
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5080

State of Washington

68th Legislature

2023 Regular Session

By Senate Ways & Means (originally sponsored by Senators Saldaña, Conway, Frame, Hasegawa, Kuderer, Lovelett, Nguyen, Nobles, and Stanford; by request of Liquor and Cannabis Board)

READ FIRST TIME 02/22/23.

1 AN ACT Relating to expanding and improving the social equity in
2 cannabis program; amending RCW 43.330.540, 69.50.331, 69.50.335,
3 69.50.345, and 69.50.345; creating a new section; providing an
4 effective date; and providing an expiration date.

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

6 **Sec. 1.** RCW 43.330.540 and 2022 c 16 s 36 are each amended to
7 read as follows:

8 (1) The cannabis social equity technical assistance grant program
9 is established and is to be administered by the department.

10 (2)(a) The cannabis social equity technical assistance grant
11 program must award grants to:

12 (i) Cannabis license applicants who are social equity applicants
13 submitting social equity plans under RCW 69.50.335; and

14 (ii) Cannabis licensees holding a license issued after June 30,
15 2020, and before July 25, 2021, who meet the social equity applicant
16 criteria under RCW 69.50.335.

17 (b) Grant recipients under this subsection (2) must demonstrate
18 completion of their project within 12 months of receiving a grant,
19 unless a grant recipient requests, and the department approves,
20 additional time to complete the project.

1 (3) The department must award grants primarily based on the
2 strength of the social equity plans submitted by cannabis license
3 applicants and cannabis licensees holding a license issued after
4 (~~June 30, 2020~~) April 1, 2023, and before (~~July 25, 2021~~) July 1,
5 2024, but may also consider additional criteria if deemed necessary
6 or appropriate by the department. Technical assistance activities
7 eligible for funding include, but are not limited to:

8 (a) Assistance navigating the cannabis licensure process;

9 (b) Cannabis-business specific education and business plan
10 development;

11 (c) Regulatory compliance training;

12 (d) Financial management training and assistance in seeking
13 financing;

14 (e) Strengthening a social equity plan; and

15 (f) Connecting social equity applicants with established industry
16 members and tribal cannabis enterprises and programs for mentoring
17 and other forms of support.

18 (4) The department may contract to establish a roster of mentors
19 who are available to support and advise social equity applicants and
20 current licensees who meet the social equity applicant criteria under
21 RCW 69.50.335. Contractors under this section must:

22 (a) Have knowledge and experience demonstrating their ability to
23 effectively advise eligible applicants and licensees in navigating
24 the state's licensing and regulatory framework or on producing and
25 processing cannabis;

26 (b) Be a business that is at least 51 percent minority or woman-
27 owned; and

28 (c) Meet department reporting and invoicing requirements.

29 (5) Funding for the cannabis social equity technical assistance
30 grant program must be provided (~~through the dedicated cannabis~~
31 ~~account~~) under RCW 69.50.540. Additionally, the department may
32 solicit, receive, and expend private contributions to support the
33 grant program.

34 (6) The department may adopt rules to implement this section.

35 (7) For the purposes of this section, "cannabis" has the meaning
36 provided under RCW 69.50.101.

37 **Sec. 2.** RCW 69.50.331 and 2022 c 16 s 58 are each amended to
38 read as follows:

1 (1) For the purpose of considering any application for a license
2 to produce, process, research, transport, or deliver cannabis,
3 useable cannabis, cannabis concentrates, or cannabis-infused products
4 subject to the regulations established under RCW 69.50.385, or sell
5 cannabis, or for the renewal of a license to produce, process,
6 research, transport, or deliver cannabis, useable cannabis, cannabis
7 concentrates, or cannabis-infused products subject to the regulations
8 established under RCW 69.50.385, or sell cannabis, the board must
9 conduct a comprehensive, fair, and impartial evaluation of the
10 applications timely received.

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

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

37 (i) A person under the age of (~~twenty-one~~) 21 years;

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

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

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

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

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

23 (c) The board may request the appointment of administrative law
24 judges under chapter 34.12 RCW who shall have power to administer
25 oaths, issue subpoenas for the attendance of witnesses and the
26 production of papers, books, accounts, documents, and testimony,
27 examine witnesses, receive testimony in any inquiry, investigation,
28 hearing, or proceeding in any part of the state, and consider
29 mitigating and aggravating circumstances in any case and deviate from
30 any prescribed penalty, under rules the board may adopt.

31 (d) Witnesses must be allowed fees and mileage each way to and
32 from any inquiry, investigation, hearing, or proceeding at the rate
33 authorized by RCW 34.05.446. Fees need not be paid in advance of
34 appearance of witnesses to testify or to produce books, records, or
35 other legal evidence.

36 (e) In case of disobedience of any person to comply with the
37 order of the board or a subpoena issued by the board, or any of its
38 members, or administrative law judges, or on the refusal of a witness
39 to testify to any matter regarding which he or she may be lawfully
40 interrogated, the judge of the superior court of the county in which

1 the person resides, on application of any member of the board or
2 administrative law judge, compels obedience by contempt proceedings,
3 as in the case of disobedience of the requirements of a subpoena
4 issued from said court or a refusal to testify therein.

5 (3) Upon receipt of notice of the suspension or cancellation of a
6 license, the licensee must forthwith deliver up the license to the
7 board. Where the license has been suspended only, the board must
8 return the license to the licensee at the expiration or termination
9 of the period of suspension. The board must notify all other
10 licensees in the county where the subject licensee has its premises
11 of the suspension or cancellation of the license; and no other
12 licensee or employee of another licensee may allow or cause any
13 cannabis, cannabis concentrates, useable cannabis, or cannabis-
14 infused products to be delivered to or for any person at the premises
15 of the subject licensee.

16 (4) Every license issued under this chapter is subject to all
17 conditions and restrictions imposed by this chapter or by rules
18 adopted by the board to implement and enforce this chapter. All
19 conditions and restrictions imposed by the board in the issuance of
20 an individual license must be listed on the face of the individual
21 license along with the trade name, address, and expiration date.

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

24 (6) No licensee may employ any person under the age of (~~twenty-~~
25 ~~one~~) 21 years.

26 (7)(a) Before the board issues a new or renewed license to an
27 applicant it must give notice of the application to the chief
28 executive officer of the incorporated city or town, if the
29 application is for a license within an incorporated city or town, or
30 to the county legislative authority, if the application is for a
31 license outside the boundaries of incorporated cities or towns, or to
32 the tribal government if the application is for a license within
33 Indian country, or to the port authority if the application for a
34 license is located on property owned by a port authority.

35 (b) The incorporated city or town through the official or
36 employee selected by it, the county legislative authority or the
37 official or employee selected by it, the tribal government, or port
38 authority has the right to file with the board within twenty days
39 after the date of transmittal of the notice for applications, or at
40 least thirty days prior to the expiration date for renewals, written

1 objections against the applicant or against the premises for which
2 the new or renewed license is asked. The board may extend the time
3 period for submitting written objections upon request from the
4 authority notified by the board.

5 (c) The written objections must include a statement of all facts
6 upon which the objections are based, and in case written objections
7 are filed, the city or town or county legislative authority may
8 request, and the board may in its discretion hold, a hearing subject
9 to the applicable provisions of Title 34 RCW. If the board makes an
10 initial decision to deny a license or renewal based on the written
11 objections of an incorporated city or town or county legislative
12 authority, the applicant may request a hearing subject to the
13 applicable provisions of Title 34 RCW. If a hearing is held at the
14 request of the applicant, board representatives must present and
15 defend the board's initial decision to deny a license or renewal.

16 (d) Upon the granting of a license under this title the board
17 must send written notification to the chief executive officer of the
18 incorporated city or town in which the license is granted, or to the
19 county legislative authority if the license is granted outside the
20 boundaries of incorporated cities or towns.

21 (8) (a) Except as provided in (b) through (e) of this subsection,
22 the board may not issue a license for any premises within (~~one~~
23 ~~thousand~~) 1,000 feet of the perimeter of the grounds of any
24 elementary or secondary school, playground, recreation center or
25 facility, child care center, public park, public transit center, or
26 library, or any game arcade admission to which is not restricted to
27 persons aged (~~twenty-one~~) 21 years or older.

28 (b) A city, county, or town may permit the licensing of premises
29 within (~~one-thousand~~) 1,000 feet but not less than (~~one-hundred~~)
30 100 feet of the facilities described in (a) of this subsection,
31 except elementary schools, secondary schools, and playgrounds, by
32 enacting an ordinance authorizing such distance reduction, provided
33 that such distance reduction will not negatively impact the
34 jurisdiction's civil regulatory enforcement, criminal law enforcement
35 interests, public safety, or public health.

36 (c) A city, county, or town may permit the licensing of research
37 premises allowed under RCW 69.50.372 within (~~one-thousand~~) 1,000
38 feet but not less than (~~one-hundred~~) 100 feet of the facilities
39 described in (a) of this subsection by enacting an ordinance
40 authorizing such distance reduction, provided that the ordinance will

1 not negatively impact the jurisdiction's civil regulatory
2 enforcement, criminal law enforcement, public safety, or public
3 health.

4 (d) The board may license premises located in compliance with the
5 distance requirements set in an ordinance adopted under (b) or (c) of
6 this subsection. Before issuing or renewing a research license for
7 premises within (~~one thousand~~) 1,000 feet but not less than (~~one~~
8 ~~hundred~~) 100 feet of an elementary school, secondary school, or
9 playground in compliance with an ordinance passed pursuant to (c) of
10 this subsection, the board must ensure that the facility:

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

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

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

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

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

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

31 (10) In determining whether to grant or deny a license or renewal
32 of any license, the board must give substantial weight to objections
33 from an incorporated city or town or county legislative authority
34 based upon chronic illegal activity associated with the applicant's
35 operations of the premises proposed to be licensed or the applicant's
36 operation of any other licensed premises, or the conduct of the
37 applicant's patrons inside or outside the licensed premises. "Chronic
38 illegal activity" means (a) a pervasive pattern of activity that
39 threatens the public health, safety, and welfare of the city, town,
40 or county including, but not limited to, open container violations,

1 assaults, disturbances, disorderly conduct, or other criminal law
2 violations, or as documented in crime statistics, police reports,
3 emergency medical response data, calls for service, field data, or
4 similar records of a law enforcement agency for the city, town,
5 county, or any other municipal corporation or any state agency; or
6 (b) an unreasonably high number of citations for violations of RCW
7 46.61.502 associated with the applicant's or licensee's operation of
8 any licensed premises as indicated by the reported statements given
9 to law enforcement upon arrest.

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

12 (a) The board receives a written objection from an official
13 representative or representatives of an incorporated city or town, or
14 county legislative authority, relating to the physical location of
15 the proposed premises;

16 (b) The objection to the location from the incorporated city or
17 town, or county legislative authority, is received by the board
18 within 20 days of the board notifying the incorporated city or town,
19 or county legislative authority, of the proposed cannabis retail
20 location; and

21 (c) The objection to the issuance of a cannabis retail license at
22 the specified location is based on a preexisting local ordinance
23 limiting outlet density in a specific geographic area.

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

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

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

38 **Sec. 3.** RCW 69.50.335 and 2022 c 16 s 60 are each amended to
39 read as follows:

1 (1)(a) Beginning December 1, 2020, and until July 1, (~~2029~~)
2 2032, cannabis retailer licenses, cannabis processor licenses, and
3 cannabis producer licenses that have been subject to forfeiture,
4 revocation, or cancellation by the board, or cannabis retailer
5 licenses that were not previously issued by the board but could have
6 been issued without exceeding the limit on the statewide number of
7 cannabis retailer licenses established before January 1, 2020, by the
8 board, may be issued or reissued to an applicant who meets the
9 cannabis retailer license, cannabis processor license, or cannabis
10 producer license requirements of this chapter.

11 (b) In accordance with (a) of this subsection, the board may
12 issue or reissue:

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

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

17 (c) In addition to the cannabis retailer licenses and cannabis
18 producer licenses that may be issued under (a) and (b) of this
19 subsection, beginning January 1, 2023, and continuing every three
20 years until July 1, 2032, the board may, with the approval of the
21 legislature through the passage of a bill, increase the number of
22 cannabis retailer licenses and cannabis producer licenses for the
23 social equity program based on:

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

26 (ii) The annual population estimates published by the office of
27 financial management.

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

32 (e)(i) At the time of licensure, all licenses issued under the
33 social equity program under this section may be located in any city,
34 town, or county in the state that allows cannabis retail or cannabis
35 processing business activity at the proposed location, regardless of:

36 (A) Whether a cannabis retailer license or cannabis processor
37 license was originally allocated to or issued in another city, town,
38 or county; and

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

1 (ii) The board must adopt rules establishing a threshold of the
2 number of licenses created by this section that can be located in
3 each county.

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

8 (2) (a) In order to be considered for a (~~(retail)~~) cannabis
9 retailer license, cannabis processor license, or cannabis producer
10 license under subsection (1) of this section, an applicant must be a
11 social equity applicant and submit (~~(a social equity plan along with~~
12 ~~other cannabis retailer license application requirements)~~) required
13 cannabis license materials to the board. If the application proposes
14 ownership by more than one person, then at least (~~(fifty-one)~~) 51
15 percent of the proposed ownership structure must reflect the
16 qualifications of a social equity applicant.

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

21 (3) (a) In determining the priority for issuance of a license
22 among applicants, the board (~~(may prioritize applicants based on the~~
23 ~~extent to which the application addresses the components of the~~
24 ~~social equity plan)~~) must select a third-party contractor to identify
25 and score social equity applicants, using a scoring rubric developed
26 by the board. The board must rely on the score provided by the third-
27 party contractor in issuing licenses.

28 (b) The board may deny any application submitted under this
29 subsection if (~~(the)~~):

30 (i) The board determines that (~~(÷~~
31 ~~(i) The application does not meet social equity goals or does not~~
32 ~~meet social equity plan requirements; or~~
33 ~~(ii) The application does not otherwise meet the licensing~~
34 ~~requirements of this chapter)~~), upon the advice of the third-party
35 contractor, the application does not meet the social equity licensing
36 requirements of this chapter; or

37 (ii) The board determines the application does not otherwise meet
38 licensing requirements.

39 (4) The board (~~(may)~~) must adopt rules to implement this section.
40 (~~(Rules may include strategies for receiving)~~) Prior to adopting any

1 rule implementing this section, the board must consider advice on the
2 social equity program from individuals the program is intended to
3 benefit. Rules may also require that licenses awarded under this
4 section only be transferred to or ~~((sold only to))~~ assumed by
5 individuals or groups of individuals who comply with the requirements
6 for initial licensure as a social equity applicant ~~((with a social~~
7 ~~equity plan under this section))~~ for a period of at least five years
8 from the date of initial licensure.

9 (5) The annual fee for issuance, reissuance, or renewal for any
10 license under this section must be ~~((equal to the fee established in~~
11 ~~RCW 69.50.325))~~ waived through July 1, 2032.

12 (6) ~~((For the purposes of this section:))~~ The definitions in this
13 subsection apply throughout this section unless the context clearly
14 requires otherwise.

15 (a) "Disproportionately impacted area" means a census tract or
16 comparable geographic area ~~((that satisfies the following criteria,~~
17 ~~which may be further defined in rule by the board after consultation~~
18 ~~with the commission on African American affairs and other agencies,~~
19 ~~commissions, and community members as determined by the board:~~

20 ~~(i) The area has a high poverty rate;~~

21 ~~(ii) The area has a high rate of participation in income-based~~
22 ~~federal or state programs))~~ within Washington state where community
23 members were more likely to be impacted by the war on drugs. These
24 areas must be determined in rule by the board, in consultation with
25 the office of equity, using a standardized statistical equation to
26 identify areas with demographic indicators consistent with
27 populations most impacted by the war on drugs. These areas must be
28 assessed to account for demographic changes in the composition of the
29 population over time. Disproportionately impacted areas must include
30 census tracts or comparable geographic areas in the top 15th
31 percentile in at least two of the following demographic indicators of
32 populations most impacted by the war on drugs:

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

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

37 (iii) The area has a high rate of unemployment; ~~((and))~~ or

38 (iv) The area has a high rate of ~~((arrest, conviction, or~~
39 ~~incarceration related to the sale, possession, use, cultivation,~~

1 manufacture, or transport of cannabis)) people receiving public
2 assistance.

3 (b) "Social equity applicant" means an applicant:

4 (i) ~~((An applicant who has at least fifty-one percent ownership~~
5 ~~and control by one or more individuals who have resided in a~~
6 ~~disproportionately impacted area for a period of time defined in rule~~
7 ~~by the board after consultation with the commission on African~~
8 ~~American affairs and other commissions, agencies, and community~~
9 ~~members as determined by the board;~~

10 ~~(ii) An applicant who has at least fifty-one percent ownership~~
11 ~~and control by at least one individual who has been convicted of a~~
12 ~~cannabis offense, a drug offense, or is a family member of such an~~
13 ~~individual; or~~

14 ~~(iii) An applicant who meets criteria defined in rule by the~~
15 ~~board after consultation with the commission on African American~~
16 ~~affairs and other commissions, agencies, and community members as~~
17 ~~determined by the board)) who has at least 51 percent ownership and
18 control by one or more individuals who meet at least two of the
19 following qualifications:~~

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

22 (ii) Has been arrested or convicted of a cannabis offense or has
23 a family member who has been arrested or convicted of a cannabis
24 offense;

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

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

32 (c) "Social equity goals" means:

33 (i) Increasing the number of cannabis retailer licenses held by
34 social equity applicants from disproportionately impacted areas; and

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

38 (d) "Social equity plan" means a plan that addresses at least
39 some of the elements outlined in this subsection (6)(d), along with
40 any additional plan components or requirements approved by the board

1 following consultation with the task force created in RCW 69.50.336.

2 The plan may include:

3 (i) A statement that ~~((the social equity applicant qualifies as a~~
4 ~~social equity applicant and intends to own at least fifty-one percent~~
5 ~~of the proposed cannabis retail business or applicants representing~~
6 ~~at least fifty-one percent of the ownership of the proposed business~~
7 ~~qualify as social equity applicants))~~ indicates how the cannabis
8 licensee will work to promote social equity goals in their community;

9 (ii) A description of how ~~((issuing a))~~ the cannabis ~~((retail~~
10 ~~license to the social equity applicant))~~ licensee will meet social
11 equity goals;

12 (iii) ~~((The social equity applicant's personal or family history~~
13 ~~with the criminal justice system including any offenses involving~~
14 ~~cannabis;~~

15 ~~(iv))~~ The composition of the workforce the ~~((social equity~~
16 ~~applicant))~~ licensee has employed or intends to hire;

17 ~~((v) Neighborhood characteristics of the location where the~~
18 ~~social equity applicant intends to operate, focusing especially on~~
19 ~~disproportionately impacted areas;))~~ and

20 ~~((vi))~~ (iv) Business plans involving partnerships or assistance
21 to organizations or residents with connection to populations with a
22 history of high rates of enforcement of cannabis prohibition.

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. 4.** RCW 69.50.345 and 2022 c 16 s 64 are each amended to
27 read as follows:

28 The board, subject to the provisions of this chapter, must adopt
29 rules that establish the procedures and criteria necessary to
30 implement the following:

31 (1) Licensing of cannabis producers, cannabis processors, and
32 cannabis retailers, including prescribing forms and establishing
33 application, reinstatement, and renewal fees.

34 (a) Application forms for cannabis producers must request the
35 applicant to state whether the applicant intends to produce cannabis
36 for sale by cannabis retailers holding medical cannabis endorsements
37 and the amount of or percentage of canopy the applicant intends to
38 commit to growing plants determined by the department under RCW
39 69.50.375 to be of a THC concentration, CBD concentration, or THC to

1 CBD ratio appropriate for cannabis concentrates, useable cannabis, or
2 cannabis-infused products sold to qualifying patients.

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

24 (2) (~~Determining~~) (a) Except as provided in RCW 69.50.335,
25 determining, in consultation with the office of financial management,
26 the maximum number of retail outlets that may be licensed in each
27 county, taking into consideration:

28 (~~(a)~~) (i) Population distribution;

29 (~~(b)~~) (ii) Security and safety issues;

30 (~~(c)~~) (iii) The provision of adequate access to licensed
31 sources of cannabis concentrates, useable cannabis, and cannabis-
32 infused products to discourage purchases from the illegal market; and

33 (~~(d)~~) (iv) The number of retail outlets holding medical
34 cannabis endorsements necessary to meet the medical needs of
35 qualifying patients. The board must reconsider and increase the
36 maximum number of retail outlets it established before July 24, 2015,
37 and allow for a new license application period and a greater number
38 of retail outlets to be permitted in order to accommodate the medical
39 needs of qualifying patients and designated providers. After January
40 1, 2017, any reconsideration of the maximum number of retail outlets

1 needed to meet the medical needs of qualifying patients must consider
2 information contained in the medical cannabis authorization database
3 established in RCW 69.51A.230.

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

8 (ii) Nothing in this chapter limits an incorporated city or town,
9 or county legislative authority from enacting an ordinance
10 prescribing outlet density limitations.

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

13 (3) Determining the maximum quantity of cannabis a cannabis
14 producer may have on the premises of a licensed location at any time
15 without violating Washington state law;

16 (4) Determining the maximum quantities of cannabis, cannabis
17 concentrates, useable cannabis, and cannabis-infused products a
18 cannabis processor may have on the premises of a licensed location at
19 any time without violating Washington state law;

20 (5) Determining the maximum quantities of cannabis concentrates,
21 useable cannabis, and cannabis-infused products a cannabis retailer
22 may have on the premises of a retail outlet at any time without
23 violating Washington state law;

24 (6) In making the determinations required by this section, the
25 board shall take into consideration:

26 (a) Security and safety issues;

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

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

33 (7) Determining the nature, form, and capacity of all containers
34 to be used by licensees to contain cannabis, cannabis concentrates,
35 useable cannabis, and cannabis-infused products, and their labeling
36 requirements;

37 (8) In consultation with the department of agriculture and the
38 department, establishing classes of cannabis, cannabis concentrates,
39 useable cannabis, and cannabis infused products according to grade,

1 condition, cannabinoid profile, THC concentration, CBD concentration,
2 or other qualitative measurements deemed appropriate by the board;

3 (9) Establishing reasonable time, place, and manner restrictions
4 and requirements regarding advertising of cannabis, cannabis
5 concentrates, useable cannabis, and cannabis-infused products that
6 are not inconsistent with the provisions of this chapter, taking into
7 consideration:

8 (a) Federal laws relating to cannabis that are applicable within
9 Washington state;

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

12 (c) The inclusion of medically and scientifically accurate
13 information about the health and safety risks posed by cannabis use
14 in the advertising; and

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

17 (10) Specifying and regulating the time and periods when, and the
18 manner, methods, and means by which, licensees shall transport and
19 deliver cannabis, cannabis concentrates, useable cannabis, and
20 cannabis-infused products within the state;

21 (11) In consultation with the department and the department of
22 agriculture, establishing accreditation requirements for testing
23 laboratories used by licensees to demonstrate compliance with
24 standards adopted by the board, and prescribing methods of producing,
25 processing, and packaging cannabis, cannabis concentrates, useable
26 cannabis, and cannabis-infused products; conditions of sanitation;
27 and standards of ingredients, quality, and identity of cannabis,
28 cannabis concentrates, useable cannabis, and cannabis-infused
29 products produced, processed, packaged, or sold by licensees;

30 (12) Specifying procedures for identifying, seizing,
31 confiscating, destroying, and donating to law enforcement for
32 training purposes all cannabis, cannabis concentrates, useable
33 cannabis, and cannabis-infused products produced, processed,
34 packaged, labeled, or offered for sale in this state that do not
35 conform in all respects to the standards prescribed by this chapter
36 or the rules of the board.

37 **Sec. 5.** RCW 69.50.345 and 2022 c 16 s 65 are each amended to
38 read as follows:

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

4 (1) Licensing of cannabis producers, cannabis processors, and
5 cannabis retailers, including prescribing forms and establishing
6 application, reinstatement, and renewal fees.

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

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

36 (~~(Determining)~~) (a) Except as provided in RCW 69.50.335,
37 determining, in consultation with the office of financial management,
38 the maximum number of retail outlets that may be licensed in each
39 county, taking into consideration:

40 (~~(a)~~) (i) Population distribution;

1 ~~((b))~~ (ii) Security and safety issues;
2 ~~((c))~~ (iii) The provision of adequate access to licensed
3 sources of cannabis concentrates, useable cannabis, and cannabis-
4 infused products to discourage purchases from the illegal market; and
5 ~~((d))~~ (iv) The number of retail outlets holding medical
6 cannabis endorsements necessary to meet the medical needs of
7 qualifying patients. The board must reconsider and increase the
8 maximum number of retail outlets it established before July 24, 2015,
9 and allow for a new license application period and a greater number
10 of retail outlets to be permitted in order to accommodate the medical
11 needs of qualifying patients and designated providers. After January
12 1, 2017, any reconsideration of the maximum number of retail outlets
13 needed to meet the medical needs of qualifying patients must consider
14 information contained in the medical cannabis authorization database
15 established in RCW 69.51A.230.

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

20 (ii) Nothing in this chapter limits an incorporated city or town,
21 or county legislative authority from enacting an ordinance
22 prescribing outlet density limitations.

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

25 (3) Determining the maximum quantity of cannabis a cannabis
26 producer may have on the premises of a licensed location at any time
27 without violating Washington state law;

28 (4) Determining the maximum quantities of cannabis, cannabis
29 concentrates, useable cannabis, and cannabis-infused products a
30 cannabis processor may have on the premises of a licensed location at
31 any time without violating Washington state law;

32 (5) Determining the maximum quantities of cannabis concentrates,
33 useable cannabis, and cannabis-infused products a cannabis retailer
34 may have on the premises of a retail outlet at any time without
35 violating Washington state law;

36 (6) In making the determinations required by this section, the
37 board shall take into consideration:

38 (a) Security and safety issues;

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

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

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

11 (8) In consultation with the department of agriculture and the
12 department, establishing classes of cannabis, cannabis concentrates,
13 useable cannabis, and cannabis-infused products according to grade,
14 condition, cannabinoid profile, THC concentration, CBD concentration,
15 or other qualitative measurements deemed appropriate by the board;

16 (9) Establishing reasonable time, place, and manner restrictions
17 and requirements regarding advertising of cannabis, cannabis
18 concentrates, useable cannabis, and cannabis-infused products that
19 are not inconsistent with the provisions of this chapter, taking into
20 consideration:

21 (a) Federal laws relating to cannabis that are applicable within
22 Washington state;

23 (b) Minimizing exposure of people under (~~twenty-one~~) 21 years
24 of age to the advertising;

25 (c) The inclusion of medically and scientifically accurate
26 information about the health and safety risks posed by cannabis use
27 in the advertising; and

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

30 (10) Specifying and regulating the time and periods when, and the
31 manner, methods, and means by which, licensees shall transport and
32 deliver cannabis, cannabis concentrates, useable cannabis, and
33 cannabis-infused products within the state;

34 (11) In consultation with the department and the department of
35 agriculture, prescribing methods of producing, processing, and
36 packaging cannabis, cannabis concentrates, useable cannabis, and
37 cannabis-infused products; conditions of sanitation; and standards of
38 ingredients, quality, and identity of cannabis, cannabis
39 concentrates, useable cannabis, and cannabis-infused products
40 produced, processed, packaged, or sold by licensees;

1 (12) Specifying procedures for identifying, seizing,
2 confiscating, destroying, and donating to law enforcement for
3 training purposes all cannabis, cannabis concentrates, useable
4 cannabis, and cannabis-infused products produced, processed,
5 packaged, labeled, or offered for sale in this state that do not
6 conform in all respects to the standards prescribed by this chapter
7 or the rules of the board.

8 NEW SECTION. **Sec. 6.** (1) The joint legislative audit and review
9 committee must review prior canopy studies completed by the liquor
10 and cannabis board and examine whether current levels of cannabis
11 production align with market demand and capacity, including the
12 impact of any additional cannabis producer licenses granted under
13 this act.

14 (2) The joint legislative audit and review committee must report
15 results of their review to the governor and appropriate committees of
16 the legislature by June 30, 2025.

17 NEW SECTION. **Sec. 7.** Section 4 of this act expires July 1,
18 2024.

19 NEW SECTION. **Sec. 8.** Section 5 of this act takes effect July 1,
20 2024.

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