
HOUSE BILL 1067

State of Washington

69th Legislature

2025 Regular Session

By Representative Reeves

Prefiled 12/13/24.

1 AN ACT Relating to transferring the licensing and regulating of
2 the production, processing, and testing of cannabis products from the
3 Washington state liquor and cannabis board to the department of
4 agriculture; amending RCW 69.50.101, 69.50.325, 69.50.326, 69.50.331,
5 69.50.334, 69.50.335, 69.50.339, 69.50.342, 69.50.345, 69.50.348,
6 69.50.351, 69.50.363, 69.50.366, 69.50.372, 69.50.395, 69.50.530,
7 69.50.540, 69.50.564, 69.50.565, 69.50.580, and 69.50.585; adding a
8 new section to chapter 69.50 RCW; providing an effective date; and
9 declaring an emergency.

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

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

13 (1) All powers, duties, and functions of the board relating to
14 the licensing and regulating of the production, processing, and
15 testing of cannabis concentrates, useable cannabis, and cannabis-
16 infused products are transferred to the department of agriculture.
17 All references to the board or the liquor and cannabis board in the
18 Revised Code of Washington shall be construed to mean the director or
19 the department of agriculture when referring to the functions
20 transferred in this section.

1 (2)(a) All reports, documents, surveys, books, records, files,
2 papers, or written material in the possession of the board pertaining
3 to the powers, functions, and duties transferred shall be delivered
4 to the custody of the department of agriculture. All cabinets,
5 furniture, office equipment, software, database, motor vehicles, and
6 other tangible property employed by the board in carrying out the
7 powers, functions, and duties transferred shall be made available to
8 the department of agriculture.

9 (b) Any appropriations made to the board for carrying out the
10 powers, functions, and duties transferred shall, on July 1, 2026, be
11 transferred and credited to the department of agriculture.

12 (c) Whenever any question arises as to the transfer of any funds,
13 books, documents, records, papers, files, software, database,
14 equipment, or other tangible property used or held in the exercise of
15 the powers and the performance of the duties and functions
16 transferred, the director of the office of financial management shall
17 make a determination as to the proper allocation and certify the same
18 to the state agencies concerned.

19 (3) All rules and all pending business before the board
20 pertaining to the powers, functions, and duties transferred shall be
21 continued and acted upon by the department of agriculture. All
22 existing contracts and obligations shall remain in full force and
23 shall be performed by the department of agriculture.

24 (4) The transfer of the powers, duties, and functions of the
25 board does not affect the validity of any act performed before July
26 1, 2026.

27 (5) If apportionments of budgeted funds are required because of
28 the transfers directed by this section, the director of the office of
29 financial management shall certify the apportionments to the agencies
30 affected, the state auditor, and the state treasurer. Each of these
31 shall make the appropriate transfer and adjustments in funds and
32 appropriation.

33 **Sec. 2.** RCW 69.50.101 and 2024 c 62 s 17 are each amended to
34 read as follows:

35 The definitions in this section apply throughout this chapter
36 unless the context clearly requires otherwise.

37 (1) "Administer" means to apply a controlled substance, whether
38 by injection, inhalation, ingestion, or any other means, directly to
39 the body of a patient or research subject by:

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

3 (b) the patient or research subject at the direction and in the
4 presence of the practitioner.

5 (2) "Agent" means an authorized person who acts on behalf of or
6 at the direction of a manufacturer, distributor, or dispenser. It
7 does not include a common or contract carrier, public
8 warehouseperson, or employee of the carrier or warehouseperson.

9 (3) "Board" means the Washington state liquor and cannabis board.

10 (4) "Cannabis" means all parts of the plant *Cannabis*, whether
11 growing or not, with a THC concentration greater than 0.3 percent on
12 a dry weight basis during the growing cycle through harvest and
13 usable cannabis. "Cannabis" does not include hemp or industrial hemp
14 as defined in RCW 15.140.020, or seeds used for licensed hemp
15 production under chapter 15.140 RCW.

16 (5) "Cannabis concentrates" means products consisting wholly or
17 in part of the resin extracted from any part of the plant *Cannabis*
18 and having a THC concentration greater than ten percent.

19 (6) "Cannabis processor" means a person licensed by the board to
20 process cannabis into cannabis concentrates, useable cannabis, and
21 cannabis-infused products, package and label cannabis concentrates,
22 useable cannabis, and cannabis-infused products for sale in retail
23 outlets, and sell cannabis concentrates, useable cannabis, and
24 cannabis-infused products at wholesale to cannabis retailers.

25 (7) "Cannabis producer" means a person licensed by the board to
26 produce and sell cannabis at wholesale to cannabis processors and
27 other cannabis producers.

28 (8)(a) "Cannabis products" means useable cannabis, cannabis
29 concentrates, and cannabis-infused products as defined in this
30 section, including any product intended to be consumed or absorbed
31 inside the body by any means including inhalation, ingestion, or
32 insertion, with any detectable amount of THC.

33 (b) "Cannabis products" also means any product containing only
34 THC content.

35 (c) "Cannabis products" does not include cannabis health and
36 beauty aids as defined in RCW 69.50.575 or products approved by the
37 United States food and drug administration.

38 (9) "Cannabis researcher" means a person licensed by the board to
39 produce, process, and possess cannabis for the purposes of conducting
40 research on cannabis and cannabis-derived drug products.

1 (10) "Cannabis retailer" means a person licensed by the board to
2 sell cannabis concentrates, useable cannabis, and cannabis-infused
3 products in a retail outlet.

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

10 (12) "CBD concentration" has the meaning provided in RCW
11 69.51A.010.

12 (13) "CBD product" means any product containing or consisting of
13 cannabidiol.

14 (14) "Commission" means the pharmacy quality assurance
15 commission.

16 (15) "Controlled substance" means a drug, substance, or immediate
17 precursor included in Schedules I through V as set forth in federal
18 or state laws, or federal or commission rules, but does not include
19 hemp or industrial hemp as defined in RCW 15.140.020.

20 (16)(a) "Controlled substance analog" means a substance the
21 chemical structure of which is substantially similar to the chemical
22 structure of a controlled substance in Schedule I or II and:

23 (i) that has a stimulant, depressant, or hallucinogenic effect on
24 the central nervous system substantially similar to the stimulant,
25 depressant, or hallucinogenic effect on the central nervous system of
26 a controlled substance included in Schedule I or II; or

27 (ii) with respect to a particular individual, that the individual
28 represents or intends to have a stimulant, depressant, or
29 hallucinogenic effect on the central nervous system substantially
30 similar to the stimulant, depressant, or hallucinogenic effect on the
31 central nervous system of a controlled substance included in Schedule
32 I or II.

33 (b) The term does not include:

34 (i) a controlled substance;

35 (ii) a substance for which there is an approved new drug
36 application;

37 (iii) a substance with respect to which an exemption is in effect
38 for investigational use by a particular person under Section 505 of
39 the federal food, drug, and cosmetic act, 21 U.S.C. Sec. 355, or

1 chapter 69.77 RCW to the extent conduct with respect to the substance
2 is pursuant to the exemption; or

3 (iv) any substance to the extent not intended for human
4 consumption before an exemption takes effect with respect to the
5 substance.

6 (17) "Deliver" or "delivery" means the actual or constructive
7 transfer from one person to another of a substance, whether or not
8 there is an agency relationship.

9 (18) "Department" means the department of health.

10 (19) "Designated provider" has the meaning provided in RCW
11 69.51A.010.

12 (20) "Director" means the director of the department of
13 agriculture.

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

19 ~~((21))~~ (22) "Dispenser" means a practitioner who dispenses.

20 ~~((22))~~ (23) "Distribute" means to deliver other than by
21 administering or dispensing a controlled substance.

22 ~~((23))~~ (24) "Distributor" means a person who distributes.

23 ~~((24))~~ (25) "Drug" means (a) a controlled substance recognized
24 as a drug in the official United States pharmacopoeia/national
25 formulary or the official homeopathic pharmacopoeia of the United
26 States, or any supplement to them; (b) controlled substances intended
27 for use in the diagnosis, cure, mitigation, treatment, or prevention
28 of disease in individuals or animals; (c) controlled substances
29 (other than food) intended to affect the structure or any function of
30 the body of individuals or animals; and (d) controlled substances
31 intended for use as a component of any article specified in (a), (b),
32 or (c) of this subsection. The term does not include devices or their
33 components, parts, or accessories.

34 ~~((25))~~ (26) "Drug enforcement administration" means the drug
35 enforcement administration in the United States Department of
36 Justice, or its successor agency.

37 ~~((26))~~ (27) "Electronic communication of prescription
38 information" means the transmission of a prescription or refill
39 authorization for a drug of a practitioner using computer systems.
40 The term does not include a prescription or refill authorization

1 verbally transmitted by telephone nor a facsimile manually signed by
2 the practitioner.

3 ~~((27))~~ (28) "Immature plant or clone" means a plant or clone
4 that has no flowers, is less than ~~((twelve))~~ 12 inches in height, and
5 is less than ~~((twelve))~~ 12 inches in diameter.

6 ~~((28))~~ (29) "Immediate precursor" means a substance:

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

10 (b) that is an immediate chemical intermediary used or likely to
11 be used in the manufacture of a controlled substance; and

12 (c) the control of which is necessary to prevent, curtail, or
13 limit the manufacture of the controlled substance.

14 ~~((29))~~ (30) "Isomer" means an optical isomer, but in subsection
15 ~~((33))~~ (34)(e) of this section, RCW 69.50.204(1) (l) and (hh), and
16 69.50.206(2)(d), the term includes any geometrical isomer; in RCW
17 69.50.204(1) (h) and (pp) ~~((r))~~ and 69.50.210(3) ~~((r))~~, l the term
18 includes any positional isomer; and in RCW 69.50.204(1)(ii),
19 69.50.204(3), and 69.50.208(1) ~~((r))~~, l the term includes any
20 positional or geometric isomer.

21 ~~((30))~~ (31) "Lot" means a definite quantity of cannabis,
22 cannabis concentrates, useable cannabis, or cannabis-infused product
23 identified by a lot number, every portion or package of which is
24 uniform within recognized tolerances for the factors that appear in
25 the labeling.

26 ~~((31))~~ (32) "Lot number" must identify the licensee by business
27 or trade name and Washington state unified business identifier
28 number, and the date of harvest or processing for each lot of
29 cannabis, cannabis concentrates, useable cannabis, or cannabis-
30 infused product.

31 ~~((32))~~ (33) "Manufacture" means the production, preparation,
32 propagation, compounding, conversion, or processing of a controlled
33 substance, either directly or indirectly or by extraction from
34 substances of natural origin, or independently by means of chemical
35 synthesis, or by a combination of extraction and chemical synthesis,
36 and includes any packaging or repackaging of the substance or
37 labeling or relabeling of its container. The term does not include
38 the preparation, compounding, packaging, repackaging, labeling, or
39 relabeling of a controlled substance:

1 (a) 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 (b) 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 (~~(33)~~) (34) "Narcotic drug" means any of the following, whether
9 produced directly or indirectly by extraction from substances of
10 vegetable origin, or independently by means of chemical synthesis, or
11 by a combination of extraction and chemical synthesis:

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

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

22 (c) Poppy straw and concentrate of poppy straw.

23 (d) Coca leaves, except coca leaves and extracts of coca leaves
24 from which cocaine, ecgonine, and derivatives or ecgonine or their
25 salts have been removed.

26 (e) Cocaine, or any salt, isomer, or salt of isomer thereof.

27 (f) Cocaine base.

28 (g) Ecgonine, or any derivative, salt, isomer, or salt of isomer
29 thereof.

30 (h) Any compound, mixture, or preparation containing any quantity
31 of any substance referred to in (a) through (g) of this subsection.

32 (~~(34)~~) (35) "Opiate" means any substance having an addiction-
33 forming or addiction-sustaining liability similar to morphine or
34 being capable of conversion into a drug having addiction-forming or
35 addiction-sustaining liability. The term includes opium, substances
36 derived from opium (opium derivatives), and synthetic opiates. The
37 term does not include, unless specifically designated as controlled
38 under RCW 69.50.201, the dextrorotatory isomer of 3-methoxy-n-
39 methylmorphinan and its salts (dextromethorphan). The term includes
40 the racemic and levorotatory forms of dextromethorphan.

1 (~~(35)~~) (36) "Opium poppy" means the plant of the species
2 Papaver somniferum L., except its seeds.

3 (~~(36)~~) (37) "Package" means a container that has a single unit
4 or group of units.

5 (~~(37)~~) (38) "Person" means individual, corporation, business
6 trust, estate, trust, partnership, association, joint venture,
7 government, governmental subdivision or agency, or any other legal or
8 commercial entity.

9 (~~(38)~~) (39) "Plant" has the meaning provided in RCW 69.51A.010.

10 (~~(39)~~) (40) "Poppy straw" means all parts, except the seeds, of
11 the opium poppy, after mowing.

12 (~~(40)~~) (41) "Practitioner" means:

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

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

33 (c) A physician licensed to practice medicine and surgery, a
34 physician licensed to practice osteopathic medicine and surgery, a
35 dentist licensed to practice dentistry, a podiatric physician and
36 surgeon licensed to practice podiatric medicine and surgery, a
37 licensed physician assistant or a licensed osteopathic physician
38 assistant specifically approved to prescribe controlled substances by
39 his or her state's medical commission or equivalent and his or her
40 participating physician as defined in RCW 18.71A.010, an advanced

1 (~~(registered nurse practitioner)~~) practice registered nurse licensed
2 to prescribe controlled substances, or a veterinarian licensed to
3 practice veterinary medicine in any state of the United States.

4 (~~(41)~~) (42) "Prescription" means an order for controlled
5 substances issued by a practitioner duly authorized by law or rule in
6 the state of Washington to prescribe controlled substances within the
7 scope of his or her professional practice for a legitimate medical
8 purpose.

9 (~~(42)~~) (43) "Production" includes the manufacturing, planting,
10 cultivating, growing, or harvesting of a controlled substance.

11 (~~(43)~~) (44) "Qualifying patient" has the meaning provided in
12 RCW 69.51A.010.

13 (~~(44)~~) (45) "Recognition card" has the meaning provided in RCW
14 69.51A.010.

15 (~~(45)~~) (46) "Retail outlet" means a location licensed by the
16 board for the retail sale of cannabis concentrates, useable cannabis,
17 and cannabis-infused products.

18 (~~(46)~~) (47) "Secretary" means the secretary of health or the
19 secretary's designee.

20 (~~(47)~~) (48) "Social equity plan" means a plan that addresses at
21 least some of the elements outlined in this subsection (~~(47)~~) (48),
22 along with any additional plan components or requirements approved by
23 the board following consultation with the task force created in RCW
24 69.50.336. The plan may include:

25 (a) A statement that indicates how the cannabis licensee will
26 work to promote social equity goals in their community;

27 (b) A description of how the cannabis licensee will meet social
28 equity goals as defined in RCW 69.50.335;

29 (c) The composition of the workforce the licensee has employed or
30 intends to hire; and

31 (d) Business plans involving partnerships or assistance to
32 organizations or residents with connections to populations with a
33 history of high rates of enforcement of cannabis prohibition.

34 (~~(48)~~) (49) "State," unless the context otherwise requires,
35 means a state of the United States, the District of Columbia, the
36 Commonwealth of Puerto Rico, or a territory or insular possession
37 subject to the jurisdiction of the United States.

38 (~~(49)~~) (50) "THC concentration" means percent of
39 tetrahydrocannabinol content of any part of the plant *Cannabis*, or
40 per volume or weight of cannabis product, or the combined percent of

1 tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of
2 the plant *Cannabis* regardless of moisture content.

3 ~~((+50+))~~ (51) "Ultimate user" means an individual who lawfully
4 possesses a controlled substance for the individual's own use or for
5 the use of a member of the individual's household or for
6 administering to an animal owned by the individual or by a member of
7 the individual's household.

8 ~~((+51+))~~ (52) "Unit" means an individual consumable item within a
9 package of one or more consumable items in solid, liquid, gas, or any
10 form intended for human consumption.

11 ~~((+52+))~~ (53) "Useable cannabis" means dried cannabis flowers.
12 The term "useable cannabis" does not include either cannabis-infused
13 products or cannabis concentrates.

14 ~~((+53+))~~ (54) "Youth access" means the level of interest persons
15 under the age of ~~((twenty-one))~~ 21 may have in a vapor product, as
16 well as the degree to which the product is available or appealing to
17 such persons, and the likelihood of initiation, use, or addiction by
18 adolescents and young adults.

19 **Sec. 3.** RCW 69.50.325 and 2022 c 16 s 54 are each amended to
20 read as follows:

21 (1) There shall be a cannabis producer's license regulated by the
22 ~~((board))~~ director and subject to annual renewal. The licensee is
23 authorized to produce: (a) Cannabis for sale at wholesale to cannabis
24 processors and other cannabis producers; (b) immature plants or
25 clones and seeds for sale to cooperatives as described under RCW
26 69.51A.250; and (c) immature plants or clones and seeds for sale to
27 qualifying patients and designated providers as provided under RCW
28 69.51A.310. The production, possession, delivery, distribution, and
29 sale of cannabis in accordance with the provisions of this chapter
30 and the rules adopted to implement and enforce it, by a validly
31 licensed cannabis producer, shall not be a criminal or civil offense
32 under Washington state law. Every cannabis producer's license shall
33 be issued in the name of the applicant, shall specify the location at
34 which the cannabis producer intends to operate, which must be within
35 the state of Washington, and the holder thereof shall not allow any
36 other person to use the license. The application fee for a cannabis
37 producer's license shall be ~~((two hundred fifty dollars))~~ \$250. The
38 annual fee for issuance and renewal of a cannabis producer's license
39 shall be ~~((one thousand three hundred eighty-one dollars))~~ \$1,381. A

1 separate license shall be required for each location at which a
2 cannabis producer intends to produce cannabis.

3 (2) There shall be a cannabis processor's license to process,
4 package, and label cannabis concentrates, useable cannabis, and
5 cannabis-infused products for sale at wholesale to cannabis
6 processors and cannabis retailers, regulated by the (~~board~~)
7 director and subject to annual renewal. The processing, packaging,
8 possession, delivery, distribution, and sale of cannabis, useable
9 cannabis, cannabis-infused products, and cannabis concentrates in
10 accordance with the provisions of this chapter and chapter 69.51A RCW
11 and the rules adopted to implement and enforce these chapters, by a
12 validly licensed cannabis processor, shall not be a criminal or civil
13 offense under Washington state law. Every cannabis processor's
14 license shall be issued in the name of the applicant, shall specify
15 the location at which the licensee intends to operate, which must be
16 within the state of Washington, and the holder thereof shall not
17 allow any other person to use the license. The application fee for a
18 cannabis processor's license shall be (~~two hundred fifty dollars~~)
19 \$250. The annual fee for issuance and renewal of a cannabis
20 processor's license shall be (~~one thousand three hundred eighty-one~~
21 ~~dollars~~) \$1,381. A separate license shall be required for each
22 location at which a cannabis processor intends to process cannabis.

23 (3) (a) There shall be a cannabis retailer's license to sell
24 cannabis concentrates, useable cannabis, and cannabis-infused
25 products at retail in retail outlets, regulated by the board and
26 subject to annual renewal. The possession, delivery, distribution,
27 and sale of cannabis concentrates, useable cannabis, and cannabis-
28 infused products in accordance with (~~the provisions of~~) this
29 chapter and the rules adopted to implement and enforce it, by a
30 validly licensed cannabis retailer, shall not be a criminal or civil
31 offense under Washington state law. Every cannabis retailer's license
32 shall be issued in the name of the applicant, shall specify the
33 location of the retail outlet the licensee intends to operate, which
34 must be within the state of Washington, and the holder thereof shall
35 not allow any other person to use the license. The application fee
36 for a cannabis retailer's license shall be (~~two hundred fifty~~
37 ~~dollars~~) \$250. The annual fee for issuance and renewal of a cannabis
38 retailer's license shall be (~~one thousand three hundred eighty-one~~
39 ~~dollars~~) \$1,381. A separate license shall be required for each

1 location at which a cannabis retailer intends to sell cannabis
2 concentrates, useable cannabis, and cannabis-infused products.

3 (b) An individual retail licensee and all other persons or
4 entities with a financial or other ownership interest in the business
5 operating under the license are limited, in the aggregate, to holding
6 a collective total of not more than five retail cannabis licenses.

7 (c) (i) A cannabis retailer's license is subject to forfeiture in
8 accordance with rules adopted by the board pursuant to this section.

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

14 (A) No cannabis retailer's license may be subject to forfeiture
15 within the first nine months of license issuance; and

16 (B) The board must require license forfeiture on or before
17 (~~(twenty-four)~~) 24 calendar months of license issuance if a cannabis
18 retailer is not fully operational and open to the public, unless the
19 board determines that circumstances out of the licensee's control are
20 preventing the licensee from becoming fully operational and that, in
21 the board's discretion, the circumstances warrant extending the
22 forfeiture period beyond (~~(twenty-four)~~) 24 calendar months.

23 (iii) The board has discretion in adopting rules under this
24 subsection (3) (c).

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

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

35 (A) The adoption of a ban or moratorium that prohibits the
36 opening of a retail cannabis 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 cannabis retailer from becoming operational.

3 (d) The board may issue cannabis retailer licenses pursuant to
4 this chapter and RCW 69.50.335.

5 **Sec. 4.** RCW 69.50.326 and 2023 c 365 s 3 are each amended to
6 read as follows:

7 (1) Licensed cannabis producers and licensed cannabis processors
8 may use a CBD product as an additive for the purpose of enhancing the
9 cannabidiol concentration of any product authorized for production,
10 processing, and sale under this chapter. Except as otherwise provided
11 in subsection (2) of this section, such CBD product additives must be
12 lawfully produced by, or purchased from, a producer or processor
13 licensed under this chapter.

14 (2) Subject to the requirements set forth in (a) through (c) of
15 this subsection, and for the purpose of enhancing the cannabidiol
16 concentration of any product authorized for production, processing,
17 or sale under this chapter, licensed cannabis producers and licensed
18 cannabis processors may use a CBD product obtained from a source not
19 licensed under this chapter, provided the CBD product:

20 (a) Is not cannabis, or a cannabis product, as defined in this
21 chapter;

22 (b) Is not a synthetic cannabinoid; and

23 (c) Has been tested for contaminants and toxins by a testing
24 laboratory accredited under this chapter and in accordance with
25 testing standards established under this chapter and the applicable
26 administrative rules.

27 (3) Subject to the requirements of this subsection (3), the
28 (~~board~~) director may enact rules necessary to implement the
29 requirements of this section. Such rule making is limited to
30 regulations pertaining to laboratory testing and product safety
31 standards for those cannabidiol products used by licensed producers
32 and processors in the manufacture of cannabis products marketed by
33 licensed retailers under this chapter. The purpose of such rule
34 making must be to ensure the safety and purity of cannabidiol
35 products used by cannabis producers and processors licensed under
36 this chapter and incorporated into products sold by licensed
37 recreational cannabis retailers. This rule-making authority does not
38 include the authority to enact rules regarding either the production
39 or processing practices of the industrial hemp industry or any

1 cannabidiol products that are sold or marketed outside of the
2 regulatory framework established under this chapter.

3 **Sec. 5.** RCW 69.50.331 and 2023 c 220 s 2 are each amended to
4 read as follows:

5 (1) (a) For the purpose of considering any application, or
6 renewal, for a license, a comprehensive, fair, and impartial
7 evaluation of the applications timely received must be conducted by:

8 (i) The director for any application for a license, or renewal of
9 a license, to produce, process, research, transport, or deliver
10 cannabis, useable cannabis, cannabis concentrates, or cannabis-
11 infused products subject to the regulations established under RCW
12 69.50.385, or sell cannabis, or for the renewal of a license to
13 produce, process, or research ~~((, transport, or deliver cannabis,))~~
14 useable cannabis, cannabis concentrates, or cannabis-infused products
15 ~~((subject to the regulations established under RCW 69.50.385, or sell~~
16 ~~cannabis, the board must conduct a comprehensive, fair, and impartial~~
17 ~~evaluation of the applications timely received))~~; and

18 (ii) The board for any application for a license, or renewal of a
19 license, to transport, deliver, or sell cannabis subject to the rules
20 adopted under RCW 69.50.385.

21 ~~((a))~~ (b) The board and the director may cause an inspection of
22 the premises to be made, and may inquire into all matters in
23 connection with the construction and operation of the premises. For
24 the purpose of reviewing any application for a license and for
25 considering the denial, suspension, revocation, cancellation, or
26 renewal or denial thereof, of any license, the board and the director
27 may consider any prior criminal arrests or convictions of the
28 applicant, any public safety administrative violation history record
29 with the board or the department of agriculture, and a criminal
30 history record information check. The board and the director may
31 submit the criminal history record information check to the
32 Washington state patrol and to the identification division of the
33 federal bureau of investigation in order that these agencies may
34 search their records for prior arrests and convictions of the
35 individual or individuals who filled out the forms. The board and the
36 director must require fingerprinting of any applicant whose criminal
37 history record information check is submitted to the federal bureau
38 of investigation. The provisions of RCW 9.95.240 and of chapter 9.96A
39 RCW do not apply to these cases. Subject to the provisions of this

1 section, the board and the director may, in ~~((its))~~ either's
2 discretion, grant or deny the renewal or license applied for. Denial
3 may be based on, without limitation, the existence of chronic illegal
4 activity documented in objections submitted pursuant to subsections
5 (7)(c) and (10) of this section. Authority to approve an uncontested
6 or unopposed license may be granted by the board or the director to
7 any staff member the board or the director designates in writing.
8 Conditions for granting this authority must be adopted by rule.

9 ~~((b))~~ (c) No license of any kind may be issued to:

10 (i) A person under the age of 21 years;

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

14 (iii) A partnership, employee cooperative, association, nonprofit
15 corporation, or corporation unless formed under the laws of this
16 state, and unless all of the members thereof are qualified to obtain
17 a license as provided in this section; or

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

21 (2)(a) ~~((The board may, in its discretion, subject))~~ subject to
22 RCW 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342~~((3))~~
23 ~~suspend or cancel any license; and all protections of the licensee~~
24 ~~from criminal or civil sanctions under state law))~~ (4), any license
25 and all protections of the licensee from criminal or civil sanctions
26 under state law may be suspended or canceled by:

27 (i) The director for producing, processing, or researching~~((, or~~
28 ~~selling))~~ cannabis, cannabis concentrates, useable cannabis, or
29 cannabis-infused products thereunder ~~((must be suspended or~~
30 ~~terminated, as the case may be)); and~~

31 (ii) The board for selling cannabis, cannabis concentrates,
32 useable cannabis, or cannabis-infused products thereunder.

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

1 social and health services stating that the licensee is in compliance
2 with the order.

3 (c) The board or the director may request the appointment of
4 administrative law judges under chapter 34.12 RCW who shall have
5 power to administer oaths, issue subpoenas for the attendance of
6 witnesses and the production of papers, books, accounts, documents,
7 and testimony, examine witnesses, receive testimony in any inquiry,
8 investigation, hearing, or proceeding in any part of the state, and
9 consider mitigating and aggravating circumstances in any case and
10 deviate from any prescribed penalty, under rules the board or the
11 director 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 board or the director or a subpoena issued by the board,
19 or any of its members, the director, or administrative law judges, or
20 on the refusal of a witness to testify to any matter regarding which
21 he or she may be lawfully interrogated, the judge of the superior
22 court of the county in which the person resides, on application of
23 any member of the board, the director, or administrative law judge,
24 compels obedience by contempt proceedings, as in the case of
25 disobedience of the requirements of a subpoena issued from said court
26 or a refusal to testify therein.

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

38 (4) Every license issued under this chapter is subject to all
39 conditions and restrictions imposed by this chapter or by rules
40 adopted by the board or the director to implement and enforce this

1 chapter. All conditions and restrictions imposed by the board or the
2 director in the issuance of an individual license must be listed on
3 the face of the individual license along with the trade name,
4 address, and expiration date.

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

7 (6) No licensee may employ any person under the age of 21 years.

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

17 (b) The incorporated city or town through the official or
18 employee selected by it, the county legislative authority or the
19 official or employee selected by it, the tribal government, or port
20 authority has the right to file with the board or the director, as
21 applicable, within (~~(twenty)~~) 20 days after the date of transmittal
22 of the notice for applications, or at least (~~(thirty)~~) 30 days prior
23 to the expiration date for renewals, written objections against the
24 applicant or against the premises for which the new or renewed
25 license is asked. The board, or the director, as applicable, may
26 extend the time period for submitting written objections upon request
27 from the authority notified by the board or the director.

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

1 initial decision by the board or the director to deny a license or
2 renewal.

3 (d) Upon the granting of a license under this title the board or
4 the director must send written notification to the chief executive
5 officer of the incorporated city or town in which the license is
6 granted, or to the county legislative authority if the license is
7 granted outside the boundaries of incorporated cities or towns.

8 (8)(a) Except as provided in (b) through (e) of this subsection,
9 the board or the director may not issue a license for any premises
10 within 1,000 feet of the perimeter of the grounds of any elementary
11 or secondary school, playground, recreation center or facility, child
12 care center, public park, public transit center, or library, or any
13 game arcade admission to which is not restricted to persons aged 21
14 years or older.

15 (b) A city, county, or town may permit the licensing of premises
16 within 1,000 feet but not less than 100 feet of the facilities
17 described in (a) of this subsection, except elementary schools,
18 secondary schools, and playgrounds, by enacting an ordinance
19 authorizing such distance reduction, provided that such distance
20 reduction will not negatively impact the jurisdiction's civil
21 regulatory enforcement, criminal law enforcement interests, public
22 safety, or public health.

23 (c) A city, county, or town may permit the licensing of research
24 premises allowed under RCW 69.50.372 within 1,000 feet but not less
25 than 100 feet of the facilities described in (a) of this subsection
26 by enacting an ordinance authorizing such distance reduction,
27 provided that the ordinance will not negatively impact the
28 jurisdiction's civil regulatory enforcement, criminal law
29 enforcement, public safety, or public health.

30 (d) The board or the director may license premises located in
31 compliance with the distance requirements set in an ordinance adopted
32 under (b) or (c) of this subsection. Before issuing or renewing a
33 research license for premises within 1,000 feet but not less than 100
34 feet of an elementary school, secondary school, or playground in
35 compliance with an ordinance passed pursuant to (c) of this
36 subsection, the board or the director, as applicable, must ensure
37 that the facility:

38 (i) Meets a security standard exceeding that which applies to
39 cannabis producer, processor, or retailer licensees;

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

3 (iii) Bears no advertising or signage indicating that it is a
4 cannabis research facility.

5 (e) The board or the director, as applicable, must issue a
6 certificate of compliance if the premises met the requirements under
7 (a), (b), (c), or (d) of this subsection on the date of the
8 application. The certificate allows the licensee to operate the
9 business at the proposed location notwithstanding a later occurring,
10 otherwise disqualifying factor.

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

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

20 (10) In determining whether to grant or deny a license or renewal
21 of any license, the board or the director, as applicable, must give
22 substantial weight to objections from an incorporated city or town or
23 county legislative authority based upon chronic illegal activity
24 associated with the applicant's operations of the premises proposed
25 to be licensed or the applicant's operation of any other licensed
26 premises, or the conduct of the applicant's patrons inside or outside
27 the licensed premises. "Chronic illegal activity" means (a) a
28 pervasive pattern of activity that threatens the public health,
29 safety, and welfare of the city, town, or county including, but not
30 limited to, open container violations, assaults, disturbances,
31 disorderly conduct, or other criminal law violations, or as
32 documented in crime statistics, police reports, emergency medical
33 response data, calls for service, field data, or similar records of a
34 law enforcement agency for the city, town, county, or any other
35 municipal corporation or any state agency; or (b) an unreasonably
36 high number of citations for violations of RCW 46.61.502 associated
37 with the applicant's or licensee's operation of any licensed premises
38 as indicated by the reported statements given to law enforcement upon
39 arrest.

1 (11) The board may not issue a cannabis retail license for any
2 premises not currently licensed if:

3 (a) The board receives a written objection from the legislative
4 authority of an incorporated city or town, or county legislative
5 authority, relating to the physical location of the proposed
6 premises;

7 (b) The objection to the location from the incorporated city or
8 town, or county legislative authority, is received by the board
9 within 20 days of the board notifying the incorporated city or town,
10 or county legislative authority, of the proposed cannabis retail
11 location; and

12 (c) The objection to the issuance of a cannabis retail license at
13 the specified location is based on a preexisting local ordinance
14 limiting outlet density in a specific geographic area. For purposes
15 of this subsection (11), a preexisting local ordinance is an
16 ordinance enacted and in effect before the date the applicant submits
17 an application for a cannabis retail license to the board identifying
18 the premises proposed to be licensed. No objection related to the
19 physical location of a proposed premises may be made by a local
20 government under this subsection (11) based on a local ordinance
21 enacted after the date the applicant submits an application for a
22 cannabis retail license to the board identifying the premises
23 proposed to be licensed.

24 (12) (~~After January 1, 2024, all~~) All cannabis licensees are
25 encouraged but are not required to submit a social equity plan to the
26 board or the director, as applicable. Upon confirmation by the board
27 or director that a cannabis licensee who is not a social equity
28 applicant, and who does not hold a social equity license issued under
29 RCW 69.50.335, has submitted a social equity plan, the board or
30 director must within 30 days reimburse such a licensee an amount
31 equal to the cost of the licensee's annual cannabis license renewal
32 fee. The license renewal fee reimbursement authorized under this
33 subsection is subject to the following limitations:

34 (a) The board or the director may provide reimbursement one time
35 only to any licensed entity; and

36 (b) Any licensed entity holding more than one cannabis license is
37 eligible for reimbursement of the license renewal fee on only one
38 license.

1 **Sec. 6.** RCW 69.50.334 and 2022 c 16 s 59 are each amended to
2 read as follows:

3 (1) The following must be an adjudicative proceeding and subject
4 to the applicable provisions of chapter 34.05 RCW:

5 (a) Any action, order, or decision of the ((board)) director as
6 to any denial of an application for the reissuance of a license to
7 produce((~~r~~)) or process((~~r~~—~~or~~—~~sell~~)) cannabis, or as to any
8 revocation, suspension, or modification of any license to
9 produce((~~r~~)) or process((~~r~~—~~or~~—~~sell~~)) cannabis((~~r~~—~~or~~));

10 (b) Any action, order, or decision of the board as to any denial
11 of an application for the reissuance of a license to transport,
12 deliver, or sell cannabis, or as to any revocation, suspension, or
13 modification of any license to sell cannabis; and

14 (c) Any action, order, or decision of the board or the director,
15 as applicable, as to the administrative review of a notice of unpaid
16 trust fund taxes under RCW 69.50.565((~~r~~—~~must~~—~~be~~—~~an~~—~~adjudicative~~
17 ~~proceeding~~—~~and~~—~~subject~~—~~to~~—~~the~~—~~applicable~~—~~provisions~~—~~of~~—~~chapter~~—~~34.05~~
18 ~~RCW~~)).

19 (2) An opportunity for a hearing may be provided to an applicant
20 for the reissuance of a license prior to the disposition of the
21 application, and if no opportunity for a prior hearing is provided
22 then an opportunity for a hearing to reconsider the application must
23 be provided the applicant.

24 (3) An opportunity for a hearing must be provided to a licensee
25 prior to a revocation or modification of any license and, except as
26 provided in subsection (6) of this section, prior to the suspension
27 of any license.

28 (4) An opportunity for a hearing must be provided to any person
29 issued a notice of unpaid trust fund taxes under RCW 69.50.565.

30 (5) No hearing may be required under this section until demanded
31 by the applicant, licensee, or person issued a notice of unpaid trust
32 fund taxes under RCW 69.50.565.

33 (6) The board or the director, as applicable, may summarily
34 suspend a license for a period of up to ((~~one hundred eighty~~)) 180
35 days without a prior hearing if it finds that public health, safety,
36 or welfare imperatively require emergency action, and it incorporates
37 a finding to that effect in ((~~its~~)) the order. Proceedings for
38 revocation or other action must be promptly instituted and
39 determined. An administrative law judge may extend the summary
40 suspension period for up to one calendar year from the first day of

1 the initial summary suspension in the event the proceedings for
2 revocation or other action cannot be completed during the initial
3 (~~one hundred eighty-day~~) 180-day period due to actions by the
4 licensee. The board's enforcement division shall complete a
5 preliminary staff investigation of the violation before requesting an
6 emergency suspension by the board.

7 **Sec. 7.** RCW 69.50.335 and 2023 c 220 s 3 are each amended to
8 read as follows:

9 (1)(a) Beginning December 1, 2020, and until July 1, 2032,
10 cannabis retailer licenses, cannabis processor licenses, and cannabis
11 producer licenses that have been subject to forfeiture, revocation,
12 or cancellation by the board or the director, as applicable, or
13 cannabis retailer licenses that were not previously issued by the
14 board but could have been issued without exceeding the limit on the
15 statewide number of cannabis retailer licenses established before
16 January 1, 2020, by the board, may be issued or reissued to an
17 applicant who meets the cannabis retailer license, cannabis processor
18 license, or cannabis producer license requirements of this chapter.

19 (b) In accordance with (a) of this subsection, the board or the
20 director, as applicable, may issue or reissue:

21 (i) Up to 100 cannabis processor licenses immediately; and

22 (ii) Beginning January 1, 2025, up to 10 cannabis producer
23 licenses, which must be issued in conjunction with a cannabis
24 processor license.

25 (c) In addition to the cannabis retailer licenses and cannabis
26 producer licenses that may be issued under (a) and (b) of this
27 subsection, beginning January 1, 2023, and continuing every three
28 years until July 1, 2032, the board or the director, as applicable,
29 may, with the approval of the legislature through the passage of a
30 bill, increase the number of cannabis retailer licenses and cannabis
31 producer licenses for the social equity program based on:

32 (i) The most recent census data available as of January 1, 2023;
33 and

34 (ii) The annual population estimates published by the office of
35 financial management.

36 (d) In addition to the cannabis retailer licenses that may be
37 issued under (a) of this subsection, beginning January 1, 2024, and
38 until July 1, 2032, the board may issue up to 52 cannabis retailer
39 licenses for the social equity program.

1 (e)(i) At the time of licensure, all licenses issued under the
2 social equity program under this section may be located in any city,
3 town, or county in the state that allows cannabis retail, cannabis
4 production, or cannabis processing business activities, as
5 applicable, at the proposed location, regardless of:

6 (A) Whether a cannabis retailer license, cannabis producer
7 license, or cannabis processor license was originally allocated to or
8 issued in another city, town, or county; and

9 (B) The maximum number of retail cannabis licenses established by
10 the board for each county under RCW 69.50.345.

11 (ii) The board or the director, as applicable, must adopt rules
12 establishing a threshold of the number of licenses created by this
13 section that can be located in each county.

14 (f) After a social equity license has been issued under this
15 section for a specific location, the location of the licensed
16 business may not be moved to a city, town, or county different from
17 the city, town, or county for which it was initially licensed.

18 (2)(a) In order to be considered for a cannabis retailer license,
19 cannabis processor license, or cannabis producer license under
20 subsection (1) of this section, an applicant must be a social equity
21 applicant and submit required cannabis license materials to the board
22 or the director, as applicable. If the application proposes ownership
23 by more than one person, then at least 51 percent of the proposed
24 ownership structure must reflect the qualifications of a social
25 equity applicant.

26 (b) Persons holding an existing cannabis retailer license or
27 title certificate for a cannabis retailer business in a local
28 jurisdiction subject to a ban or moratorium on cannabis retail
29 businesses may apply for a license under this section.

30 (3)(a) In determining the priority for issuance of a license
31 among applicants, the board or the director, as applicable, must
32 select a third-party contractor to identify and score social equity
33 applicants, using a scoring rubric developed by the board or the
34 director, as applicable. The board or the director, as applicable,
35 must rely on the score provided by the third-party contractor in
36 issuing licenses.

37 (b) The board or the director, as applicable, may deny any
38 application submitted under this subsection if:

1 (i) The board or the director, as applicable, determines that,
2 upon the advice of the third-party contractor, the application does
3 not meet the social equity licensing requirements of this chapter; or

4 (ii) The board or the director, as applicable, determines the
5 application does not otherwise meet licensing requirements.

6 (4) The board and the director must adopt rules to implement this
7 section. Prior to adopting any rule implementing this section, the
8 board and the director must consider advice on the social equity
9 program from individuals the program is intended to benefit. Rules
10 may also require that licenses awarded under this section only be
11 transferred to or assumed by individuals or groups of individuals who
12 comply with the requirements for initial licensure as a social equity
13 applicant for a period of at least five years from the date of
14 initial licensure.

15 (5) The annual fee for issuance, reissuance, or renewal for any
16 license under this section must be waived through July 1, 2032.

17 (6) The definitions in this subsection apply throughout this
18 section unless the context clearly requires otherwise.

19 (a) "Disproportionately impacted area" means a census tract or
20 comparable geographic area within Washington state where community
21 members were more likely to be impacted by the war on drugs. These
22 areas must be determined in rule by the board or the director, as
23 applicable, in consultation with the office of equity, using a
24 standardized statistical equation to identify areas with demographic
25 indicators consistent with populations most impacted by the war on
26 drugs. These areas must be assessed to account for demographic
27 changes in the composition of the population over time.
28 Disproportionately impacted areas must include census tracts or
29 comparable geographic areas in the top 15th percentile in at least
30 two of the following demographic indicators of populations most
31 impacted by the war on drugs:

32 (i) The area has a high rate of people living under the federal
33 poverty level;

34 (ii) The area has a high rate of people who did not graduate from
35 high school;

36 (iii) The area has a high rate of unemployment; or

37 (iv) The area has a high rate of people receiving public
38 assistance.

1 (b) "Social equity applicant" means an applicant who has at least
2 51 percent ownership and control by one or more individuals who meet
3 at least two of the following qualifications:

4 (i) Lived in a disproportionately impacted area in Washington
5 state for a minimum of five years between 1980 and 2010;

6 (ii) Has been arrested or convicted of a cannabis offense or has
7 a family member who has been arrested or convicted of a cannabis
8 offense;

9 (iii) Had a household income in the year prior to submitting an
10 application under this section that was less than the median
11 household income within the state of Washington as calculated by the
12 United States census bureau; or

13 (iv) Is both a socially and economically disadvantaged individual
14 as defined by the office of minority and women's business enterprises
15 under chapter 39.19 RCW.

16 (c) "Social equity goals" means:

17 (i) Increasing the number of cannabis retailer, producer, and
18 processor licenses held by social equity applicants from
19 disproportionately impacted areas; and

20 (ii) Reducing accumulated harm suffered by individuals, families,
21 and local areas subject to severe impacts from the historical
22 application and enforcement of cannabis prohibition laws.

23 (7) Except for the process detailed in subsection (1) of this
24 section, the process for creating new cannabis retail licenses under
25 this chapter remains unaltered.

26 **Sec. 8.** RCW 69.50.339 and 2022 c 16 s 62 are each amended to
27 read as follows:

28 (1) If the board or the director, as applicable, approves, a
29 license to produce, process, or sell cannabis may be transferred,
30 without charge, to the surviving spouse or domestic partner of a
31 deceased licensee if the license was issued in the names of one or
32 both of the parties. For the purpose of considering the
33 qualifications of the surviving party to receive a cannabis
34 producer's, cannabis processor's, or cannabis retailer's license, the
35 board or the director, as applicable, may require a criminal history
36 record information check. The board or the director, as applicable,
37 may submit the criminal history record information check to the
38 Washington state patrol and to the identification division of the
39 federal bureau of investigation in order that these agencies may

1 search their records for prior arrests and convictions of the
2 individual or individuals who filled out the forms. The board or the
3 director, as applicable, shall require fingerprinting of any
4 applicant whose criminal history record information check is
5 submitted to the federal bureau of investigation.

6 (2) The proposed sale of more than (~~ten~~) 10 percent of the
7 outstanding or issued stock of a corporation licensed under chapter
8 3, Laws of 2013, or any proposed change in the officers of such a
9 corporation, must be reported to the board or the director, as
10 applicable, and (~~board~~) approval must be obtained before the
11 changes are made. A fee of (~~seventy-five dollars~~) \$75 will be
12 charged for the processing of the change of stock ownership or
13 corporate officers.

14 **Sec. 9.** RCW 69.50.342 and 2022 c 16 s 63 are each amended to
15 read as follows:

16 (1) For the purpose of carrying into effect the provisions of
17 chapter 3, Laws of 2013 according to their true intent or of
18 supplying any deficiency therein, the board may adopt rules not
19 inconsistent with the spirit of chapter 3, Laws of 2013 as are deemed
20 necessary or advisable. Without limiting the generality of the
21 preceding sentence, the board is empowered to adopt rules regarding
22 the following:

23 (a) The equipment and management of retail outlets (~~and premises~~
24 ~~where cannabis is produced or processed,~~) and inspection of the
25 retail outlets (~~and premises where cannabis is produced or~~
26 ~~processed~~);

27 (b) The books and records to be created and maintained by retail
28 licensees, the reports to be made thereon to the board, and
29 inspection of the books and records;

30 (c) (~~Methods of producing, processing, and~~) In coordination
31 with the director, methods of packaging cannabis, useable cannabis,
32 cannabis concentrates, and cannabis-infused products; conditions of
33 sanitation; safe handling requirements; (~~approved pesticides and~~
34 pesticide testing requirements;) and standards of ingredients,
35 quality, and identity of cannabis, useable cannabis, cannabis
36 concentrates, and cannabis-infused products (~~produced, processed,~~
37 ~~packaged, or~~) sold by licensees;

1 (d) Security requirements for retail outlets (~~and premises where~~
2 ~~cannabis is produced or processed,~~) and safety protocols for such
3 licensees and their employees;

4 (e) Screening, hiring, training, and supervising employees of
5 retail licensees;

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

7 (g) Labeling requirements and restrictions on advertisement of
8 cannabis, useable cannabis, cannabis concentrates, cannabis health
9 and beauty aids, and cannabis-infused products for sale in retail
10 outlets;

11 (h) Forms to be used for purposes of this chapter and chapter
12 69.51A RCW or the rules adopted to implement and enforce these
13 chapters, the terms and conditions to be contained in licenses issued
14 under this chapter and chapter 69.51A RCW, and the qualifications for
15 receiving a license issued under this chapter and chapter 69.51A RCW,
16 including a criminal history record information check. The board may
17 submit any criminal history record information check to the
18 Washington state patrol and to the identification division of the
19 federal bureau of investigation in order that these agencies may
20 search their records for prior arrests and convictions of the
21 individual or individuals who filled out the forms. The board must
22 require fingerprinting of any applicant whose criminal history record
23 information check is submitted to the federal bureau of
24 investigation;

25 (i) Application, reinstatement, and renewal fees for licenses
26 issued under this chapter and chapter 69.51A RCW, and fees for
27 anything done or permitted to be done under the rules adopted to
28 implement and enforce this chapter and chapter 69.51A RCW;

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

32 (k) Times and periods when, and the manner, methods, and means by
33 which, licensees transport and deliver cannabis, cannabis
34 concentrates, useable cannabis, and cannabis-infused products within
35 the state;

36 (l) Identification, seizure, confiscation, destruction, or
37 donation to law enforcement for training purposes of all cannabis,
38 cannabis concentrates, useable cannabis, and cannabis-infused
39 products (~~produced, processed,~~) sold(~~(,)~~) or offered for sale
40 within this state which do not conform in all respects to the

1 standards prescribed by this chapter or chapter 69.51A RCW or the
2 rules adopted to implement and enforce these chapters; and

3 (m) The prohibition of any type of device used in conjunction
4 with a cannabis vapor product and the prohibition of the use of any
5 type of additive, solvent, ingredient, or compound in the production
6 and processing of cannabis products, including cannabis vapor
7 products, when the board determines, following consultation with the
8 department of health or any other authority the board deems
9 appropriate, that the device, additive, solvent, ingredient, or
10 compound may pose a risk to public health or youth access (~~and~~

11 ~~(n) Requirements for processors to submit under oath to the~~
12 ~~department of health a complete list of all constituent substances~~
13 ~~and the amount and sources thereof in each cannabis vapor product,~~
14 ~~including all additives, thickening agents, preservatives, compounds,~~
15 ~~and any other substance used in the production and processing of each~~
16 ~~cannabis vapor product)).~~

17 (2) For the purpose of carrying into effect the provisions of
18 chapter 3, Laws of 2013 according to their true intent or of
19 supplying any deficiency therein, the director may adopt rules not
20 inconsistent with the spirit of chapter 3, Laws of 2013 as are deemed
21 necessary or advisable. The director may adopt rules regarding the
22 following:

23 (a) The equipment and management of the premises where cannabis
24 is produced or processed and inspection of the premises where
25 cannabis is produced or processed;

26 (b) The books and records to be created and maintained by
27 producer licensees and processor licensees, the reports to be made
28 thereon to the director, and inspection of the books and records;

29 (c) Methods of producing, processing, and packaging cannabis,
30 useable cannabis, cannabis concentrates, and cannabis-infused
31 products; conditions of sanitation; safe handling requirements;
32 approved pesticides and pesticide testing requirements; and standards
33 of ingredients, quality, and identity of cannabis, useable cannabis,
34 cannabis concentrates, and cannabis-infused products produced,
35 processed, or packaged by licensees;

36 (d) Screening, hiring, training, and supervising employees of
37 producer licensees and processor licensees;

38 (e) Forms to be used for purposes of this chapter and chapter
39 69.51A RCW or the rules adopted to implement and enforce these
40 chapters, the terms and conditions to be contained in producer

1 licenses and processor licenses issued under this chapter, including
2 a criminal history record information check. The director may submit
3 any criminal history record information check to the Washington state
4 patrol and to the identification division of the federal bureau of
5 investigation in order that these agencies may search their records
6 for prior arrests and convictions of the individual or individuals
7 who filled out the forms. The director must require fingerprinting of
8 any applicant whose criminal history record information check is
9 submitted to the federal bureau of investigation;

10 (f) Application, reinstatement, and renewal fees for producer
11 licenses and processor licenses issued under this chapter and fees
12 for anything done or permitted to be done under the rules adopted to
13 implement and enforce this chapter;

14 (g) The manner of giving and serving notices required by this
15 chapter or rules adopted to implement or enforce this chapter;

16 (h) Identification, seizure, confiscation, destruction, or
17 donation to law enforcement for training purposes of all cannabis,
18 cannabis concentrates, useable cannabis, and cannabis-infused
19 products produced or processed within this state which do not conform
20 in all respects to the standards prescribed by this chapter or the
21 rules adopted to implement and enforce this chapter; and

22 (i) Requirements for processors to submit under oath to the
23 department a complete list of all constituent substances and the
24 amount and sources thereof in each cannabis vapor product, including
25 all additives, thickening agents, preservatives, compounds, and any
26 other substance used in the production and processing of each
27 cannabis vapor product.

28 (3) Rules adopted on retail outlets holding medical cannabis
29 endorsements must be adopted in coordination and consultation with
30 the department.

31 ~~((3))~~ (4) The board and the director, as applicable, must adopt
32 rules to perfect and expand existing programs for compliance
33 education for licensed cannabis businesses and their employees. The
34 rules must include a voluntary compliance program created in
35 consultation with licensed cannabis businesses and their employees.
36 The voluntary compliance program must include recommendations on
37 abating violations of this chapter and rules adopted under this
38 chapter.

1 **Sec. 10.** RCW 69.50.345 and 2023 c 220 s 5 are each amended to
2 read as follows:

3 The board and the director, subject to the provisions of this
4 chapter, must adopt rules that establish the procedures and criteria
5 necessary to implement the following:

6 (1) Licensing of cannabis producers(~~(7)~~) and cannabis processors
7 by the director, and cannabis retailers by the board, including
8 prescribing forms and establishing application, reinstatement, and
9 renewal fees.

10 (a) Application forms for cannabis producers must request the
11 applicant to state whether the applicant intends to produce cannabis
12 for sale by cannabis retailers holding medical cannabis endorsements
13 and the amount of or percentage of canopy the applicant intends to
14 commit to growing plants determined by the department under RCW
15 69.50.375 to be of a THC concentration, CBD concentration, or THC to
16 CBD ratio appropriate for cannabis concentrates, useable cannabis, or
17 cannabis-infused products sold to qualifying patients.

18 (b) The (~~board~~) director must reconsider and increase limits on
19 the amount of square feet permitted to be in production on July 24,
20 2015, and increase the percentage of production space for those
21 cannabis producers who intend to grow plants for cannabis retailers
22 holding medical cannabis endorsements if the cannabis producer
23 designates the increased production space to plants determined by the
24 department under RCW 69.50.375 to be of a THC concentration, CBD
25 concentration, or THC to CBD ratio appropriate for cannabis
26 concentrates, useable cannabis, or cannabis-infused products to be
27 sold to qualifying patients. If current cannabis producers do not use
28 all the increased production space, the (~~board~~) director may reopen
29 the license period for new cannabis producer license applicants but
30 only to those cannabis producers who agree to grow plants for
31 cannabis retailers holding medical cannabis endorsements. Priority in
32 licensing must be given to cannabis producer license applicants who
33 have an application pending on July 24, 2015, but who are not yet
34 licensed and then to new cannabis producer license applicants. After
35 January 1, 2017, any reconsideration of the limits on the amount of
36 square feet permitted to be in production to meet the medical needs
37 of qualifying patients must consider information contained in the
38 medical cannabis authorization database established in RCW
39 69.51A.230;

1 (2) (a) Except as provided in RCW 69.50.335, (~~determining~~) the
2 board, in consultation with the office of financial management,
3 determining the maximum number of retail outlets that may be licensed
4 in each county, taking into consideration:

5 (i) Population distribution;

6 (ii) Security and safety issues;

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

10 (iv) The number of retail outlets holding medical cannabis
11 endorsements necessary to meet the medical needs of qualifying
12 patients. The board must reconsider and increase the maximum number
13 of retail outlets it established before July 24, 2015, and allow for
14 a new license application period and a greater number of retail
15 outlets to be permitted in order to accommodate the medical needs of
16 qualifying patients and designated providers. After January 1, 2017,
17 any reconsideration of the maximum number of retail outlets needed to
18 meet the medical needs of qualifying patients must consider
19 information contained in the medical cannabis authorization database
20 established in RCW 69.51A.230.

21 (b) (i) In making the determination under (a) of this subsection,
22 the board must consider written input from an incorporated city or
23 town, or county legislative authority when evaluating concerns
24 related to outlet density.

25 (ii) An incorporated city or town, or county legislative
26 authority, may enact an ordinance prescribing outlet density
27 limitations. An ordinance may not affect licenses issued before the
28 effective date of the ordinance prescribing outlet density
29 limitations.

30 (iii) The board may adopt rules to identify how local
31 jurisdiction input will be evaluated;

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

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

1 (5) (~~Determining~~) The board determining the maximum quantities
2 of cannabis concentrates, useable cannabis, and cannabis-infused
3 products a cannabis retailer may have on the premises of a retail
4 outlet at any time without violating Washington state law;

5 (6) In making the determinations required by this section, the
6 board or the director, as applicable, shall take into consideration:

7 (a) Security and safety issues;

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

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

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

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

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

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

30 (b) Minimizing exposure of people under 21 years of age to the
31 advertising;

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

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

37 (10) (~~Specifying~~) The board specifying and regulating the time
38 and periods when, and the manner, methods, and means by which,
39 licensees shall transport and deliver cannabis, cannabis

1 concentrates, useable cannabis, and cannabis-infused products within
2 the state;

3 (11) In consultation with the department (~~and the department of~~
4 ~~agriculture~~), the board and the director, as applicable, prescribing
5 methods of producing, processing, and packaging cannabis, cannabis
6 concentrates, useable cannabis, and cannabis-infused products;
7 conditions of sanitation; and standards of ingredients, quality, and
8 identity of cannabis, cannabis concentrates, useable cannabis, and
9 cannabis-infused products produced, processed, packaged, or sold by
10 licensees;

11 (12) Specifying procedures for identifying, seizing,
12 confiscating, destroying, and donating to law enforcement for
13 training purposes all cannabis, cannabis concentrates, useable
14 cannabis, and cannabis-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 board or the director.

18 **Sec. 11.** RCW 69.50.348 and 2024 c 69 s 2 are each amended to
19 read as follows:

20 (1) On a schedule determined by the (~~board~~) director, every
21 licensed cannabis producer and processor must submit representative
22 samples of cannabis, useable cannabis, or cannabis-infused products
23 produced or processed by the licensee to an independent, third-party
24 testing laboratory meeting the accreditation requirements established
25 by the state department of agriculture. The purpose of testing
26 representative samples is to certify compliance with quality
27 assurance and product standards adopted by the board under RCW
28 69.50.342 or the department of health under RCW 69.50.375. In
29 conducting tests of cannabis product samples, testing laboratories
30 must adhere to laboratory quality standards adopted by the state
31 department of agriculture under chapter 15.150 RCW. Any sample
32 remaining after testing shall be destroyed by the laboratory or
33 returned to the licensee submitting the sample.

34 (2) Independent, third-party testing laboratories performing
35 cannabis product testing under subsection (1) of this section must
36 obtain and maintain accreditation.

37 (3) Licensees must submit the results of inspection and testing
38 for quality assurance and product standards required under RCW

1 69.50.342 to the ((~~board~~)) director on a form developed by the
2 ((~~board~~)) director.

3 (4) If a representative sample inspected and tested under this
4 section does not meet the applicable quality assurance and product
5 standards established by the ((~~board~~)) director then, except as
6 otherwise provided by the ((~~board~~)) department in rule, the entire
7 lot from which the sample was taken must be destroyed.

8 (5) The department of agriculture may determine, assess, and
9 collect annual fees to support the direct and indirect costs of
10 implementing a state cannabis product testing laboratory
11 accreditation program and laboratory quality standards program,
12 except for the initial program development costs. The department of
13 agriculture may establish a payment schedule requiring periodic
14 installments of the annual fee. The department of agriculture must
15 review and update its fee schedule biennially. The costs of cannabis
16 product testing laboratory accreditation are those incurred by the
17 department of agriculture in administering and enforcing the
18 accreditation program. The costs may include, but are not limited to,
19 the costs incurred in undertaking the following accreditation
20 functions:

- 21 (a) Evaluating the protocols and procedures used by a laboratory;
- 22 (b) Performing on-site audits;
- 23 (c) Evaluating participation and successful completion of
24 proficiency testing;
- 25 (d) Determining the capability of a laboratory to produce
26 accurate and reliable test results; and
- 27 (e) Such other accreditation activities as the department of
28 agriculture deems appropriate.

29 (6) The department of agriculture and the interagency
30 coordination team created in RCW 15.150.020 must act cooperatively to
31 ensure effective implementation and administration of this section.

32 (7) All fees collected under this section must be deposited in
33 the dedicated cannabis account created in RCW 69.50.530.

34 **Sec. 12.** RCW 69.50.351 and 2022 c 16 s 69 are each amended to
35 read as follows:

36 Except as provided by chapter 42.52 RCW, the director and no
37 member of the board, and no employee of the board or the director,
38 shall have any interest, directly or indirectly, in the producing,
39 processing, or sale of cannabis, useable cannabis, or cannabis-

1 infused products, or derive any profit or remuneration from the sale
2 of cannabis, useable cannabis, or cannabis-infused products other
3 than the salary or wages payable to him or her in respect of his or
4 her office or position, and shall receive no gratuity from any person
5 in connection with the business.

6 **Sec. 13.** RCW 69.50.363 and 2022 c 16 s 73 are each amended to
7 read as follows:

8 The following acts, when performed by a validly licensed cannabis
9 processor or employee of a validly licensed cannabis processor in
10 compliance with rules adopted by the board or the director, as
11 applicable, to implement and enforce chapter 3, Laws of 2013, do not
12 constitute criminal or civil offenses under Washington state law:

13 (1) Purchase and receipt of cannabis that has been properly
14 packaged and labeled from a cannabis producer validly licensed under
15 chapter 3, Laws of 2013;

16 (2) Possession, processing, packaging, and labeling of quantities
17 of cannabis, useable cannabis, and cannabis-infused products that do
18 not exceed the maximum amounts established by the board under RCW
19 69.50.345(4);

20 (3) Delivery, distribution, and sale of useable cannabis or
21 cannabis-infused products to a cannabis retailer validly licensed
22 under chapter 3, Laws of 2013; and

23 (4) Delivery, distribution, and sale of useable cannabis,
24 cannabis concentrates, or cannabis-infused products to a federally
25 recognized Indian tribe as permitted under an agreement between the
26 state and the tribe entered into under RCW 43.06.490.

27 **Sec. 14.** RCW 69.50.366 and 2022 c 16 s 74 are each amended to
28 read as follows:

29 The following acts, when performed by a validly licensed cannabis
30 producer or employee of a validly licensed cannabis producer in
31 compliance with rules adopted by the board or the director, as
32 applicable, to implement and enforce this chapter, do not constitute
33 criminal or civil offenses under Washington state law:

34 (1) Production or possession of quantities of cannabis that do
35 not exceed the maximum amounts established by the board under RCW
36 69.50.345(3);

1 (2) Delivery, distribution, and sale of cannabis to a cannabis
2 processor or another cannabis producer validly licensed under this
3 chapter;

4 (3) Delivery, distribution, and sale of immature plants or clones
5 and cannabis seeds to a licensed cannabis researcher, and to receive
6 or purchase immature plants or clones and seeds from a licensed
7 cannabis researcher; and

8 (4) Delivery, distribution, and sale of cannabis or useable
9 cannabis to a federally recognized Indian tribe as permitted under an
10 agreement between the state and the tribe entered into under RCW
11 43.06.490.

12 **Sec. 15.** RCW 69.50.372 and 2022 c 16 s 76 are each amended to
13 read as follows:

14 (1) A cannabis research license is established that permits a
15 licensee to produce, process, and possess cannabis for the following
16 limited research purposes:

17 (a) To test chemical potency and composition levels;

18 (b) To conduct clinical investigations of cannabis-derived drug
19 products;

20 (c) To conduct research on the efficacy and safety of
21 administering cannabis as part of medical treatment; and

22 (d) To conduct genomic or agricultural research.

23 (2) As part of the application process for a cannabis research
24 license, an applicant must submit to the ~~((board's))~~ director's
25 designated scientific reviewer a description of the research that is
26 intended to be conducted. The ~~((board))~~ director must select a
27 scientific reviewer to review an applicant's research project and
28 determine that it meets the requirements of subsection (1) of this
29 section, as well as assess the following:

30 (a) Project quality, study design, value, or impact;

31 (b) Whether applicants have the appropriate personnel, expertise,
32 facilities/infrastructure, funding, and human/animal/other federal
33 approvals in place to successfully conduct the project; and

34 (c) Whether the amount of cannabis to be grown by the applicant
35 is consistent with the project's scope and goals.

36 If the scientific reviewer determines that the research project
37 does not meet the requirements of subsection (1) of this section, the
38 application must be denied.

1 (3) A cannabis research licensee may only sell cannabis grown or
2 within its operation to other cannabis research licensees. The
3 (~~board~~) director may revoke a cannabis research license for
4 violations of this subsection.

5 (4) A cannabis research licensee may contract with the University
6 of Washington or Washington State University to perform research in
7 conjunction with the university. All research projects, not including
8 those projects conducted pursuant to a contract entered into under
9 RCW 28B.20.502(3), must be approved by the scientific reviewer and
10 meet the requirements of subsection (1) of this section.

11 (5) In establishing a cannabis research license, the (~~board~~)
12 director may adopt rules on the following:

13 (a) Application requirements;

14 (b) Cannabis research license renewal requirements, including
15 whether additional research projects may be added or considered;

16 (c) Conditions for license revocation;

17 (d) Security measures to ensure cannabis is not diverted to
18 purposes other than research;

19 (e) Amount of plants, useable cannabis, cannabis concentrates, or
20 cannabis-infused products a licensee may have on its premises;

21 (f) Licensee reporting requirements;

22 (g) Conditions under which cannabis grown by licensed cannabis
23 producers and other product types from licensed cannabis processors
24 may be donated to cannabis research licensees; and

25 (h) Additional requirements deemed necessary by the (~~board~~)
26 director.

27 (6) The production, processing, possession, delivery, donation,
28 and sale of cannabis, including immature plants or clones and seeds,
29 in accordance with this section, RCW 69.50.366(3), and the rules
30 adopted to implement and enforce this section and RCW 69.50.366(3),
31 by a validly licensed cannabis researcher, shall not be a criminal or
32 civil offense under Washington state law. Every cannabis research
33 license must be issued in the name of the applicant, must specify the
34 location at which the cannabis researcher intends to operate, which
35 must be within the state of Washington, and the holder thereof may
36 not allow any other person to use the license.

37 (7) The application fee for a cannabis research license is (~~two~~
38 ~~hundred fifty dollars~~) \$250. The annual fee for issuance and renewal
39 of a cannabis research license is (~~one thousand three hundred~~
40 ~~dollars~~) \$1,300. The applicant must pay the cost of the review

1 process directly to the scientific reviewer as designated by the
2 ((~~board~~)) director.

3 (8) The scientific reviewer shall review any reports made by
4 cannabis research licensees under ((~~board~~)) director rule and provide
5 the ((~~board~~)) director with its determination on whether the research
6 project continues to meet research qualifications under this section.

7 (9) For the purposes of this section, "scientific reviewer" means
8 an organization that convenes or contracts with persons who have the
9 training and experience in research practice and research methodology
10 to determine whether a project meets the criteria for a cannabis
11 research license under this section and to review any reports
12 submitted by cannabis research licensees under ((~~board~~)) director
13 rule. "Scientific reviewers" include, but are not limited to,
14 educational institutions, research institutions, peer review bodies,
15 or such other organizations that are focused on science or research
16 in its day-to-day activities.

17 **Sec. 16.** RCW 69.50.395 and 2022 c 16 s 83 are each amended to
18 read as follows:

19 (1) A licensed cannabis business may enter into an agreement with
20 any person, business, or other entity for:

21 (a) Any goods or services that are registered as a trademark
22 under federal law, under chapter 19.77 RCW, or under any other state
23 or international trademark law;

24 (b) Any unregistered trademark, trade name, or trade dress; or

25 (c) Any trade secret, technology, or proprietary information used
26 to manufacture a cannabis product or used to provide a service
27 related to any cannabis business.

28 (2) Any agreements entered into by a licensed cannabis business,
29 as authorized under this section, must be disclosed to the board or
30 the director, as applicable, and may include:

31 (a) A royalty fee or flat rate calculated based on sales of each
32 product that includes the intellectual property or was manufactured
33 or sold using the licensed intellectual property or service, provided
34 that the royalty fee is no greater than an amount equivalent to
35 ((~~ten~~)) 10 percent of the licensed cannabis business's gross sales
36 derived from the sale of such product;

37 (b) A flat rate or lump sum calculated based on time or
38 milestones;

1 (c) Terms giving either party exclusivity or qualified
2 exclusivity as it relates to use of the intellectual property;

3 (d) Quality control standards as necessary to protect the
4 integrity of the intellectual property;

5 (e) Enforcement obligations to be undertaken by the licensed
6 cannabis business;

7 (f) Covenants to use the licensed intellectual property; and

8 (g) Assignment of licensor improvements of the intellectual
9 property.

10 (3) A person, business, or entity that enters into an agreement
11 with a licensed cannabis business, where both parties to the
12 agreement are in compliance with the terms of this section, is exempt
13 from the requirement to qualify for a cannabis business license for
14 purposes of the agreements authorized by subsection (1) of this
15 section.

16 (4) All agreements entered into by a licensed cannabis business,
17 as authorized by this section, are subject to the board's or
18 director's recordkeeping requirements as established by rule.

19 **Sec. 17.** RCW 69.50.530 and 2023 c 470 s 1014 are each amended to
20 read as follows:

21 The dedicated cannabis account is created in the state treasury.
22 All moneys received by the board or the director, as applicable, or
23 any employee thereof, from cannabis-related activities must be
24 deposited in the account. Unless otherwise provided in chapter 4,
25 Laws of 2015 2nd sp. sess., all cannabis excise taxes collected from
26 sales of cannabis, useable cannabis, cannabis concentrates, and
27 cannabis-infused products under RCW 69.50.535, and the license fees,
28 penalties, and forfeitures derived under this chapter from cannabis
29 producer, cannabis processor, cannabis researcher, and cannabis
30 retailer licenses, must be deposited in the account. Moneys in the
31 account may only be spent after appropriation.

32 **Sec. 18.** RCW 69.50.540 and 2023 c 470 s 1015 are each amended to
33 read as follows:

34 (1) For the purposes of this subsection (1), the legislature must
35 appropriate the amounts provided in this subsection:

36 (a) \$12,500,000 annually to the board or the director for
37 administration of this chapter as appropriated and distributed in the
38 omnibus appropriations act;

1 (b) \$11,000,000 annually to the department of health for the
2 following:

3 (i) Creation, implementation, operation, and management of a
4 cannabis, vapor product, and commercial tobacco education and public
5 health program that contains the following:

6 (A) A cannabis use public health hotline that provides referrals
7 to substance abuse treatment providers, uses evidence-based or
8 research-based public health approaches to minimizing the harms
9 associated with cannabis use, and does not solely advocate an
10 abstinence-only approach;

11 (B) Programs that support development and implementation of
12 coordinated intervention strategies for the prevention and reduction
13 of commercial tobacco, vapor product, and cannabis use by youth and
14 cannabis cessation treatment services, including grant programs to
15 local health departments or other local community agencies;

16 (C) Media-based education campaigns across television, internet,
17 radio, print, and out-of-home advertising, separately targeting youth
18 and adults, that provide medically and scientifically accurate
19 information about the health and safety risks posed by cannabis use;
20 and

21 (D) Outreach to priority populations regarding commercial
22 tobacco, vapor product, and cannabis use, prevention, and cessation;
23 and

24 (ii) The Washington poison control center;

25 (c) (i) \$3,000,000 annually to the department of commerce to fund
26 cannabis social equity grants under RCW 43.330.540; and

27 (ii) \$200,000 annually to the department of commerce to fund
28 technical assistance through a roster of mentors under RCW
29 43.330.540;

30 (d) \$200,000 annually, until June 30, 2032, to the health care
31 authority to contract with the Washington state institute for public
32 policy to conduct the cost-benefit evaluations and produce the
33 reports described in RCW 69.50.550;

34 (e) \$25,000 annually to the University of Washington alcohol and
35 drug abuse institute for the creation, maintenance, and timely
36 updating of web-based public education materials providing medically
37 and scientifically accurate information about the health and safety
38 risks posed by cannabis use;

39 (f) \$300,000 annually to the University of Washington and
40 \$175,000 annually to the Washington State University for research on

1 the short-term and long-term effects of cannabis use to include, but
2 not be limited to, formal and informal methods for estimating and
3 measuring intoxication and impairments, and for the dissemination of
4 such research;

5 (g) \$550,000 annually to the office of the superintendent of
6 public instruction to fund grants to building bridges programs under
7 chapter 28A.175 RCW;

8 (h) \$2,423,000 for fiscal year 2022 and \$2,423,000 for fiscal
9 year 2023 to the Washington state patrol for a drug enforcement task
10 force;

11 (i) \$270,000 for fiscal year 2022 and \$290,000 for fiscal year
12 2023 to the department of ecology for implementation of accreditation
13 of cannabis product testing laboratories;

14 (j) \$800,000 for each of fiscal years 2020 through 2023 to the
15 department of health for the administration of the cannabis
16 authorization database; and

17 (k) \$621,000 for fiscal year 2022 and \$635,000 for fiscal year
18 2023 to the department of agriculture for compliance-based laboratory
19 analysis of pesticides in cannabis.

20 (2) (~~Subsections~~ ~~[Subsection]~~) Subsection (1) (a) through (g) of
21 this section must be adjusted annually based on the United States
22 bureau of labor statistics' consumer price index for the Seattle
23 area.

24 (3) After appropriation of the amounts identified in subsection
25 (1) of this section, the legislature must annually appropriate such
26 remaining amounts for the purposes listed in this subsection (3) as
27 follows:

28 (a) Fifty-two percent to the state basic health plan trust
29 account to be administered by the Washington basic health plan
30 administrator and used as provided under chapter 70.47 RCW;

31 (b) Eleven percent to the health care authority to:

32 (i) Design and administer the Washington state healthy youth
33 survey, analyze the collected data, and produce reports, in
34 collaboration with the office of the superintendent of public
35 instruction, department of health, department of commerce, family
36 policy council, (~~and~~) board, and director. The survey must be
37 conducted at least every two years and include questions regarding,
38 but not necessarily limited to, academic achievement, age at time of
39 substance use initiation, antisocial behavior of friends, attitudes
40 toward antisocial behavior, attitudes toward substance use, laws and

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

7 (ii) Develop, implement, maintain, and evaluate programs and
8 practices aimed at the prevention or reduction of maladaptive
9 substance use, substance use disorder, substance abuse or substance
10 dependence, as these terms are defined in the diagnostic and
11 statistical manual of mental disorders, among middle school and high
12 school-age students, whether as an explicit goal of a given program
13 or practice or as a consistently corresponding effect of its
14 implementation, mental health services for children and youth, and
15 services for pregnant and parenting women. In deciding which programs
16 and practices to fund under this subsection (3)(b)(ii), the director
17 of the health care authority must consult, at least annually, with
18 the University of Washington's social development research group and
19 the University of Washington's alcohol and drug abuse institute; and

20 (iii) Contract with community health centers to provide primary
21 health and dental care services, migrant health services, and
22 maternity health care services as provided under RCW 41.05.220;

23 (c)(i) One and one-half percent to counties, cities, and towns
24 where licensed cannabis retailers are physically located. Each
25 jurisdiction must receive a share of the revenue distribution under
26 this subsection (3)(c)(i) based on the proportional share of the
27 total revenues generated in the individual jurisdiction from the
28 taxes collected under RCW 69.50.535, from licensed cannabis retailers
29 physically located in each jurisdiction. For purposes of this
30 subsection (3)(c), 100 percent of the proportional amount attributed
31 to a retailer physically located in a city or town must be
32 distributed to the city or town;

33 (ii) Three and one-half percent to counties, cities, and towns
34 ratably on a per capita basis. Counties must receive 60 percent of
35 the distribution based on each county's total proportional
36 population. Funds may only be distributed to jurisdictions that do
37 not prohibit the siting of any state licensed cannabis producer,
38 processor, or retailer;

39 (iii) By September 15th of each year, the board must provide the
40 state treasurer the annual distribution amount made under this

1 subsection (3)(c), if any, for each county and city as determined in
2 (c)(i) and (ii) of this subsection; and
3 (iv) Distribution amounts allocated to each county, city, and
4 town in (c)(i) and (ii) of this subsection must be distributed in
5 four installments by the last day of each fiscal quarter; and
6 (d) Thirty-two percent must be deposited in the state general
7 fund.

8 **Sec. 19.** RCW 69.50.564 and 2022 c 16 s 108 are each amended to
9 read as follows:

10 (1) This section applies to the board's issuance of
11 administrative violations to licensed cannabis producers, processors,
12 retailers, transporters, and researchers, when a settlement
13 conference is held between a hearing officer or designee of the board
14 or the director, as applicable, and the cannabis licensee that
15 received a notice of an alleged administrative violation or
16 violations.

17 (2) If a settlement agreement is entered between a cannabis
18 licensee and a hearing officer or designee of the board or the
19 director, as applicable, at or after a settlement conference, the
20 terms of the settlement agreement must be given substantial weight by
21 the board or the director, as applicable.

22 (3) For the purposes of this section:

23 (a) "Settlement agreement" means the agreement or compromise
24 between a licensed cannabis producer, processor, retailer,
25 researcher, transporter, or researcher and the hearing officer or
26 designee of the board or the director, as applicable, with authority
27 to participate in the settlement conference, that:

28 (i) Includes the terms of the agreement or compromise regarding
29 an alleged violation or violations by the licensee of this chapter,
30 chapter 69.51A RCW, or rules adopted under either chapter, and any
31 related penalty or licensing restriction; and

32 (ii) Is in writing and signed by the licensee and the hearing
33 officer or designee of the board or the director, as applicable.

34 (b) "Settlement conference" means a meeting or discussion between
35 a licensed cannabis producer, processor, retailer, researcher,
36 transporter, researcher, or authorized representative of any of the
37 preceding licensees, and a hearing officer or designee of the board
38 or the director, as applicable, held for purposes such as discussing
39 the circumstances surrounding an alleged violation of law or rules by

1 the licensee, the recommended penalty, and any aggravating or
2 mitigating factors, and that is intended to resolve the alleged
3 violation before an administrative hearing or judicial proceeding is
4 initiated.

5 **Sec. 20.** RCW 69.50.565 and 2015 2nd sp.s. c 4 s 202 are each
6 amended to read as follows:

7 (1) Whenever the board or the director, as applicable, determines
8 that a limited liability business entity has collected trust fund
9 taxes and has failed to remit those taxes to the board or the
10 director, as applicable, and that business entity has been
11 terminated, dissolved, or abandoned, or is insolvent, the board or
12 the director, as applicable, may pursue collection of the entity's
13 unpaid trust fund taxes, including penalties on those taxes, against
14 any or all of the responsible individuals. For purposes of this
15 subsection, "insolvent" means the condition that results when the sum
16 of the entity's debts exceeds the fair market value of its assets.
17 The board or the director, as applicable, may presume that an entity
18 is insolvent if the entity refuses to disclose to the board or the
19 director, as applicable, the nature of its assets and liabilities.

20 (2)(a) For a responsible individual who is the current or a
21 former chief executive or chief financial officer, liability under
22 this section applies regardless of fault or whether the individual
23 was or should have been aware of the unpaid trust fund tax liability
24 of the limited liability business entity.

25 (b) For any other responsible individual, liability under this
26 section applies only if he or she willfully failed to pay or to cause
27 to be paid to the board the trust fund taxes due from the limited
28 liability business entity.

29 (3)(a) Except as provided in this subsection (3)(a), a
30 responsible individual who is the current or a former chief executive
31 or chief financial officer is liable under this section only for
32 trust fund tax liability accrued during the period that he or she was
33 the chief executive or chief financial officer. However, if the
34 responsible individual had the responsibility or duty to remit
35 payment of the limited liability business entity's trust fund taxes
36 to the board or the director, as applicable, during any period of
37 time that the person was not the chief executive or chief financial
38 officer, that individual is also liable for trust fund tax liability
39 that became due during the period that he or she had the duty to

1 remit payment of the limited liability business entity's taxes to the
2 board or the director, as applicable, but was not the chief executive
3 or chief financial officer.

4 (b) All other responsible individuals are liable under this
5 section only for trust fund tax liability that became due during the
6 period he or she had the responsibility or duty to remit payment of
7 the limited liability business entity's taxes to the board or the
8 director, as applicable.

9 (4) Persons described in subsection (3)(b) of this section are
10 exempt from liability under this section in situations where
11 nonpayment of the limited liability business entity's trust fund
12 taxes was due to reasons beyond their control as determined by the
13 board or the director by rule.

14 (5) Any person having been issued a notice of unpaid trust fund
15 taxes under this section is entitled to an administrative hearing
16 under RCW 69.50.334 and any such rules the board or director may
17 adopt.

18 (6) This section does not relieve the limited liability business
19 entity of its trust fund tax liability or otherwise impair other tax
20 collection remedies afforded by law.

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

23 (a) (~~"Board" means the state liquor and cannabis board.~~

24 ~~(b)~~) "Chief executive" means: The president of a corporation or
25 for other entities or organizations other than corporations or if the
26 corporation does not have a president as one of its officers, the
27 highest ranking executive manager or administrator in charge of the
28 management of the company or organization.

29 (~~(e)~~) (b) "Chief financial officer" means: The treasurer of a
30 corporation or for entities or organizations other than corporations
31 or if a corporation does not have a treasurer as one of its officers,
32 the highest senior manager who is responsible for overseeing the
33 financial activities of the entire company or organization.

34 (~~(d)~~) (c) "Limited liability business entity" means a type of
35 business entity that generally shields its owners from personal
36 liability for the debts, obligations, and liabilities of the entity,
37 or a business entity that is managed or owned in whole or in part by
38 an entity that generally shields its owners from personal liability
39 for the debts, obligations, and liabilities of the entity. Limited
40 liability business entities include corporations, limited liability

1 companies, limited liability partnerships, trusts, general
2 partnerships and joint ventures in which one or more of the partners
3 or parties are also limited liability business entities, and limited
4 partnerships in which one or more of the general partners are also
5 limited liability business entities.

6 ~~((e))~~ (d) "Manager" has the same meaning as in RCW
7 ~~((25.15.005))~~ 25.15.006.

8 ~~((f))~~ (e) "Member" has the same meaning as in RCW ~~((25.15.005))~~
9 25.15.006, except that the term only includes members of member-
10 managed limited liability companies.

11 ~~((g))~~ (f) "Officer" means any officer or assistant officer of a
12 corporation, including the president, vice president, secretary, and
13 treasurer.

14 ~~((h))~~ (g)(i) "Responsible individual" includes any current or
15 former officer, manager, member, partner, or trustee of a limited
16 liability business entity with unpaid trust fund tax liability.

17 (ii) "Responsible individual" also includes any current or former
18 employee or other individual, but only if the individual had the
19 responsibility or duty to remit payment of the limited liability
20 business entity's unpaid trust fund tax liability.

21 (iii) Whenever any taxpayer has one or more limited liability
22 business entities as a member, manager, or partner, "responsible
23 individual" also includes any current and former officers, members,
24 or managers of the limited liability business entity or entities or
25 of any other limited liability business entity involved directly in
26 the management of the taxpayer. For purposes of this subsection
27 ~~((7)(h)(iii))~~ (7)(g)(iii), "taxpayer" means a limited liability
28 business entity with unpaid trust fund taxes.

29 ~~((i))~~ (h) "Trust fund taxes" means taxes collected from buyers
30 and deemed held in trust under RCW 69.50.535.

31 ~~((j))~~ (i) "Willfully failed to pay or to cause to be paid"
32 means that the failure was the result of an intentional, conscious,
33 and voluntary course of action.

34 **Sec. 21.** RCW 69.50.580 and 2022 c 16 s 111 are each amended to
35 read as follows:

36 (1) Applicants for a cannabis producer's, cannabis processor's,
37 cannabis researcher's or cannabis retailer's license under this
38 chapter must display a sign provided by the board on the outside of

1 the premises to be licensed notifying the public that the premises
2 are subject to an application for such license. The sign must:

3 (a) Contain text with content sufficient to notify the public of
4 the nature of the pending license application, the date of the
5 application, the name of the applicant, and contact information for
6 the board or the director, as applicable;

7 (b) Be conspicuously displayed on, or immediately adjacent to,
8 the premises subject to the application and in the location that is
9 most likely to be seen by the public;

10 (c) Be of a size sufficient to ensure that it will be readily
11 seen by the public; and

12 (d) Be posted within seven business days of the submission of the
13 application to the board or the director, as applicable.

14 (2) The board or the director, as applicable, must adopt such
15 rules as are necessary for the implementation of this section,
16 including rules pertaining to the size of the sign and the text
17 thereon, the textual content of the sign, the fee for providing the
18 sign, and any other requirements necessary to ensure that the sign
19 provides adequate notice to the public.

20 (3)(a) A city, town, or county may adopt an ordinance requiring
21 individual notice by an applicant for a cannabis producer's, cannabis
22 processor's, cannabis researcher's, or cannabis retailer's license
23 under this chapter, sixty days prior to issuance of the license, to
24 any elementary or secondary school, playground, recreation center or
25 facility, child care center, church, public park, public transit
26 center, library, or any game arcade admission to which is not
27 restricted to persons aged (~~(twenty-one)~~) 21 years or older, that is
28 within (~~(one thousand)~~) 1,000 feet of the perimeter of the grounds of
29 the establishment seeking licensure. The notice must provide the
30 contact information for the board where any of the owners or
31 operators of these entities may submit comments or concerns about the
32 proposed business location.

33 (b) For the purposes of this subsection, "church" means a
34 building erected for and used exclusively for religious worship and
35 schooling or other activity in connection therewith.

36 **Sec. 22.** RCW 69.50.585 and 2016 sp.s. c 17 s 1 are each amended
37 to read as follows:

38 (1)(a) Nothing in this chapter prohibits a producer or processor
39 from providing retailers branded promotional items which are of

1 nominal value, singly or in the aggregate. Such items include but are
2 not limited to: Lighters, postcards, pencils, matches, shirts, hats,
3 visors, and other similar items. Branded promotional items:

4 (i) Must be used exclusively by the retailer or its employees in
5 a manner consistent with its license;

6 (ii) Must bear imprinted advertising matter of the producer or
7 processor only;

8 (iii) May be provided by a producer or processor only to
9 retailers and their employees and may not be provided by or through
10 retailers or their employees to retail customers; and

11 (iv) May not be targeted to youth, including any: (A) Statement,
12 picture, or illustration that depicts a child or other person under
13 legal age for consuming cannabis; (B) objects, such as toys or
14 characters, suggesting the presence of a child, or any other
15 depiction designed in any manner to be especially appealing to
16 children or other persons under legal age to consume cannabis; (C)
17 advertising designed in any manner that would be especially appealing
18 to children or other persons under (~~twenty-one~~) 21 years of age; or
19 (D) advertising implying that the consumption of cannabis is
20 fashionable or the accepted course of behavior for persons under
21 (~~twenty-one~~) 21 years of age.

22 (b) A producer or processor is not obligated to provide any such
23 branded promotional items, and a retailer may not require a producer
24 or processor to provide such branded promotional items as a condition
25 for selling any cannabis to the retailer.

26 (c) Any producer, processor, or retailer or any other person
27 asserting that the provision of branded promotional items as allowed
28 in (a) of this subsection has resulted or is more likely than not to
29 result in undue influence or an adverse impact on public health and
30 safety, or is otherwise inconsistent with the criteria in (a) of this
31 subsection may file a complaint with the (~~state liquor and~~
32 ~~cannabis~~) board or the director, as applicable. Upon receipt of a
33 complaint the (~~state liquor and cannabis~~) board or the director, as
34 applicable, may conduct such investigation as it deems appropriate in
35 the circumstances. If the investigation reveals the provision of
36 branded promotional items has resulted in or is more likely than not
37 to result in undue influence or has resulted or is more likely than
38 not to result in an adverse impact on public health and safety or is
39 otherwise inconsistent with (a) of this subsection the (~~state liquor~~
40 ~~and cannabis~~) board or the director, as applicable, may issue an

1 administrative violation notice to the producer, processor, or
2 retailer. The recipient of the administrative violation notice may
3 request a hearing under chapter 34.05 RCW.

4 (2) Nothing in this chapter prohibits:

5 (a) Producers or processors from listing on their internet
6 websites information related to retailers who sell or promote their
7 products, including direct links to the retailers' internet websites;
8 and

9 (b) Retailers from listing on their internet websites information
10 related to producers or processors whose products those retailers
11 sell or promote, including direct links to the producers or
12 processors' websites; or

13 (c) Producers, processors, and retailers from producing, jointly
14 or together with regional, state, or local industry associations,
15 brochures and materials promoting tourism in Washington state which
16 contain information regarding retail licensees, producers,
17 processors, and their products.

18 (3) Nothing in this chapter prohibits the performance of personal
19 services offered from time to time by a producer or processor to
20 retailers when the personal services are (a) conducted at a licensed
21 premises, and (b) intended to inform, educate, or enhance customers'
22 knowledge or experience of the manufacturer's products. The
23 performance of personal services may include participation in events
24 and the use of informational or educational activities at the
25 premises of a retailer holding a license under this chapter. A
26 producer or processor is not obligated to perform any such personal
27 services, and a retail licensee may not require a producer or
28 processor to conduct any personal service as a condition for selling
29 cannabis to the retail licensee.

30 (4) For the purposes of this section, "nominal value" means a
31 value of (~~(thirty dollars)~~) \$30 or less.

32 NEW SECTION. **Sec. 23.** This act is necessary for the immediate
33 preservation of the public peace, health, or safety, or support of
34 the state government and its existing public institutions, and takes
35 effect July 1, 2025.

--- END ---