H-0406.1

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**HOUSE BILL 1165**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Representatives Condotta, Reykdal, Holy, Scott, Vick, Magendanz, Hargrove, Harmsworth, Senn, Tharinger, Springer, Muri, and Rodne

AN ACT Relating to the establishment of a dedicated local jurisdiction marijuana fund and the distribution of a specified percentage of marijuana excise tax revenues to local jurisdictions; amending RCW 69.50.530, 69.50.535, and 69.50.540; providing an effective date; and declaring an emergency.

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

**Sec.**  RCW 69.50.530 and 2013 c 3 s 26 are each amended to read as follows:

(1) ((~~There shall be~~)) (a) Except as otherwise provided in (b) of this subsection, there must be a fund, known as the dedicated marijuana fund, which ((~~shall~~)) consists of all marijuana excise taxes, license fees, penalties, forfeitures, and all other moneys, income, or revenue received by the state liquor control board from marijuana-related activities. The state treasurer ((~~shall~~)) must be custodian of the fund.

(b) There must be a fund, known as the dedicated local jurisdiction marijuana fund, which consists of marijuana excise taxes collected under RCW 69.50.535(3). The state treasurer must be custodian of the fund.

(2) All moneys received by the state liquor control board or any employee thereof from marijuana-related activities ((~~shall~~)) must be deposited each day in a depository approved by the state treasurer and transferred to the state treasurer to be credited to the dedicated marijuana fund or the dedicated local jurisdiction marijuana fund.

(3) Disbursements from the dedicated marijuana fund ((~~shall~~)) or the dedicated local jurisdiction marijuana fund must be on authorization of the state liquor control board or a duly authorized representative thereof.

**Sec.**  RCW 69.50.535 and 2014 c 192 s 7 are each amended to read as follows:

(1) There is levied and collected a marijuana excise tax equal to twenty-five percent of the selling price on each wholesale sale in this state of marijuana by a licensed marijuana producer to a licensed marijuana processor or another licensed marijuana producer. This tax is the obligation of the licensed marijuana producer.

(2) There is levied and collected a marijuana excise tax equal to twenty-five percent of the selling price on each wholesale sale in this state of marijuana concentrates, useable marijuana, and marijuana-infused products by a licensed marijuana processor to a licensed marijuana retailer. This tax is the obligation of the licensed marijuana processor.

(3) There is levied and collected a marijuana excise tax equal to twenty-five percent of the selling price on each retail sale in this state of marijuana concentrates, useable marijuana, and marijuana-infused products. This tax is the obligation of the licensed marijuana retailer, is separate and in addition to general state and local sales and use taxes that apply to retail sales of tangible personal property, and is part of the total retail price to which general state and local sales and use taxes apply.

(4) All revenues collected from the marijuana excise taxes imposed under subsections (1) through (3) of this section shall be deposited each day in a depository approved by the state treasurer and transferred to the state treasurer to be credited ((~~to the dedicated~~))as follows:

(a) Ninety percent of the revenue collected from the marijuana excise tax imposed under subsection (1) of this section must be credited to the dedicated marijuana fund, and ten percent of the revenue collected under subsection (1) of this section must be credited to the dedicated local jurisdiction marijuana fund.

(b) All revenue collected from the marijuana excise tax imposed under subsection (2) of this section must be credited to the dedicated marijuana fund.

(c) Eighty percent of the revenue collected from the marijuana excise tax imposed under subsection (3) of this section must be credited to the dedicated marijuana fund, and twenty percent of the revenue collected under subsection (3) of this section must be credited to the dedicated local jurisdiction marijuana fund.

(5) The state liquor control board ((~~shall~~))must regularly review the tax levels established under this section and make recommendations to the legislature as appropriate regarding adjustments that would further the goal of discouraging use while undercutting illegal market prices.

**Sec.**  RCW 69.50.540 and 2013 c 3 s 28 are each amended to read as follows:

(1) All marijuana excise taxes collected from sales of marijuana, useable marijuana, and marijuana-infused products under RCW 69.50.535, and the license fees, penalties, and forfeitures derived under chapter 3, Laws of 2013 from marijuana producer, marijuana processor, and marijuana retailer licenses ((~~shall~~)) deposited in the dedicated marijuana fund must every three months be disbursed by the state liquor control board as follows:

((~~(1)~~)) (a) One hundred twenty-five thousand dollars to the department of social and health services to design and administer the Washington state healthy youth survey, analyze the collected data, and produce reports, in collaboration with the office of the superintendent of public instruction, department of health, department of commerce, family policy council, and state liquor control board. The survey ((~~shall~~)) must be conducted at least every two years and include questions regarding, but not necessarily limited to, academic achievement, age at time of substance use initiation, antisocial behavior of friends, attitudes toward antisocial behavior, attitudes toward substance use, laws and community norms regarding antisocial behavior, family conflict, family management, parental attitudes toward substance use, peer rewarding of antisocial behavior, perceived risk of substance use, and rebelliousness. Funds disbursed under this subsection may be used to expand administration of the healthy youth survey to student populations attending institutions of higher education in Washington;

((~~(2)~~)) (b) Fifty thousand dollars to the department of social and health services for the purpose of contracting with the Washington state institute for public policy to conduct the cost-benefit evaluation and produce the reports described in RCW 69.50.550. This appropriation ((~~shall~~)) ends after production of the final report required by RCW 69.50.550;

((~~(3)~~)) (c) Five thousand dollars to the University of Washington alcohol and drug abuse institute for the creation, maintenance, and timely updating of web-based public education materials providing medically and scientifically accurate information about the health and safety risks posed by marijuana use;

((~~(4)~~)) (d) An amount not exceeding one million two hundred fifty thousand dollars to the state liquor control board as is necessary for administration of chapter 3, Laws of 2013;

((~~(5)~~)) (e) Of the funds remaining after the disbursements identified in ((~~subsections (1)~~))(a) through ((~~(4)~~)) (d) of this ((~~section~~)) subsection:

((~~(a)~~)) (i) Fifteen percent to the department of social and health services division of behavioral health and recovery for implementation and maintenance of programs and practices aimed at the prevention or reduction of maladaptive substance use, substance-use disorder, substance abuse or substance dependence, as these terms are defined in the Diagnostic and Statistical Manual of Mental Disorders, among middle school and high school age students, whether as an explicit goal of a given program or practice or as a consistently corresponding effect of its implementation; PROVIDED, That:

((~~(i)~~)) (A) Of the funds disbursed under ((~~(a)~~)) (e)(i) of this subsection, at least eighty-five percent must be directed to evidence-based and cost-beneficial programs and practices that produce objectively measurable results; and

((~~(ii)~~)) (B) Up to fifteen percent of the funds disbursed under ((~~(a)~~)) (e)(i) of this subsection may be directed to research-based and emerging best practices or promising practices.

In deciding which programs and practices to fund, the secretary of the department of social and health services ((~~shall~~)) must consult, at least annually, with the University of Washington's social development research group and the University of Washington's alcohol and drug abuse institute;

((~~(b)~~)) (ii) Ten percent to the department of health for the creation, implementation, operation, and management of a marijuana education and public health program that contains the following:

((~~(i)~~)) (A) A marijuana use public health hotline that provides referrals to substance abuse treatment providers, utilizes evidence-based or research-based public health approaches to minimizing the harms associated with marijuana use, and does not solely advocate an abstinence-only approach;

((~~(ii)~~)) (B) A grants program for local health departments or other local community agencies that supports development and implementation of coordinated intervention strategies for the prevention and reduction of marijuana use by youth; and

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

((~~(c)~~)) (iii) Six-tenths of one percent to the University of Washington and four-tenths of one percent to Washington State University for research on the short and long-term effects of marijuana use, to include but not be limited to formal and informal methods for estimating and measuring intoxication and impairment, and for the dissemination of such research;

((~~(d)~~)) (iv) Fifty percent to the state basic health plan trust account to be administered by the Washington basic health plan administrator and used as provided under chapter 70.47 RCW;

((~~(e)~~)) (v) Five percent to the Washington state health care authority to be expended exclusively through contracts with community health centers to provide primary health and dental care services, migrant health services, and maternity health care services as provided under RCW 41.05.220;

((~~(f)~~)) (vi) Three-tenths of one percent to the office of the superintendent of public instruction to fund grants to building bridges programs under chapter 28A.175 RCW; and

((~~(g)~~)) (vii) The remainder to the general fund.

(2) All marijuana excise taxes from sales of marijuana, useable marijuana, and marijuana-infused products that are collected and deposited under RCW 69.50.535 in the dedicated local jurisdiction marijuana fund must be disbursed every three months by the state liquor control board as follows:

(a) All marijuana excise taxes collected and deposited under RCW 69.50.535(1) in the dedicated local jurisdiction marijuana fund must be disbursed to the local jurisdiction where the marijuana producer is physically located. Each local jurisdiction must receive revenue distributions based on the proportional share of the total revenues in the dedicated local jurisdiction marijuana fund from the taxes collected under RCW 69.50.535(1) from producers physically located in each local jurisdiction; and

(b) All marijuana excise taxes collected and deposited under RCW 69.50.535(3) in the dedicated local jurisdiction marijuana fund must be disbursed to the local jurisdiction where the retail sale originated. Each local jurisdiction with retail sales must receive revenue distributions based on its proportional amount of the total revenues from the excise tax imposed under RCW 69.50.535(3) in the dedicated local jurisdiction marijuana fund from retail sales in its jurisdiction.

(3) For the purposes of this section, "local jurisdiction" means a city, town, or county.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2015.

**--- END ---**