
ENGROSSED SUBSTITUTE HOUSE BILL 1551

State of Washington

69th Legislature

2025 Regular Session

By House Consumer Protection & Business (originally sponsored by Representatives Reeves, Entenman, Morgan, Kloba, Ormsby, Santos, Doglio, and Hill)

READ FIRST TIME 02/21/25.

1 AN ACT Relating to extending the cannabis social equity program
2 to evaluate the program and implement efficiencies; amending RCW
3 69.50.335 and 43.330.540; creating a new section; and declaring an
4 emergency.

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

6 NEW SECTION. **Sec. 1.** The legislature intends to extend and
7 evaluate the cannabis social equity program, and conduct a review and
8 analysis of the first round of licensing and grant awards that was
9 recently conducted before 2025, to support the successful
10 implementation of the cannabis social equity program. By requiring
11 the liquor and cannabis board, in consultation with the department of
12 commerce when appropriate, to evaluate the cannabis social equity
13 program as provided in this act and submit a report with findings and
14 policy options to the governor and legislature by December 1, 2025,
15 the legislature will have an opportunity in the 2026 legislative
16 session to make any policy changes the legislature deems appropriate.
17 The legislature also intends to extend the cannabis social equity
18 program an additional two years until July 1, 2034, and remove a
19 restriction on the issuance of grants to cannabis licensees who meet
20 the social equity applicant criteria. The evaluation required by this
21 act must include opportunities for public feedback, and the

1 identification of any provisions of law or rule and any economic,
2 market, or practical factors that effectively prevent or hinder the
3 successful opening, operation, and business success of cannabis
4 businesses licensed under the cannabis social equity program. This
5 will provide the legislature with information to ensure policies are
6 in place to support successful and efficient implementation of the
7 program.

8 **Sec. 2.** RCW 69.50.335 and 2023 c 220 s 3 are each amended to
9 read as follows:

10 (1) (a) (~~Beginning December 1, 2020, and until~~) Until July 1,
11 (~~2032~~) 2034, cannabis retailer licenses, cannabis processor
12 licenses, and cannabis producer licenses that have been subject to
13 forfeiture, revocation, or cancellation by the board, or cannabis
14 retailer licenses that were not previously issued by the board but
15 could have been issued without exceeding the limit on the statewide
16 number of cannabis retailer licenses established before January 1,
17 2020, by the board, may be issued or reissued to an applicant who
18 meets the cannabis retailer license, cannabis processor license, or
19 cannabis producer license requirements of this chapter.

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

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

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

26 (c) In addition to the cannabis retailer licenses and cannabis
27 producer licenses that may be issued under (a) and (b) of this
28 subsection, beginning January 1, 2023, and continuing every three
29 years until July 1, (~~2032~~) 2034, the board may, with the approval
30 of the legislature through the passage of a bill, increase the number
31 of cannabis retailer licenses and cannabis producer licenses for the
32 social equity program based on:

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

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

37 (d) In addition to the cannabis retailer licenses that may be
38 issued under (a) of this subsection, beginning January 1, 2024, and

1 until July 1, (~~2032~~) 2034, the board may issue up to 52 cannabis
2 retailer licenses for the social equity program.

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

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

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

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

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

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

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

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

36 (b) The board may deny any application submitted under this
37 subsection if:

38 (i) The board determines that, upon the advice of the third-party
39 contractor, the application does not meet the social equity licensing
40 requirements of this chapter; or

1 (ii) The board determines the application does not otherwise meet
2 licensing requirements.

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

11 (5) The annual fee for issuance, reissuance, or renewal for any
12 license under this section must be waived through July 1, ((2032))
13 2034.

14 (6) By December 1, 2025, and within existing resources, the
15 board, in consultation with the department of commerce when specified
16 in this subsection, shall evaluate the cannabis social equity program
17 as provided in this subsection and submit a report to the governor
18 and appropriate committees of the legislature with findings and
19 policy options. In conducting the evaluation, the board shall provide
20 opportunities for public comment on the cannabis social equity
21 program from communities throughout Washington. The evaluation must
22 include the following components:

23 (a) A review of feedback received by the board in public comments
24 while the board implements this subsection from individuals the
25 program is intended to benefit, the public, and the cannabis
26 industry;

27 (b) An examination of the issuance and reissuance of cannabis
28 retailer licenses that began before January 1, 2025, under the
29 provisions of chapter 236, Laws of 2020, including a comparative
30 analysis of the applicants who successfully secured a location and
31 were issued a cannabis retailer license relative to applicants who
32 remain pending but were issued a preliminary letter of approval by
33 the board;

34 (c) An examination, in consultation with the department of
35 commerce, of the awarding of grants and the provision of mentorship
36 under RCW 43.330.540 and opportunities for the alignment of the
37 board's implementation of this section with the department of
38 commerce's implementation of RCW 43.330.540;

39 (d) The demographic information about owners of licensed cannabis
40 businesses who became licensed under the cannabis social equity

1 program to the extent such information is available or obtainable by
2 the board;

3 (e) The identification of any provisions of law or rule and any
4 economic, market, or practical factors that effectively prevent or
5 hinder the successful opening, operation, and business success of
6 cannabis businesses licensed under the cannabis social equity
7 program; and

8 (f) An examination of the impact of provisions in laws and rules
9 on cannabis licensees in the cannabis social equity program with
10 respect to: (i) Permissible locations for the siting of licensed
11 cannabis businesses including distance restrictions in RCW
12 69.50.331(8), zoning or other location restrictions in local
13 government ordinances, and local written objections under RCW
14 69.50.331(11); (ii) the mobility of cannabis licenses to or between
15 jurisdictions; (iii) the ability of persons holding an existing
16 cannabis retailer license or title certificate for a cannabis
17 retailer business in a local jurisdiction subject to a ban or
18 moratorium on cannabis retail businesses to apply for a cannabis
19 license under this section; (iv) prioritizing license applications
20 through use of a third-party contractor using a scoring rubric
21 developed by the board; (v) restrictions on the transfer or
22 assumption of a cannabis license issued through the cannabis social
23 equity program other than to individuals or groups of individuals who
24 comply with the requirements for initial licensure as a social equity
25 applicant for a period of at least five years from the date of
26 initial licensure; and (vi) the definition of a "social equity
27 applicant."

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

30 (a) "Disproportionately impacted area" means a census tract or
31 comparable geographic area within Washington state where community
32 members were more likely to be impacted by the war on drugs. These
33 areas must be determined in rule by the board, in consultation with
34 the office of equity, using a standardized statistical equation to
35 identify areas with demographic indicators consistent with
36 populations most impacted by the war on drugs. These areas must be
37 assessed to account for demographic changes in the composition of the
38 population over time. Disproportionately impacted areas must include
39 census tracts or comparable geographic areas in the top 15th

1 percentile in at least two of the following demographic indicators of
2 populations most impacted by the war on drugs:

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

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

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

8 (iv) The area has a high rate of people receiving public
9 assistance.

10 (b) "Social equity applicant" means an applicant who has at least
11 51 percent ownership and control by one or more individuals who meet
12 at least two of the following qualifications:

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

15 (ii) Has been arrested or convicted of a cannabis offense or has
16 a family member who has been arrested or convicted of a cannabis
17 offense;

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

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

25 (c) "Social equity goals" means:

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

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

32 (~~(7)~~) (8) Except for the process detailed in subsection (1) of
33 this section, the process for creating new cannabis retail licenses
34 under this chapter remains unaltered.

35 **Sec. 3.** RCW 43.330.540 and 2023 c 220 s 1 are each amended to
36 read as follows:

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

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

3 (i) Cannabis license applicants who are social equity applicants
4 as defined in RCW 69.50.335 submitting social equity plans as defined
5 in RCW 69.50.101; and

6 (ii) Cannabis licensees (~~((holding a license issued after April 1,~~
7 ~~2023, and before July 1, 2024,))~~) who meet the social equity applicant
8 criteria under RCW 69.50.335.

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

13 (3) The department must award grants primarily based on the
14 strength of the social equity plans submitted by cannabis license
15 applicants and cannabis licensees (~~((holding a license issued after~~
16 ~~April 1, 2023, and before July 1, 2024))~~) identified in subsection
17 (2)(a) of this section, but may also consider additional criteria if
18 deemed necessary or appropriate by the department. Technical
19 assistance activities eligible for funding include, but are not
20 limited to:

21 (a) Assistance navigating the cannabis licensure process;

22 (b) Cannabis-business specific education and business plan
23 development;

24 (c) Regulatory compliance training;

25 (d) Financial management training and assistance in seeking
26 financing;

27 (e) Strengthening a social equity plan as defined in RCW
28 69.50.101; and

29 (f) Connecting social equity applicants with established industry
30 members and tribal cannabis enterprises and programs for mentoring
31 and other forms of support.

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

36 (a) Have knowledge and experience demonstrating their ability to
37 effectively advise eligible applicants and licensees in navigating
38 the state's licensing and regulatory framework or on producing and
39 processing cannabis;

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

3 (c) Meet department reporting and invoicing requirements.

4 (5) Funding for the cannabis social equity technical assistance
5 grant program must be provided under RCW 69.50.540. Additionally, the
6 department may solicit, receive, and expend private contributions to
7 support the grant program.

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

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

11 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of
13 the state government and its existing public institutions, and takes
14 effect immediately.

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