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HOUSE BILL 1236

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State of Washington

66th Legislature

2019 Regular Session

By Representatives Stanford, MacEwen, Vick, Blake, and Appleton

Read first time 01/17/19. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to the ability of business and nonprofit entities  
2 to obtain a marijuana license; and amending RCW 69.50.331.

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

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

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

17 (a) The state liquor and cannabis board may cause an inspection  
18 of the premises to be made, and may inquire into all matters in  
19 connection with the construction and operation of the premises. For  
20 the purpose of reviewing any application for a license and for  
21 considering the denial, suspension, revocation, or renewal or denial

1 thereof, of any license, the state liquor and cannabis board may  
2 consider any prior criminal conduct of the applicant including an  
3 administrative violation history record with the state liquor and  
4 cannabis board and a criminal history record information check. The  
5 state liquor and cannabis board may submit the criminal history  
6 record 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 and cannabis board must require  
11 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 do not apply to these cases. Subject to the provisions of this  
15 section, the state liquor and cannabis board may, in its discretion,  
16 grant or deny the renewal or license applied for. Denial may be based  
17 on, without limitation, the existence of chronic illegal activity  
18 documented in objections submitted pursuant to subsections (7)(c) and  
19 (10) of this section. Authority to approve an uncontested or  
20 unopposed license may be granted by the state liquor and cannabis  
21 board to any staff member the board designates in writing. Conditions  
22 for granting this authority must be adopted by rule.

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

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

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

28 ~~(iii) A partnership, employee cooperative, association, nonprofit~~  
29 ~~corporation, or corporation)) business or nonprofit entity unless  
30 formed under the laws of this state(~~(, and unless all of the members~~  
31 ~~thereof are qualified to obtain a license as provided in this~~  
32 ~~section)) or holding a certificate of registration under chapter  
33 23.95 RCW; or~~~~

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

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

1 (i) Any natural person holding an ownership interest of more than  
2 ten percent of the entity must qualify for and be named on the  
3 license;

4 (ii) Except as provided in (c)(iii) of this subsection, any  
5 natural person holding an ownership interest of ten percent or less  
6 of the entity is not required to qualify for or be named on the  
7 license;

8 (iii) If no natural person owns more than ten percent of the  
9 entity, the natural person with the largest ownership interest must  
10 qualify for and be named on the license; and

11 (iv) Officers and directors of the entity must possess the same  
12 qualifications required of the licensee.

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

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

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

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

1 attendance of witnesses and the production of papers, books,  
2 accounts, documents, and testimony, examine witnesses, and to receive  
3 testimony in any inquiry, investigation, hearing, or proceeding in  
4 any part of the state, under rules and regulations the state liquor  
5 and cannabis 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 state liquor and cannabis board or a subpoena issued by  
13 the state liquor and cannabis board, or any of its members, or  
14 administrative law judges, or on the refusal of a witness to testify  
15 to any matter regarding which he or she may be lawfully interrogated,  
16 the judge of the superior court of the county in which the person  
17 resides, on application of any member of the board or administrative  
18 law judge, compels obedience by contempt proceedings, as in the case  
19 of disobedience of the requirements of a subpoena issued from said  
20 court or a refusal to testify therein.

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

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

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

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

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

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

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

39 (d) Upon the granting of a license under this title the state  
40 liquor and cannabis board must send written notification to the chief

1 executive officer of the incorporated city or town in which the  
2 license is granted, or to the county legislative authority if the  
3 license is granted outside the boundaries of incorporated cities or  
4 towns.

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

12 (b) A city, county, or town may permit the licensing of premises  
13 within one thousand feet but not less than one hundred feet of the  
14 facilities described in (a) of this subsection, except elementary  
15 schools, secondary schools, and playgrounds, by enacting an ordinance  
16 authorizing such distance reduction, provided that such distance  
17 reduction will not negatively impact the jurisdiction's civil  
18 regulatory enforcement, criminal law enforcement interests, public  
19 safety, or public health.

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

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

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

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

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

1 (e) The state liquor and cannabis board may not issue a license  
2 for any premises within Indian country, as defined in 18 U.S.C. Sec.  
3 1151, including any fee patent lands within the exterior boundaries  
4 of a reservation, without the consent of the federally recognized  
5 tribe associated with the reservation or Indian country.

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

10 (10) In determining whether to grant or deny a license or renewal  
11 of any license, the state liquor and cannabis board must give  
12 substantial weight to objections from an incorporated city or town or  
13 county legislative authority based upon chronic illegal activity  
14 associated with the applicant's operations of the premises proposed  
15 to be licensed or the applicant's operation of any other licensed  
16 premises, or the conduct of the applicant's patrons inside or outside  
17 the licensed premises.

18 (11) For the purposes of this section:

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

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

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

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