H-3384.3

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**HOUSE BILL 2279**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Representatives Dolan, Appleton, and Wylie

AN ACT Relating to improving the development of the marijuana market by enacting provisions specific to craft cannabis production; and adding new sections to chapter 69.50 RCW.

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

NEW SECTION. **Sec.**  A new section is added to chapter 69.50 RCW to read as follows:

(1) There is a craft marijuana producer license available to applicants meeting the qualifications and requirements in this section. Except as otherwise provided in this section, the privileges and requirements of a craft marijuana producer license issued under this section are the same privileges and requirements of a marijuana producer license issued under RCW 69.50.325. To qualify for a craft marijuana producer license an applicant must meet all qualifications for a marijuana license in RCW 69.50.331.

(2)(a) Except as provided in (b) of this subsection, the amount of the application fee and annual fee for a craft marijuana producer license is the same amount as the application fee and annual fee for a marijuana producer license under RCW 69.50.325.

(b) The board shall establish a reduced application fee and reduced license fee for a craft marijuana producer applicant or licensee, for social equity purposes, based on the applicant or licensee's race, creed, color, sex, national origin, sexual orientation, families with children status, honorably discharged veteran or military status, or based on any sensory, mental, or physical disability of the applicant or licensee.

(3)(a) The holder of a craft marijuana producer license may not hold any other marijuana license issued under this chapter or have an ownership interest in, management role in, or exercise control over a business or entity that holds any other marijuana license issued under this chapter.

(b) A craft marijuana producer licensee is subject to the following production limits:

(i) If production is indoors, the licensee may have no more than ten thousand square feet of production canopy;

(ii) If production is seasonal sun-grown production, the licensee may have no more than thirty thousand square feet of production canopy; and

(iii) If production is at a facility at which marijuana is cultivated by indoor production and seasonal sun-grown production, the licensee must have less than ten thousand square feet of indoor production canopy. Additionally, the licensee may have seasonal sun-grown production canopy equal to three times the difference between ten thousand square feet and the number of square feet of indoor production canopy authorized for the licensee. By way of example, without limiting the authorized combinations of indoor and seasonal sun-grown production canopy under this subsection (3)(b)(iii), a licensee may have:

(A) Four thousand square feet of indoor production canopy and eighteen thousand square feet of seasonal sun-grown production canopy;

(B) Five thousand square feet of indoor production canopy and fifteen thousand square feet of seasonal sun-grown production canopy; or

(C) Nine thousand square feet of indoor production canopy and three thousand square feet of seasonal sun-grown production canopy.

(4)(a) Pursuant to rules adopted by the board by October 1, 2020, craft marijuana producers may make retail sales of useable marijuana to adults age twenty-one and over from the licensed production facility. Useable marijuana sold at retail must be produced entirely by the craft marijuana producer selling the useable marijuana. The retail sales limits in RCW 69.50.360(3) apply to retail sales authorized under this subsection. All taxes applicable to retail sales of marijuana by a marijuana retailer apply to retail sales of useable marijuana by a craft marijuana producer. Craft marijuana producers licensed under this section may process marijuana produced entirely by the licensee into useable marijuana and package the useable marijuana for sale as authorized in this section.

(b) For purposes of local zoning and land use ordinances, retail sales of useable marijuana by a licensee under this section are considered ancillary to, and do not alter, the primary use of the property as an agricultural, industrial, or commercial use. A city, town, or county may not prohibit a craft marijuana producer from conducting retail sales of useable marijuana authorized under this section.

(5)(a) Beginning on the effective date of this section, a marijuana producer licensed under RCW 69.50.325 who qualifies for a license under this section may opt to transition to a license issued under this section without paying an additional fee.

(b) A craft marijuana producer licensed under this section may opt to transition to a marijuana producer license issued under RCW 69.50.325.

(6) For purposes of this section:

(a) "Indoor production" means marijuana production where artificial light is used to cultivate the marijuana plants; and

(b) "Seasonal sun-grown production" means marijuana production conducted outdoors seasonally on an expanse of open or cleared ground with or without the use of temporary structures.

NEW SECTION. **Sec.**  A new section is added to chapter 69.50 RCW to read as follows:

(1) There is a craft marijuana producer/processor license available to applicants meeting the qualifications and requirements in this section. Except as otherwise provided in this section, the privileges and requirements of a craft marijuana producer/processor license issued under this section are the same privileges and requirements of a marijuana producer license and of a marijuana processor license issued under RCW 69.50.325. To qualify for a craft marijuana producer/processor license an applicant must meet all qualifications for a marijuana license in RCW 69.50.331.

(2)(a) Except as provided in (b) of this subsection, the amount of the application fee and annual fee for a craft marijuana producer/processor license is the same amount as the application fee and annual fee for both a marijuana producer license and a marijuana processor license under RCW 69.50.325.

(b) The board shall establish a reduced application fee and reduced license fee for a craft marijuana producer/processor applicant or licensee, for social equity purposes, based on the applicant or licensee's race, creed, color, sex, national origin, sexual orientation, families with children status, honorably discharged veteran or military status, or based on any sensory, mental, or physical disability of the applicant or licensee.

(3)(a) The holder of a craft marijuana producer/processor license may not hold any other marijuana license issued under this chapter or have an ownership interest in, management role in, or exercise control over a business or entity that holds any other marijuana license issued under this chapter.

(b) A craft marijuana producer/processor licensee is subject to the following production and processing limits:

(i) If production is indoors, the licensee may have no more than ten thousand square feet of production canopy;

(ii) If production is seasonal sun-grown production, the licensee may have no more than thirty thousand square feet of production canopy; and

(iii) If production is at a facility at which marijuana is cultivated by indoor production and seasonal sun-grown production, the licensee must have less than ten thousand square feet of indoor production canopy. Additionally, the licensee may have seasonal sun-grown production canopy equal to three times the difference between ten thousand square feet and the number of square feet of indoor production canopy authorized for the licensee. By way of example, without limiting the authorized combinations of indoor and seasonal sun-grown production canopy under this subsection (3)(b)(iii), a licensee may have:

(A) Four thousand square feet of indoor production canopy and eighteen thousand square feet of seasonal sun-grown production canopy;

(B) Five thousand square feet of indoor production canopy and fifteen thousand square feet of seasonal sun-grown production canopy; or

(C) Nine thousand square feet of indoor production canopy and three thousand square feet of seasonal sun-grown production canopy.

(4)(a) Pursuant to rules adopted by the board by October 1, 2020, licensees may make retail sales of marijuana products produced and processed entirely by the craft marijuana producer/processor to adults age twenty-one and over from the licensed facility. The retail sales limits in RCW 69.50.360(3) apply to retail sales authorized under this subsection. All taxes applicable to retail sales of marijuana products by a marijuana retailer apply to retail sales of marijuana products by a craft marijuana producer/processor.

(b) For purposes of local zoning and land use ordinances, retail sales of marijuana by a licensee under this section are considered ancillary to, and do not alter, the primary use of the property as an agricultural, industrial, or commercial use. A city, town, or county may not prohibit a craft marijuana producer/processor from conducting retail sales of marijuana authorized under this section.

(5)(a) Beginning on the effective date of this section, a person, business, or entity who holds both a marijuana producer license and a marijuana processor license issued under RCW 69.50.325, and who qualifies for a license under this section, may opt to transition to a license issued under this section without paying additional fees.

(b) A craft marijuana producer/processor licensed under this section may opt to transition to a marijuana producer license and a marijuana processor license issued under RCW 69.50.325.

(6) For purposes of this section:

(a) "Indoor production" means marijuana production where artificial light is used to cultivate the marijuana plants; and

(b) "Seasonal sun-grown production" means marijuana production conducted outdoors seasonally on an expanse of open or cleared ground with or without the use of temporary structures.

NEW SECTION. **Sec.**  A new section is added to chapter 69.50 RCW to read as follows:

The board shall establish an advisory group of craft marijuana producers and processors who are licensed under section 1 or 2 of this act. The board shall solicit input from, and consult with, the advisory group when developing policies or rules related to the production and/or processing of marijuana. The advisory group is a class one group as provided in RCW 43.03.220 and members of the advisory group may be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

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