
HOUSE BILL 2361

State of Washington

66th Legislature

2020 Regular Session

By Representatives Peterson and Appleton

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1 AN ACT Relating to cannabis industry workplace standards;
2 amending RCW 69.50.325; and adding a new section to chapter 69.50
3 RCW.

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

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

7 (1) Except as provided in subsection (2) of this section, to
8 renew a marijuana producer, processor, retailer, or transportation
9 license, the licensee must demonstrate the licensee has in place
10 business practices, employee benefits, or policies sufficient to earn
11 at least one hundred points as provided in this section. Each of the
12 following business practices, employee benefits, or policies
13 identified in (a) through (i) of this subsection and adopted by a
14 licensee or offered by a licensee to employees is worth the following
15 amounts of points, and may be combined by a licensee to earn at least
16 one hundred points:

17 (a) Providing at least eighty-five percent of full-time and part-
18 time employees with a living wage is twenty points. A living wage is
19 at least one hundred fifty percent of the state minimum wage.
20 Commissions and bonuses constitute wages and are counted as wages in

1 the work week in which they are earned. Wages do not include an
2 employer payment toward a health benefits plan;

3 (b) Establishing and administering a workplace health and safety
4 plan is twenty points. The plan must include monthly meetings between
5 management and employees where employees may report health and safety
6 issues;

7 (c) Offering at least eighty-five percent of full-time and part-
8 time hourly employees health care coverage under a health benefits
9 plan is twenty points;

10 (d) Offering at least eighty-five percent of full-time and part-
11 time hourly employees employer-provided retirement benefits is twenty
12 points;

13 (e) Establishing and administering a code of conduct that
14 includes a sexual harassment prevention policy and an anti-
15 retaliation policy is twenty points;

16 (f) Establishing and administering a community engagement
17 program, is twenty points;

18 (g) Participating in a social equity program, is twenty points.
19 For a licensee relying on this subsection for twenty points, the
20 licensee must include with the renewal application a narrative of two
21 thousand five hundred words or less that establishes a goal of
22 diversity in ownership, management, employment, and contracting that
23 ensures diverse participants have equity of opportunity in the
24 industry;

25 (h) Having in effect a labor peace agreement is forty points; and

26 (i) Having in effect a collective bargaining agreement covering
27 the licensee's employees is sixty points.

28 (2)(a) If the board determines that a licensee otherwise meets
29 the requirements for license renewal established in this chapter but
30 that the licensee has not earned at least one hundred points as
31 required by subsection (1) of this section, then the board shall
32 approve the renewal of the license on the condition that the licensee
33 has six months to comply with this section and earn at least one
34 hundred points as provided in this section.

35 (b) After the expiration of six months from the date a licensee
36 is notified the licensee has not earned one hundred points as
37 required under this section, the board may suspend or revoke the
38 license if the board determines the licensee still does not have in
39 place business practices, employee benefits, or policies sufficient
40 to earn at least one hundred points as provided in this section.

1 (3) The board:

2 (a) May adopt rules to administer this section; and

3 (b) Has discretion in determining the manner in which licensees
4 demonstrate meeting the requirements of this section and whether an
5 individual licensee demonstrates the licensee does or does not have
6 any of the specific business practices, employee benefits, or
7 policies identified in subsection (1) of this section to have a
8 combination of at least one hundred total points and qualify for
9 license renewal.

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

12 (a) "Actuarial value" means the percentage of total average costs
13 for covered benefits that a health benefits package will cover.

14 (b) "Bonuses" means nondiscretionary payments in addition to
15 hourly, salary, commission, or piece-rate payments paid under an
16 agreement between an employer and an employee.

17 (c) "Commissions" means a sum of money paid to an employee upon
18 completion of a task.

19 (d) "Community engagement program" means an established set of
20 policies or practices regarding how a licensee will engage,
21 communicate, and collaborate with neighboring businesses, residents,
22 local governments, and persons in the community. A program must
23 include a process where persons may communicate public safety or
24 other concerns regarding the operation of the licensee's business to
25 the licensee in a manner enabling the licensee to, when possible,
26 resolve or mitigate any concerns. A program may include, as an
27 additional component, the creation of or participation in an
28 incubator program designed to increase participation in the marijuana
29 industry by persons of color, women, veterans, persons with
30 disabilities, and other persons.

31 (e) "Health benefits plan" means a silver or higher level
32 essential health benefits package, as defined in 42 U.S.C. Sec.
33 18022, or an equivalent plan designed to provide benefits that are
34 actuarially equivalent to seventy percent of the full actuarial value
35 of the benefits provided under the plan, whichever is greater.

36 (f) "Labor peace agreement" means an agreement between the
37 employer and a bona fide labor organization in which the employer
38 agrees to remain neutral or otherwise agrees to work with or provide
39 information to the bona fide labor organization for the purpose of
40 unionizing employees.

1 (g) "Social equity program" means a program created by the
2 licensee, a state agency, local government, industry group, or other
3 entity, intending to address the disproportionate impact that the
4 historical criminalization of marijuana had on persons and
5 communities of color by providing opportunities for ownership,
6 employment, and advancement in the marijuana industry to such persons
7 and communities. A social equity program may also encourage
8 participation on the marijuana industry by persons of color, women,
9 veterans, and persons with disabilities.

10 **Sec. 2.** RCW 69.50.325 and 2018 c 132 s 3 are each amended to
11 read as follows:

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

35 (2) There shall be a marijuana processor's license to process,
36 package, and label marijuana concentrates, useable marijuana, and
37 marijuana-infused products for sale at wholesale to marijuana
38 processors and marijuana retailers, regulated by the (~~state liquor~~
39 ~~and cannabis~~) board and subject to annual renewal. The processing,

1 packaging, possession, delivery, distribution, and sale of marijuana,
2 useable marijuana, marijuana-infused products, and marijuana
3 concentrates in accordance with the provisions of this chapter and
4 chapter 69.51A RCW and the rules adopted to implement and enforce
5 these chapters, by a validly licensed marijuana processor, shall not
6 be a criminal or civil offense under Washington state law. Every
7 marijuana processor's license shall be issued in the name of the
8 applicant, shall specify the location at which the licensee intends
9 to operate, which must be within the state of Washington, and the
10 holder thereof shall not allow any other person to use the license.
11 The application fee for a marijuana processor's license shall be two
12 hundred fifty dollars. The annual fee for issuance and renewal of a
13 marijuana processor's license shall be one thousand three hundred
14 eighty-one dollars. A separate license shall be required for each
15 location at which a marijuana processor intends to process marijuana.
16 Renewal of a marijuana processor's license is subject to section 1 of
17 this act.

18 (3) (a) There shall be a marijuana retailer's license to sell
19 marijuana concentrates, useable marijuana, and marijuana-infused
20 products at retail in retail outlets, regulated by the (~~state liquor~~
21 ~~and cannabis~~) board and subject to annual renewal. The possession,
22 delivery, distribution, and sale of marijuana concentrates, useable
23 marijuana, and marijuana-infused products in accordance with the
24 provisions of this chapter and the rules adopted to implement and
25 enforce it, by a validly licensed marijuana retailer, shall not be a
26 criminal or civil offense under Washington state law. Every marijuana
27 retailer's license shall be issued in the name of the applicant,
28 shall specify the location of the retail outlet the licensee intends
29 to operate, which must be within the state of Washington, and the
30 holder thereof shall not allow any other person to use the license.
31 The application fee for a marijuana retailer's license shall be two
32 hundred fifty dollars. The annual fee for issuance and renewal of a
33 marijuana retailer's license shall be one thousand three hundred
34 eighty-one dollars. A separate license shall be required for each
35 location at which a marijuana retailer intends to sell marijuana
36 concentrates, useable marijuana, and marijuana-infused products.
37 Renewal of a marijuana retailer license is subject to section 1 of
38 this act.

39 (b) An individual retail licensee and all other persons or
40 entities with a financial or other ownership interest in the business

1 operating under the license are limited, in the aggregate, to holding
2 a collective total of not more than five retail marijuana licenses.

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

6 (ii) The (~~state liquor and cannabis~~) board shall adopt rules to
7 establish a license forfeiture process for a licensed marijuana
8 retailer that is not fully operational and open to the public within
9 a specified period from the date of license issuance, as established
10 by the (~~state liquor and cannabis~~) board, subject to the following
11 restrictions:

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

14 (B) The (~~state liquor and cannabis~~) board must require license
15 forfeiture on or before twenty-four calendar months of license
16 issuance if a marijuana retailer is not fully operational and open to
17 the public, unless the board determines that circumstances out of the
18 licensee's control are preventing the licensee from becoming fully
19 operational and that, in the board's discretion, the circumstances
20 warrant extending the forfeiture period beyond twenty-four calendar
21 months.

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

24 (iv) This subsection (3) (c) applies to marijuana retailer's
25 licenses issued before and after July 23, 2017. However, no license
26 of a marijuana retailer that otherwise meets the conditions for
27 license forfeiture established pursuant to this subsection (3) (c) may
28 be subject to forfeiture within the first nine calendar months of
29 July 23, 2017.

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

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

37 (B) The adoption of an ordinance or regulation related to zoning,
38 business licensing, land use, or other regulatory measure that has
39 the effect of preventing a licensee from receiving an occupancy

1 permit from the jurisdiction or which otherwise prevents a licensed
2 marijuana retailer from becoming operational.

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