
HOUSE BILL 1410

State of Washington

69th Legislature

2025 Regular Session

By Representative Low

Read first time 01/20/25. Referred to Committee on Consumer Protection & Business.

1 AN ACT Relating to the suspension of inactive cannabis producer
2 licenses; amending RCW 69.50.331; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that a well-balanced
5 regulatory structure for the cannabis industry fosters economic
6 growth while preserving Washington's high regulatory standards. This
7 framework is essential for maintaining a vibrant and sustainable
8 cannabis marketplace that serves all Washingtonians. However,
9 oversupply issues have arisen from the issuance of excessive cannabis
10 producer licenses, creating uncertainty in the market. Suspending
11 inactive cannabis producer licenses until an interstate or federal
12 cannabis marketplace is established will address this challenge and
13 promote stability.

14 **Sec. 2.** RCW 69.50.331 and 2023 c 220 s 2 are each amended to
15 read as follows:

16 (1) For the purpose of considering any application for a license
17 to produce, process, research, transport, or deliver cannabis,
18 useable cannabis, cannabis concentrates, or cannabis-infused products
19 subject to the regulations established under RCW 69.50.385, or sell
20 cannabis, or for the renewal of a license to produce, process,

1 research, transport, or deliver cannabis, useable cannabis, cannabis
2 concentrates, or cannabis-infused products subject to the regulations
3 established under RCW 69.50.385, or sell cannabis, the board must
4 conduct a comprehensive, fair, and impartial evaluation of the
5 applications timely received.

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

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

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

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

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

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

4 (2)(a) The board may, in its discretion, subject to RCW
5 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend
6 or cancel any license; and all protections of the licensee from
7 criminal or civil sanctions under state law for producing,
8 processing, researching, or selling cannabis, cannabis concentrates,
9 useable cannabis, or cannabis-infused products thereunder must be
10 suspended or terminated, as the case may be.

11 (b) The board must immediately suspend the license of a person
12 who has been certified pursuant to RCW 74.20A.320 by the department
13 of social and health services as a person who is not in compliance
14 with a support order. If the person has continued to meet all other
15 requirements for reinstatement during the suspension, reissuance of
16 the license is automatic upon the board's receipt of a release issued
17 by the department of social and health services stating that the
18 licensee is in compliance with the order.

19 (c)(i) The board must suspend a cannabis producer's license
20 issued under RCW 69.50.325 if no activity has been recorded on the
21 license between July 1, 2023, and December 31, 2024.

22 (ii) A cannabis producer's license suspended under (c)(i) of this
23 subsection must be reissued to the licensee when:

24 (A) Federal law allows for the interstate transfer of cannabis
25 between authorized cannabis-related businesses; or

26 (B) The United States department of justice issues an opinion or
27 memorandum allowing or tolerating the interstate transfer of cannabis
28 between authorized cannabis-related businesses.

29 (iii) For the purposes of this subsection, "no activity" refers
30 to a cannabis producer's license with a unified business identifier
31 number under which no business activity has been reported to the
32 department of revenue.

33 (d) The board may request the appointment of administrative law
34 judges under chapter 34.12 RCW who shall have power to administer
35 oaths, issue subpoenas for the attendance of witnesses and the
36 production of papers, books, accounts, documents, and testimony,
37 examine witnesses, receive testimony in any inquiry, investigation,
38 hearing, or proceeding in any part of the state, and consider
39 mitigating and aggravating circumstances in any case and deviate from
40 any prescribed penalty, under rules the board may adopt.

1 ~~((d))~~ (e) Witnesses must be allowed fees and mileage each way
2 to and from any inquiry, investigation, hearing, or proceeding at the
3 rate authorized by RCW 34.05.446. Fees need not be paid in advance of
4 appearance of witnesses to testify or to produce books, records, or
5 other legal evidence.

6 ~~((e))~~ (f) In case of disobedience of any person to comply with
7 the order of the board or a subpoena issued by the board, or any of
8 its members, or administrative law judges, or on the refusal of a
9 witness to testify to any matter regarding which he or she may be
10 lawfully interrogated, the judge of the superior court of the county
11 in which the person resides, on application of any member of the
12 board or administrative law judge, compels obedience by contempt
13 proceedings, as in the case of disobedience of the requirements of a
14 subpoena issued from said court or a refusal to testify therein.

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

26 (4) Every license issued under this chapter is subject to all
27 conditions and restrictions imposed by this chapter or by rules
28 adopted by the board to implement and enforce this chapter. All
29 conditions and restrictions imposed by the board in the issuance of
30 an individual license must be listed on the face of the individual
31 license along with the trade name, address, and expiration date.

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

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

35 (7)(a) Before the board issues a new or renewed license to an
36 applicant it must give notice of the application to the chief
37 executive officer of the incorporated city or town, if the
38 application is for a license within an incorporated city or town, or
39 to the county legislative authority, if the application is for a
40 license outside the boundaries of incorporated cities or towns, or to

1 the tribal government if the application is for a license within
2 Indian country, or to the port authority if the application for a
3 license is located on property owned by a port authority.

4 (b) The incorporated city or town through the official or
5 employee selected by it, the county legislative authority or the
6 official or employee selected by it, the tribal government, or port
7 authority has the right to file with the board within twenty days
8 after the date of transmittal of the notice for applications, or at
9 least thirty days prior to the expiration date for renewals, written
10 objections against the applicant or against the premises for which
11 the new or renewed license is asked. The board may extend the time
12 period for submitting written objections upon request from the
13 authority notified by the board.

14 (c) The written objections must include a statement of all facts
15 upon which the objections are based, and in case written objections
16 are filed, the city or town or county legislative authority may
17 request, and the board may in its discretion hold, a hearing subject
18 to the applicable provisions of Title 34 RCW. If the board makes an
19 initial decision to deny a license or renewal based on the written
20 objections of an incorporated city or town or county legislative
21 authority, the applicant may request a hearing subject to the
22 applicable provisions of Title 34 RCW. If a hearing is held at the
23 request of the applicant, board representatives must present and
24 defend the board's initial decision to deny a license or renewal.

25 (d) Upon the granting of a license under this title the board
26 must send written notification to the chief executive officer of the
27 incorporated city or town in which the license is granted, or to the
28 county legislative authority if the license is granted outside the
29 boundaries of incorporated cities or towns.

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

37 (b) A city, county, or town may permit the licensing of premises
38 within 1,000 feet but not less than 100 feet of the facilities
39 described in (a) of this subsection, except elementary schools,
40 secondary schools, and playgrounds, by enacting an ordinance

1 authorizing such distance reduction, provided that such distance
2 reduction will not negatively impact the jurisdiction's civil
3 regulatory enforcement, criminal law enforcement interests, public
4 safety, or public health.

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

12 (d) The board may license premises located in compliance with the
13 distance requirements set in an ordinance adopted under (b) or (c) of
14 this subsection. Before issuing or renewing a research license for
15 premises within 1,000 feet but not less than 100 feet of an
16 elementary school, secondary school, or playground in compliance with
17 an ordinance passed pursuant to (c) of this subsection, the board
18 must ensure that the facility:

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

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

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

25 (e) The board must issue a certificate of compliance if the
26 premises met the requirements under (a), (b), (c), or (d) of this
27 subsection on the date of the application. The certificate allows the
28 licensee to operate the business at the proposed location
29 notwithstanding a later occurring, otherwise disqualifying factor.

30 (f) The board may not issue a license for any premises within
31 Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee
32 patent lands within the exterior boundaries of a reservation, without
33 the consent of the federally recognized tribe associated with the
34 reservation or Indian country.

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

39 (10) In determining whether to grant or deny a license or renewal
40 of any license, the board must give substantial weight to objections

1 from an incorporated city or town or county legislative authority
2 based upon chronic illegal activity associated with the applicant's
3 operations of the premises proposed to be licensed or the applicant's
4 operation of any other licensed premises, or the conduct of the
5 applicant's patrons inside or outside the licensed premises. "Chronic
6 illegal activity" means (a) a pervasive pattern of activity that
7 threatens the public health, safety, and welfare of the city, town,
8 or county including, but not limited to, open container violations,
9 assaults, disturbances, disorderly conduct, or other criminal law
10 violations, or as documented in crime statistics, police reports,
11 emergency medical response data, calls for service, field data, or
12 similar records of a law enforcement agency for the city, town,
13 county, or any other municipal corporation or any state agency; or
14 (b) an unreasonably high number of citations for violations of RCW
15 46.61.502 associated with the applicant's or licensee's operation of
16 any licensed premises as indicated by the reported statements given
17 to law enforcement upon arrest.

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

20 (a) The board receives a written objection from the legislative
21 authority of an incorporated city or town, or county legislative
22 authority, relating to the physical location of the proposed
23 premises;

24 (b) The objection to the location from the incorporated city or
25 town, or county legislative authority, is received by the board
26 within 20 days of the board notifying the incorporated city or town,
27 or county legislative authority, of the proposed cannabis retail
28 location; and

29 (c) The objection to the issuance of a cannabis retail license at
30 the specified location is based on a preexisting local ordinance
31 limiting outlet density in a specific geographic area. For purposes
32 of this subsection (11), a preexisting local ordinance is an
33 ordinance enacted and in effect before the date the applicant submits
34 an application for a cannabis retail license to the board identifying
35 the premises proposed to be licensed. No objection related to the
36 physical location of a proposed premises may be made by a local
37 government under this subsection (11) based on a local ordinance
38 enacted after the date the applicant submits an application for a
39 cannabis retail license to the board identifying the premises
40 proposed to be licensed.

1 (12) After January 1, 2024, all cannabis licensees are encouraged
2 but are not required to submit a social equity plan to the board.
3 Upon confirmation by the board that a cannabis licensee who is not a
4 social equity applicant, and who does not hold a social equity
5 license issued under RCW 69.50.335, has submitted a social equity
6 plan, the board must within 30 days reimburse such a licensee an
7 amount equal to the cost of the licensee's annual cannabis license
8 renewal fee. The license renewal fee reimbursement authorized under
9 this subsection is subject to the following limitations:

10 (a) The board may provide reimbursement one time only to any
11 licensed entity; and

12 (b) Any licensed entity holding more than one cannabis license is
13 eligible for reimbursement of the license renewal fee on only one
14 license.

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