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**SENATE BILL 6661**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Senators Takko and King

1 AN ACT Relating to transferring the authority from the liquor and  
2 cannabis board to the legislature regarding the issuance and  
3 forfeiture of marijuana retailer, marijuana producer, and marijuana  
4 processor licenses; amending RCW 69.50.325, 69.50.345, 69.50.354, and  
5 19.85.020; reenacting and amending RCW 69.50.345; creating a new  
6 section; providing an effective date; and providing an expiration  
7 date.

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

9 NEW SECTION. **Sec. 1.** The legislature finds that the regulated  
10 marijuana industry has been subject to significant volatility  
11 resulting from not only the newness of the industry, but also by  
12 frequent revisions to the laws and rules that govern the industry.  
13 The legislature also finds:

14 (1) The regulated marijuana industry would benefit from state  
15 agencies assessing the economic impact that new policies would have  
16 on the marijuana industry;

17 (2) Marijuana businesses bear a disproportionate share of  
18 regulatory costs and burdens compared to other industries;

19 (3) Fundamental changes in the regulatory and enforcement culture  
20 of the liquor and cannabis board can make it more responsive to small  
21 business without compromising the statutory missions of the agency;

1 (4) When adopting rules to protect the health, safety, and  
2 economic welfare of Washington, the liquor and cannabis board should  
3 seek to achieve statutory goals as effectively and efficiently as  
4 possible without imposing unnecessary burdens on marijuana  
5 businesses;

6 (5) Burdensome regulatory and reporting requirements that do not  
7 directly further legislative policies can impose unnecessary and  
8 disproportionately onerous demands including legal, accounting, and  
9 consulting costs upon marijuana businesses with limited resources;

10 (6) The failure to recognize differences in the scale and  
11 resources of highly regulated industries can adversely affect  
12 competition in the marketplace, discourage innovation, and restrict  
13 improvements in productivity;

14 (7) Unnecessary regulations create entry barriers in the  
15 marijuana industry and discourage potential entrepreneurs from  
16 introducing beneficial products and processes;

17 (8) The practice of treating all marijuana businesses differently  
18 to other regulated industries leads to inefficient use of regulatory  
19 agency resources, enforcement problems, and, in some cases, to  
20 actions inconsistent with the legislative intent of health, safety,  
21 environmental, and economic welfare legislation;

22 (9) Alternative regulatory approaches that do not conflict with  
23 the state objective of applicable statutes may be available to  
24 minimize the significant economic impact of rules on small  
25 businesses; and

26 (10) The process by which state rules are developed and adopted  
27 should require the liquor and cannabis board to solicit the ideas and  
28 comments of small businesses, to examine the impact of proposed and  
29 existing rules on such businesses, and to review the continued need  
30 for existing rules.

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

33 (1) There shall be a marijuana producer's license regulated by  
34 the (~~state liquor and cannabis~~) board and subject to annual  
35 renewal. The licensee is authorized to produce: (a) Marijuana for  
36 sale at wholesale to marijuana processors and other marijuana  
37 producers; (b) immature plants or clones and seeds for sale to  
38 cooperatives as described under RCW 69.51A.250; and (c) immature  
39 plants or clones and seeds for sale to qualifying patients and

1 designated providers as provided under RCW 69.51A.310. The  
2 production, possession, delivery, distribution, and sale of marijuana  
3 in accordance with the provisions of this chapter and the rules  
4 adopted to implement and enforce it, by a validly licensed marijuana  
5 producer, shall not be a criminal or civil offense under Washington  
6 state law. Every marijuana producer's license shall be issued in the  
7 name of the applicant, shall specify the location at which the  
8 marijuana producer intends to operate, which must be within the state  
9 of Washington, and the holder thereof shall not allow any other  
10 person to use the license. The application fee for a marijuana  
11 producer's license shall be two hundred fifty dollars. The annual fee  
12 for issuance and renewal of a marijuana producer's license shall be  
13 one thousand three hundred eighty-one dollars. A separate license  
14 shall be required for each location at which a marijuana producer  
15 intends to produce marijuana.

16 (2) There shall be a marijuana processor's license to process,  
17 package, and label marijuana concentrates, useable marijuana, and  
18 marijuana-infused products for sale at wholesale to marijuana  
19 processors and marijuana retailers, regulated by the (~~state liquor~~  
20 ~~and cannabis~~) board and subject to annual renewal. The processing,  
21 packaging, possession, delivery, distribution, and sale of marijuana,  
22 useable marijuana, marijuana-infused products, and marijuana  
23 concentrates in accordance with the provisions of this chapter and  
24 chapter 69.51A RCW and the rules adopted to implement and enforce  
25 these chapters, by a validly licensed marijuana processor, shall not  
26 be a criminal or civil offense under Washington state law. Every  
27 marijuana processor's license shall be issued in the name of the  
28 applicant, shall specify the location at which 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 processor's license shall be two  
32 hundred fifty dollars. The annual fee for issuance and renewal of a  
33 marijuana processor'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 processor intends to process marijuana.

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))~~ (4)(a) An individual retail licensee and all other  
16 persons or entities with ~~((a financial or other))~~ an ownership  
17 interest in or control over the business operating under the license  
18 are limited, in the aggregate, to holding a collective total of not  
19 more than ~~((five))~~ seven retail marijuana licenses.

20 (b) An individual producer or processor licensee and all other  
21 persons or entities with an ownership interest in or control over the  
22 business operating under the license are limited, in the aggregate,  
23 to holding a collective total of not more than five marijuana  
24 producer licenses and five marijuana processor licenses.

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

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

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

36 ~~(B) The state liquor and cannabis board must require license~~  
37 ~~forfeiture on or before twenty-four calendar months of license~~  
38 ~~issuance if a marijuana retailer is not fully operational and open to~~  
39 ~~the public)) if the marijuana retailer is not fully operational and~~  
40 ~~open to the public as of the effective date of this section, unless~~

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

14 (ii) A marijuana producer or marijuana processor's license is  
15 subject to forfeiture if the marijuana producer or marijuana  
16 processor is not operational, unless the board determines that  
17 circumstances out of the licensee's control are preventing the  
18 licensee from becoming operational and that, in the board's  
19 discretion, the circumstances warrant extending the forfeiture  
20 period. For the purposes of this subsection, a marijuana producer  
21 licensee or marijuana processor licensee is considered to not be  
22 operational if:

23 (A) By June 11, 2021, the licensee has not engaged in: At least  
24 one lawful and documented marijuana transaction; and transactions  
25 totaling no less than ten thousand dollars at current market value;  
26 and

27 (B) During any license year, the licensee fails to engage in: At  
28 least one lawful and documented marijuana transaction; and  
29 transactions totaling no less than ten thousand dollars at current  
30 market value.

31 (iii) Except for marijuana producer, marijuana processor, or  
32 marijuana retailer licenses issued as part of a social equity program  
33 authorized by the legislature, forfeited marijuana licenses may not  
34 be reissued to new applicants.

35 (iv) The board may not require ((license)) forfeiture of a  
36 marijuana producer, marijuana processor, or marijuana retailer  
37 license if the licensee has been incapable of opening a fully  
38 operational ((retail marijuana)) business due to actions by the city,  
39 town, or county with jurisdiction over the licensee that include any  
40 of the following:

1 (A) The adoption of a ban or moratorium that prohibits the  
2 opening of a (~~retail~~) marijuana business; or

3 (B) The adoption of an ordinance or regulation related to zoning,  
4 business licensing, land use, or other regulatory measure that has  
5 the effect of preventing a licensee from receiving an occupancy  
6 permit from the jurisdiction or which otherwise prevents a (~~licensed  
7 marijuana retailer~~) licensee from becoming operational.

8 (v) The board may adopt rules to carry out this subsection (4).

9 **Sec. 3.** RCW 69.50.345 and 2019 c 393 s 2 are each amended to  
10 read as follows:

11 The (~~state liquor and cannabis~~) board, subject to the  
12 provisions of this chapter and chapter 19.85 RCW, must adopt rules  
13 that establish the procedures and criteria necessary to implement the  
14 following:

15 (1) Licensing of marijuana producers, marijuana processors, and  
16 marijuana retailers, including prescribing forms and establishing  
17 application, reinstatement, and renewal fees. This does not include  
18 establishing the number of retail outlets that may be licensed in the  
19 state under RCW 69.50.354 or expanding the amount of square feet of  
20 plant canopy permitted to be in production;

21 (~~(a) Application forms for marijuana producers must request the  
22 applicant to state whether the applicant intends to produce marijuana  
23 for sale by marijuana retailers holding medical marijuana  
24 endorsements and the amount of or percentage of canopy the applicant  
25 intends to commit to growing plants determined by the department  
26 under RCW 69.50.375 to be of a THC concentration, CBD concentration,  
27 or THC to CBD ratio appropriate for marijuana concentrates, useable  
28 marijuana, or marijuana-infused products sold to qualifying patients.~~

29 ~~(b) The state liquor and cannabis board must reconsider and  
30 increase limits on the amount of square feet permitted to be in  
31 production on July 24, 2015, and increase the percentage of  
32 production space for those marijuana producers who intend to grow  
33 plants for marijuana retailers holding medical marijuana endorsements  
34 if the marijuana producer designates the increased production space  
35 to plants determined by the department under RCW 69.50.375 to be of a  
36 THC concentration, CBD concentration, or THC to CBD ratio appropriate  
37 for marijuana concentrates, useable marijuana, or marijuana-infused  
38 products to be sold to qualifying patients. If current marijuana  
39 producers do not use all the increased production space, the state~~

1 liquor and cannabis board may reopen the license period for new  
2 marijuana producer license applicants but only to those marijuana  
3 producers who agree to grow plants for marijuana retailers holding  
4 medical marijuana endorsements. Priority in licensing must be given  
5 to marijuana producer license applicants who have an application  
6 pending on July 24, 2015, but who are not yet licensed and then to  
7 new marijuana producer license applicants. After January 1, 2017, any  
8 reconsideration of the limits on the amount of square feet permitted  
9 to be in production to meet the medical needs of qualifying patients  
10 must consider information contained in the medical marijuana  
11 authorization database established in RCW 69.51A.230;

12 ~~(2) Determining, in consultation with the office of financial~~  
13 ~~management, the maximum number of retail outlets that may be licensed~~  
14 ~~in each county, taking into consideration:~~

15 ~~(a) Population distribution;~~

16 ~~(b) Security and safety issues;~~

17 ~~(c) The provision of adequate access to licensed sources of~~  
18 ~~marijuana concentrates, useable marijuana, and marijuana-infused~~  
19 ~~products to discourage purchases from the illegal market; and~~

20 ~~(d) The number of retail outlets holding medical marijuana~~  
21 ~~endorsements necessary to meet the medical needs of qualifying~~  
22 ~~patients. The state liquor and cannabis board must reconsider and~~  
23 ~~increase the maximum number of retail outlets it established before~~  
24 ~~July 24, 2015, and allow for a new license application period and a~~  
25 ~~greater number of retail outlets to be permitted in order to~~  
26 ~~accommodate the medical needs of qualifying patients and designated~~  
27 ~~providers. After January 1, 2017, any reconsideration of the maximum~~  
28 ~~number of retail outlets needed to meet the medical needs of~~  
29 ~~qualifying patients must consider information contained in the~~  
30 ~~medical marijuana authorization database established in RCW~~  
31 ~~69.51A.230;~~

32 ~~(3)) (2) Determining the maximum quantity of marijuana a~~  
33 ~~marijuana producer may have on the premises of a licensed location at~~  
34 ~~any time without violating Washington state law;~~

35 ~~((4)) (3) Determining the maximum quantities of marijuana,~~  
36 ~~marijuana concentrates, useable marijuana, and marijuana-infused~~  
37 ~~products a marijuana processor may have on the premises of a licensed~~  
38 ~~location at any time without violating Washington state law;~~

39 ~~((5)) (4) Determining the maximum quantities of marijuana~~  
40 ~~concentrates, useable marijuana, and marijuana-infused products a~~

1 marijuana retailer may have on the premises of a retail outlet at any  
2 time without violating Washington state law;

3 ~~((+6))~~ (5) In making the determinations required by this  
4 section, the ~~((state liquor and cannabis))~~ board shall take into  
5 consideration:

6 (a) Security and safety issues;

7 (b) The provision of adequate access to licensed sources of  
8 marijuana, marijuana concentrates, useable marijuana, and marijuana-  
9 infused products to discourage purchases from the illegal market; and

10 (c) Economies of scale, and their impact on licensees' ability to  
11 both comply with regulatory requirements and undercut illegal market  
12 prices;

13 ~~((+7))~~ (6) Determining the nature, form, and capacity of all  
14 containers to be used by licensees to contain marijuana, marijuana  
15 concentrates, useable marijuana, and marijuana-infused products, and  
16 their labeling requirements;

17 ~~((+8))~~ (7) In consultation with the department of agriculture  
18 and the department, establishing classes of marijuana, marijuana  
19 concentrates, useable marijuana, and marijuana-infused products  
20 according to grade, condition, cannabinoid profile, THC  
21 concentration, CBD concentration, or other qualitative measurements  
22 deemed appropriate by the ~~((state liquor and cannabis))~~ board;

23 ~~((+9))~~ (8) Establishing reasonable time, place, and manner  
24 restrictions and requirements regarding advertising of marijuana,  
25 marijuana concentrates, useable marijuana, and marijuana-infused  
26 products that are not inconsistent with the provisions of this  
27 chapter, taking into consideration:

28 (a) Federal laws relating to marijuana that are applicable within  
29 Washington state;

30 (b) Minimizing exposure of people under twenty-one years of age  
31 to the advertising;

32 (c) The inclusion of medically and scientifically accurate  
33 information about the health and safety risks posed by marijuana use  
34 in the advertising; and

35 (d) Ensuring that retail outlets with medical marijuana  
36 endorsements may advertise themselves as medical retail outlets;

37 ~~((+10))~~ (9) Specifying and regulating the time and periods when,  
38 and the manner, methods, and means by which, licensees shall  
39 transport and deliver marijuana, marijuana concentrates, useable  
40 marijuana, and marijuana-infused products within the state;



1       ~~((11))~~ (10) In consultation with the department and the  
2 department of agriculture, establishing accreditation requirements  
3 for testing laboratories used by licensees to demonstrate compliance  
4 with standards adopted by the ~~((state liquor and cannabis))~~ board,  
5 and prescribing methods of producing, processing, and packaging  
6 marijuana, marijuana concentrates, useable marijuana, and marijuana-  
7 infused products; conditions of sanitation; and standards of  
8 ingredients, quality, and identity of marijuana, marijuana  
9 concentrates, useable marijuana, and marijuana-infused products  
10 produced, processed, packaged, or sold by licensees;

11       ~~((12))~~ (11) Specifying procedures for identifying, seizing,  
12 confiscating, destroying, and donating to law enforcement for  
13 training purposes all marijuana, marijuana concentrates, useable  
14 marijuana, and marijuana-infused products produced, processed,  
15 packaged, labeled, or offered for sale in this state that do not  
16 conform in all respects to the standards prescribed by this chapter  
17 or the rules of the ~~((state liquor and cannabis))~~ board.

18       **Sec. 4.** RCW 69.50.345 and 2019 c 393 s 2 and 2019 c 277 s 6 are  
19 each reenacted and amended to read as follows:

20       The ~~((state liquor and cannabis))~~ board, subject to the  
21 provisions of this chapter and chapter 19.85 RCW, must adopt rules  
22 that establish the procedures and criteria necessary to implement the  
23 following:

24       (1) Licensing of marijuana producers, marijuana processors, and  
25 marijuana retailers, including prescribing forms and establishing  
26 application, reinstatement, and renewal fees. This does not include  
27 establishing the number of retail outlets that may be licensed in the  
28 state under RCW 69.50.354 or expanding the amount of square feet of  
29 plant canopy permitted to be in production;

30       ~~((a))~~ ~~Application forms for marijuana producers must request the~~  
31 ~~applicant to state whether the applicant intends to produce marijuana~~  
32 ~~for sale by marijuana retailers holding medical marijuana~~  
33 ~~endorsements and the amount of or percentage of canopy the applicant~~  
34 ~~intends to commit to growing plants determined by the department~~  
35 ~~under RCW 69.50.375 to be of a THC concentration, CBD concentration,~~  
36 ~~or THC to CBD ratio appropriate for marijuana concentrates, useable~~  
37 ~~marijuana, or marijuana-infused products sold to qualifying patients.~~

38       ~~(b) The state liquor and cannabis board must reconsider and~~  
39 ~~increase limits on the amount of square feet permitted to be in~~

1 production on July 24, 2015, and increase the percentage of  
2 production space for those marijuana producers who intend to grow  
3 plants for marijuana retailers holding medical marijuana endorsements  
4 if the marijuana producer designates the increased production space  
5 to plants determined by the department under RCW 69.50.375 to be of a  
6 THC concentration, CBD concentration, or THC to CBD ratio appropriate  
7 for marijuana concentrates, useable marijuana, or marijuana-infused  
8 products to be sold to qualifying patients. If current marijuana  
9 producers do not use all the increased production space, the state  
10 liquor and cannabis board may reopen the license period for new  
11 marijuana producer license applicants but only to those marijuana  
12 producers who agree to grow plants for marijuana retailers holding  
13 medical marijuana endorsements. Priority in licensing must be given  
14 to marijuana producer license applicants who have an application  
15 pending on July 24, 2015, but who are not yet licensed and then to  
16 new marijuana producer license applicants. After January 1, 2017, any  
17 reconsideration of the limits on the amount of square feet permitted  
18 to be in production to meet the medical needs of qualifying patients  
19 must consider information contained in the medical marijuana  
20 authorization database established in RCW 69.51A.230;

21 (2) Determining, in consultation with the office of financial  
22 management, the maximum number of retail outlets that may be licensed  
23 in each county, taking into consideration:

24 (a) Population distribution;

25 (b) Security and safety issues;

26 (c) The provision of adequate access to licensed sources of  
27 marijuana concentrates, useable marijuana, and marijuana-infused  
28 products to discourage purchases from the illegal market; and

29 (d) The number of retail outlets holding medical marijuana  
30 endorsements necessary to meet the medical needs of qualifying  
31 patients. The state liquor and cannabis board must reconsider and  
32 increase the maximum number of retail outlets it established before  
33 July 24, 2015, and allow for a new license application period and a  
34 greater number of retail outlets to be permitted in order to  
35 accommodate the medical needs of qualifying patients and designated  
36 providers. After January 1, 2017, any reconsideration of the maximum  
37 number of retail outlets needed to meet the medical needs of  
38 qualifying patients must consider information contained in the  
39 medical marijuana authorization database established in RCW  
40 69.51A.230;

1       ~~(3)~~) (2) Determining the maximum quantity of marijuana a  
2 marijuana producer may have on the premises of a licensed location at  
3 any time without violating Washington state law;

4       ~~((4))~~ (3) Determining the maximum quantities of marijuana,  
5 marijuana concentrates, useable marijuana, and marijuana-infused  
6 products a marijuana processor may have on the premises of a licensed  
7 location at any time without violating Washington state law;

8       ~~((5))~~ (4) Determining the maximum quantities of marijuana  
9 concentrates, useable marijuana, and marijuana-infused products a  
10 marijuana retailer may have on the premises of a retail outlet at any  
11 time without violating Washington state law;

12       ~~((6))~~ (5) In making the determinations required by this  
13 section, the ~~((state liquor and cannabis))~~ board shall take into  
14 consideration:

15       (a) Security and safety issues;

16       (b) The provision of adequate access to licensed sources of  
17 marijuana, marijuana concentrates, useable marijuana, and marijuana-  
18 infused products to discourage purchases from the illegal market; and

19       (c) Economies of scale, and their impact on licensees' ability to  
20 both comply with regulatory requirements and undercut illegal market  
21 prices;

22       ~~((7))~~ (6) Determining the nature, form, and capacity of all  
23 containers to be used by licensees to contain marijuana, marijuana  
24 concentrates, useable marijuana, and marijuana-infused products, and  
25 their labeling requirements;

26       ~~((8))~~ (7) In consultation with the department of agriculture  
27 and the department, establishing classes of marijuana, marijuana  
28 concentrates, useable marijuana, and marijuana-infused products  
29 according to grade, condition, cannabinoid profile, THC  
30 concentration, CBD concentration, or other qualitative measurements  
31 deemed appropriate by the ~~((state liquor and cannabis))~~ board;

32       ~~((9))~~ (8) Establishing reasonable time, place, and manner  
33 restrictions and requirements regarding advertising of marijuana,  
34 marijuana concentrates, useable marijuana, and marijuana-infused  
35 products that are not inconsistent with the provisions of this  
36 chapter, taking into consideration:

37       (a) Federal laws relating to marijuana that are applicable within  
38 Washington state;

39       (b) Minimizing exposure of people under twenty-one years of age  
40 to the advertising;

1 (c) The inclusion of medically and scientifically accurate  
2 information about the health and safety risks posed by marijuana use  
3 in the advertising; and

4 (d) Ensuring that retail outlets with medical marijuana  
5 endorsements may advertise themselves as medical retail outlets;

6 ~~((10))~~ (9) Specifying and regulating the time and periods when,  
7 and the manner, methods, and means by which, licensees shall  
8 transport and deliver marijuana, marijuana concentrates, useable  
9 marijuana, and marijuana-infused products within the state;

10 ~~((11))~~ (10) In consultation with the department and the  
11 department of agriculture, prescribing methods of producing,  
12 processing, and packaging marijuana, marijuana concentrates, useable  
13 marijuana, and marijuana-infused products; conditions of sanitation;  
14 and standards of ingredients, quality, and identity of marijuana,  
15 marijuana concentrates, useable marijuana, and marijuana-infused  
16 products produced, processed, packaged, or sold by licensees;

17 ~~((12))~~ (11) Specifying procedures for identifying, seizing,  
18 confiscating, destroying, and donating to law enforcement for  
19 training purposes all marijuana, marijuana concentrates, useable  
20 marijuana, and marijuana-infused products produced, processed,  
21 packaged, labeled, or offered for sale in this state that do not  
22 conform in all respects to the standards prescribed by this chapter  
23 or the rules of the ~~((state liquor and cannabis))~~ board.

24 **Sec. 5.** RCW 69.50.354 and 2015 c 70 s 9 are each amended to read  
25 as follows:

26 There may be licensed, in no greater number in each of the  
27 counties of the state than as ~~((the state liquor and cannabis board  
28 shall deem advisable,))~~ licensed on the effective date of this  
29 section, unless the legislature increases or decreases the number of  
30 licenses, taking into account the economic impact on existing  
31 marijuana retailers, marijuana producers, and marijuana processors  
32 and retail outlets established for the purpose of making marijuana  
33 concentrates, useable marijuana, and marijuana-infused products  
34 available for sale to adults aged twenty-one and over. Retail sale of  
35 marijuana concentrates, useable marijuana, and marijuana-infused  
36 products in accordance with the provisions of this chapter and the  
37 rules adopted to implement and enforce it, by a validly licensed  
38 marijuana retailer or retail outlet employee, shall not be a criminal  
39 or civil offense under Washington state law.

1       **Sec. 6.** RCW 19.85.020 and 2007 c 239 s 2 are each amended to  
2 read as follows:

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

5       (1) "Industry" means all of the businesses in this state in any  
6 one four-digit standard industrial classification as published by the  
7 United States department of commerce, or the North American industry  
8 classification system as published by the executive office of the  
9 president and the office of management and budget. However, if the  
10 use of a four-digit standard industrial classification or North  
11 American industry classification system would result in the release  
12 of data that would violate state confidentiality laws, "industry"  
13 means all businesses in a three-digit standard industrial  
14 classification or the North American industry classification system.  
15 "Industry" also includes marijuana retailers, producers, and  
16 processors for the purposes of RCW 69.50.345.

17       (2) "Minor cost" means a cost per business that is less than  
18 three-tenths of one percent of annual revenue or income, or one  
19 hundred dollars, whichever is greater, or one percent of annual  
20 payroll. However, for the rules of the department of social and  
21 health services "minor cost" means cost per business that is less  
22 than fifty dollars of annual cost per client or other appropriate  
23 unit of service.

24       (3) "Small business" means any business entity, including a sole  
25 proprietorship, corporation, partnership, or other legal entity, that  
26 is owned and operated independently from all other businesses, and  
27 that has fifty or fewer employees.

28       (4) "Small business economic impact statement" means a statement  
29 meeting the requirements of RCW 19.85.040 prepared by a state agency  
30 pursuant to RCW 19.85.030.

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

35       NEW SECTION.       **Sec. 8.** Section 3 of this act expires July 1,  
36 2024.

1        NEW SECTION.    **Sec. 9.**    Section 4 of this act takes effect July 1,  
2    2024.

--- END ---