SENATE BILL 5698

State of Washington65th Legislature2017 Regular SessionBy Senators Rivers and Liias

Read first time 02/03/17. Referred to Committee on Health Care.

AN ACT Relating to cannabis health and beauty aids; amending RCW 69.50.575, 69.50.325, and 69.50.580; and reenacting and amending RCW 69.50.101.

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

5 Sec. 1. RCW 69.50.101 and 2015 2nd sp.s. c 4 s 901 are each 6 reenacted and amended to read as follows:

7 The definitions in this section apply throughout this chapter 8 unless the context clearly requires otherwise.

9 (a) "Administer" means to apply a controlled substance, whether 10 by injection, inhalation, ingestion, or any other means, directly to 11 the body of a patient or research subject by:

12 (1) a practitioner authorized to prescribe (or, by the 13 practitioner's authorized agent); or

14 (2) the patient or research subject at the direction and in the 15 presence of the practitioner.

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

20 (c) "CBD concentration" has the meaning provided in RCW 21 69.51A.010.

p. 1

SB 5698

(d) "Commission" means the pharmacy quality assurance commission.

2 (e) "Controlled substance" means a drug, substance, or immediate
3 precursor included in Schedules I through V as set forth in federal
4 or state laws, or federal or commission rules.

5 (f)(1) "Controlled substance analog" means a substance the 6 chemical structure of which is substantially similar to the chemical 7 structure of a controlled substance in Schedule I or II and:

8 (i) that has a stimulant, depressant, or hallucinogenic effect on 9 the central nervous system substantially similar to the stimulant, 10 depressant, or hallucinogenic effect on the central nervous system of 11 a controlled substance included in Schedule I or II; or

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

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(2) The term does not include:

19 (i) a controlled substance;

20 (ii) a substance for which there is an approved new drug 21 application;

(iii) a substance with respect to which an exemption is in effect for investigational use by a particular person under Section 505 of the federal Food, Drug and Cosmetic Act, 21 U.S.C. Sec. 355, to the extent conduct with respect to the substance is pursuant to the exemption; or

27 (iv) any substance to the extent not intended for human 28 consumption before an exemption takes effect with respect to the 29 substance.

30 (g) "Deliver" or "delivery((-))" means the actual or constructive 31 transfer from one person to another of a substance, whether or not 32 there is an agency relationship.

33 (h) "Department" means the department of health.

34 (i) "Designated provider" has the meaning provided in RCW35 69.51A.010.

36 (j) "Dispense" means the interpretation of a prescription or 37 order for a controlled substance and, pursuant to that prescription 38 or order, the proper selection, measuring, compounding, labeling, or 39 packaging necessary to prepare that prescription or order for 40 delivery. 1

(k) "Dispenser" means a practitioner who dispenses.

2 (1) "Distribute" means to deliver other than by administering or3 dispensing a controlled substance.

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(m) "Distributor" means a person who distributes.

(n) "Drug" means (1) a controlled substance recognized as a drug 5 6 in the official United States pharmacopoeia/national formulary or the 7 official homeopathic pharmacopoeia of the United States, or any supplement to them; (2) controlled substances intended for use in the 8 diagnosis, cure, mitigation, treatment, or prevention of disease in 9 individuals or animals; (3) controlled substances (other than food) 10 11 intended to affect the structure or any function of the body of 12 individuals or animals; and (4) controlled substances intended for use as a component of any article specified in (1), (2), or (3) of 13 14 this subsection. The term does not include devices or their components, parts, or accessories. 15

16 (o) "Drug enforcement administration" means the drug enforcement 17 administration in the United States Department of Justice, or its 18 successor agency.

(p) "Electronic communication of prescription information" means the transmission of a prescription or refill authorization for a drug of a practitioner using computer systems. The term does not include a prescription or refill authorization verbally transmitted by telephone nor a facsimile manually signed by the practitioner.

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(q) "Immediate precursor" means a substance:

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

(2) that is an immediate chemical intermediary used or likely tobe used in the manufacture of a controlled substance; and

30 (3) the control of which is necessary to prevent, curtail, or 31 limit the manufacture of the controlled substance.

(r) "Isomer" means an optical isomer, but in subsection (dd)(5) of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b)(4), the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and 69.50.208(a) the term includes any positional or geometric isomer.

38 (s) "Lot" means a definite quantity of marijuana, marijuana 39 concentrates, useable marijuana, or marijuana-infused product 40 identified by a lot number, every portion or package of which is uniform within recognized tolerances for the factors that appear in
 the labeling.

3 (t) "Lot number" must identify the licensee by business or trade 4 name and Washington state unified business identifier number, and the 5 date of harvest or processing for each lot of marijuana, marijuana 6 concentrates, useable marijuana, or marijuana-infused product.

7 (u) "Manufacture" means the production, preparation, propagation, compounding, conversion, or processing of a controlled substance, 8 either directly or indirectly or by extraction from substances of 9 natural origin, or independently by means of chemical synthesis, or 10 11 by a combination of extraction and chemical synthesis, and includes 12 any packaging or repackaging of the substance or labeling or relabeling of its container. The term does not include the 13 14 preparation, compounding, packaging, repackaging, labeling, or relabeling of a controlled substance: 15

16 (1) by a practitioner as an incident to the practitioner's 17 administering or dispensing of a controlled substance in the course 18 of the practitioner's professional practice; or

(2) by a practitioner, or by the practitioner's authorized agent under the practitioner's supervision, for the purpose of, or as an incident to, research, teaching, or chemical analysis and not for sale.

(v) "Marijuana" or "marihuana" means all parts of the plant 23 Cannabis, whether growing or not, with a THC concentration greater 24 25 than 0.3 percent on a dry weight basis; the seeds thereof; the resin 26 extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, 27 its seeds or resin. The term does not include the mature stalks of 28 the plant, fiber produced from the stalks, oil or cake made from the 29 seeds of the plant, any other compound, manufacture, salt, 30 31 derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized 32 seed of the plant which is incapable of germination. 33

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

37 (x) "Marijuana processor" means a person licensed by the state 38 liquor and cannabis board to process marijuana into marijuana 39 concentrates, useable marijuana, and marijuana-infused products, 40 package and label marijuana concentrates, useable marijuana, and

SB 5698

p. 4

1 marijuana-infused products for sale in retail outlets, and sell 2 marijuana concentrates, useable marijuana, and marijuana-infused 3 products at wholesale to marijuana retailers.

4 (y) "Marijuana producer" means a person licensed by the state 5 liquor and cannabis board to produce and sell marijuana at wholesale 6 to marijuana processors and other marijuana producers.

7 (z) "Marijuana products" means useable marijuana, marijuana
8 concentrates, and marijuana-infused products as defined in this
9 section.

10 (aa) "Marijuana researcher" means a person licensed by the state 11 liquor and cannabis board to produce, process, and possess marijuana 12 for the purposes of conducting research on marijuana and marijuana-13 derived drug products.

(bb) "Marijuana retailer" means a person licensed by the state liquor and cannabis board to sell marijuana concentrates, useable marijuana, and marijuana-infused products in a retail outlet.

17 (cc) "Marijuana-infused products" means products that contain 18 marijuana or marijuana extracts, are intended for human use, are 19 derived from marijuana as defined in subsection (v) of this section, 20 and have a THC concentration no greater than ten percent. The term 21 "marijuana-infused products" does not include either useable 22 marijuana or marijuana concentrates.

(dd) "Narcotic drug" means any of the following, whether produced directly or indirectly by extraction from substances of vegetable origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

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

(2) Synthetic opiate and any derivative of synthetic opiate,
including their isomers, esters, ethers, salts, and salts of isomers,
esters, and ethers, whenever the existence of the isomers, esters,
ethers, and salts is possible within the specific chemical
designation.

37 (3) Poppy straw and concentrate of poppy straw.

38 (4) Coca leaves, except coca leaves and extracts of coca leaves 39 from which cocaine, ecgonine, and derivatives or ecgonine or their 40 salts have been removed. 1 (5) Cocaine, or any salt, isomer, or salt of isomer thereof.

2 (6) Cocaine base.

3 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer4 thereof.

5 (8) Any compound, mixture, or preparation containing any quantity
6 of any substance referred to in subparagraphs (1) through (7).

(ee) "Opiate" means any substance having an addiction-forming or 7 addiction-sustaining liability similar to morphine or being capable 8 of conversion into a drug having addiction-forming or addiction-9 sustaining liability. The term includes opium, substances derived 10 from opium (opium derivatives), and synthetic opiates. The term does 11 12 not include, unless specifically designated as controlled under RCW 69.50.201, the dextrorotatory isomer of 3-methoxy-n-methylmorphinan 13 and its salts (dextromethorphan). The term includes the racemic and 14 levorotatory forms of dextromethorphan. 15

16 (ff) "Opium poppy" means the plant of the species Papaver 17 somniferum L., except its seeds.

18 (gg) "Person" means individual, corporation, business trust, 19 estate, trust, partnership, association, joint venture, government, 20 governmental subdivision or agency, or any other legal or commercial 21 entity.

22 (hh) "Plant" has the meaning provided in RCW 69.51A.010.

23 (ii) "Poppy straw" means all parts, except the seeds, of the 24 opium poppy, after mowing.

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(jj) "Practitioner" means:

26 (1) A physician under chapter 18.71 RCW; a physician assistant under chapter 18.71A RCW; an osteopathic physician and surgeon under 27 28 chapter 18.57 RCW; an osteopathic physician assistant under chapter 18.57A RCW who is licensed under RCW 18.57A.020 subject to any 29 limitations in RCW 18.57A.040; an optometrist licensed under chapter 30 31 18.53 RCW who is certified by the optometry board under RCW 18.53.010 32 subject to any limitations in RCW 18.53.010; a dentist under chapter 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW; 33 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced 34 registered nurse practitioner, or licensed practical nurse under 35 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW 36 who is licensed under RCW 18.36A.030 subject to any limitations in 37 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific 38 39 investigator under this chapter, licensed, registered or otherwise 40 permitted insofar as is consistent with those licensing laws to

1 distribute, dispense, conduct research with respect to or administer 2 a controlled substance in the course of their professional practice 3 or research in this state.

4 (2) A pharmacy, hospital or other institution licensed,
5 registered, or otherwise permitted to distribute, dispense, conduct
6 research with respect to or to administer a controlled substance in
7 the course of professional practice or research in this state.

(3) A physician licensed to practice medicine and surgery, a 8 physician licensed to practice osteopathic medicine and surgery, a 9 dentist licensed to practice dentistry, a podiatric physician and 10 11 surgeon licensed to practice podiatric medicine and surgery, a licensed physician assistant or a licensed osteopathic physician 12 assistant specifically approved to prescribe controlled substances by 13 14 his or her state's medical quality assurance commission or equivalent and his or her supervising physician, an advanced registered nurse 15 16 practitioner licensed to prescribe controlled substances, or a 17 veterinarian licensed to practice veterinary medicine in any state of 18 the United States.

19 (kk) "Prescription" means an order for controlled substances 20 issued by a practitioner duly authorized by law or rule in the state 21 of Washington to prescribe controlled substances within the scope of 22 his or her professional practice for a legitimate medical purpose.

(11) "Production" includes the manufacturing, planting,cultivating, growing, or harvesting of a controlled substance.

25 (mm) "Qualifying patient" has the meaning provided in RCW 26 69.51A.010.

27 (nn) "Recognition card" has the meaning provided in RCW 28 69.51A.010.

(oo) "Retail outlet" means a location licensed by the state
 liquor and cannabis board for the retail sale of marijuana
 concentrates, useable marijuana, and marijuana-infused products.

32 (pp) "Secretary" means the secretary of health or the secretary's 33 designee.

34 (qq) "State," unless the context otherwise requires, means a 35 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 (rr) "THC concentration" means percent of delta-9 39 tetrahydrocannabinol content per dry weight of any part of the plant 40 *Cannabis*, or per volume or weight of marijuana product, or the

p. 7

SB 5698

1 combined percent of delta-9 tetrahydrocannabinol and 2 tetrahydrocannabinolic acid in any part of the plant *Cannabis* 3 regardless of moisture content.

4 (ss) "Ultimate user" means an individual who lawfully possesses a 5 controlled substance for the individual's own use or for the use of a 6 member of the individual's household or for administering to an 7 animal owned by the individual or by a member of the individual's 8 household.

9 (tt) "Useable marijuana" means dried marijuana flowers. The term 10 "useable marijuana" does not include either marijuana-infused 11 products or marijuana concentrates.

12 <u>(uu)</u> "Cannabis health and beauty aid" means a product containing 13 parts of the cannabis plant and which:

14 <u>(1) Is intended for use only as a topical application;</u>

15 (2) Contains a THC concentration of not more than 0.3 percent;

16 (3) Does not cause psychoactivity; and

17 (4) Is not intended for ingestion by humans or animals.

18 Sec. 2. RCW 69.50.575 and 2015 2nd sp.s. c 4 s 701 are each 19 amended to read as follows:

(1) <u>A cannabis health and beauty aid permit is established that</u>
 <u>allows the holder to process and possess marijuana for the purposes</u>
 <u>of manufacturing cannabis health and beauty aids.</u>

(2) A cannabis health and beauty aid permit holder may only 23 24 produce cannabis health and beauty aids for sale in retail outlets and in the general retail market. A cannabis health and beauty aid 25 permit holder may purchase marijuana and marijuana byproducts such as 26 27 stems, roots, and leaves from a marijuana producer to process into cannabis health and beauty aids. Marijuana and marijuana byproducts 28 purchased from a marijuana producer may not be sold, traded, or 29 30 donated to any person or entity.

31 (3) In establishing a cannabis health and beauty aid permit, the 32 state liquor and cannabis board may adopt rules on the following:

- 33 (a) Application requirements;
- 34 (b) Permit renewal requirements;
- 35 (c) Conditions for permit revocation;
- 36 (d) Security measures to ensure marijuana is not diverted to
 37 purposes other than production of cannabis health and beauty aids;
- 38 <u>(e) Amounts of marijuana a permit holder may have on its</u> 39 premises;

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(f) Permit holder reporting requirements;

(q) A seed to sale traceability system that permits the state 2 3 liquor and cannabis board to track sales of marijuana and marijuana byproducts from marijuana producers to cannabis health and beauty aid 4 permit holders. Cannabis health and beauty aid permit holders must 5 6 keep records of sales of cannabis health and beauty aid products to 7 retail outlets and the general retail market and make these records available to the state liquor and cannabis board upon request; 8

(h) Random testing requirements of cannabis health and beauty 9 aids including requirements that cannabis health and beauty aids are 10 tested to ensure a THC level of 0.3 percent or less; and 11

12 (i) Additional requirements deemed necessary or appropriate by 13 the state liquor and cannabis board.

(4) In addition to the labeling requirements adopted in rule 14 under RCW 69.50.342, cannabis health and beauty aids must comply with 15 16 the labeling requirements of this subsection (4).

(a) Labels for cannabis health and beauty aids must not:

(i) Use any word, symbol, or image commonly used in or by medical 18 or pharmaceutical professions including, but not limited to: 19 20 Depiction of a caduceus, staff of Asclepius, bowl of Hygieia, or mortar and pestle; or the use of the word "prescription" or letters 21 22 "RX";

(ii) State or imply any specific medical or therapeutic benefit; 23 24 or

(iii) Mimic a brand of over-the-counter or legend drug.

26 (b) Labels for cannabis health and beauty aids must prominently display the following statement: "This product is not approved by the 27 28 FDA to treat, cure, or prevent any disease."

29 (5) The processing and possession of marijuana in accordance with this section and the rules adopted to implement this section by a 30 31 cannabis health and beauty aid permit holder is not a criminal or civil offense under Washington state law. Every cannabis health and 32 beauty aid permit must be issued in the name of the applicant, must 33 specify the location at which the applicant intends to operate, which 34 must be in the state of Washington, and the permit holder may not 35 36 allow any other person to use the permit.

(6) The <u>application fee for a cannabis health and beauty aid</u> 37 permit is two hundred fifty dollars. The annual fee for issuance and 38 39 renewal of a cannabis health and beauty aid permit is to be

1 determined on a sliding scale based on the amount of cannabis health

2 and beauty aid products to be annually produced by the permit holder.

3 <u>(7) The delivery, distribution, and sale of cannabis health and</u> 4 beauty aids are not subject to the regulations and penalties of this 5 chapter that apply to marijuana, marijuana concentrates, or 6 marijuana-infused products.

7 (((2) For purposes of this section, "cannabis health and beauty
8 aid" means a product containing parts of the cannabis plant and
9 which:

10 (a) Is intended for use only as a topical application to provide 11 therapeutic benefit or to enhance appearance;

- 12 (b) Contains a THC concentration of not more than 0.3 percent;
- 13 (c) Does not cross the blood-brain barrier; and
- 14 (d) Is not intended for ingestion by humans or animals.))

15 **Sec. 3.** RCW 69.50.325 and 2016 c 170 s 1 are each amended to 16 read as follows:

(1) There shall be a marijuana producer's license to produce 17 marijuana for sale at wholesale to marijuana processors and other 18 marijuana producers and to produce marijuana plants for sale to 19 20 cooperatives as described under RCW 69.51A.250, regulated by the 21 state liquor and cannabis board and subject to annual renewal. Marijuana producers may also sell at wholesale marijuana and 22 marijuana byproducts such as stems, roots, and leaves to cannabis 23 24 health and beauty aid permit holders. The production, possession, delivery, distribution, and sale of marijuana in accordance with the 25 provisions of this chapter and the rules adopted to implement and 26 27 enforce it, by a validly licensed marijuana producer, shall not be a criminal or civil offense under Washington state law. Every marijuana 28 producer's license shall be issued in the name of the applicant, 29 30 shall specify the location at which the marijuana producer intends to 31 operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The 32 application fee for a marijuana producer's license shall be two 33 hundred fifty dollars. The annual fee for issuance and renewal of a 34 marijuana producer's license shall be one thousand dollars. A 35 separate license shall be required for each location at which a 36 marijuana producer intends to produce marijuana. 37

38 (2) There shall be a marijuana processor's license to process,
 39 package, and label marijuana concentrates, useable marijuana, and

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

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

38 **Sec. 4.** RCW 69.50.580 and 2015 2nd sp.s. c 4 s 801 are each 39 amended to read as follows: (1) Applicants for a marijuana producer's, marijuana processor's, marijuana researcher's ((or)), marijuana retailer's license, or <u>cannabis health and beauty aid permit</u> under this chapter must display a sign provided by the state liquor and cannabis board on the outside of the premises to be licensed notifying the public that the premises are subject to an application for such license <u>or permit</u>. The sign must:

8 (a) Contain text with content sufficient to notify the public of 9 the nature of the pending license <u>or permit</u> application, the date of 10 the application, the name of the applicant, and contact information 11 for the state liquor and cannabis board;

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

15 (c) Be of a size sufficient to ensure that it will be readily 16 seen by the public; and

(d) Be posted within seven business days of the submission of theapplication to the state liquor and cannabis board.

19 (2) The state liquor and cannabis board must adopt such rules as 20 are necessary for the implementation of this section, including rules 21 pertaining to the size of the sign and the text thereon, the textual 22 content of the sign, the fee for providing the sign, and any other 23 requirements necessary to ensure that the sign provides adequate 24 notice to the public.

25 (3)(a) A city, town, or county may adopt an ordinance requiring 26 individual notice by an applicant for a marijuana producer's, marijuana processor's, marijuana researcher's, or 27 marijuana retailer's license under this chapter, sixty days prior to issuance 28 29 of the license, to any elementary or secondary school, playground, recreation center or facility, child care center, church, public 30 park, public transit center, library, or any game arcade admission to 31 which is not restricted to persons aged twenty-one years or older, 32 that is within one thousand feet of the perimeter of the grounds of 33 the establishment seeking licensure. The notice must provide the 34 contact information for the liquor and cannabis board where any of 35 36 the owners or operators of these entities may submit comments or concerns about the proposed business location. 37

SB 5698

1 (b) For the purposes of this subsection, "church" means a 2 building erected for and used exclusively for religious worship and 3 schooling or other activity in connection therewith.

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