matter:

32 (a) Criminal and civil law enforcement;

33 (b) Regulatory issues related to the commercial production,
34 processing, sale, and possession of marijuana, and processed
35 marijuana products, for both recreational and medical purposes;

36 (c) Medical and pharmaceutical research involving marijuana;

37 (d) Taxation;

1 (e) Any tribal immunities or preemption of state law regarding
2 the production, processing, or marketing of marijuana; and

3 (f) Dispute resolution, including the use of mediation or other
4 nonjudicial process.

5 (2) Any marijuana agreement relating to the production,
6 processing, and sale of marijuana in Indian country, whether for
7 recreational or medical purposes, must address the following issues:

8 (a) Preservation of public health and safety;

9 (b) Ensuring the security of production, processing, retail, and
10 research facilities; and

11 (c) Cross-border commerce in marijuana.

12 (3) The governor may delegate the power to negotiate marijuana
13 agreements to the state liquor control board. In conducting such
14 negotiations, the state liquor control board must, when necessary,
15 consult with the governor and/or the department of revenue.

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

18 (a) "Indian country" has the same meaning as in RCW 82.24.010.

19 (b) "Indian tribe" or "tribe" means a federally recognized Indian
20 tribe located within the geographical boundaries of the state of
21 Washington.

22 (c) "Marijuana" means "marijuana," "marijuana concentrates,"
23 "marijuana-infused products," and "useable marijuana," as those terms
24 are defined in RCW 69.50.101.

25 NEW SECTION. **Sec. 1203.** A new section is added to chapter 69.50
26 RCW to read as follows:

27 The taxes, fees, assessments, and other charges imposed by this
28 chapter do not apply to commercial activities related to the
29 production, processing, sale, and possession of marijuana, useable
30 marijuana, marijuana concentrates, and marijuana-infused products
31 covered by an agreement entered into under section 1202 of this act.

32 NEW SECTION. **Sec. 1204.** A new section is added to chapter 82.08
33 RCW to read as follows:

34 The taxes imposed by this chapter do not apply to the retail sale
35 of marijuana, useable marijuana, marijuana concentrates, and
36 marijuana-infused products covered by an agreement entered into under
37 section 1202 of this act. "Marijuana," "useable marijuana,"

1 "marijuana concentrates," and "marijuana-infused products" have the
2 same meaning as defined in RCW 69.50.101.

3 NEW SECTION. **Sec. 1205.** A new section is added to chapter 82.12
4 RCW to read as follows:

5 The taxes imposed by this chapter do not apply to the use of
6 marijuana, useable marijuana, marijuana concentrates, and marijuana-
7 infused products covered by an agreement entered into under section
8 1202 of this act. "Marijuana," "useable marijuana," "marijuana
9 concentrates," and "marijuana-infused products" have the same meaning
10 as defined in RCW 69.50.101.

11 **Sec. 1206.** RCW 69.50.360 and 2014 c 192 s 5 are each amended to
12 read as follows:

13 The following acts, when performed by a validly licensed
14 marijuana retailer or employee of a validly licensed retail outlet in
15 compliance with rules adopted by the state liquor control board to
16 implement and enforce chapter 3, Laws of 2013, (~~shall~~) do not
17 constitute criminal or civil offenses under Washington state law:

18 (1) Purchase and receipt of marijuana concentrates, useable
19 marijuana, or marijuana-infused products that have been properly
20 packaged and labeled from a marijuana processor validly licensed
21 under chapter 3, Laws of 2013;

22 (2) Possession of quantities of marijuana concentrates, useable
23 marijuana, or marijuana-infused products that do not exceed the
24 maximum amounts established by the state liquor control board under
25 RCW 69.50.345(5); (~~and~~)

26 (3) Delivery, distribution, and sale, on the premises of the
27 retail outlet, of any combination of the following amounts of
28 marijuana concentrates, useable marijuana, or marijuana-infused
29 product to any person twenty-one years of age or older:

30 (a) One ounce of useable marijuana;

31 (b) Sixteen ounces of marijuana-infused product in solid form;

32 (c) Seventy-two ounces of marijuana-infused product in liquid
33 form; or

34 (d) Seven grams of marijuana concentrate; and

35 (4) Purchase and receipt of marijuana concentrates, useable
36 marijuana, or marijuana-infused products that have been properly
37 packaged and labeled from a federally recognized Indian tribe as

1 permitted under an agreement between the state and the tribe entered
2 into under section 1202 of this act.

3 **Sec. 1207.** RCW 69.50.363 and 2013 c 3 s 16 are each amended to
4 read as follows:

5 The following acts, when performed by a validly licensed
6 marijuana processor or employee of a validly licensed marijuana
7 processor in compliance with rules adopted by the state liquor
8 control board to implement and enforce chapter 3, Laws of 2013,
9 (~~shall~~) do not constitute criminal or civil offenses under
10 Washington state law:

11 (1) Purchase and receipt of marijuana that has been properly
12 packaged and labeled from a marijuana producer validly licensed under
13 chapter 3, Laws of 2013;

14 (2) Possession, processing, packaging, and labeling of quantities
15 of marijuana, useable marijuana, and marijuana-infused products that
16 do not exceed the maximum amounts established by the state liquor
17 control board under RCW 69.50.345(4); (~~and~~)

18 (3) Delivery, distribution, and sale of useable marijuana or
19 marijuana-infused products to a marijuana retailer validly licensed
20 under chapter 3, Laws of 2013; and

21 (4) Delivery, distribution, and sale of useable marijuana,
22 marijuana concentrates, or marijuana-infused products to a federally
23 recognized Indian tribe as permitted under an agreement between the
24 state and the tribe entered into under section 1202 of this act.

25 **Sec. 1208.** RCW 69.50.366 and 2013 c 3 s 17 are each amended to
26 read as follows:

27 The following acts, when performed by a validly licensed
28 marijuana producer or employee of a validly licensed marijuana
29 producer in compliance with rules adopted by the state liquor control
30 board to implement and enforce chapter 3, Laws of 2013, (~~shall~~) do
31 not constitute criminal or civil offenses under Washington state law:

32 (1) Production or possession of quantities of marijuana that do
33 not exceed the maximum amounts established by the state liquor
34 control board under RCW 69.50.345(3); (~~and~~)

35 (2) Delivery, distribution, and sale of marijuana to a marijuana
36 processor or another marijuana producer validly licensed under
37 chapter 3, Laws of 2013; and

1 (3) Delivery, distribution, and sale of marijuana or useable
2 marijuana to a federally recognized Indian tribe as permitted under
3 an agreement between the state and the tribe entered into under
4 section 1202 of this act.

5 **PART XIII**

6 **Preemption and Public Vote**

7 **NEW SECTION. Sec. 1301.** A new section is added to chapter 69.50
8 RCW to read as follows:

9 (1) Except as provided in subsections (2) through (6) of this
10 section, no city, town, or county may enact or enforce a moratorium
11 or prohibition on the production, processing, researching, or retail
12 sale of marijuana under this chapter.

13 (2)(a) Any registered voter of a city, town, or county may submit
14 a petition calling for the city, town, or county to prohibit the
15 siting or operation of any business or facility to be used for the
16 production, processing, researching, or retail sale of marijuana
17 under this chapter. The petition must be signed by thirty percent or
18 more of the voters of the jurisdiction and must be filed with the
19 legislative authority of the applicable city, town, or county. With
20 respect to petitions to be filed with a county under this subsection,
21 only registered voters in the unincorporated area of the county may
22 initiate and sign the petition.

23 (b) If the legislative authority determines the petition to be
24 sufficient, it must, within sixty days of determining the petition to
25 be sufficient, hold a public hearing on the petition and an
26 implementing ordinance. Following the public hearing, the legislative
27 authority of the city, town, or county must submit the question of
28 prohibiting siting or operation of any business or facility to be
29 used for the production, processing, researching, or retail sale of
30 marijuana products under this chapter to the voters of the
31 jurisdiction at a general election.

32 (c) If a majority of the voters of the city, town, or county
33 voting in the election approve the prohibition, the prohibition will
34 take effect on the date specified in the petition. If no effective
35 date is specified in the petition, the prohibition takes effect sixty
36 days after the election.

37 (3) As an alternative to the petition process established in
38 subsection (1) of this section, the legislative authority of any

1 city, town, or county may initiate an ordinance provided for in
2 subsection (1) of this section by submitting a ballot proposition at
3 a general election prohibiting the siting or operation of any
4 business or facility to be used for the production, processing,
5 researching, or retail sale of marijuana under this chapter. If a
6 majority of the voters of the county, city, or town voting in the
7 election approve the prohibition, the prohibition takes effect on the
8 date specified in the ballot proposition. If no effective date is
9 specified in the ballot proposition, the prohibition takes effect
10 sixty days after the election.

11 (4) With respect to a county enacting an ordinance under this
12 section, the ordinance may only apply to unincorporated areas of the
13 county. No voters within the boundaries of an incorporated city or
14 town may participate in a county election under this section.

15 (5) Following the passage of an ordinance under subsections (1)
16 and (2) of this section, the state liquor control board may not issue
17 or renew any license under RCW 69.50.325 or section 1001 of this act
18 for the production, processing, researching, or retail sale of
19 marijuana with respect to businesses that are either located or
20 proposed to be located within an area subject to the ordinance.

21 (6) The legislative authority of a city, town, or county may, by
22 ordinance, repeal a prohibition enacted under this section not less
23 than two years after the prohibition's effective date. After a repeal
24 under this subsection, the state liquor control board may issue and
25 renew licenses under RCW 69.50.325 or section 1001 of this act within
26 the area that had been subject to a prohibition.

27 (7) Nothing in this section may be construed to extend powers to
28 cities, towns, or counties beyond the power to prohibit the siting or
29 operation of any business or facility to be used for the production,
30 processing, researching, or retail sale of marijuana.

31 NEW SECTION. **Sec. 1302.** A new section is added to chapter 36.01
32 RCW to read as follows:

33 Notwithstanding any other provision of law, counties also have
34 the authority granted in section 1301 of this act to prohibit by
35 ordinance the siting or operation of any business or facility to be
36 used for the production, processing, researching, or retail sale of
37 marijuana under chapter 69.50 RCW.

1 NEW SECTION. **Sec. 1303.** A new section is added to chapter 35.21
2 RCW to read as follows:

3 Notwithstanding any other provision of law, cities and towns also
4 have the authority granted in section 1301 of this act to prohibit by
5 ordinance the siting or operation of any business or facility to be
6 used for the production, processing, researching, or retail sale of
7 marijuana under chapter 69.50 RCW.

8 NEW SECTION. **Sec. 1304.** A new section is added to chapter
9 35A.21 RCW to read as follows:

10 Notwithstanding any other provision of law, code cities also have
11 the authority granted in section 1301 of this act to prohibit by
12 ordinance the siting or operation of any business or facility to be
13 used for the production, processing, researching, or retail sale of
14 marijuana under chapter 69.50 RCW.

15 **PART XIV**
16 **Miscellaneous Provisions**

17 **Sec. 1401.** RCW 69.50.342 and 2013 c 3 s 9 are each amended to
18 read as follows:

19 For the purpose of carrying into effect the provisions of chapter
20 3, Laws of 2013 according to their true intent or of supplying any
21 deficiency therein, the state liquor (~~(control)~~) and cannabis board
22 may adopt rules not inconsistent with the spirit of chapter 3, Laws
23 of 2013 as are deemed necessary or advisable. Without limiting the
24 generality of the preceding sentence, the state liquor (~~(control)~~)
25 and cannabis board is empowered to adopt rules regarding the
26 following:

27 (1) The equipment and management of retail outlets and premises
28 where marijuana is produced or processed, and inspection of the
29 retail outlets and premises;

30 (2) The books and records to be created and maintained by
31 licensees, the reports to be made thereon to the state liquor
32 (~~(control)~~) and cannabis board, and inspection of the books and
33 records;

34 (3) Methods of producing, processing, and packaging marijuana,
35 useable marijuana, and marijuana-infused products; conditions of
36 sanitation; and standards of ingredients, quality, and identity of

1 marijuana, useable marijuana, and marijuana-infused products
2 produced, processed, packaged, or sold by licensees;

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

6 (5) Screening, hiring, training, and supervising employees of
7 licensees;

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

9 (7) Labeling requirements and restrictions on advertisement of
10 marijuana, useable marijuana, (~~and~~) marijuana concentrates,
11 marijuana-infused products, and cannabis health and beauty aids;

12 (8) Forms to be used for purposes of chapter 3, Laws of 2013 or
13 the rules adopted to implement and enforce it, the terms and
14 conditions to be contained in licenses issued under chapter 3, Laws
15 of 2013, and the qualifications for receiving a license issued under
16 chapter 3, Laws of 2013, including a criminal history record
17 information check. The state liquor (~~control~~) and cannabis board
18 may submit any criminal history record information check to the
19 Washington state patrol and to the identification division of the
20 federal bureau of investigation in order that these agencies may
21 search their records for prior arrests and convictions of the
22 individual or individuals who filled out the forms. The state liquor
23 (~~control~~) and cannabis board (~~shall~~) must require fingerprinting
24 of any applicant whose criminal history record information check is
25 submitted to the federal bureau of investigation;

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

30 (10) The manner of giving and serving notices required by chapter
31 3, Laws of 2013 or rules adopted to implement or enforce it;

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

35 (12) Identification, seizure, confiscation, destruction, or
36 donation to law enforcement for training purposes of all marijuana,
37 useable marijuana, and marijuana-infused products produced,
38 processed, sold, or offered for sale within this state which do not
39 conform in all respects to the standards prescribed by chapter 3,
40 Laws of 2013 or the rules adopted to implement and enforce it:

1 PROVIDED, That nothing in chapter 3, Laws of 2013 (~~shall~~) may be
2 construed as authorizing the state liquor (~~control~~) and cannabis
3 board to seize, confiscate, destroy, or donate to law enforcement
4 marijuana, useable marijuana, or marijuana-infused products produced,
5 processed, sold, offered for sale, or possessed in compliance with
6 the Washington state medical use of cannabis act, chapter 69.51A RCW.

7 NEW SECTION. **Sec. 1402.** RCW 69.50.425 (Misdemeanor violations—
8 Minimum penalties) and 2002 c 175 s 44 & 1989 c 271 s 105 are each
9 repealed.

10 **Sec. 1403.** RCW 66.08.012 and 2012 c 117 s 265 are each amended
11 to read as follows:

12 There shall be a board, known as the "Washington state liquor
13 (~~control~~) and cannabis board," consisting of three members, to be
14 appointed by the governor, with the consent of the senate, who
15 (~~shall~~) must each be paid an annual salary to be fixed by the
16 governor in accordance with the provisions of RCW 43.03.040. The
17 governor may, in his or her discretion, appoint one of the members as
18 chair of the board, and a majority of the members (~~shall~~)
19 constitutes a quorum of the board.

20 NEW SECTION. **Sec. 1404.** (1) Subject to appropriation, if, in
21 addition to any distributions required by section 206 of this act,
22 funding of at least six million dollars per fiscal year for fiscal
23 years 2016 and 2017 is not provided by June 30, 2015, in the omnibus
24 appropriations act for distribution to local governments for
25 marijuana enforcement, this section is null and void. The
26 appropriation in the omnibus appropriations act must reference this
27 section by bill and section number. Distributions to local
28 governments are based on the distribution formula in subsection (2)
29 of this section.

30 (2)(a) The distribution amount allocated to each county,
31 including the portion for eligible cities within the county, is
32 ratably based on the total amount of taxable sales of marijuana
33 products subject to the marijuana excise tax under RCW 69.50.535 in
34 the prior fiscal year within the county, including all taxable sales
35 attributable to the incorporated areas within the county.
36 Distribution amounts allocated to each county, and eligible cities

1 within the county, must be distributed in four installments by the
2 last day of each fiscal quarter as follows.

3 (b) Sixty percent must be distributed to each county, except
4 where there is no eligible city with taxable sales of marijuana
5 products in the prior fiscal year, in which case the county must
6 receive one hundred percent of the distribution amount allocated to
7 the county as determined in (a) of this subsection. A county in which
8 the producing, processing, or retailing of marijuana products is
9 prohibited in the unincorporated area of the county is not entitled
10 to a distribution and the distribution amount must be distributed
11 instead to the eligible cities within the county as provided in (c)
12 of this subsection.

13 (c) After making any distribution to counties as provided in (b)
14 of this subsection, the treasurer must distribute the remaining
15 amount to eligible cities within the counties. The share to each
16 eligible city within a county must be determined by a division among
17 the eligible cities within each county ratably based on total sales,
18 from the prior fiscal year, of all marijuana products subject to the
19 marijuana excise tax under RCW 69.50.535 within the boundaries of
20 each eligible city located within the county. "Eligible city" means
21 any city or town in which sales of marijuana products are
22 attributable to a marijuana retailer, as defined in RCW 69.50.101,
23 located within the boundaries of the city or town.

24 (d) By September 15th of each year, the state liquor and cannabis
25 board must provide the state treasurer the annual distribution
26 amount, if any, for each county and city as determined in subsection
27 (2) of this section.

28 NEW SECTION. **Sec. 1405.** (1) Subject to the contingency in
29 subsection (3) of this section, parts I through IV, VI through IX,
30 XI, and XIV of this act are necessary for the immediate preservation
31 of the public peace, health, or safety, or support of the state
32 government and its existing public institutions, and take effect July
33 1, 2015.

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

36 (3) This act takes effect on the dates provided in subsections
37 (1) and (2) of this section if Senate Bill No. 5052, or any

1 subsequent version of Senate Bill No. 5052, is enacted into law by
2 July 1, 2015.

--- END ---