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**HOUSE BILL 2263**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

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

Prefiled 12/20/19. Read first time 01/13/20. Referred to Committee on Commerce & Gaming.

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

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

9 NEW SECTION. **Sec. 1.** The legislature finds that financial  
10 barriers have limited the ability of minority and women-owned  
11 businesses to participate in entering the marijuana business  
12 marketplace and to expand their existing businesses. The legislature  
13 also finds the current marijuana marketplace would benefit from  
14 removing existing barriers to capital investments in marijuana  
15 businesses.

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

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

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.31  
9 RCW to read as follows:

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

23 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.31  
24 RCW to read as follows:

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

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

34 (3) (a) The department of commerce must adopt rules to implement  
35 this section, including the setting of interest rates and payment  
36 terms. The rules may include additional criteria for making loans as  
37 recommended by the marijuana equity advisory board created in section  
38 4 of this act.

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

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

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

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

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

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

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

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

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

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.31  
28 RCW to read as follows:

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

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

1 interested stakeholders. A representative of the department of  
2 commerce must chair the board.

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

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

9 NEW SECTION. **Sec. 5.** A new section is added to chapter 69.50  
10 RCW to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (6) This section expires June 30, 2030.

22 **Sec. 6.** RCW 69.50.331 and 2019 c 394 s 7 are each amended to  
23 read as follows:

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

34 (a) The board may cause an inspection of the premises to be made,  
35 and may inquire into all matters in connection with the construction  
36 and operation of the premises. For the purpose of reviewing any  
37 application for a license and for considering the denial, suspension,  
38 revocation, cancellation, or renewal or denial thereof, of any  
39 license, the board may consider any prior criminal arrests or

1 convictions of the applicant, any public safety administrative  
2 violation history record with the board, and a criminal history  
3 record information check. The board may submit the criminal history  
4 record information check to the Washington state patrol and to the  
5 identification division of the federal bureau of investigation in  
6 order that these agencies may search their records for prior arrests  
7 and convictions of the individual or individuals who filled out the  
8 forms. The board must require fingerprinting of any applicant whose  
9 criminal history record information check is submitted to the federal  
10 bureau of investigation. The provisions of RCW 9.95.240 and of  
11 chapter 9.96A RCW do not apply to these cases. Subject to the  
12 provisions of this section, the board may, in its discretion, grant  
13 or deny the renewal or license applied for. Denial may be based on,  
14 without limitation, the existence of chronic illegal activity  
15 documented in objections submitted pursuant to subsections (7)(c) and  
16 (10) of this section. Authority to approve an uncontested or  
17 unopposed license may be granted by the board to any staff member the  
18 board designates in writing. Conditions for granting this authority  
19 must be adopted by rule.

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

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

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

25 ~~(iii) A partnership, employee cooperative, association, nonprofit~~  
26 ~~corporation, or corporation)) business or nonprofit entity unless  
27 formed under the laws of this state(~~, and unless all of the members~~  
28 ~~thereof are qualified to obtain a license as provided in this~~  
29 ~~section)) or holding a certificate of registration under chapter  
30 23.95 RCW; or~~~~

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

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

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

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

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

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

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

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

23 (2) (a) The board may, in its discretion, subject to RCW  
24 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend  
25 or cancel any license; and all protections of the licensee from  
26 criminal or civil sanctions under state law for producing,  
27 processing, researching, or selling marijuana, marijuana  
28 concentrates, useable marijuana, or marijuana-infused products  
29 thereunder must be suspended or terminated, as the case may be.

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

38 (c) The board may request the appointment of administrative law  
39 judges under chapter 34.12 RCW who shall have power to administer  
40 oaths, issue subpoenas for the attendance of witnesses and the

1 production of papers, books, accounts, documents, and testimony,  
2 examine witnesses, receive testimony in any inquiry, investigation,  
3 hearing, or proceeding in any part of the state, and consider  
4 mitigating and aggravating circumstances in any case and deviate from  
5 any prescribed penalty, under rules the board may adopt.

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

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

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

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

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

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



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

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

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

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

36 (8) (a) Except as provided in (b) through (d) of this subsection,  
37 the board may not issue a license for any premises within one  
38 thousand feet of the perimeter of the grounds of any elementary or  
39 secondary school, playground, recreation center or facility, child  
40 care center, public park, public transit center, or library, or any

1 game arcade admission to which is not restricted to persons aged  
2 twenty-one years or older.

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

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

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

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

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

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

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

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

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

8 (11) For the purposes of this section:

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

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

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

24 **Sec. 7.** RCW 69.50.540 and 2019 c 415 s 978 are each amended to  
25 read as follows:

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

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

31 (a) One hundred twenty-five thousand dollars to the health care  
32 authority to design and administer the Washington state healthy youth  
33 survey, analyze the collected data, and produce reports, in  
34 collaboration with the office of the superintendent of public  
35 instruction, department of health, department of commerce, family  
36 policy council, and state liquor and cannabis board. The survey must  
37 be conducted at least every two years and include questions  
38 regarding, but not necessarily limited to, academic achievement, age  
39 at time of substance use initiation, antisocial behavior of friends,

1 attitudes toward antisocial behavior, attitudes toward substance use,  
2 laws and community norms regarding antisocial behavior, family  
3 conflict, family management, parental attitudes toward substance use,  
4 peer rewarding of antisocial behavior, perceived risk of substance  
5 use, and rebelliousness. Funds disbursed under this subsection may be  
6 used to expand administration of the healthy youth survey to student  
7 populations attending institutions of higher education in Washington;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (B) The Washington poison control center.

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

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

38 (ii) For each fiscal year, except for the 2017-2019 and 2019-2021  
39 fiscal biennia, the legislature must appropriate a minimum of one  
40 million twenty-one thousand dollars to the University of Washington.

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

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

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

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

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

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

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

33 (A) Thirty percent must be distributed to counties, cities, and  
34 towns where licensed marijuana retailers are physically located. Each  
35 jurisdiction must receive a share of the revenue distribution under  
36 this subsection (2)(g)(i)(A) based on the proportional share of the  
37 total revenues generated in the individual jurisdiction from the  
38 taxes collected under RCW 69.50.535, from licensed marijuana  
39 retailers physically located in each jurisdiction. For purposes of  
40 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 must 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 must receive sixty  
5 percent of the distribution, which must be disbursed based on each  
6 county's total proportional population. Funds may only be distributed  
7 to jurisdictions that do not prohibit the siting of any state  
8 licensed marijuana producer, processor, or retailer.

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

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

16 (iv) The total share of marijuana excise tax revenues distributed  
17 to counties and cities in (g)(i) of this subsection (2) may not  
18 exceed fifteen million dollars in fiscal years 2018, 2019, 2020, and  
19 2021, and twenty million dollars per fiscal year thereafter. It is  
20 the intent of the legislature that the policy for the maximum  
21 distributions in the subsequent fiscal biennia will be no more than  
22 fifteen million dollars per fiscal year.

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

26 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2020.

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