
SUBSTITUTE HOUSE BILL 1236

State of Washington

66th Legislature

2019 Regular Session

By House Commerce & Gaming (originally sponsored by Representatives Stanford, MacEwen, Vick, Blake, and Appleton)

READ FIRST TIME 02/21/19.

1 AN ACT Relating to the ability of business and nonprofit entities
2 to obtain a marijuana license; amending RCW 69.50.331, 69.50.325, and
3 69.50.342; reenacting and amending RCW 69.50.101; and adding a new
4 section to chapter 69.50 RCW.

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

6 **Sec. 1.** RCW 69.50.331 and 2017 c 317 s 2 are each amended to
7 read as follows:

8 (1) For the purpose of considering any application for a license
9 to produce, process, research, transport, or deliver marijuana,
10 useable marijuana, marijuana concentrates, or marijuana-infused
11 products subject to the regulations established under RCW 69.50.385,
12 or sell marijuana, or for the renewal of a license to produce,
13 process, research, transport, or deliver marijuana, useable
14 marijuana, marijuana concentrates, or marijuana-infused products
15 subject to the regulations established under RCW 69.50.385, or sell
16 marijuana, the ((state liquor and cannabis)) board must conduct a
17 comprehensive, fair, and impartial evaluation of the applications
18 timely received.

19 (a) The ((state liquor and cannabis)) board may cause an
20 inspection of the premises to be made, and may inquire into all
21 matters in connection with the construction and operation of the

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

25 (b) Except as provided in (c) of this subsection and in section 2
26 of this act, no license of any kind may be issued to:

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

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

31 (iii) A ((~~partnership, employee cooperative, association,~~
32 ~~nonprofit corporation, or corporation~~)) business or nonprofit entity
33 unless formed under the laws of this state((~~7~~)) and, except as
34 provided in (d) of this subsection, unless all of the ((~~members~~
35 ~~thereof~~)) interest holders are qualified to obtain a license as
36 provided in this section and have lawfully resided in the state for
37 at least six months before applying to receive a license; or

38 (iv) A person whose place of business is conducted by a manager
39 or agent, unless the manager or agent possesses the same
40 qualifications required of the licensee.

1 (c) Pursuant to section 2 of this act, a person or business or
2 nonprofit entity that does not meet the requirements of (b) of this
3 subsection may be eligible for a marijuana license in certain
4 circumstances.

5 (d) (i) For any marijuana license issued by the board, all natural
6 persons holding an ownership interest of more than ten percent of the
7 business or nonprofit entity licensed or proposed to be licensed must
8 qualify for and be named on the license. If no natural person owns
9 more than ten percent of the entity, the natural person with the
10 largest ownership interest must qualify for and be named on the
11 license. Officers and directors must possess the same qualifications
12 as the licensee. Except as otherwise provided in this subsection, any
13 natural person holding an ownership interest of ten percent or less
14 of the entity is not required to qualify for or be named on the
15 license. For licensees with labor peace agreements in effect as
16 provided in section 2 of this act, a natural person who is not
17 required to qualify for or be named on the license is not required to
18 be a resident of Washington state. For licensees without labor peace
19 agreements in effect, all natural persons who own any interest in the
20 entity must be residents of this state and natural persons who own
21 interests of more than ten percent of the entity must meet all other
22 requirements and qualifications in this section and chapter.

23 (ii) The identification of any natural person holding an
24 ownership interest of ten percent or less but more than one percent
25 of the entity, who is not otherwise required to qualify for and be
26 named on the license as provided in (d) (i) of this subsection, must
27 be disclosed to the board.

28 (2) (a) The ((~~state liquor and cannabis~~)) board may, in its
29 discretion, subject to the provisions of RCW 69.50.334, suspend or
30 cancel any license; and all protections of the licensee from criminal
31 or civil sanctions under state law for producing, processing,
32 researching, or selling marijuana, marijuana concentrates, useable
33 marijuana, or marijuana-infused products thereunder must be suspended
34 or terminated, as the case may be.

35 (b) The ((~~state liquor and cannabis~~)) board must immediately
36 suspend the license of a person who has been certified pursuant to
37 RCW 74.20A.320 by the department of social and health services as a
38 person who is not in compliance with a support order. If the person
39 has continued to meet all other requirements for reinstatement during
40 the suspension, reissuance of the license is automatic upon the

1 ((state liquor and cannabis)) board's receipt of a release issued by
2 the department of social and health services stating that the
3 licensee is in compliance with the order.

4 (c) The ((state liquor and cannabis)) board may request the
5 appointment of administrative law judges under chapter 34.12 RCW who
6 shall have power to administer oaths, issue subpoenas for the
7 attendance of witnesses and the production of papers, books,
8 accounts, documents, and testimony, examine witnesses, and to receive
9 testimony in any inquiry, investigation, hearing, or proceeding in
10 any part of the state, under rules ((and regulations)) the ((state
11 liquor and cannabis)) board may adopt.

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

17 (e) In case of disobedience of any person to comply with the
18 order of the ((state liquor and cannabis)) board or a subpoena issued
19 by the ((state liquor and cannabis)) board, or any of its members, or
20 administrative law judges, or on the refusal of a witness to testify
21 to any matter regarding which he or she may be lawfully interrogated,
22 the judge of the superior court of the county in which the person
23 resides, on application of any member of the board or administrative
24 law judge, compels obedience by contempt proceedings, as in the case
25 of disobedience of the requirements of a subpoena issued from said
26 court or a refusal to testify therein.

27 (f) In accordance with section 2 of this act, the board shall
28 suspend, cancel, or revoke the license of an establishment for which
29 the board determines there is no longer a labor peace agreement in
30 effect and for which a labor peace agreement is required under
31 section 2 of this act.

32 (3) Upon receipt of notice of the suspension or cancellation of a
33 license, the licensee must forthwith deliver up the license to the
34 ((state liquor and cannabis)) board. Where the license has been
35 suspended only, the ((state liquor and cannabis)) board must return
36 the license to the licensee at the expiration or termination of the
37 period of suspension. The ((state liquor and cannabis)) board must
38 notify all other licensees in the county where the subject licensee
39 has its premises of the suspension or cancellation of the license;
40 and no other licensee or employee of another licensee may allow or

1 cause any marijuana, marijuana concentrates, useable marijuana, or
2 marijuana-infused products to be delivered to or for any person at
3 the premises of the subject licensee.

4 (4) Every license issued under this chapter is subject to all
5 conditions and restrictions imposed by this chapter or by rules
6 adopted by the ((~~state liquor and cannabis~~)) board to implement and
7 enforce this chapter. All conditions and restrictions imposed by the
8 ((~~state liquor and cannabis~~)) board in the issuance of an individual
9 license must be listed on the face of the individual license along
10 with the trade name, address, and expiration date.

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

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

15 (7) (a) Before the ((~~state liquor and cannabis~~)) board issues a
16 new or renewed license to an applicant it must give notice of the
17 application to the chief executive officer of the incorporated city
18 or town, if the application is for a license within an incorporated
19 city or town, or to the county legislative authority, if the
20 application is for a license outside the boundaries of incorporated
21 cities or towns, or to the tribal government if the application is
22 for a license within Indian country, or to the port authority if the
23 application for a license is located on property owned by a port
24 authority.

25 (b) The incorporated city or town through the official or
26 employee selected by it, the county legislative authority or the
27 official or employee selected by it, the tribal government, or port
28 authority has the right to file with the ((~~state liquor and
29 cannabis~~)) board within twenty days after the date of transmittal of
30 the notice for applications, or at least thirty days prior to the
31 expiration date for renewals, written objections against the
32 applicant or against the premises for which the new or renewed
33 license is asked. The ((~~state liquor and cannabis~~)) board may extend
34 the time period for submitting written objections upon request from
35 the authority notified by the ((~~state liquor and cannabis~~)) board.

36 (c) The written objections must include a statement of all facts
37 upon which the objections are based, and in case written objections
38 are filed, the city or town or county legislative authority may
39 request, and the ((~~state liquor and cannabis~~)) board may in its
40 discretion hold, a hearing subject to the applicable provisions of

1 Title 34 RCW. If the ((~~state liquor and cannabis~~)) board makes an
2 initial decision to deny a license or renewal based on the written
3 objections of an incorporated city or town or county legislative
4 authority, the applicant may request a hearing subject to the
5 applicable provisions of Title 34 RCW. If a hearing is held at the
6 request of the applicant, ((~~state liquor and cannabis~~)) board
7 representatives must present and defend the ((~~state liquor and~~
8 ~~cannabis~~)) board's initial decision to deny a license or renewal.

9 (d) Upon the granting of a license under this title the ((~~state~~
10 ~~liquor and cannabis~~)) board must send written notification to the
11 chief executive officer of the incorporated city or town in which the
12 license is granted, or to the county legislative authority if the
13 license is granted outside the boundaries of incorporated cities or
14 towns.

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

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

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

37 (d) The ((~~state liquor and cannabis~~)) board may license premises
38 located in compliance with the distance requirements set in an
39 ordinance adopted under (b) or (c) of this subsection. Before issuing
40 or renewing a research license for premises within one thousand feet

1 but not less than one hundred feet of an elementary school, secondary
2 school, or playground in compliance with an ordinance passed pursuant
3 to (c) of this subsection, the board must ensure that the facility:

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

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

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

10 (e) The (~~state liquor and cannabis~~) board may not issue a
11 license for any premises within Indian country, as defined in 18
12 U.S.C. Sec. 1151, including any fee patent lands within the exterior
13 boundaries of a reservation, without the consent of the federally
14 recognized tribe associated with the reservation or Indian country.

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

19 (10) In determining whether to grant or deny a license or renewal
20 of any license, the (~~state liquor and cannabis~~) board must give
21 substantial weight to objections from an incorporated city or town or
22 county legislative authority based upon chronic illegal activity
23 associated with the applicant's operations of the premises proposed
24 to be licensed or the applicant's operation of any other licensed
25 premises, or the conduct of the applicant's patrons inside or outside
26 the licensed premises.

27 (11) Nothing in this chapter prevents an interest in a business
28 with a marijuana producer, processor, retailer, or transportation
29 license from transferring, upon the death or incapacity of the owner,
30 to an heir or assign of the owner in accordance with the uniform
31 transfers to minors act, chapter 11.114 RCW, or otherwise, even if
32 the heir or assign is under age twenty-one.

33 (12) For the purposes of this section:

34 (a) "Chronic illegal activity" means ((-a)):

35 (i) A pervasive pattern of activity that threatens the public
36 health, safety, and welfare of the city, town, or county including,
37 but not limited to, open container violations, assaults,
38 disturbances, disorderly conduct, or other criminal law violations,
39 or as documented in crime statistics, police reports, emergency
40 medical response data, calls for service, field data, or similar

1 records of a law enforcement agency for the city, town, county, or
2 any other municipal corporation or any state agency; or (~~(b)~~)

3 (ii) An unreasonably high number of citations for violations of
4 RCW 46.61.502 associated with the applicant's or licensee's operation
5 of any licensed premises as indicated by the reported statements
6 given to law enforcement upon arrest.

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

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

9 (d) "Interest holder" has the meaning provided in RCW 23.95.105.

10 NEW SECTION. Sec. 2. A new section is added to chapter 69.50
11 RCW to read as follows:

12 (1) In accordance with RCW 69.50.331, 69.50.325, and 69.50.342, a
13 licensed marijuana producer, processor, or retailer or an applicant
14 for such a license, shall submit to the board an attestation signed
15 by a bona fide labor organization stating the licensee or applicant
16 has entered into a labor peace agreement with the bona fide labor
17 organization, if the licensee or applicant:

18 (a) Is not formed under the laws of this state or not all
19 interest holders who must qualify for the license have lawfully
20 resided in the state for longer than six months before applying for
21 the license;

22 (b) Is an applicant for a marijuana retailer license who, if the
23 license is issued, would hold more than a collective total of five
24 marijuana retailer licenses but not more than a collective total of
25 seven marijuana retailer licenses as provided in RCW 69.50.325(3); or

26 (c) Is an applicant for a marijuana producer or marijuana
27 processor license who, if the license is issued, would collectively
28 hold more marijuana producer or marijuana processor licenses than any
29 limit established under board rules for marijuana producers or
30 marijuana processors without labor peace agreements in effect, as
31 provided in RCW 69.50.325 and 69.50.342(3).

32 (2) The board may issue a conditional license to an applicant who
33 has not fully complied with this section, provided that compliance
34 with this section is required for an applicant to receive final
35 license approval, and an applicant must meet all other license
36 requirements established in this chapter.

37 (3) For an applicant or licensee relying on the authorization in
38 this section:

1 (a) The submission of the attestation and the maintenance of a
2 labor peace agreement with a bona fide labor organization is an
3 ongoing material condition of the establishment's license; and

4 (b) In accordance with RCW 69.50.331, the board shall suspend,
5 cancel, or revoke the license of an establishment for which the board
6 determines there is no longer a labor peace agreement in effect.

7 (4) The board may impose additional licensing fees to recover any
8 additional costs incurred in investigating any nonresident required
9 to be investigated under this section and RCW 69.50.331. If, after
10 reasonable efforts, the board is unable to investigate any
11 nonresident required to be investigated under this section and RCW
12 69.50.331, in accordance with the investigatory standards applicable
13 to the investigation of a state resident, the board may deny a
14 license or license renewal to an entity.

15 (5) Any business entity or nonprofit entity not formed under
16 Washington state law must hold a certificate of registration under
17 chapter 23.95 RCW to be eligible for a marijuana license under this
18 section.

19 **Sec. 3.** RCW 69.50.325 and 2018 c 132 s 3 are each amended to
20 read as follows:

21 (1) (a) There shall be a marijuana producer's license regulated by
22 the (~~state liquor and cannabis~~) board and subject to annual
23 renewal. The licensee is authorized to produce: (a) Marijuana for
24 sale at wholesale to marijuana processors and other marijuana
25 producers; (b) immature plants or clones and seeds for sale to
26 cooperatives as described under RCW 69.51A.250; and (c) immature
27 plants or clones and seeds for sale to qualifying patients and
28 designated providers as provided under RCW 69.51A.310. The
29 production, possession, delivery, distribution, and sale of marijuana
30 in accordance with the provisions of this chapter and the rules
31 adopted to implement and enforce it, by a validly licensed marijuana
32 producer, shall not be a criminal or civil offense under Washington
33 state law. Every marijuana producer's license shall be issued in the
34 name of the applicant, shall specify the location at which the
35 marijuana producer intends to operate, which must be within the state
36 of Washington, and the holder thereof shall not allow any other
37 person to use the license. The application fee for a marijuana
38 producer's license shall be two hundred fifty dollars. The annual fee
39 for issuance and renewal of a marijuana producer's license shall be

1 one thousand three hundred eighty-one dollars. A separate license
2 shall be required for each location at which a marijuana producer
3 intends to produce marijuana.

4 (b) In accordance with RCW 69.50.342(3) and section 2 of this
5 act, if the board adopts rules limiting the collective number of
6 marijuana producer or marijuana processor licenses that an individual
7 marijuana producer or marijuana processor licensee and all other
8 persons or entities with a financial or other ownership interest in
9 the business operating under the license are limited, in the
10 aggregate, to holding, then the board's rules must provide an
11 exemption for individual marijuana producer or marijuana processor
12 licensees that have in effect a labor peace agreement to allow these
13 licensees to hold up to two more marijuana producer or processor
14 licenses than would otherwise be allowed under rule.

15 (2) There shall be a marijuana processor's license to process,
16 package, and label marijuana concentrates, useable marijuana, and
17 marijuana-infused products for sale at wholesale to marijuana
18 processors and marijuana retailers, regulated by the (~~state liquor~~
19 ~~and cannabis~~) board and subject to annual renewal. The processing,
20 packaging, possession, delivery, distribution, and sale of marijuana,
21 useable marijuana, marijuana-infused products, and marijuana
22 concentrates in accordance with the provisions of this chapter and
23 chapter 69.51A RCW and the rules adopted to implement and enforce
24 these chapters, by a validly licensed marijuana processor, shall not
25 be a criminal or civil offense under Washington state law. Every
26 marijuana processor's license shall be issued in the name of the
27 applicant, shall specify the location at which the licensee intends
28 to operate, which must be within the state of Washington, and the
29 holder thereof shall not allow any other person to use the license.
30 The application fee for a marijuana processor's license shall be two
31 hundred fifty dollars. The annual fee for issuance and renewal of a
32 marijuana processor's license shall be one thousand three hundred
33 eighty-one dollars. A separate license shall be required for each
34 location at which a marijuana processor intends to process marijuana.
35 Subsection (1)(b) of this section applies to marijuana processors.

36 (3)(a) There shall be a marijuana retailer's license to sell
37 marijuana concentrates, useable marijuana, and marijuana-infused
38 products at retail in retail outlets, regulated by the (~~state liquor~~
39 ~~and cannabis~~) board and subject to annual renewal. The possession,
40 delivery, distribution, and sale of marijuana concentrates, useable

1 marijuana, and marijuana-infused products in accordance with the
2 provisions of this chapter and the rules adopted to implement and
3 enforce it, by a validly licensed marijuana retailer, shall not be a
4 criminal or civil offense under Washington state law. Every marijuana
5 retailer's license shall be issued in the name of the applicant,
6 shall specify the location of the retail outlet the licensee intends
7 to operate, which must be within the state of Washington, and the
8 holder thereof shall not allow any other person to use the license.
9 The application fee for a marijuana retailer's license shall be two
10 hundred fifty dollars. The annual fee for issuance and renewal of a
11 marijuana retailer's license shall be one thousand three hundred
12 eighty-one dollars. A separate license shall be required for each
13 location at which a marijuana retailer intends to sell marijuana
14 concentrates, useable marijuana, and marijuana-infused products.

15 (b) (i) Except as provided in (b) (ii) of this subsection, an
16 individual retail licensee and all other persons or entities with a
17 financial or other ownership interest in the business operating under
18 the license are limited, in the aggregate, to holding a collective
19 total of not more than five retail marijuana licenses.

20 (ii) Not more than a collective total of seven marijuana retailer
21 licenses may be held by an individual retail licensee and all other
22 persons or entities with a financial or other ownership interest in
23 the business operating under the license, if each marijuana retailer
24 establishment is covered by a labor peace agreement as provided in
25 section 2 of this act.

26 (c) (i) A marijuana retailer's license is subject to forfeiture in
27 accordance with rules adopted by the ((state liquor and cannabis))
28 board pursuant to this section.

29 (ii) The ((state liquor and cannabis)) board shall adopt rules to
30 establish a license forfeiture process for a licensed marijuana
31 retailer that is not fully operational and open to the public within
32 a specified period from the date of license issuance, as established
33 by the ((state liquor and cannabis)) board, subject to the following
34 restrictions:

35 (A) No marijuana retailer's license may be subject to forfeiture
36 within the first nine months of license issuance; and

37 (B) The ((state liquor and cannabis)) board must require license
38 forfeiture on or before twenty-four calendar months of license
39 issuance if a marijuana retailer is not fully operational and open to
40 the public, unless the board determines that circumstances out of the

1 licensee's control are preventing the licensee from becoming fully
2 operational and that, in the board's discretion, the circumstances
3 warrant extending the forfeiture period beyond twenty-four calendar
4 months.

5 (iii) The (~~state liquor and cannabis~~) board has discretion in
6 adopting rules under this subsection (3)(c).

7 (iv) This subsection (3)(c) applies to marijuana retailer's
8 licenses issued before and after July 23, 2017. However, no license
9 of a marijuana retailer that otherwise meets the conditions for
10 license forfeiture established pursuant to this subsection (3)(c) may
11 be subject to forfeiture within the first nine calendar months of
12 July 23, 2017.

13 (v) The (~~state liquor and cannabis~~) board may not require
14 license forfeiture if the licensee has been incapable of opening a
15 fully operational retail marijuana business due to actions by the
16 city, town, or county with jurisdiction over the licensee that
17 include any of the following:

18 (A) The adoption of a ban or moratorium that prohibits the
19 opening of a retail marijuana business; or

20 (B) The adoption of an ordinance or regulation related to zoning,
21 business licensing, land use, or other regulatory measure that has
22 the effect of preventing a licensee from receiving an occupancy
23 permit from the jurisdiction or which otherwise prevents a licensed
24 marijuana retailer from becoming operational.

25 **Sec. 4.** RCW 69.50.342 and 2015 2nd sp.s. c 4 s 1601 are each
26 amended to read as follows:

27 (1) For the purpose of carrying into effect the provisions of
28 chapter 3, Laws of 2013 according to their true intent or of
29 supplying any deficiency therein, (~~the state liquor and cannabis~~)
30 and except as provided in subsection (3) of this section, the board
31 may adopt rules not inconsistent with the spirit of chapter 3, Laws
32 of 2013 as are deemed necessary or advisable. Without limiting the
33 generality of the preceding sentence, the (~~state liquor and~~
34 ~~cannabis~~) board is empowered to adopt rules regarding the following:

35 (a) The equipment and management of retail outlets and premises
36 where marijuana is produced or processed, and inspection of the
37 retail outlets and premises where marijuana is produced or processed;

1 (b) The books and records to be created and maintained by
2 licensees, the reports to be made thereon to the ((~~state liquor and~~
3 ~~cannabis~~)) board, and inspection of the books and records;

4 (c) Methods of producing, processing, and packaging marijuana,
5 useable marijuana, marijuana concentrates, and marijuana-infused
6 products; conditions of sanitation; safe handling requirements;
7 approved pesticides and pesticide testing requirements; and standards
8 of ingredients, quality, and identity of marijuana, useable
9 marijuana, marijuana concentrates, and marijuana-infused products
10 produced, processed, packaged, or sold by licensees;

11 (d) Security requirements for retail outlets and premises where
12 marijuana is produced or processed, and safety protocols for
13 licensees and their employees;

14 (e) Screening, hiring, training, and supervising employees of
15 licensees;

16 (f) Retail outlet locations and hours of operation;

17 (g) Labeling requirements and restrictions on advertisement of
18 marijuana, useable marijuana, marijuana concentrates, cannabis health
19 and beauty aids, and marijuana-infused products for sale in retail
20 outlets;

21 (h) Forms to be used for purposes of this chapter and chapter
22 69.51A RCW or the rules adopted to implement and enforce these
23 chapters, the terms and conditions to be contained in licenses issued
24 under this chapter and chapter 69.51A RCW, and the qualifications for
25 receiving a license issued under this chapter and chapter 69.51A RCW,
26 including a criminal history record information check. The ((~~state~~
27 ~~liquor and cannabis~~)) board may submit any criminal history record
28 information check to the Washington state patrol and to the
29 identification division of the federal bureau of investigation in
30 order that these agencies may search their records for prior arrests
31 and convictions of the individual or individuals who filled out the
32 forms. The ((~~state liquor and cannabis~~)) board must require
33 fingerprinting of any applicant whose criminal history record
34 information check is submitted to the federal bureau of
35 investigation;

36 (i) Application, reinstatement, and renewal fees for licenses
37 issued under this chapter and chapter 69.51A RCW, and fees for
38 anything done or permitted to be done under the rules adopted to
39 implement and enforce this chapter and chapter 69.51A RCW;

1 (j) The manner of giving and serving notices required by this
2 chapter and chapter 69.51A RCW or rules adopted to implement or
3 enforce these chapters;

4 (k) Times and periods when, and the manner, methods, and means by
5 which, licensees transport and deliver marijuana, marijuana
6 concentrates, useable marijuana, and marijuana-infused products
7 within the state; and

8 (l) Identification, seizure, confiscation, destruction, or
9 donation to law enforcement for training purposes of all marijuana,
10 marijuana concentrates, useable marijuana, and marijuana-infused
11 products produced, processed, sold, or offered for sale within this
12 state which do not conform in all respects to the standards
13 prescribed by this chapter or chapter 69.51A RCW or the rules adopted
14 to implement and enforce these chapters.

15 (2) Rules adopted on retail outlets holding medical marijuana
16 endorsements must be adopted in coordination and consultation with
17 the department.

18 (3) (a) No rule may:

19 (i) Limit the number of marijuana retailer licenses that an
20 individual retail licensee and other persons or entities with a
21 financial or other ownership interest in the business operating under
22 the license may hold in the aggregate, in a manner contrary to RCW
23 69.50.325(3);

24 (ii) Limit the number of marijuana producer or marijuana
25 processor licenses that an individual marijuana producer or marijuana
26 processor licensee and other persons or entities with a financial or
27 other ownership interest in the business operating under the license
28 may hold in the aggregate, in a manner contrary to RCW 69.50.325 (1)
29 and (2); or

30 (iii) Require a person or interest holder to be a resident of
31 this state or require a business or nonprofit entity to be formed
32 under the laws of this state for the person or entity to qualify for
33 a marijuana producer, marijuana processor, or marijuana retailer
34 license, if the person or entity has in effect a labor peace
35 agreement covering each licensed establishment as provided in section
36 2 of this act.

37 (b) This subsection (3) does not limit the application of RCW
38 69.50.345(2).

1 **Sec. 5.** RCW 69.50.101 and 2018 c 132 s 2 are each reenacted and
2 amended to read as follows:

3 The definitions in this section apply throughout this chapter
4 unless the context clearly requires otherwise.

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

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

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

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

16 (c) "CBD concentration" has the meaning provided in RCW
17 69.51A.010.

18 (d) "CBD product" means any product containing or consisting of
19 cannabidiol.

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

21 (f) "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, but does not include
24 industrial hemp as defined in RCW 15.120.010.

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

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

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

38 (2) The term does not include:

39 (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, or
6 chapter 69.77 RCW to the extent conduct with respect to the substance
7 is pursuant to the 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 (h) "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 (i) "Department" means the department of health.

15 (j) "Designated provider" has the meaning provided in RCW
16 69.51A.010.

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

22 (l) "Dispenser" means a practitioner who dispenses.

23 (m) "Distribute" means to deliver other than by administering or
24 dispensing a controlled substance.

25 (n) "Distributor" means a person who distributes.

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

37 (p) "Drug enforcement administration" means the drug enforcement
38 administration in the United States Department of Justice, or its
39 successor agency.

1 (q) "Electronic communication of prescription information" means
2 the transmission of a prescription or refill authorization for a drug
3 of a practitioner using computer systems. The term does not include a
4 prescription or refill authorization verbally transmitted by
5 telephone nor a facsimile manually signed by the practitioner.

6 (r) "Immature plant or clone" means a plant or clone that has no
7 flowers, is less than twelve inches in height, and is less than
8 twelve inches in diameter.

9 (s) "Immediate precursor" means a substance:

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

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

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

17 (t) "Isomer" means an optical isomer, but in subsection (ff)(5)
18 of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b)(4),
19 the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and
20 (42), and 69.50.210(c) the term includes any positional isomer; and
21 in RCW 69.50.204(a)(35), 69.50.204(c), and 69.50.208(a) the term
22 includes any positional or geometric isomer.

23 (u) "Lot" means a definite quantity of marijuana, marijuana
24 concentrates, useable marijuana, or marijuana-infused product
25 identified by a lot number, every portion or package of which is
26 uniform within recognized tolerances for the factors that appear in
27 the labeling.

28 (v) "Lot number" must identify the licensee by business or trade
29 name and Washington state unified business identifier number, and the
30 date of harvest or processing for each lot of marijuana, marijuana
31 concentrates, useable marijuana, or marijuana-infused product.

32 (w) "Manufacture" means the production, preparation, propagation,
33 compounding, conversion, or processing of a controlled substance,
34 either directly or indirectly or by extraction from substances of
35 natural origin, or independently by means of chemical synthesis, or
36 by a combination of extraction and chemical synthesis, and includes
37 any packaging or repackaging of the substance or labeling or
38 relabeling of its container. The term does not include the
39 preparation, compounding, packaging, repackaging, labeling, or
40 relabeling of a controlled substance:

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

4 (2) by a practitioner, or by the practitioner's authorized agent
5 under the practitioner's supervision, for the purpose of, or as an
6 incident to, research, teaching, or chemical analysis and not for
7 sale.

8 (x) "Marijuana" or "marihuana" means all parts of the plant
9 *Cannabis*, whether growing or not, with a THC concentration greater
10 than 0.3 percent on a dry weight basis; the seeds thereof; the resin
11 extracted from any part of the plant; and every compound,
12 manufacture, salt, derivative, mixture, or preparation of the plant,
13 its seeds or resin. The term does not include:

14 (1) The mature stalks of the plant, fiber produced from the
15 stalks, oil or cake made from the seeds of the plant, any other
16 compound, manufacture, salt, derivative, mixture, or preparation of
17 the mature stalks (except the resin extracted therefrom), fiber, oil,
18 or cake, or the sterilized seed of the plant which is incapable of
19 germination; or

20 (2) Industrial hemp as defined in RCW 15.120.010.

21 (y) "Marijuana concentrates" means products consisting wholly or
22 in part of the resin extracted from any part of the plant *Cannabis*
23 and having a THC concentration greater than ten percent.

24 (z) "Marijuana processor" means a person licensed by the (~~state~~
25 ~~liquor and cannabis~~) board to process marijuana into marijuana
26 concentrates, useable marijuana, and marijuana-infused products,
27 package and label marijuana concentrates, useable marijuana, and
28 marijuana-infused products for sale in retail outlets, and sell
29 marijuana concentrates, useable marijuana, and marijuana-infused
30 products at wholesale to marijuana retailers.

31 (aa) "Marijuana producer" means a person licensed by the (~~state~~
32 ~~liquor and cannabis~~) board to produce and sell marijuana at
33 wholesale to marijuana processors and other marijuana producers.

34 (bb) "Marijuana products" means useable marijuana, marijuana
35 concentrates, and marijuana-infused products as defined in this
36 section.

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

4 (ee) "Marijuana-infused products" means products that contain
5 marijuana or marijuana extracts, are intended for human use, are
6 derived from marijuana as defined in subsection (x) of this section,
7 and have a THC concentration no greater than ten percent. The term
8 "marijuana-infused products" does not include either useable
9 marijuana or marijuana concentrates.

10 (ff) "Narcotic drug" means any of the following, whether produced
11 directly or indirectly by extraction from substances of vegetable
12 origin, or independently by means of chemical synthesis, or by a
13 combination of extraction and chemical synthesis:

14 (1) Opium, opium derivative, and any derivative of opium or opium
15 derivative, including their salts, isomers, and salts of isomers,
16 whenever the existence of the salts, isomers, and salts of isomers is
17 possible within the specific chemical designation. The term does not
18 include the isoquinoline alkaloids of opium.

19 (2) Synthetic opiate and any derivative of synthetic opiate,
20 including their isomers, esters, ethers, salts, and salts of isomers,
21 esters, and ethers, whenever the existence of the isomers, esters,
22 ethers, and salts is possible within the specific chemical
23 designation.

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

25 (4) Coca leaves, except coca leaves and extracts of coca leaves
26 from which cocaine, ecgonine, and derivatives or ecgonine or their
27 salts have been removed.

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

29 (6) Cocaine base.

30 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer
31 thereof.

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

34 (gg) "Opiate" means any substance having an addiction-forming or
35 addiction-sustaining liability similar to morphine or being capable
36 of conversion into a drug having addiction-forming or addiction-
37 sustaining liability. The term includes opium, substances derived
38 from opium (opium derivatives), and synthetic opiates. The term does
39 not include, unless specifically designated as controlled under RCW
40 69.50.201, the dextrorotatory isomer of 3-methoxy-n-methylmorphinan

1 and its salts (dextromethorphan). The term includes the racemic and
2 levorotatory forms of dextromethorphan.

3 (hh) "Opium poppy" means the plant of the species *Papaver*
4 *somniferum* L., except its seeds.

5 (ii) "Person" means individual, corporation, business trust,
6 estate, trust, partnership, association, joint venture, government,
7 governmental subdivision or agency, or any other legal or commercial
8 entity.

9 (jj) "Plant" has the meaning provided in RCW 69.51A.010.

10 (kk) "Poppy straw" means all parts, except the seeds, of the
11 opium poppy, after mowing.

12 (ll) "Practitioner" means:

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

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

35 (3) A physician licensed to practice medicine and surgery, a
36 physician licensed to practice osteopathic medicine and surgery, a
37 dentist licensed to practice dentistry, a podiatric physician and
38 surgeon licensed to practice podiatric medicine and surgery, a
39 licensed physician assistant or a licensed osteopathic physician
40 assistant specifically approved to prescribe controlled substances by

1 his or her state's medical quality assurance commission or equivalent
2 and his or her supervising physician, an advanced registered nurse
3 practitioner licensed to prescribe controlled substances, or a
4 veterinarian licensed to practice veterinary medicine in any state of
5 the United States.

6 (mm) "Prescription" means an order for controlled substances
7 issued by a practitioner duly authorized by law or rule in the state
8 of Washington to prescribe controlled substances within the scope of
9 his or her professional practice for a legitimate medical purpose.

10 (nn) "Production" includes the manufacturing, planting,
11 cultivating, growing, or harvesting of a controlled substance.

12 (oo) "Qualifying patient" has the meaning provided in RCW
13 69.51A.010.

14 (pp) "Recognition card" has the meaning provided in RCW
15 69.51A.010.

16 (qq) "Retail outlet" means a location licensed by the ((state
17 ~~liquor and cannabis~~)) board for the retail sale of marijuana
18 concentrates, useable marijuana, and marijuana-infused products.

19 (rr) "Secretary" means the secretary of health or the secretary's
20 designee.

21 (ss) "State," unless the context otherwise requires, means a
22 state of the United States, the District of Columbia, the
23 Commonwealth of Puerto Rico, or a territory or insular possession
24 subject to the jurisdiction of the United States.

25 (tt) "THC concentration" means percent of delta-9
26 tetrahydrocannabinol content per dry weight of any part of the plant
27 *Cannabis*, or per volume or weight of marijuana product, or the
28 combined percent of delta-9 tetrahydrocannabinol and
29 tetrahydrocannabinolic acid in any part of the plant *Cannabis*
30 regardless of moisture content.

31 (uu) "Ultimate user" means an individual who lawfully possesses a
32 controlled substance for the individual's own use or for the use of a
33 member of the individual's household or for administering to an
34 animal owned by the individual or by a member of the individual's
35 household.

36 (vv) "Useable marijuana" means dried marijuana flowers. The term
37 "useable marijuana" does not include either marijuana-infused
38 products or marijuana concentrates.

39 (ww) "Board" means the Washington state liquor and cannabis
40 board.

1 (xx) "Labor peace agreement" means an agreement between an
2 employer and a bona fide labor organization in which the employer
3 agrees to remain neutral or otherwise agrees to work with or provide
4 information to the bona fide labor organization for the purpose of
5 unionizing employees.

6 NEW SECTION. **Sec. 6.** If any provision of this act or its
7 application to any person or circumstance is held invalid, the
8 remainder of the act or the application of the provision to other
9 persons or circumstances is not affected.

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