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ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2870

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State of Washington

66th Legislature

2020 Regular Session

By House Appropriations (originally sponsored by Representatives Pettigrew and Ryu; by request of Liquor and Cannabis Board)

READ FIRST TIME 02/11/20.

1 AN ACT Relating to allowing additional marijuana retail licenses  
2 for social equity purposes; amending RCW 69.50.540 and 69.50.325;  
3 adding new sections to chapter 69.50 RCW; adding a new section to  
4 chapter 43.330 RCW; creating a new section; and providing an  
5 expiration date.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that additional  
8 efforts are necessary to reduce barriers to entry to the cannabis  
9 industry for individuals and communities most adversely impacted by  
10 the enforcement of cannabis-related laws. In the interest of  
11 establishing a cannabis industry that is equitable and accessible to  
12 those most adversely impacted by the enforcement of drug-related  
13 laws, including cannabis-related laws, the legislature finds a social  
14 equity program should be created.

15 (2) The legislature finds that individuals who have been arrested  
16 or incarcerated due to drug laws, and those who have resided in areas  
17 of high poverty, suffer long-lasting adverse consequences, including  
18 impacts to employment, business ownership, housing, health, and long-  
19 term financial well-being. The legislature also finds that family  
20 members, especially children, and communities of those who have been  
21 arrested or incarcerated due to drug laws, suffer from emotional,

1 psychological, and financial harms as a result of such arrests and  
2 incarceration. The legislature further finds that certain communities  
3 have disproportionately suffered the harms of enforcement of  
4 cannabis-related laws. Those communities face greater difficulties  
5 accessing traditional banking systems and capital for establishing  
6 businesses.

7 (3) The legislature therefore finds that in the interest of  
8 remedying harms resulting from the disproportionate enforcement of  
9 cannabis-related laws, creating a social equity program will further  
10 an equitable cannabis industry by promoting business ownership among  
11 individuals who have resided in areas of high poverty and high  
12 enforcement of cannabis-related laws. The social equity program  
13 should offer, among other things, financial and technical assistance  
14 and license application benefits to individuals most directly and  
15 adversely impacted by the enforcement of cannabis-related laws who  
16 are interested in starting cannabis business enterprises.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 69.50  
18 RCW to read as follows:

19 (1) Beginning December 1, 2020, and until July 1, 2028, marijuana  
20 retailer licenses that have been subject to forfeiture, revocation,  
21 or cancellation by the board, or marijuana retailer licenses that  
22 were not previously issued by the board but could have been issued  
23 without exceeding the limit on the statewide number of marijuana  
24 retailer licenses established in rule by the board, may be issued or  
25 reissued to an applicant who meets the marijuana retailer license  
26 requirements of this chapter.

27 (2)(a) In order to be considered for a retail license under  
28 subsection (1) of this section, applicants must be a social equity  
29 applicant and submit a social equity plan along with other marijuana  
30 retailer license application requirements to the board. If the  
31 application proposes ownership by more than one person, then at least  
32 fifty-one percent of the proposed ownership structure must reflect  
33 the qualifications of a social equity applicant.

34 (b) Persons holding an existing marijuana retailer license or  
35 title certificate for a marijuana retailer business in a local  
36 jurisdiction subject to a ban or moratorium on marijuana retail  
37 businesses may apply for a license under this section.

1 (3) (a) In determining the issuance of a license among applicants,  
2 the board may prioritize applicants based on the extent to which the  
3 application addresses the components of the social equity plan.

4 (b) The board may deny any application submitted under this  
5 subsection if the board determines that:

6 (i) The application does not meet social equity goals or does not  
7 meet social equity plan requirements;

8 (ii) The application does not otherwise meet the licensing  
9 requirements of this chapter; or

10 (iii) Additional marijuana retailer licenses are not needed to  
11 meet social equity goals in that city, town, or county.

12 (4) The board may adopt rules to implement this section. Rules  
13 may include strategies for receiving advice on the social equity  
14 program from communities the program is intended to benefit. Rules  
15 may also require that licenses awarded under this section be  
16 transferred or sold only to individuals or groups of individuals who  
17 comply with the requirements for initial licensure in the social  
18 equity plan under this section.

19 (5) For the purposes of this section:

20 (a) "Disproportionately impacted area" means a census tract or  
21 comparable geographic area that satisfies the following criteria,  
22 which may be further defined in rule by the board after consultation  
23 with the commission on African American affairs and other agencies  
24 and stakeholders as determined by the board:

25 (i) The area has a high poverty rate;

26 (ii) The area has a high rate of participation in income-based  
27 federal or state programs;

28 (iii) The area has a high rate of unemployment; and

29 (iv) The area has a high rate of arrest, conviction, and  
30 incarceration related to the sale, possession, use, cultivation,  
31 manufacture, or transport of marijuana.

32 (b) "Social equity applicant" means:

33 (i) An applicant who has at least fifty-one percent ownership and  
34 control by one or more individuals who have resided for at least five  
35 of the preceding ten years in a disproportionately impacted area; or

36 (ii) An applicant who has at least fifty-one percent ownership  
37 and control by at least one individual who has been convicted of a  
38 marijuana offense or is a family member of such an individual.

39 (c) "Social equity goals" means:

1 (i) Increasing the number of marijuana retailer licenses held by  
2 people from communities that have suffered a disproportionate number  
3 of marijuana arrests beginning January 1, 1988; and

4 (ii) Reducing accumulated harm suffered by individuals, families,  
5 and communities subject to disproportionate impacts from the  
6 historical application and enforcement of marijuana prohibition laws.

7 (d) "Social equity plan" means a plan that addresses at least  
8 some of the elements outlined in this subsection (5)(d), along with  
9 any additional plan components or requirements approved by the board  
10 following consultation with the task force created in section 5 of  
11 this act. The plan may include:

12 (i) A statement that the social equity applicant qualifies as a  
13 social equity applicant and intends to own at least fifty-one percent  
14 of the proposed marijuana retail business or applicants representing  
15 at least fifty-one percent of the ownership of the proposed business  
16 qualify as social equity applicants;

17 (ii) A description of how issuing a marijuana retail license to  
18 the social equity applicant will meet social equity goals;

19 (iii) The social equity applicant's personal or family history  
20 with the criminal justice system including any offenses involving  
21 marijuana;

22 (iv) The composition of the workforce the social equity applicant  
23 intends to hire;

24 (v) Neighborhood characteristics of the location where the social  
25 equity applicant intends to operate, focusing on the disproportionate  
26 historical impacts of marijuana prohibition; and

27 (vi) Business plans involving partnerships or assistance to  
28 organizations or residents with connection to populations with a  
29 history of disproportionate impact and harm related to enforcement of  
30 marijuana prohibition.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330  
32 RCW to read as follows:

33 (1) The marijuana social equity technical assistance competitive  
34 grant program is established and is to be administered by the  
35 department.

36 (2) The marijuana social equity technical assistance competitive  
37 grant program must award grants on a competitive basis to marijuana  
38 retailer license applicants who are submitting social equity plans  
39 under section 2 of this act. The department must award grants

1 primarily based on the strength of the social equity plans submitted  
2 by applicants but may also consider additional criteria if deemed  
3 necessary or appropriate by the department. Technical assistance  
4 activities eligible for funding under the marijuana social equity  
5 technical assistance competitive grant program include, but are not  
6 limited to:

7 (a) Assistance navigating the marijuana retailer licensure  
8 process;

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

11 (c) Regulatory compliance training;

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

14 (e) Connecting social equity applicants with established industry  
15 members and tribal marijuana enterprises and programs for mentoring  
16 and other forms of support approved by the board.

17 (3) Funding for the marijuana social equity technical assistance  
18 competitive grant program must be provided through the dedicated  
19 marijuana account under RCW 69.50.540. Additionally, the department  
20 may solicit, receive, and expend private contributions to support the  
21 grant program.

22 (4) The department may adopt rules to implement this section.

23 **Sec. 4.** RCW 69.50.540 and 2019 c 415 s 978 are each amended to  
24 read as follows:

25 The legislature must annually appropriate moneys in the dedicated  
26 marijuana account created in RCW 69.50.530 as follows:

27 (1) For the purposes listed in this subsection (1), the  
28 legislature must appropriate to the respective agencies amounts  
29 sufficient to make the following expenditures on a quarterly basis or  
30 as provided in this subsection:

31 (a) One hundred twenty-five thousand dollars to the health care  
32 authority to design and administer the Washington state healthy youth  
33 survey, analyze the collected data, and produce reports, in  
34 collaboration with the office of the superintendent of public  
35 instruction, department of health, department of commerce, family  
36 policy council, and (~~state liquor and cannabis~~) board. The survey  
37 must be conducted at least every two years and include questions  
38 regarding, but not necessarily limited to, academic achievement, age  
39 at time of substance use initiation, antisocial behavior of friends,

1 attitudes toward antisocial behavior, attitudes toward substance use,  
2 laws and community norms regarding antisocial behavior, family  
3 conflict, family management, parental attitudes toward substance use,  
4 peer rewarding of antisocial behavior, perceived risk of substance  
5 use, and rebelliousness. Funds disbursed under this subsection may be  
6 used to expand administration of the healthy youth survey to student  
7 populations attending institutions of higher education in Washington;

8 (b) Fifty thousand dollars to the health care authority for the  
9 purpose of contracting with the Washington state institute for public  
10 policy to conduct the cost-benefit evaluation and produce the reports  
11 described in RCW 69.50.550. This appropriation ends after production  
12 of the final report required by RCW 69.50.550;

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

18 (d) (i) An amount not less than one million two hundred fifty  
19 thousand dollars to the ((~~state liquor and cannabis~~)) board for  
20 administration of this chapter as appropriated in the omnibus  
21 appropriations act;

22 (ii) Two million six hundred fifty-one thousand seven hundred  
23 fifty dollars for fiscal year 2018 and three hundred fifty-one  
24 thousand seven hundred fifty dollars for fiscal year 2019 to the  
25 health professions account established under RCW 43.70.320 for the  
26 development and administration of the marijuana authorization  
27 database by the department of health;

28 (iii) Two million seven hundred twenty-three thousand dollars for  
29 fiscal year 2020 and two million five hundred twenty-three thousand  
30 dollars for fiscal year 2021 to the Washington state patrol for a  
31 drug enforcement task force. It is the intent of the legislature that  
32 this policy will be continued in the 2021-2023 fiscal biennium; and

33 (iv) Ninety-eight thousand dollars for fiscal year 2019 to the  
34 department of ecology for research on accreditation of marijuana  
35 product testing laboratories;

36 (e) Four hundred sixty-five thousand dollars for fiscal year 2020  
37 and four hundred sixty-four thousand dollars for fiscal year 2021 to  
38 the department of ecology for implementation of accreditation of  
39 marijuana product testing laboratories;

1 (f) One hundred eighty-nine thousand dollars for fiscal year 2020  
2 to the department of health for rule making regarding compassionate  
3 care renewals;

4 (g) Eight hundred eight thousand dollars for fiscal year 2020 and  
5 eight hundred eight thousand dollars for fiscal year 2021 to the  
6 department of health for the administration of the marijuana  
7 authorization database; ((and))

8 (h) ((~~(\$635,000 [six hundred thirty-five thousand dollars])~~)) Six  
9 hundred thirty-five thousand dollars for fiscal year 2020 and  
10 ((~~(\$635,000 [six hundred thirty-five thousand dollars])~~)) six hundred  
11 thirty-five thousand dollars for fiscal year 2021 to the department  
12 of agriculture for compliance-based laboratory analysis of pesticides  
13 in marijuana((-)); and

14 (i) One million one hundred thousand dollars annually to the  
15 department of commerce to fund the marijuana social equity technical  
16 assistance competitive grant program under section 3 of this act; and

17 (2) From the amounts in the dedicated marijuana account after  
18 appropriation of the amounts identified in subsection (1) of this  
19 section, the legislature must appropriate for the purposes listed in  
20 this subsection (2) as follows:

21 (a) (i) Up to fifteen percent to the health care authority for the  
22 development, implementation, maintenance, and evaluation of programs  
23 and practices aimed at the prevention or reduction of maladaptive  
24 substance use, substance use disorder, substance abuse or substance  
25 dependence, as these terms are defined in the Diagnostic and  
26 Statistical Manual of Mental Disorders, among middle school and high  
27 school-age students, whether as an explicit goal of a given program  
28 or practice or as a consistently corresponding effect of its  
29 implementation, mental health services for children and youth, and  
30 services for pregnant and parenting women; PROVIDED, That:

31 (A) Of the funds appropriated under (a) (i) of this subsection for  
32 new programs and new services, at least eighty-five percent must be  
33 directed to evidence-based or research-based programs and practices  
34 that produce objectively measurable results and, by September 1,  
35 2020, are cost-beneficial; and

36 (B) Up to fifteen percent of the funds appropriated under (a) (i)  
37 of this subsection for new programs and new services may be directed  
38 to proven and tested practices, emerging best practices, or promising  
39 practices.

1 (ii) In deciding which programs and practices to fund, the  
2 director of the health care authority must consult, at least  
3 annually, with the University of Washington's social development  
4 research group and the University of Washington's alcohol and drug  
5 abuse institute.

6 (iii) For each fiscal year, the legislature must appropriate a  
7 minimum of twenty-five million five hundred thirty-six thousand  
8 dollars under this subsection (2)(a);

9 (b)(i) Up to ten percent to the department of health for the  
10 following, subject to (b)(ii) of this subsection (2):

11 (A) Creation, implementation, operation, and management of a  
12 marijuana education and public health program that contains the  
13 following:

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

19 (II) A grants program for local health departments or other local  
20 community agencies that supports development and implementation of  
21 coordinated intervention strategies for the prevention and reduction  
22 of marijuana use by youth; and

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

28 (B) The Washington poison control center.

29 (ii) For each fiscal year, the legislature must appropriate a  
30 minimum of nine million seven hundred fifty thousand dollars under  
31 this subsection (2)(b);

32 (c)(i) Up to six-tenths of one percent to the University of  
33 Washington and four-tenths of one percent to Washington State  
34 University for research on the short and long-term effects of  
35 marijuana use, to include but not be limited to formal and informal  
36 methods for estimating and measuring intoxication and impairment, and  
37 for the dissemination of such research.

38 (ii) For each fiscal year, except for the 2017-2019 and 2019-2021  
39 fiscal biennia, the legislature must appropriate a minimum of one  
40 million twenty-one thousand dollars to the University of Washington.



1 For each fiscal year, except for the 2017-2019 and 2019-2021 fiscal  
2 biennia, the legislature must appropriate a minimum of six hundred  
3 eighty-one thousand dollars to Washington State University under this  
4 subsection (2)(c). It is the intent of the legislature that this  
5 policy will be continued in the 2019-2021 fiscal biennium;

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

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

14 (f)(i) Up to three-tenths of one percent to the office of the  
15 superintendent of public instruction to fund grants to building  
16 bridges programs under chapter 28A.175 RCW.

17 (ii) For each fiscal year, the legislature must appropriate a  
18 minimum of five hundred eleven thousand dollars to the office of the  
19 superintendent of public instruction under this subsection (2)(f);  
20 and

21 (g) At the end of each fiscal year, the treasurer must transfer  
22 any amounts in the dedicated marijuana account that are not  
23 appropriated pursuant to subsection (1) of this section and this  
24 subsection (2) into the general fund, except as provided in (g)(i) of  
25 this subsection (2).

26 (i) Beginning in fiscal year 2018, if marijuana excise tax  
27 collections deposited into the general fund in the prior fiscal year  
28 exceed twenty-five million dollars, then each fiscal year the  
29 legislature must appropriate an amount equal to thirty percent of all  
30 marijuana excise taxes deposited into the general fund the prior  
31 fiscal year to the treasurer for distribution to counties, cities,  
32 and towns as follows:

33 (A) Thirty percent must be distributed to counties, cities, and  
34 towns where licensed marijuana retailers are physically located. Each  
35 jurisdiction must receive a share of the revenue distribution under  
36 this subsection (2)(g)(i)(A) based on the proportional share of the  
37 total revenues generated in the individual jurisdiction from the  
38 taxes collected under RCW 69.50.535, from licensed marijuana  
39 retailers physically located in each jurisdiction. For purposes of  
40 this subsection (2)(g)(i)(A), one hundred percent of the proportional

1 amount attributed to a retailer physically located in a city or town  
2 must be distributed to the city or town.

3 (B) Seventy percent must be distributed to counties, cities, and  
4 towns ratably on a per capita basis. Counties must receive sixty  
5 percent of the distribution, which must be disbursed based on each  
6 county's total proportional population. Funds may only be distributed  
7 to jurisdictions that do not prohibit the siting of any state  
8 licensed marijuana producer, processor, or retailer.

9 (ii) Distribution amounts allocated to each county, city, and  
10 town must be distributed in four installments by the last day of each  
11 fiscal quarter.

12 (iii) By September 15th of each year, the (~~state liquor and~~  
13 ~~cannabis~~) board must provide the state treasurer the annual  
14 distribution amount, if any, for each county and city as determined  
15 in (g)(i) of this subsection (2).

16 (iv) The total share of marijuana excise tax revenues distributed  
17 to counties and cities in (g)(i) of this subsection (2) may not  
18 exceed fifteen million dollars in fiscal years 2018, 2019, 2020, and  
19 2021, and twenty million dollars per fiscal year thereafter. It is  
20 the intent of the legislature that the policy for the maximum  
21 distributions in the subsequent fiscal biennia will be no more than  
22 fifteen million dollars per fiscal year.

23 (~~For the purposes of this section, "marijuana products" means~~  
24 ~~"useable marijuana," "marijuana concentrates," and "marijuana-infused~~  
25 ~~products" as those terms are defined in RCW 69.50.101.~~)

26 NEW SECTION. **Sec. 5.** A new section is added to chapter 69.50  
27 RCW to read as follows:

28 (1) A legislative task force on social equity in marijuana is  
29 established. The purpose of the task force is to make recommendations  
30 to the board including but not limited to establishing a social  
31 equity program for the issuance and reissuance of retail marijuana  
32 licenses, and to advise the governor and the legislature on policies  
33 that will facilitate development of a marijuana social equity  
34 program.

35 (2) The members of the task force are as provided in this  
36 subsection.

37 (a) The president of the senate shall appoint one member from  
38 each of the two largest caucuses of the senate.

1 (b) The speaker of the house of representatives shall appoint one  
2 member from each of the two largest caucuses of the house of  
3 representatives.

4 (c) The president of the senate and the speaker of the house of  
5 representatives shall jointly appoint:

6 (i) One member from each of the following:

7 (A) The commission on African American affairs;

8 (B) The commission on Hispanic affairs;

9 (C) The governor's office of Indian affairs;

10 (D) An organization representing the African American community;

11 (E) An organization representing the Latinx community;

12 (F) The liquor and cannabis board;

13 (G) The office of the attorney general; and

14 (H) The association of Washington cities;

15 (ii) Two members that currently hold a marijuana retail license;

16 and

17 (iii) Two members that currently hold a producer or processor  
18 license or both.

19 (3) In addition to the members appointed to the task force under  
20 subsection (2) of this section, individuals representing other  
21 sectors may be invited by the chair of the task force, in  
22 consultation with the other appointed members of the task force, to  
23 participate in an advisory capacity in meetings of the task force.

24 (a) Individuals participating in an advisory capacity under this  
25 subsection are not members of the task force, may not vote, and are  
26 not subject to the appointment process established in this section.

27 (b) There is no limit to the number of individuals who may  
28 participate in task force meetings in an advisory capacity under this  
29 subsection.

30 (c) A majority of the task force members constitutes a quorum. If  
31 a member has not been designated for a position set forth in this  
32 section, that position may not be counted for the purpose of  
33 determining a quorum.

34 (4) The task force shall hold its first meeting by July 1, 2020.  
35 The task force shall elect a chair from among its legislative members  
36 at the first meeting. The election of the chair must be by a majority  
37 vote of the task force members who are present at the meeting. The  
38 chair of the task force is responsible for arranging subsequent  
39 meetings and developing meeting agendas.

1 (5) Staff support for the task force, including arranging the  
2 first meeting of the task force and assisting the chair of the task  
3 force in arranging subsequent meetings, must be provided by senate  
4 committee services and the house of representatives office of program  
5 research.

6 (6) The expenses of the task force must be paid jointly by the  
7 senate and the house of representatives. Task force expenditures are  
8 subject to approval by the senate facilities and operations committee  
9 and the house of representatives executive rules committee, or their  
10 successor committees.

11 (7) Legislative members of the task force may be reimbursed for  
12 travel expenses in accordance with RCW 44.04.120. Nonlegislative  
13 members are not entitled to be reimbursed for travel expenses if they  
14 are elected officials or are participating on behalf of an employer,  
15 governmental entity, or other organization. Any reimbursement for  
16 other nonlegislative members is subject to chapter 43.03 RCW.

17 (8) The task force is a class one group under chapter 43.03 RCW.

18 (9) A public comment period must be provided at every meeting of  
19 the task force.

20 (10) The task force shall submit a report on recommended policies  
21 that will facilitate the development of a marijuana social equity  
22 program in Washington to the governor and the appropriate committees  
23 of the legislature by December 1, 2020. The recommendations must  
24 include whether any additional marijuana licenses should be issued  
25 beyond the total number of marijuana licenses that have been issued  
26 as of the effective date of this section. For purposes of determining  
27 the total number of licenses issued as of the effective date of this  
28 section, the total number includes licenses that have been forfeited,  
29 revoked, or canceled.

30 (11) The board may adopt rules to implement the recommendations  
31 of the task force.

32 (12) This section expires June 30, 2028.

33 **Sec. 6.** RCW 69.50.325 and 2018 c 132 s 3 are each amended to  
34 read as follows:

35 (1) There shall be a marijuana producer's license regulated by  
36 the (~~state liquor and cannabis~~) board and subject to annual  
37 renewal. The licensee is authorized to produce: (a) Marijuana for  
38 sale at wholesale to marijuana processors and other marijuana  
39 producers; (b) immature plants or clones and seeds for sale to

1 cooperatives as described under RCW 69.51A.250; and (c) immature  
2 plants or clones and seeds for sale to qualifying patients and  
3 designated providers as provided under RCW 69.51A.310. The  
4 production, possession, delivery, distribution, and sale of marijuana  
5 in accordance with the provisions of this chapter and the rules  
6 adopted to implement and enforce it, by a validly licensed marijuana  
7 producer, shall not be a criminal or civil offense under Washington  
8 state law. Every marijuana producer's license shall be issued in the  
9 name of the applicant, shall specify the location at which the  
10 marijuana producer intends to operate, which must be within the state  
11 of Washington, and the holder thereof shall not allow any other  
12 person to use the license. The application fee for a marijuana  
13 producer's license shall be two hundred fifty dollars. The annual fee  
14 for issuance and renewal of a marijuana producer's license shall be  
15 one thousand three hundred eighty-one dollars. A separate license  
16 shall be required for each location at which a marijuana producer  
17 intends to produce marijuana.

18 (2) There shall be a marijuana processor's license to process,  
19 package, and label marijuana concentrates, useable marijuana, and  
20 marijuana-infused products for sale at wholesale to marijuana  
21 processors and marijuana retailers, regulated by the (~~state liquor~~  
22 ~~and cannabis~~) board and subject to annual renewal. The processing,  
23 packaging, possession, delivery, distribution, and sale of marijuana,  
24 useable marijuana, marijuana-infused products, and marijuana  
25 concentrates in accordance with the provisions of this chapter and  
26 chapter 69.51A RCW and the rules adopted to implement and enforce  
27 these chapters, by a validly licensed marijuana processor, shall not  
28 be a criminal or civil offense under Washington state law. Every  
29 marijuana processor's license shall be issued in the name of the  
30 applicant, shall specify the location at which the licensee intends  
31 to operate, which must be within the state of Washington, and the  
32 holder thereof shall not allow any other person to use the license.  
33 The application fee for a marijuana processor's license shall be two  
34 hundred fifty dollars. The annual fee for issuance and renewal of a  
35 marijuana processor's license shall be one thousand three hundred  
36 eighty-one dollars. A separate license shall be required for each  
37 location at which a marijuana processor intends to process marijuana.

38 (3)(a) There shall be a marijuana retailer's license to sell  
39 marijuana concentrates, useable marijuana, and marijuana-infused  
40 products at retail in retail outlets, regulated by the (~~state liquor~~

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

17 (b) An individual retail licensee and all other persons or  
18 entities with a financial or other ownership interest in the business  
19 operating under the license are limited, in the aggregate, to holding  
20 a collective total of not more than five retail marijuana licenses.

21 (c) (i) A marijuana retailer's license is subject to forfeiture in  
22 accordance with rules adopted by the (~~state liquor and cannabis~~)  
23 board pursuant to this section.

24 (ii) The (~~state liquor and cannabis~~) board shall adopt rules to  
25 establish a license forfeiture process for a licensed marijuana  
26 retailer that is not fully operational and open to the public within  
27 a specified period from the date of license issuance, as established  
28 by the (~~state liquor and cannabis~~) board, subject to the following  
29 restrictions:

30 (A) No marijuana retailer's license may be subject to forfeiture  
31 within the first nine months of license issuance; and

32 (B) The (~~state liquor and cannabis~~) board must require license  
33 forfeiture on or before twenty-four calendar months of license  
34 issuance if a marijuana retailer is not fully operational and open to  
35 the public, unless the board determines that circumstances out of the  
36 licensee's control are preventing the licensee from becoming fully  
37 operational and that, in the board's discretion, the circumstances  
38 warrant extending the forfeiture period beyond twenty-four calendar  
39 months.

1 (iii) The (~~state liquor and cannabis~~) board has discretion in  
2 adopting rules under this subsection (3)(c).

3 (iv) This subsection (3)(c) applies to marijuana retailer's  
4 licenses issued before and after July 23, 2017. However, no license  
5 of a marijuana retailer that otherwise meets the conditions for  
6 license forfeiture established pursuant to this subsection (3)(c) may  
7 be subject to forfeiture within the first nine calendar months of  
8 July 23, 2017.

9 (v) The (~~state liquor and cannabis~~) board may not require  
10 license forfeiture if the licensee has been incapable of opening a  
11 fully operational retail marijuana business due to actions by the  
12 city, town, or county with jurisdiction over the licensee that  
13 include any of the following:

14 (A) The adoption of a ban or moratorium that prohibits the  
15 opening of a retail marijuana business; or

16 (B) The adoption of an ordinance or regulation related to zoning,  
17 business licensing, land use, or other regulatory measure that has  
18 the effect of preventing a licensee from receiving an occupancy  
19 permit from the jurisdiction or which otherwise prevents a licensed  
20 marijuana retailer from becoming operational.

21 (d) The board may issue marijuana retailer licenses pursuant to  
22 this chapter and section 3 of this act.

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