
SENATE BILL 5296

State of Washington**66th Legislature****2019 Regular Session****By** Senator Keiser

1 AN ACT Relating to the liquor and cannabis board; amending RCW
2 66.08.012, 9.46.0315, 9.46.0331, 10.93.020, 15.89.070, 15.89.100,
3 15.89.160, 19.126.030, 19.126.070, 19.192.010, 34.05.422, 35A.66.020,
4 41.37.015, 41.40.023, 42.16.010, 43.06.455, 43.06.465, 43.06.466,
5 43.06.490, 43.42A.010, 66.04.010, 66.08.020, 66.08.022, 66.08.026,
6 66.08.030, 66.08.0501, 66.08.095, 66.08.145, 66.08.170, 66.12.130,
7 66.20.370, 66.24.010, 66.24.025, 66.24.055, 66.24.155, 66.24.175,
8 66.24.185, 66.24.206, 66.24.270, 66.24.290, 66.24.480, 66.24.481,
9 66.24.495, 66.28.035, 66.28.040, 66.40.030, 66.40.140, 66.44.290,
10 66.44.292, 66.44.310, 66.44.350, 67.70.070, 69.07.210, 69.50.325,
11 69.50.326, 69.50.331, 69.50.334, 69.50.339, 69.50.342, 69.50.345,
12 69.50.348, 69.50.351, 69.50.354, 69.50.363, 69.50.366, 69.50.369,
13 69.50.375, 69.50.380, 69.50.382, 69.50.385, 69.50.390, 69.50.395,
14 69.50.450, 69.50.500, 69.50.530, 69.50.535, 69.50.560, 69.50.565,
15 69.50.580, 69.50.585, 69.51A.230, 69.51A.250, 69.51A.270, 70.155.010,
16 70.155.020, 70.155.080, 70.155.090, 70.155.100, 70.155.110,
17 70.155.120, 70.158.020, 77.15.750, 82.08.155, 82.24.010, 82.24.551,
18 82.26.121, and 82.32.300; reenacting and amending RCW 66.20.300,
19 66.24.210, 69.50.101, 69.50.357, 69.50.360, 69.50.372, 69.50.540,
20 69.51A.010, and 82.26.010; adding a new section to chapter 66.08 RCW;
21 creating new sections; decodifying RCW 66.24.620; providing an
22 effective date; and providing an expiration date.

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

2 NEW SECTION. **Sec. 1.** The legislature recognizes that the
3 Washington state liquor and cannabis board has both broad and
4 specific rule-making authority in its control and oversight of the
5 persons and entities it licenses.

6 The legislature intends to reaffirm the board's authority and
7 further encourage the board to use its rule-making authority
8 liberally in addressing: (1) Questions or concerns related to liquor
9 raised by the public or on the board's own initiative; and (2)
10 requests from its liquor licensees regarding the scope of their
11 approved activities.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 66.08
13 RCW to read as follows:

14 (1) The legislature directs the board to initiate and maintain
15 rule-making efforts and, if deemed appropriate by the board, to adopt
16 rules to address liquor issues related to:

17 (a) Differences between authorities granted to differing classes
18 of industry members;

19 (b) The use of promotional items;

20 (c) Advertising and marketing schemes;

21 (d) Sampling and tasting of products;

22 (e) Sales at farmers' markets and other off-premises locations;

23 (f) Conditions for special occasion licenses, banquet permits,
24 raffle permits, and other special permits issued by the board;

25 (g) Limited licenses to provide or sell liquor for specialty
26 businesses, including but not limited to galleries, boutiques, spas,
27 and other appropriate entities;

28 (h) Direct sales by licensees; and

29 (i) Such other new activities as deemed reasonable by the board.

30 (2) In consideration of initiating rule making on the issues
31 described in subsection (1) of this section, the board must consider
32 stakeholder and public input, promotion of public health and safety,
33 minimization of youth access and consumption of liquor, and issues
34 related to the abuse of alcohol.

35 NEW SECTION. **Sec. 3.** (1) The Washington state liquor and
36 cannabis board must file an annual report with the appropriate

1 committees of the house of representatives and the senate that
2 includes the following:

3 (a) A description of each rule-making request to the board made
4 by a liquor licensee or a member of the public regarding the creation
5 or revision to a liquor rule where the board determined it did not
6 have the legal authority to adopt such a new rule or rule revision;
7 and

8 (b) The specific statute or reason that the board identified as
9 limiting its authority to adopt the requested new rule or rule
10 revision.

11 (2) The first report is due to the legislature by January 1,
12 2021. Subsequent reports are due by January 1st of each year.

13 (3) This reporting requirement does not apply to any request for
14 rule making if the board did not deem that rule making was
15 appropriate.

16 (4) This section expires January 1, 2025.

17 **Sec. 4.** RCW 66.08.012 and 2015 c 70 s 3 are each amended to read
18 as follows:

19 (1) There shall be a board, known as the "Washington state liquor
20 and cannabis board," consisting of five members:

21 (a) Three members(~~(,—to)~~) shall be appointed by the governor,
22 with the consent of the senate, who shall each be paid an annual
23 salary to be fixed by the governor in accordance with the provisions
24 of RCW 43.03.040. The governor may, in his or her discretion, appoint
25 one of (~~the~~) these members as chair of the board(~~(,—and)~~). A
26 majority of (~~the~~) all members (~~(shall)~~) constitutes a quorum of the
27 board; and

28 (b) Two ex officio nonvoting members consisting of: (i) One
29 member of the senate, who is the chair of the committee with
30 jurisdiction over the issues before the board; and (ii) one member of
31 the house of representatives, who is the chair of the committee with
32 jurisdiction over the issues before the board.

33 (2) The appointments of the ex officio members shall coincide
34 with the period for which the legislators serve as chair of each
35 relative committee.

36 (3) The ex officio members shall assist in the policymaking,
37 rather than administrative, functions of the board. They may collect
38 data and information related to future legislative proposals and
39 exchange information with the commission.

1 (4) The ex officio members are engaged in legislative business
2 while in attendance upon the business of the board and shall be
3 reimbursed for travel expenses in accordance with RCW 44.04.120. The
4 ex officio expenses shall be paid from the board's appropriations, as
5 expenses relative to the board's business.

6 **Sec. 5.** RCW 9.46.0315 and 2012 c 131 s 1 are each amended to
7 read as follows:

8 (1) Bona fide charitable or bona fide nonprofit organizations
9 organized primarily for purposes other than the conduct of raffles,
10 are hereby authorized to conduct raffles without obtaining a license
11 to do so from the commission when such raffles are held in accordance
12 with all other requirements of this chapter, other applicable laws,
13 and rules of the commission; when gross revenues from all such
14 raffles held by the organization during the calendar year do not
15 exceed five thousand dollars; and when tickets to such raffles are
16 sold only to, and winners are determined only from among, the regular
17 members of the organization conducting the raffle. The organization
18 may provide unopened containers of beverages containing alcohol as
19 raffle prizes if the appropriate permit has been obtained from the
20 Washington state liquor ((control)) and cannabis board((:PROVIDED,
21 That)). However, raffles that exceed five thousand dollars may also
22 be conducted pursuant to the provisions of this section if the
23 organization obtains a license from the commission((:PROVIDED
24 FURTHER, That the term)).

25 (2) For the purposes of this section, "members" ((for this
26 purpose shall)) means only those persons who have become members
27 prior to the commencement of the raffle and whose qualification for
28 membership was not dependent upon, or in any way related to, the
29 purchase of a ticket, or tickets, for such raffles.

30 **Sec. 6.** RCW 9.46.0331 and 2009 c 78 s 1 are each amended to read
31 as follows:

32 The legislature hereby authorizes any person to conduct or
33 operate amusement games when licensed and operated pursuant to the
34 provisions of this chapter and rules and regulations adopted by the
35 commission at such locations as the commission may authorize. The
36 rules shall provide for at least the following:

1 (1) Persons other than bona fide charitable or bona fide
2 nonprofit organizations shall conduct amusement games only after
3 obtaining a special amusement game license from the commission.

4 (2) Amusement games may be conducted under such a license only as
5 a part of, and upon the site of:

6 (a) Any agricultural fair as authorized under chapter 15.76 or
7 36.37 RCW; or

8 (b) A civic center of a county, city, or town; or

9 (c) A world's fair or similar exposition that is approved by the
10 bureau of international expositions at Paris, France; or

11 (d) A community-wide civic festival held not more than once
12 annually and sponsored or approved by the city, town, or county in
13 which it is held; or

14 (e) A commercial exposition organized and sponsored by an
15 organization or association representing the retail sales and service
16 operators conducting business in a shopping center or other
17 commercial area developed and operated for retail sales and service,
18 but only upon a parking lot or similar area located in said shopping
19 center or commercial area for a period of no more than seventeen
20 consecutive days by any licensee during any calendar year; or

21 (f) An amusement park. An amusement park is a group of
22 activities, at a permanent location, to which people go to be
23 entertained through a combination of various mechanical or aquatic
24 rides, theatrical productions, motion picture, and/or slide show
25 presentations with food and drink service. The amusement park must
26 include at least five different mechanical, or aquatic rides, three
27 additional activities, and the gross receipts must be primarily from
28 these amusement activities; or

29 (g) Within a regional shopping center. A regional shopping center
30 is a shopping center developed and operated for retail sales and
31 service by retail sales and service operators and consisting of more
32 than six hundred thousand gross square feet not including parking
33 areas. Amusement games conducted as a part of, and upon the site of,
34 a regional shopping center shall not be subject to the prohibition on
35 revenue sharing set forth in RCW 9.46.120(2); or

36 (h) A location that possesses a valid license from the Washington
37 state liquor (~~control~~) and cannabis board and prohibits minors on
38 their premises; or

39 (i) Movie theaters, bowling alleys, miniature golf course
40 facilities, and amusement centers. For the purposes of this section

1 an amusement center shall be defined as a permanent location whose
2 primary source of income is from the operation of ten or more
3 amusement devices; or

4 (j) Any business whose primary activity is to provide food
5 service for on premises consumption and who offers family
6 entertainment which includes at least three of the following
7 activities: Amusement devices; theatrical productions; mechanical
8 rides; motion pictures; and slide show presentations; or

9 (k) Other locations as the commission may authorize.

10 (3) No amusement games may be conducted in any location except in
11 conformance with local zoning, fire, health, and similar regulations.
12 In no event may the licensee conduct any amusement games at any of
13 the locations set out in subsection (2) of this section without first
14 having obtained the written permission to do so from the person or
15 organization owning the premises or an authorized agent thereof, and
16 from the persons sponsoring the fair, exhibition, commercial
17 exhibition, or festival, or from the city or town operating the civic
18 center, in connection with which the games are to be operated.

19 (4) In no event may a licensee conduct any amusement games at the
20 location described in subsection (2)(g) of this section, without, at
21 the location of such games, providing adult supervision during all
22 hours the licensee is open for business at such location, prohibiting
23 school-age minors from entry during school hours, maintaining full-
24 time personnel whose responsibilities include maintaining security
25 and daily machine maintenance, and providing for hours for the close
26 of business at such location that are no later than 10:00 p.m. on
27 Fridays and Saturdays and on all other days that are the same as
28 those of the regional shopping center in which the licensee is
29 located.

30 (5) In no event may a licensee conduct any amusement game at a
31 location described in subsection (2)(i) or (j) of this section,
32 without, at the location of such games, providing adult supervision
33 during all hours the licensee is open for business at such location,
34 prohibiting school-age minors from playing licensed amusement games
35 during school hours, maintaining full-time personnel whose
36 responsibilities include maintaining security and daily machine
37 maintenance, and prohibiting minors from playing the amusement games
38 after 10:00 p.m. on any day.

1 **Sec. 7.** RCW 10.93.020 and 2006 c 284 s 16 are each amended to
2 read as follows:

3 As used in this chapter, the following terms have the meanings
4 indicated unless the context clearly requires otherwise.

5 (1) "General authority Washington law enforcement agency" means
6 any agency, department, or division of a municipal corporation,
7 political subdivision, or other unit of local government of this
8 state, and any agency, department, or division of state government,
9 having as its primary function the detection and apprehension of
10 persons committing infractions or violating the traffic or criminal
11 laws in general, as distinguished from a limited authority Washington
12 law enforcement agency, and any other unit of government expressly
13 designated by statute as a general authority Washington law
14 enforcement agency. The Washington state patrol and the department of
15 fish and wildlife are general authority Washington law enforcement
16 agencies.

17 (2) "Limited authority Washington law enforcement agency" means
18 any agency, political subdivision, or unit of local government of
19 this state, and any agency, department, or division of state
20 government, having as one of its functions the apprehension or
21 detection of persons committing infractions or violating the traffic
22 or criminal laws relating to limited subject areas, including but not
23 limited to, the state departments of natural resources and social and
24 health services, the state gambling commission, the state lottery
25 commission, the state parks and recreation commission, the state
26 utilities and transportation commission, the Washington state liquor
27 (~~control~~) and cannabis board, the office of the insurance
28 commissioner, and the state department of corrections.

29 (3) "General authority Washington peace officer" means any full-
30 time, fully compensated and elected, appointed, or employed officer
31 of a general authority Washington law enforcement agency who is
32 commissioned to enforce the criminal laws of the state of Washington
33 generally.

34 (4) "Limited authority Washington peace officer" means any full-
35 time, fully compensated officer of a limited authority Washington law
36 enforcement agency empowered by that agency to detect or apprehend
37 violators of the laws in some or all of the limited subject areas for
38 which that agency is responsible. A limited authority Washington
39 peace officer may be a specially commissioned Washington peace
40 officer if otherwise qualified for such status under this chapter.

1 (5) "Specially commissioned Washington peace officer", for the
2 purposes of this chapter, means any officer, whether part-time or
3 full-time, compensated or not, commissioned by a general authority
4 Washington law enforcement agency to enforce some or all of the
5 criminal laws of the state of Washington, who does not qualify under
6 this chapter as a general authority Washington peace officer for that
7 commissioning agency, specifically including reserve peace officers,
8 and specially commissioned full-time, fully compensated peace
9 officers duly commissioned by the states of Oregon or Idaho or any
10 such peace officer commissioned by a unit of local government of
11 Oregon or Idaho. A reserve peace officer is an individual who is an
12 officer of a Washington law enforcement agency who does not serve
13 such agency on a full-time basis but who, when called by the agency
14 into active service, is fully commissioned on the same basis as full-
15 time peace officers to enforce the criminal laws of the state.

16 (6) "Federal peace officer" means any employee or agent of the
17 United States government who has the authority to carry firearms and
18 make warrantless arrests and whose duties involve the enforcement of
19 criminal laws of the United States.

20 (7) "Agency with primary territorial jurisdiction" means a city
21 or town police agency which has responsibility for police activity
22 within its boundaries; or a county police or sheriff's department
23 which has responsibility with regard to police activity in the
24 unincorporated areas within the county boundaries; or a statutorily
25 authorized port district police agency or four-year state college or
26 university police agency which has responsibility for police activity
27 within the statutorily authorized enforcement boundaries of the port
28 district, state college, or university.

29 (8) "Primary commissioning agency" means (a) the employing agency
30 in the case of a general authority Washington peace officer, a
31 limited authority Washington peace officer, an Indian tribal peace
32 officer, or a federal peace officer, and (b) the commissioning agency
33 in the case of a specially commissioned Washington peace officer (i)
34 who is performing functions within the course and scope of the
35 special commission and (ii) who is not also a general authority
36 Washington peace officer, a limited authority Washington peace
37 officer, an Indian tribal peace officer, or a federal peace officer.

38 (9) "Primary function of an agency" means that function to which
39 greater than fifty percent of the agency's resources are allocated.

1 (10) "Mutual law enforcement assistance" includes, but is not
2 limited to, one or more law enforcement agencies aiding or assisting
3 one or more other such agencies through loans or exchanges of
4 personnel or of material resources, for law enforcement purposes.

5 **Sec. 8.** RCW 15.89.070 and 2015 c 225 s 13 are each amended to
6 read as follows:

7 The commission shall:

8 (1) Elect a chair and officers. The officers must include a
9 treasurer who is responsible for all receipts and disbursements by
10 the commission and the faithful discharge of whose duties shall be
11 guaranteed by a bond at the sole expense of the commission. The
12 commission must adopt rules for its own governance that provide for
13 the holding of an annual meeting for the election of officers and the
14 transaction of other business and for other meetings the commission
15 may direct;

16 (2) Do all things reasonably necessary to effect the purposes of
17 this chapter. However, the commission has no rule-making power except
18 as provided in this chapter;

19 (3) Employ and discharge managers, secretaries, agents,
20 attorneys, and employees and engage the services of independent
21 contractors;

22 (4) Retain, as necessary, the services of private legal counsel
23 to conduct legal actions on behalf of the commission. The retention
24 of a private attorney is subject to review by the office of the
25 attorney general;

26 (5) Receive donations of beer from producers for promotional
27 purposes under subsections (6) and (7) of this section and for fund-
28 raising purposes under subsection (8) of this section. Donations of
29 beer for promotional purposes may only be disseminated without
30 charge;

31 (6) Engage directly or indirectly in the promotion of Washington
32 beer, including, without limitation, the acquisition in any lawful
33 manner and the dissemination without charge of beer. This
34 dissemination is not deemed a sale for any purpose and the commission
35 is not deemed a producer, supplier, or manufacturer, or the clerk,
36 servant, or agent of a producer, supplier, distributor, or
37 manufacturer. This dissemination without charge shall be for
38 agricultural development or trade promotion, and not for fund-raising
39 purposes under subsection (8) of this section. Dissemination for

1 promotional purposes may include promotional hosting and must in the
2 good faith judgment of the commission be in the aid of the marketing,
3 advertising, sale of beer, or of research related to such marketing,
4 advertising, or sale;

5 (7) Promote Washington beer by conducting unique beer tastings
6 without charge;

7 (8) Beginning July 1, 2007, fund the Washington beer commission
8 through sponsorship of up to twelve beer festivals annually at which
9 beer may be sold to festival participants. For this purpose, the
10 commission would qualify for issue of a special occasion license as
11 an exception to WAC 314-05-020 but must comply with laws under Title
12 66 RCW and rules adopted by the Washington state liquor (~~control~~)
13 and cannabis board under which such events may be conducted;

14 (9) Participate in international, federal, state, and local
15 hearings, meetings, and other proceedings relating to the production,
16 regulation, distribution, sale, or use of beer including activities
17 authorized under RCW 42.17A.635, including the reporting of those
18 activities to the public disclosure commission;

19 (10) Acquire and transfer personal and real property, establish
20 offices, incur expenses, and enter into contracts, including
21 contracts for the creation and printing of promotional literature.
22 The contracts are not subject to chapter 43.19 RCW, and are
23 cancelable by the commission unless performed under conditions of
24 employment that substantially conform to the laws of this state and
25 the rules of the department of labor and industries. The commission
26 may create debt and other liabilities that are reasonable for proper
27 discharge of its duties under this chapter;

28 (11) Maintain accounts with one or more qualified public
29 depositories as the commission may direct, for the deposit of money,
30 and expend money for purposes authorized by this chapter by drafts
31 made by the commission upon such institutions or by other means;

32 (12) Cause to be kept and annually closed, in accordance with
33 generally accepted accounting principles, accurate records of all
34 receipts, disbursements, and other financial transactions, available
35 for audit by the state auditor;

36 (13) Create and maintain a list of producers and disseminate
37 information among and solicit the opinions of producers with respect
38 to the discharge of the duties of the commission, directly or by
39 arrangement with trade associations or other instrumentalities;

1 (14) Employ, designate as an agent, act in concert with, and
2 enter into contracts with any person, council, commission, or other
3 entity to promote the general welfare of the beer industry and
4 particularly to assist in the sale and distribution of Washington
5 beer in domestic and foreign commerce. The commission shall expend
6 money necessary or advisable for this purpose and to pay its
7 proportionate share of the cost of any program providing direct or
8 indirect assistance to the sale and distribution of Washington beer
9 in domestic or foreign commerce, employing and paying for vendors of
10 professional services of all kinds;

11 (15) Sue and be sued as a commission, without individual
12 liability for acts of the commission within the scope of the powers
13 conferred upon it by this chapter;

14 (16) Serve as liaison with the Washington state liquor
15 (~~control~~) and cannabis board on behalf of the commission and not
16 for any individual producer;

17 (17) Receive such gifts, grants, and endowments from public or
18 private sources as may be made from time to time, in trust or
19 otherwise, for the use and benefit of the purposes of the commission
20 and expend the same or any income therefrom according to the terms of
21 the gifts, grants, or endowments.

22 **Sec. 9.** RCW 15.89.100 and 2011 c 54 s 4 are each amended to read
23 as follows:

24 (1) The commission shall prepare a list of all producers from
25 information available from the Washington state liquor (~~control~~)
26 and cannabis board, the department, or the producers' association.
27 This list must contain the names and addresses of producers within
28 this state and the amount, by barrelage, of beer produced during the
29 period designated by the commission. A qualified person may, at any
30 time, have his or her name placed upon the list by delivering or
31 mailing the information to the commission. This list shall be
32 corrected and brought up-to-date in accordance with evidence and
33 information available to the commission by December 31st of each
34 year. For the purposes of giving notice and holding referendums, the
35 list updated before the date for issuing notices or ballots is the
36 list of all producers entitled to notice, to assent or dissent, or to
37 vote. Inadvertent failure to notify a producer does not invalidate a
38 proceeding conducted under this chapter.

1 (2) It is the responsibility of producers to ensure that their
2 correct address is filed with the commission. It is also the
3 responsibility of producers to submit production data to the
4 commission as prescribed by this chapter.

5 (3) The commission shall develop a reporting system to document
6 that the producers in this state are reporting quantities of beer
7 produced and are paying the assessment as provided in RCW 15.89.110.

8 **Sec. 10.** RCW 15.89.160 and 2006 c 330 s 19 are each amended to
9 read as follows:

10 County and state law enforcement officers, the Washington state
11 liquor (~~control~~) and cannabis board and its enforcement agents, and
12 employees of the department shall enforce this chapter.

13 **Sec. 11.** RCW 19.126.030 and 2009 c 155 s 2 are each amended to
14 read as follows:

15 Suppliers are entitled to the following protections which are
16 deemed to be incorporated into every agreement of distributorship:

17 (1) Agreements between suppliers and wholesale distributors shall
18 be in writing;

19 (2) A wholesale distributor shall maintain the financial and
20 competitive capability necessary to achieve efficient and effective
21 distribution of the supplier's products;

22 (3) A wholesale distributor shall maintain the quality and
23 integrity of the supplier's product in the manner set forth by the
24 supplier;

25 (4) A wholesale distributor shall exert its best efforts to sell
26 the product of the supplier and shall merchandise such products in
27 the stores of its retail customers as agreed between the wholesale
28 distributor and supplier;

29 (5) The supplier may cancel or otherwise terminate any agreement
30 with a wholesale distributor immediately and without notice if the
31 reason for such termination is fraudulent conduct in any of the
32 wholesale distributor's dealings with the supplier or its products,
33 insolvency, the occurrence of an assignment for the benefit of
34 creditors, bankruptcy, or suspension in excess of fourteen days or
35 revocation of a license issued by the Washington state liquor and
36 cannabis board;

37 (6) A wholesale distributor shall give the supplier prior written
38 notice, of not less than ninety days, of any material change in its

1 ownership or management and the supplier has the right to reasonable
2 prior approval of any such change; and

3 (7) A wholesale distributor shall give the supplier prior written
4 notice, of not less than ninety days, of the wholesale distributor's
5 intent to cancel or otherwise terminate the distributorship
6 agreement.

7 **Sec. 12.** RCW 19.126.070 and 1985 c 440 s 2 are each amended to
8 read as follows:

9 Continued violation of this chapter constitutes grounds, in the
10 discretion of the Washington state liquor (~~(control)~~) and cannabis
11 board, for suspension or cancellation under RCW 66.24.010 of any
12 license or certificate held by a supplier or its agent.

13 **Sec. 13.** RCW 19.192.010 and 1998 c 24 s 1 are each amended to
14 read as follows:

15 (1) Any person or entity, other than those listed in subsection
16 (2) of this section, issuing an identification card that purports to
17 identify the holder as a resident of this or any other state and that
18 contains at least a name, photograph, and date of birth, must label
19 the card "not official proof of identification" in fluorescent yellow
20 ink, on the face of the card, and in not less than fourteen-point
21 font. The background color of the card must be a color other than the
22 color used for official Washington state driver's licenses and
23 identicards.

24 (2) This section does not apply to the following persons and
25 entities:

- 26 (a) Department of licensing;
- 27 (b) Any federal, state, or local government agency;
- 28 (c) The Washington state liquor (~~(control)~~) and cannabis board;
- 29 (d) Private employers issuing cards identifying employees;
- 30 (e) Banks and credit card companies issuing credit, debit, or
31 bank cards containing a person's photograph; and
- 32 (f) Retail or wholesale stores issuing membership cards
33 containing a person's photograph.

34 (3) Failure to comply with this section is a class 1 civil
35 infraction.

36 **Sec. 14.** RCW 34.05.422 and 2012 c 39 s 6 are each amended to
37 read as follows:

1 (1) Unless otherwise provided by law: (a) Applications for rate
2 changes and uncontested applications for licenses may, in the
3 agency's discretion, be conducted as adjudicative proceedings; (b)
4 applications for licenses that are contested by a person having
5 standing to contest under the law and review of denials of
6 applications for licenses or rate changes must be conducted as
7 adjudicative proceedings; and (c) an agency may not revoke, suspend,
8 or modify a license unless the agency gives notice of an opportunity
9 for an appropriate adjudicative proceeding in accordance with this
10 chapter or other statute.

11 (2) An agency with authority to grant or deny a professional or
12 occupational license must notify an applicant for a new or renewal
13 license not later than twenty days prior to the date of the
14 examination required for that license of any grounds for denial of
15 the license which are based on specific information disclosed in the
16 application submitted to the agency. The agency must notify the
17 applicant either that the license is denied or that the decision to
18 grant or deny the license will be made at a future date. If the
19 agency fails to give the notification prior to the examination and
20 the applicant is denied licensure, the examination fee must be
21 refunded to the applicant. If the applicant takes the examination,
22 the agency must notify the applicant of the result.

23 (3) When a licensee has made timely and sufficient application
24 for the renewal of a license or a new license with reference to any
25 activity of a continuing nature, an existing full, temporary, or
26 provisional license does not expire until the application has been
27 finally determined by the agency, and, in case the application is
28 denied or the terms of the new license limited, until the last day
29 for seeking review of the agency order or a later date fixed by order
30 of the reviewing court.

31 (4) If the agency finds that public health, safety, or welfare
32 imperatively requires emergency action, and incorporates a finding to
33 that effect in its order, summary suspension of a license may be
34 ordered pending proceedings for revocation or other action. These
35 proceedings must be promptly instituted and determined.

36 (5) This section does not apply to requests made by the
37 department of revenue, under the authority of RCW 82.08.155, to the
38 Washington state liquor ((control)) and cannabis board to suspend a
39 person's spirits license and to refuse to renew any spirits license

1 held by the person and to issue any new spirits license to the
2 person.

3 **Sec. 15.** RCW 35A.66.020 and 1967 ex.s. c 119 s 35A.66.020 are
4 each amended to read as follows:

5 The qualified electors of any code city may petition for an
6 election upon the question of whether the sale of liquor shall be
7 permitted within the boundaries of such city as provided by chapter
8 66.40 RCW, and shall be governed by the procedure therein, and may
9 regulate music, dancing and entertainment as authorized by RCW
10 66.28.080 (~~(: PROVIDED, That)~~). However, every code city shall enforce
11 state laws relating to the investigation and prosecution of all
12 violations of Title 66 RCW relating to control of alcoholic beverages
13 and shall be entitled to retain the fines collected therefrom as
14 therein provided. Every code city shall also share in the allocation
15 and distribution of liquor profits and excise as provided in RCW
16 82.08.170, 66.08.190, and 66.08.210, and make reports of seizure as
17 required by RCW 66.32.090, and otherwise regulate by ordinances not
18 in conflict with state law or Washington state liquor and cannabis
19 board (~~(regulations)~~) rules.

20 **Sec. 16.** RCW 41.37.015 and 2004 c 242 s 3 are each amended to
21 read as follows:

22 A retirement system is hereby created for public safety employees
23 of the Washington state department of corrections, the Washington
24 state parks and recreation commission, the Washington state gambling
25 commission, the Washington state patrol, the Washington state liquor
26 (~~(control)~~) and cannabis board, county corrections departments, and
27 city corrections departments not covered under chapter 41.28 RCW. The
28 administration and management of the retirement system, the
29 responsibility for making effective the provisions of this chapter,
30 and the authority to make all rules necessary therefor are hereby
31 vested in the department. All rules shall be governed by chapter
32 34.05 RCW. This retirement system shall be known as the Washington
33 public safety employees' retirement system.

34 **Sec. 17.** RCW 41.40.023 and 2010 c 80 s 1 are each amended to
35 read as follows:

36 Membership in the retirement system shall consist of all
37 regularly compensated employees and appointive and elective officials

1 of employers, as defined in this chapter, with the following
2 exceptions:

3 (1) Persons in ineligible positions;

4 (2) Employees of the legislature except the officers thereof
5 elected by the members of the senate and the house and legislative
6 committees, unless membership of such employees be authorized by the
7 said committee;

8 (3)(a) Persons holding elective offices or persons appointed
9 directly by the governor(~~(: PROVIDED, That)~~). However, such persons
10 shall have the option of applying for membership during such periods
11 of employment(~~(: AND PROVIDED FURTHER, That)~~). Any persons holding or
12 who have held elective offices or persons appointed by the governor
13 who are members in the retirement system and who have, prior to
14 becoming such members, previously held an elective office, and did
15 not at the start of such initial or successive terms of office
16 exercise their option to become members, may apply for membership to
17 be effective during such term or terms of office, and shall be
18 allowed to establish the service credit applicable to such term or
19 terms of office upon payment of the employee contributions therefor
20 by the employee with interest as determined by the director and
21 employer contributions therefor by the employer or employee with
22 interest as determined by the director(~~(: AND PROVIDED FURTHER,~~
23 ~~That)~~). All contributions with interest submitted by the employee
24 under this subsection shall be placed in the employee's individual
25 account in the employee's savings fund and be treated as any other
26 contribution made by the employee, with the exception that any
27 contributions submitted by the employee in payment of the employer's
28 obligation, together with the interest the director may apply to the
29 employer's contribution, shall not be considered part of the member's
30 annuity for any purpose except withdrawal of contributions;

31 (b) A member holding elective office who has elected to apply for
32 membership pursuant to (a) of this subsection and who later wishes to
33 be eligible for a retirement allowance shall have the option of
34 ending his or her membership in the retirement system. A member
35 wishing to end his or her membership under this subsection must file,
36 on a form supplied by the department, a statement indicating that the
37 member agrees to irrevocably abandon any claim for service for future
38 periods served as an elected official. A member who receives more
39 than fifteen thousand dollars per year in compensation for his or her

1 elective service, adjusted annually for inflation by the director, is
2 not eligible for the option provided by this subsection (3)(b);

3 (4) Employees holding membership in, or receiving pension
4 benefits under, any retirement plan operated wholly or in part by an
5 agency of the state or political subdivision thereof, or who are by
6 reason of their current employment contributing to or otherwise
7 establishing the right to receive benefits from any such retirement
8 plan except as follows:

9 (a) In any case where the retirement system has in existence an
10 agreement with another retirement system in connection with exchange
11 of service credit or an agreement whereby members can retain service
12 credit in more than one system, such an employee shall be allowed
13 membership rights should the agreement so provide;

14 (b) An employee shall be allowed membership if otherwise eligible
15 while receiving survivor's benefits;

16 (c) An employee shall not either before or after June 7, 1984, be
17 excluded from membership or denied service credit pursuant to this
18 subsection solely on account of: (i) Membership in the plan created
19 under chapter 2.14 RCW; or (ii) enrollment under the relief and
20 compensation provisions or the pension provisions of the volunteer
21 firefighters' (~~((and reserve officers'))~~) and reserve officers'
22 relief and pension (~~((principal))~~) principal fund under chapter 41.24
23 RCW;

24 (d) Except as provided in RCW 41.40.109, on or after July 25,
25 1999, an employee shall not be excluded from membership or denied
26 service credit pursuant to this subsection solely on account of
27 participation in a defined contribution pension plan qualified under
28 section 401 of the internal revenue code;

29 (e) Employees who have been reported in the retirement system
30 prior to July 25, 1999, and who participated during the same period
31 of time in a defined contribution pension plan qualified under
32 section 401 of the internal revenue code and operated wholly or in
33 part by the employer, shall not be excluded from previous retirement
34 system membership and service credit on account of such
35 participation;

36 (5) Patient and inmate help in state charitable, penal, and
37 correctional institutions;

38 (6) "Members" of a state veterans' home or state soldiers' home;

39 (7) Persons employed by an institution of higher learning or
40 community college, primarily as an incident to and in furtherance of

1 their education or training, or the education or training of a
2 spouse;

3 (8) Employees of an institution of higher learning or community
4 college during the period of service necessary to establish
5 eligibility for membership in the retirement plans operated by such
6 institutions;

7 (9) Persons rendering professional services to an employer on a
8 fee, retainer, or contract basis or when the income from these
9 services is less than fifty percent of the gross income received from
10 the person's practice of a profession;

11 (10) Persons appointed after April 1, 1963, by the Washington
12 state liquor ((control)) and cannabis board as contract liquor store
13 managers;

14 (11) Employees of a labor guild, association, or organization(~~(=~~
15 ~~PROVIDED, That)~~). Elective officials and employees of a labor guild,
16 association, or organization which qualifies as an employer within
17 this chapter shall have the option of applying for membership;

18 (12) Retirement system retirees(~~(=~~ ~~PROVIDED, That)~~). Following
19 reemployment in an eligible position, a retiree may elect to
20 prospectively become a member of the retirement system if otherwise
21 eligible;

22 (13) Persons employed by or appointed or elected as an official
23 of a first-class city that has its own retirement system(~~(=~~ ~~PROVIDED,~~
24 ~~That)~~). Any member elected or appointed to an elective office on or
25 after April 1, 1971, shall have the option of continuing as a member
26 of this system in lieu of becoming a member of the city system. A
27 member who elects to continue as a member of this system shall pay
28 the appropriate member contributions and the city shall pay the
29 employer contributions at the rates prescribed by this chapter. The
30 city shall also transfer to this system all of such member's
31 accumulated contributions together with such further amounts as
32 necessary to equal all employee and employer contributions which
33 would have been paid into this system on account of such service with
34 the city and thereupon the member shall be granted credit for all
35 such service. Any city that becomes an employer as defined in RCW
36 41.40.010(13) as the result of an individual's election under this
37 subsection shall not be required to have all employees covered for
38 retirement under the provisions of this chapter. Nothing in this
39 subsection shall prohibit a city of the first class with its own
40 retirement system from: (a) Transferring all of its current employees

1 to the retirement system established under this chapter, or (b)
2 allowing newly hired employees the option of continuing coverage
3 under the retirement system established by this chapter.

4 Notwithstanding any other provision of this chapter, persons
5 transferring from employment with a first-class city of over four
6 hundred thousand population that has its own retirement system to
7 employment with the state department of agriculture may elect to
8 remain within the retirement system of such city and the state shall
9 pay the employer contributions for such persons at like rates as
10 prescribed for employers of other members of such system;

11 (14) Employees who (a) are not citizens of the United States, (b)
12 do not reside in the United States, and (c) perform duties outside of
13 the United States;

14 (15) Employees who (a) are not citizens of the United States, (b)
15 are not covered by chapter 41.48 RCW, (c) are not excluded from
16 membership under this chapter or chapter 41.04 RCW, (d) are residents
17 of this state, and (e) make an irrevocable election to be excluded
18 from membership, in writing, which is submitted to the director
19 within thirty days after employment in an eligible position;

20 (16) Employees who are citizens of the United States and who
21 reside and perform duties for an employer outside of the United
22 States(~~(: PROVIDED, That)~~). Unless otherwise excluded under this
23 chapter or chapter 41.04 RCW, the employee may apply for membership
24 (a) within thirty days after employment in an eligible position and
25 membership service credit shall be granted from the first day of
26 membership service, and (b) after this thirty-day period, but
27 membership service credit shall be granted only if payment is made
28 for the noncredited membership service under RCW 41.50.165(2),
29 otherwise service shall be from the date of application;

30 (17) The city manager or chief administrative officer of a city
31 or town, other than a retiree, who serves at the pleasure of an
32 appointing authority(~~(: PROVIDED, That)~~). Such persons shall have the
33 option of applying for membership within thirty days from date of
34 their appointment to such positions. Persons serving in such
35 positions as of April 4, 1986, shall continue to be members in the
36 retirement system unless they notify the director in writing prior to
37 December 31, 1986, of their desire to withdraw from membership in the
38 retirement system. A member who withdraws from membership in the
39 system under this section shall receive a refund of the member's
40 accumulated contributions.

1 Persons serving in such positions who have not opted for
2 membership within the specified thirty days, may do so by paying the
3 amount required under RCW 41.50.165(2) for the period from the date
4 of their appointment to the date of acceptance into membership;

5 (18) Persons serving as: (a) The chief administrative officer of
6 a public utility district as defined in RCW 54.16.100; (b) the chief
7 administrative officer of a port district formed under chapter 53.04
8 RCW; or (c) the chief administrative officer of a county who serves
9 at the pleasure of an appointing authority(~~(: PROVIDED, That)~~). Such
10 persons shall have the option of applying for membership within
11 thirty days from the date of their appointment to such positions.
12 Persons serving in such positions as of July 25, 1999, shall continue
13 to be members in the retirement system unless they notify the
14 director in writing prior to December 31, 1999, of their desire to
15 withdraw from membership in the retirement system. A member who
16 withdraws from membership in the system under this section shall
17 receive a refund of the member's accumulated contributions upon
18 termination of employment or as otherwise consistent with the plan's
19 tax qualification status as defined in internal revenue code section
20 401.

21 Persons serving in such positions who have not opted for
22 membership within the specified thirty days, may do so at a later
23 date by paying the amount required under RCW 41.50.165(2) for the
24 period from the date of their appointment to the date of acceptance
25 into membership;

26 (19) Persons enrolled in state-approved apprenticeship programs,
27 authorized under chapter 49.04 RCW, and who are employed by local
28 governments to earn hours to complete such apprenticeship programs,
29 if the employee is a member of a union-sponsored retirement plan and
30 is making contributions to such a retirement plan or if the employee
31 is a member of a Taft-Hartley retirement plan;

32 (20) Beginning on July 22, 2001, persons employed exclusively as
33 trainers or trainees in resident apprentice training programs
34 operated by housing authorities authorized under chapter 35.82 RCW,
35 (a) if the trainer or trainee is a member of a union-sponsored
36 retirement plan and is making contributions to such a retirement plan
37 or (b) if the employee is a member of a Taft-Hartley retirement plan;

38 (21) Employees who are removed from membership under RCW
39 41.40.823 or 41.40.633; and

1 (22) Persons employed as the state director of fire protection
2 under RCW 43.43.938 who were previously members of the law
3 enforcement officers' and firefighters' retirement system plan 2
4 under chapter 41.26 RCW may continue as a member of the law
5 enforcement officers' and firefighters' retirement system in lieu of
6 becoming a member of this system.

7 **Sec. 18.** RCW 42.16.010 and 2014 c 162 s 2 are each amended to
8 read as follows:

9 (1) Except as provided otherwise in subsections (2) and (3) of
10 this section, all state officers and employees shall be paid for
11 services rendered from the first day of the month through the
12 fifteenth day of the month and for services rendered from the
13 sixteenth day of the month through the last calendar day of the
14 month. Paydates for these two pay periods shall be established by the
15 director of financial management through the administrative hearing
16 process and the official paydates shall be established six months
17 prior to the beginning of each subsequent calendar year. Under no
18 circumstance shall the paydate be established more than ten days
19 after the pay period in which the wages are earned except when the
20 designated paydate falls on Sunday, in which case the paydate shall
21 not be later than the following Monday. Payment shall be deemed to
22 have been made by the established paydates if: (a) The salary warrant
23 is available at the geographic work location at which the warrant is
24 normally available to the employee; or (b) the salary has been
25 electronically transferred into the employee's account at the
26 employee's designated financial institution; or (c) the salary
27 warrants are mailed at least two days before the established paydate
28 for those employees engaged in work in remote or varying locations
29 from the geographic location at which the payroll is prepared,
30 provided that the employee has requested payment by mail.

31 The office of financial management shall develop the necessary
32 policies and operating procedures to assure that all remuneration for
33 services rendered including basic salary, shift differential, standby
34 pay, overtime, penalty pay, salary due based on contractual
35 agreements, and special pay provisions, as provided for by law,
36 agency policy or rule, or contract, shall be available to the
37 employee on the designated paydate. Overtime, penalty pay, and
38 special pay provisions may be paid by the next following paydate if
39 the postponement of payment is attributable to: The employee's not

1 making a timely or accurate report of the facts which are the basis
2 for the payment, or the employer's lack of reasonable opportunity to
3 verify the claim.

4 Compensable benefits payable because of separation from state
5 service shall be paid with the earnings for the final period worked
6 unless the employee separating has not provided the agency with the
7 proper notification of intent to terminate.

8 One-half of the employee's basic monthly salary shall be paid in
9 each pay period. Employees paid on an hourly basis or employees who
10 work less than a full pay period shall be paid for actual salary
11 earned.

12 (2) Subsection (1) of this section shall not apply in instances
13 where it would conflict with contractual rights or, with the approval
14 of the office of financial management, to short-term, intermittent,
15 noncareer state employees, to student employees of institutions of
16 higher education, and to national or state guard members
17 participating in state active duty(~~(, and to liquor control agency~~
18 ~~managers who are paid a percentage of monthly liquor sales)).~~

19 (3) When a national or state guard member is called to
20 participate in state active duty, the paydate shall be no more than
21 seven days following completion of duty or the end of the pay period,
22 whichever is first. When the seventh day falls on Sunday, the paydate
23 shall not be later than the following Monday. This subsection shall
24 apply only to the pay a national or state guard member receives from
25 the military department for state active duty.

26 (4) Notwithstanding subsections (1) and (2) of this section, a
27 bargained contract at an institution of higher education may include
28 a provision for paying part-time academic employees on a pay schedule
29 that coincides with all the paydays used for full-time academic
30 employees.

31 (5)(a) Notwithstanding subsections (1), (2), and (4) of this
32 section, an institution of higher education as defined in RCW
33 28B.10.016 may pay its employees for services rendered biweekly, in
34 pay periods consisting of two consecutive seven calendar-day weeks.
35 The paydate for each pay period shall be seven calendar days after
36 the end of the pay period. Under no circumstance may the paydate be
37 established more than seven days after the pay period in which the
38 wages are earned except that when the designated paydate falls on a
39 holiday, the paydate shall not be later than the following Monday.

1 (b) Employees on a biweekly payroll cycle under this subsection
2 (5) who are paid a salary may receive a prorated amount of their
3 annualized salary each pay period. The prorated amount must be
4 proportional to the number of pay periods worked in the calendar
5 year. Employees on a biweekly payroll cycle under this subsection (5)
6 who are paid hourly, or who work less than a full pay period may be
7 paid the actual salary amount earned during the pay period.

8 (c) Each institution that adopts a biweekly pay schedule under
9 this subsection (5) must establish, publish, and notify the director
10 of the office of financial management of the official paydates six
11 months before the beginning of each subsequent calendar year.

12 (6) Notwithstanding subsections (1), (2), and (4) of this
13 section, academic employees at institutions of higher education as
14 defined in RCW 28B.10.016 whose employment appointments are less than
15 twelve months may have their salaries prorated in such a way that
16 coincides with the paydays used for full-time employees.

17 **Sec. 19.** RCW 43.06.455 and 2001 c 235 s 2 are each amended to
18 read as follows:

19 (1) The governor may enter into cigarette tax contracts
20 concerning the sale of cigarettes. All cigarette tax contracts shall
21 meet the requirements for cigarette tax contracts under this section.
22 Except for cigarette tax contracts under RCW 43.06.460, the rates,
23 revenue sharing, and exemption terms of a cigarette tax contract are
24 not effective unless authorized in a bill enacted by the legislature.

25 (2) Cigarette tax contracts shall be in regard to retail sales in
26 which Indian retailers make delivery and physical transfer of
27 possession of the cigarettes from the seller to the buyer within
28 Indian country, and are not in regard to transactions by non-Indian
29 retailers. In addition, contracts shall provide that retailers shall
30 not sell or give, or permit to be sold or given, cigarettes to any
31 person under the age of eighteen years.

32 (3) A cigarette tax contract with a tribe shall provide for a
33 tribal cigarette tax in lieu of all state cigarette taxes and state
34 and local sales and use taxes on sales of cigarettes in Indian
35 country by Indian retailers. The tribe may allow an exemption for
36 sales to tribal members.

37 (4) Cigarette tax contracts shall provide that all cigarettes
38 possessed or sold by a retailer shall bear a cigarette stamp obtained
39 by wholesalers from a bank or other suitable stamp vendor and applied

1 to the cigarettes. The procedures to be used by the tribe in
2 obtaining tax stamps must include a means to assure that the tribal
3 tax will be paid by the wholesaler obtaining such cigarettes. Tribal
4 stamps must have serial numbers or some other discrete identification
5 so that each stamp can be traced to its source.

6 (5) Cigarette tax contracts shall provide that retailers shall
7 purchase cigarettes only from:

8 (a) Wholesalers or manufacturers licensed to do business in the
9 state of Washington;

10 (b) Out-of-state wholesalers or manufacturers who, although not
11 licensed to do business in the state of Washington, agree to comply
12 with the terms of the cigarette tax contract, are certified to the
13 state as having so agreed, and who do in fact so comply. However, the
14 state may in its sole discretion exercise its administrative and
15 enforcement powers over such wholesalers or manufacturers to the
16 extent permitted by law;

17 (c) A tribal wholesaler that purchases only from a wholesaler or
18 manufacturer described in (a), (b), or (d) of this subsection; and

19 (d) A tribal manufacturer.

20 (6) Cigarette tax contracts shall be for renewable periods of no
21 more than eight years. A renewal may not include a renewal of the
22 phase-in period.

23 (7) Cigarette tax contracts shall include provisions for
24 compliance, such as transport and notice requirements, inspection
25 procedures, stamping requirements, recordkeeping, and audit
26 requirements.

27 (8) Tax revenue retained by a tribe must be used for essential
28 government services. Use of tax revenue for subsidization of
29 cigarette and food retailers is prohibited.

30 (9) The cigarette tax contract may include provisions to resolve
31 disputes using a nonjudicial process, such as mediation.

32 (10) The governor may delegate the power to negotiate cigarette
33 tax contracts to the department of revenue. The department of revenue
34 shall consult with the Washington state liquor (~~control~~) and
35 cannabis board during the negotiations.

36 (11) Information received by the state or open to state review
37 under the terms of a contract is subject to the provisions of RCW
38 82.32.330.

39 (12) It is the intent of the legislature that the Washington
40 state liquor (~~control~~) and cannabis board and the department of

1 revenue continue the division of duties and shared authority under
2 chapter 82.24 RCW and therefore the Washington state liquor
3 (~~control~~) and cannabis board is responsible for enforcement
4 activities that come under the terms of chapter 82.24 RCW.

5 (13) Each cigarette tax contract shall include a procedure for
6 notifying the other party that a violation has occurred, a procedure
7 for establishing whether a violation has in fact occurred, an
8 opportunity to correct such violation, and a provision providing for
9 termination of the contract should the violation fail to be resolved
10 through this process, such termination subject to mediation should
11 the terms of the contract so allow. A contract shall provide for
12 termination of the contract if resolution of a dispute does not occur
13 within twenty-four months from the time notification of a violation
14 has occurred. Intervening violations do not extend this time period.
15 In addition, the contract shall include provisions delineating the
16 respective roles and responsibilities of the tribe, the department of
17 revenue, and the Washington state liquor (~~control~~) and cannabis
18 board.

19 (14) For purposes of this section and RCW 43.06.460, 82.08.0316,
20 82.12.0316, and 82.24.295:

21 (a) "Essential government services" means services such as tribal
22 administration, public facilities, fire, police, public health,
23 education, job services, sewer, water, environmental and land use,
24 transportation, utility services, and economic development;

25 (b) "Indian retailer" or "retailer" means (i) a retailer wholly
26 owned and operated by an Indian tribe, (ii) a business wholly owned
27 and operated by a tribal member and licensed by the tribe, or (iii) a
28 business owned and operated by the Indian person or persons in whose
29 name the land is held in trust; and

30 (c) "Indian tribe" or "tribe" means a federally recognized Indian
31 tribe located within the geographical boundaries of the state of
32 Washington.

33 **Sec. 20.** RCW 43.06.465 and 2005 c 11 s 2 are each amended to
34 read as follows:

35 (1) The governor may enter into a cigarette tax agreement with
36 the Puyallup Tribe of Indians concerning the sale of cigarettes,
37 subject to the limitations in this section. The legislature intends
38 to address the uniqueness of the Puyallup Indian reservation and its
39 selling environment through pricing and compliance strategies, rather

1 than through the imposition of equivalent taxes. It is the
2 legislature's intent (a) that an increase in prices through a flat
3 tax will reduce much of the competitive advantage that has
4 historically existed due to the discrepancy in the difference between
5 state and tribal taxes, and (b) that the tribal retailers can remain
6 in business under the changed circumstances. The governor may
7 delegate the authority to negotiate a cigarette tax agreement with
8 the Puyallup Tribe to the department of revenue. The department of
9 revenue shall consult with the Washington state liquor (~~control~~)
10 and cannabis board during the negotiations.

11 (2) Any agreement must require the tribe to impose a tax of
12 eleven dollars and seventy-five cents on each carton of cigarettes,
13 with ten packs a carton and twenty cigarettes per pack being the
14 industry standard. This tax shall be prorated for cartons and packs
15 that are nonstandard. This tribal tax is in lieu of the combined
16 state and local sales and use taxes, and state cigarette taxes, and
17 as such these state taxes are not imposed during the term of the
18 agreement on any transaction governed by the agreement. The tribal
19 tax shall increase or decrease by the same dollar amount as any
20 increase or decrease in the state cigarette tax.

21 (3) The agreement must include a provision requiring the tribe to
22 transmit thirty percent of the tribal tax revenue on all cigarette
23 sales to the state. The funds shall be transmitted to the state
24 treasurer on a quarterly basis for deposit by the state treasurer
25 into the general fund. The remaining tribal tax revenue must be used
26 for essential government services, as that term is defined in RCW
27 43.06.455.

28 (4) The agreement is limited to retail sales in which Indian
29 retailers make delivery and physical transfer of possession of the
30 cigarettes from the seller to the buyer within Indian country, and
31 are not in regard to transactions by non-Indian retailers. In
32 addition, agreements shall provide that retailers shall not sell or
33 give, or permit to be sold or given, cigarettes to any person under
34 the age of eighteen years.

35 (5) (a) The agreement must include a provision to price and sell
36 the cigarettes so that the retail selling price is not less than the
37 price paid by the retailer for the cigarettes.

38 (b) The tribal tax is in addition to the retail selling price.

1 (c) The agreement must include a provision to assure the price
2 paid to the retailer includes the tribal tax, as evidenced by the
3 tribe's cigarette stamp.

4 (d) If the tribe is acting as a wholesaler to tribal retailers,
5 the retail selling price must not be less than the price the tribe
6 paid for such cigarettes plus the tribal tax, as evidenced by the
7 tribe's cigarette stamp.

8 (6) (a) The agreement must include provisions regarding
9 enforcement and compliance by the tribe in regard to enrolled tribal
10 members who sell cigarettes and shall describe the individual and
11 joint responsibilities of the tribe, the department of revenue, and
12 the Washington state liquor ((~~control~~)) and cannabis board.

13 (b) The agreement must include provisions for tax administration
14 and compliance, such as transport and notice requirements, inspection
15 procedures, stamping requirements, recordkeeping, and audit
16 requirements.

17 (c) The agreement must include provisions for sharing of
18 information among the tribe, the department of revenue, and the
19 Washington state liquor ((~~control~~)) and cannabis board.

20 (7) The agreement must provide that all cigarettes possessed or
21 sold by a tribal retailer shall bear a tribal cigarette stamp
22 obtained by wholesalers from a bank or other suitable stamp vendor
23 and applied to the cigarettes. Tribal stamps must have serial numbers
24 or some other discrete identification so that each stamp can be
25 traced to its source.

26 (8) The agreement must provide that retailers shall purchase
27 cigarettes only from wholesalers or manufacturers licensed to do
28 business in the state of Washington.

29 (9) The agreement must be for a renewable period of no more than
30 eight years.

31 (10) The agreement must include provisions to resolve disputes
32 using a nonjudicial process, such as mediation, and shall include a
33 dispute resolution protocol. The protocol shall include a procedure
34 for notifying the other party that a violation has occurred, a
35 procedure for establishing whether a violation has in fact occurred,
36 an opportunity to correct such violation, and a provision providing
37 for termination of the agreement should the violation fail to be
38 resolved through this process, such termination subject to mediation
39 should the terms of the agreement so allow. An agreement must provide
40 for termination of the agreement if resolution of a dispute does not

1 occur within twenty-four months from the time notification of a
2 violation has occurred. Intervening violations do not extend this
3 time period.

4 (11) The agreement may not include any provisions that impact the
5 state's share of the master settlement agreement, and as such this
6 agreement does not authorize negotiation regarding a redistribution
7 of the state's proceeds under the master settlement agreement.

8 (12) Information received by the state or open to state review
9 under the terms of an agreement is subject to RCW 82.32.330.

10 (13) It is the intent of the legislature that the Washington
11 state liquor (~~(control)~~) and cannabis board and the department of
12 revenue continue the division of duties and shared authority under
13 chapter 82.24 RCW.

14 (14) For purposes of this section:

15 (a) "Indian country" has the same meaning as in chapter 82.24
16 RCW.

17 (b) "Indian retailer" or "retailer" means (i) a retailer wholly
18 owned and operated by an Indian tribe or (ii) a business wholly owned
19 and operated by an enrolled tribal member and licensed by the tribe.

20 (c) "Indian tribe" or "tribe" means the Puyallup Tribe of
21 Indians, which is a federally recognized Indian tribe located within
22 the geographical boundaries of the state of Washington.

23 **Sec. 21.** RCW 43.06.466 and 2008 c 228 s 1 are each amended to
24 read as follows:

25 (1) The legislature finds that entering into a cigarette tax
26 agreement with the Yakama Nation is a positive step and that such an
27 agreement will support a stable and orderly environment on the Yakima
28 Reservation for regulation of cigarette sales. The legislature
29 further finds that the very special circumstances of the Yakama
30 Nation pursuant to the Treaty with the Yakamas of 1855 (12 Stat. 951)
31 support a cigarette tax agreement that reflects those circumstances.
32 The legislature also finds that the provisions of the agreement with
33 the Yakama Nation authorized by chapter 228, Laws of 2008 are
34 reasonably necessary to prevent fraudulent transactions and place a
35 minimal burden on the Yakama Nation, pursuant to the United States
36 supreme court's decision in *Washington v. Confederated Tribes of the*
37 *Colville Indian Reservation*, 447 U.S. 134 (1980).

38 It is the intent of the legislature that the cigarette tax
39 agreement with the Yakama Nation reflects the uniqueness of the

1 Yakama Nation's Treaty through specific terms that govern pricing of
2 cigarettes, tribal cigarette tax revenue, information sharing, and
3 administration of the agreement.

4 (2) For purposes of this section:

5 (a) "Cigarette" has the same meaning as in chapter 82.24 RCW; and

6 (b) "Tribal retailer" means a cigarette retailer as that term is
7 defined in RCW 82.24.010 that is licensed by and located within the
8 jurisdiction of the Yakama Nation and is wholly owned by the Yakama
9 Nation or any of its enrolled members.

10 (3) The governor may enter into a cigarette tax agreement with
11 the Yakama Nation, a federally recognized Indian tribe located within
12 the geographical boundaries of the state of Washington, concerning
13 the sale of cigarettes, subject to the provisions of this section.
14 The governor may delegate the authority to negotiate the agreement to
15 the department of revenue.

16 (4) The agreement must be for a renewable period of no more than
17 eight years.

18 (5) All cigarettes possessed or sold by tribal retailers must be
19 subject to the agreement, except cigarettes manufactured within the
20 jurisdiction of the Yakama Nation by the Yakama Nation or its
21 enrolled members.

22 (6) The agreement must allow the Yakama Nation to exempt its
23 enrolled members from the tribal cigarette tax imposed under
24 subsection (7) of this section.

25 (a) Sales of cigarettes exempt under this subsection must be
26 subject to the requirements of subsection (9) of this section.

27 (b) The exemption must be provided only at the point of sale and
28 reimbursement provided to the tribal retailer by the Yakama Nation.

29 (7) The agreement must require the Yakama Nation to impose and
30 maintain in effect on the sale of cigarettes by tribal retailers a
31 tax as provided in this subsection.

32 (a) The rate of tax will be expressed in dollars and cents and
33 must be the percentage of tax imposed by the state under chapter
34 82.24 RCW for the period of the agreement as stated (~~here~~) in this
35 subsection:

36 (i) Eighty percent during the first six years;

37 (ii) Eighty-four percent during the seventh year; and

38 (iii) Eighty-seven and six-tenths percent during the eighth year.

39 (b) The tax must be imposed on each carton, or portion of a
40 carton, of cigarettes, with ten packs per carton and twenty

1 cigarettes per pack being the industry standard, and prorated for
2 cartons and packs that are not standard.

3 (c) The tax must be in lieu of the combined state and local sales
4 and use taxes, and state cigarette taxes, and, as provided in RCW
5 82.24.302, 82.08.0316, and 82.12.0316, the taxes imposed by chapters
6 82.08, 82.12, and 82.24 RCW do not apply during the term of the
7 agreement on any transaction governed by the agreement.

8 (d) Throughout the term of the agreement and any renewal of the
9 agreement, the tax must increase or decrease in correspondence with
10 the state cigarette tax by applying the percentages in (a) of this
11 subsection.

12 (8) The revenue generated by the tax imposed under subsection (7)
13 of this section must be used by the Yakama Nation for essential
14 government services, as that term is defined in RCW 43.06.455.

15 (9) All cigarettes possessed or sold by a tribal retailer must
16 bear a tribal cigarette tax stamp as provided in this subsection.

17 (a) The Yakama Nation may act as its own stamp vendor, subject to
18 meeting reasonable requirements for internal controls.

19 (b) The stamps must have serial numbers or other discrete
20 identification that allow stamps to be traced to their source.

21 (10) The price paid by the tribal retailer to the wholesaler must
22 not be less than the total of the price paid by the Yakama Nation or
23 other wholesaler and the tax imposed under subsection (7) of this
24 section.

25 (11) The retail selling price of cigarettes sold by tribal
26 retailers must not be less than the price paid by them under
27 subsection (10) of this section.

28 (12) Tribal retailers must not sell or give, or permit to be sold
29 or given, cigarettes to any person under the age of eighteen years.

30 (13) The authority and the individual and joint responsibility of
31 the Yakama Nation, the department of revenue, and the Washington
32 state liquor (~~control~~) and cannabis board for administration and
33 enforcement must be specified in the agreement including, but not
34 limited to, requirements regarding transport of cigarettes, keeping
35 of records, reporting, notice, inspection, audit, and mutual exchange
36 of information.

37 (a) Requirements must provide for sharing of information
38 regarding transport of cigarettes in the state of Washington by the
39 Yakama Nation or its enrolled members, reporting of information on
40 sales to customers located outside the jurisdiction of the Yakama

1 Nation, and authority for unannounced inspection by the state of
2 tribal retailers to verify compliance with stamping and pricing
3 provisions.

4 (b) Information received by the state or open to state review
5 under the terms of the agreement is subject to RCW 82.32.330.

6 (14) The agreement must provide for resolution of disputes using
7 a nonjudicial process, such as mediation, and establish a dispute
8 resolution protocol that includes the following elements:

9 (a) A procedure for notifying the other party that a violation
10 has occurred;

11 (b) A procedure for establishing whether a violation has in fact
12 occurred;

13 (c) An opportunity to correct the violation;

14 (d) A procedure for terminating the agreement in the event of a
15 failure to correct the violation, such termination subject to
16 mediation should the terms of the agreement so allow; and

17 (e) Termination of the agreement for cause.

18 (15) The agreement may not include any provisions that impact the
19 state's share of the master settlement agreement or concern
20 redistribution of the state's proceeds under the master settlement
21 agreement.

22 (16) The department of revenue may share with the Yakama Nation
23 tax information under RCW 82.32.330 that is necessary for the Yakama
24 Nation's compliance with the agreement.

25 **Sec. 22.** RCW 43.06.490 and 2015 c 207 s 2 are each amended to
26 read as follows:

27 (1) The governor may enter into agreements with federally
28 recognized Indian tribes concerning marijuana. Marijuana agreements
29 may address any marijuana-related issue that involves both state and
30 tribal interests or otherwise has an impact on tribal-state
31 relations. Such agreements may include, but are not limited to, the
32 following provisions and subject matter:

33 (a) Criminal and civil law enforcement;

34 (b) Regulatory issues related to the commercial production,
35 processing, sale, and possession of marijuana, and processed
36 marijuana products, for both recreational and medical purposes;

37 (c) Medical and pharmaceutical research involving marijuana;

38 (d) Taxation in accordance with subsection (2) of this section;

1 (e) Any tribal immunities or preemption of state law regarding
2 the production, processing, or marketing of marijuana; and

3 (f) Dispute resolution, including the use of mediation or other
4 nonjudicial process.

5 (2)(a) Each marijuana agreement adopted under this section must
6 provide for a tribal marijuana tax that is at least one hundred
7 percent of the state marijuana excise tax imposed under RCW 69.50.535
8 and state and local sales and use taxes on sales of marijuana.
9 Marijuana agreements apply to sales in which tribes, tribal
10 enterprises, or tribal member-owned businesses (i) deliver or cause
11 delivery to be made to or receive delivery from a marijuana producer,
12 processor, or retailer licensed under chapter 69.50 RCW or (ii)
13 physically transfer possession of the marijuana from the seller to
14 the buyer within Indian country.

15 (b) The tribe may allow an exemption from tax for sales to the
16 tribe, tribal enterprises, tribal member-owned businesses, or tribal
17 members(~~(+,+)~~), on marijuana grown, produced, or processed within its
18 Indian country, or for activities to the extent they are exempt under
19 state or federal law from the state marijuana excise tax imposed
20 under RCW 69.50.535 or state and local sales or use taxes on sales of
21 marijuana. Medical marijuana products used in the course of medical
22 treatments by a clinic, hospital, or similar facility owned and
23 operated by a federally recognized Indian tribe within its Indian
24 country may be exempted from tax under the terms of an agreement
25 entered into under this section.

26 (3) Any marijuana agreement relating to the production,
27 processing, and sale of marijuana in Indian country, whether for
28 recreational or medical purposes, must address the following issues:

29 (a) Preservation of public health and safety;

30 (b) Ensuring the security of production, processing, retail, and
31 research facilities; and

32 (c) Cross-border commerce in marijuana.

33 (4) The governor may delegate the power to negotiate marijuana
34 agreements to the Washington state liquor (~~(control)~~) and cannabis
35 board. In conducting such negotiations, the Washington state liquor
36 (~~(control)~~) and cannabis board must, when necessary, consult with the
37 governor and/or the department of revenue.

38 (5) The definitions in this subsection apply throughout this
39 section unless the context clearly requires otherwise.

40 (a) "Indian country" has the same meaning as in RCW 82.24.010.

1 (b) "Indian tribe" or "tribe" means a federally recognized Indian
2 tribe located within the geographical boundaries of the state of
3 Washington.

4 (c) "Marijuana" means "marijuana," "marijuana concentrates,"
5 "marijuana-infused products," and "useable marijuana," as those terms
6 are defined in RCW 69.50.101.

7 **Sec. 23.** RCW 43.42A.010 and 2014 c 68 s 2 are each amended to
8 read as follows:

9 The definitions in this section apply throughout this chapter
10 unless the context clearly requires otherwise.

11 (1) "Agency" means the following executive branch agencies and
12 offices of statewide elected officials:

- 13 (a) Department of agriculture;
 - 14 (b) Department of archaeology and historic preservation;
 - 15 (c) Department of ecology;
 - 16 (d) Department of fish and wildlife;
 - 17 (e) Gambling commission;
 - 18 (f) Department of health;
 - 19 (g) Department of labor and industries;
 - 20 (h) Department of licensing;
 - 21 (i) Washington state liquor ((control)) and cannabis board;
 - 22 (j) Department of natural resources;
 - 23 (k) Parks and recreation commission;
 - 24 (l) Department of revenue;
 - 25 (m) Department of transportation; and
 - 26 (n) Utilities and transportation commission.
- 27 (2) "Office" means the office of regulatory assistance.

28 **Sec. 24.** RCW 66.04.010 and 2015 c 193 s 3 are each amended to
29 read as follows:

30 In this title, unless the context otherwise requires:

31 (1) "Alcohol" is that substance known as ethyl alcohol, hydrated
32 oxide of ethyl, or spirit of wine, which is commonly produced by the
33 fermentation or distillation of grain, starch, molasses, or sugar, or
34 other substances including all dilutions and mixtures of this
35 substance. The term "alcohol" does not include alcohol in the
36 possession of a manufacturer or distiller of alcohol fuel, as
37 described in RCW 66.12.130, which is intended to be denatured and

1 used as a fuel for use in motor vehicles, farm implements, and
2 machines or implements of husbandry.

3 (2) "Authorized representative" means a person who:

4 (a) Is required to have a federal basic permit issued pursuant to
5 the federal alcohol administration act, 27 U.S.C. Sec. 204;

6 (b) Has its business located in the United States outside of the
7 state of Washington;

8 (c) Acquires ownership of beer or wine for transportation into
9 and resale in the state of Washington; and which beer or wine is
10 produced by a brewery or winery in the United States outside of the
11 state of Washington; and

12 (d) Is appointed by the brewery or winery referenced in (c) of
13 this subsection as its authorized representative for marketing and
14 selling its products within the United States in accordance with a
15 written agreement between the authorized representative and such
16 brewery or winery pursuant to this title.

17 (3) "Beer" means any malt beverage, flavored malt beverage, or
18 malt liquor as these terms are defined in this chapter.

19 (4) "Beer distributor" means a person who buys beer from a
20 domestic brewery, microbrewery, beer certificate of approval holder,
21 or beer importers, or who acquires foreign produced beer from a
22 source outside of the United States, for the purpose of selling the
23 same pursuant to this title, or who represents such brewer or brewery
24 as agent.

25 (5) "Beer importer" means a person or business within Washington
26 who purchases beer from a beer certificate of approval holder or who
27 acquires foreign produced beer from a source outside of the United
28 States for the purpose of selling the same pursuant to this title.

29 (6) "Board" means the Washington state liquor (~~control~~) and
30 cannabis board, constituted under this title.

31 (7) "Brewer" or "brewery" means any person engaged in the
32 business of manufacturing beer and malt liquor. Brewer includes a
33 brand owner of malt beverages who holds a brewer's notice with the
34 federal bureau of alcohol, tobacco, and firearms at a location
35 outside the state and whose malt beverage is contract-produced by a
36 licensed in-state brewery, and who may exercise within the state,
37 under a domestic brewery license, only the privileges of storing,
38 selling to licensed beer distributors, and exporting beer from the
39 state.

1 (8) "Club" means an organization of persons, incorporated or
2 unincorporated, operated solely for fraternal, benevolent,
3 educational, athletic, or social purposes, and not for pecuniary
4 gain.

5 (9) "Confection" means a preparation of sugar, honey, or other
6 natural or artificial sweeteners in combination with chocolate,
7 fruits, nuts, dairy products, or flavorings, in the form of bars,
8 drops, or pieces.

9 (10) "Consume" includes the putting of liquor to any use, whether
10 by drinking or otherwise.

11 (11) "Contract liquor store" means a business that sells liquor
12 on behalf of the board through a contract with a contract liquor
13 store manager.

14 (12) "Craft distillery" means a distillery that pays the reduced
15 licensing fee under RCW 66.24.140.

16 (13) "Dentist" means a practitioner of dentistry duly and
17 regularly licensed and engaged in the practice of his or her
18 profession within the state pursuant to chapter 18.32 RCW.

19 (14) "Distiller" means a person engaged in the business of
20 distilling spirits.

21 (15) "Domestic brewery" means a place where beer and malt liquor
22 are manufactured or produced by a brewer within the state.

23 (16) "Domestic winery" means a place where wines are manufactured
24 or produced within the state of Washington.

25 (17) "Drug store" means a place whose principal business is, the
26 sale of drugs, medicines, and pharmaceutical preparations and
27 maintains a regular prescription department and employs a registered
28 pharmacist during all hours the drug store is open.

29 (18) "Druggist" means any person who holds a valid certificate
30 and is a registered pharmacist and is duly and regularly engaged in
31 carrying on the business of pharmaceutical chemistry pursuant to
32 chapter 18.64 RCW.

33 (19) "Employee" means any person employed by the board.

34 (20) "Flavored malt beverage" means:

35 (a) A malt beverage containing six percent or less alcohol by
36 volume to which flavoring or other added nonbeverage ingredients are
37 added that contain distilled spirits of not more than forty-nine
38 percent of the beverage's overall alcohol content; or

39 (b) A malt beverage containing more than six percent alcohol by
40 volume to which flavoring or other added nonbeverage ingredients are

1 added that contain distilled spirits of not more than one and
2 one-half percent of the beverage's overall alcohol content.

3 (21) "Fund" means 'liquor revolving fund.'

4 (22) "Hotel" means buildings, structures, and grounds, having
5 facilities for preparing, cooking, and serving food, that are kept,
6 used, maintained, advertised, or held out to the public to be a place
7 where food is served and sleeping accommodations are offered for pay
8 to transient guests, in which twenty or more rooms are used for the
9 sleeping accommodation of such transient guests. The buildings,
10 structures, and grounds must be located on adjacent property either
11 owned or leased by the same person or persons.

12 (23) "Importer" means a person who buys distilled spirits from a
13 distillery outside the state of Washington and imports such
14 spirituous liquor into the state for sale to the board or for export.

15 (24) "Imprisonment" means confinement in the county jail.

16 (25) "Liquor" includes the four varieties of liquor herein
17 defined (alcohol, spirits, wine, and beer), and all fermented,
18 spirituous, vinous, or malt liquor, or combinations thereof, and
19 mixed liquor, a part of which is fermented, spirituous, vinous or
20 malt liquor, or otherwise intoxicating; and every liquid or solid or
21 semisolid or other substance, patented or not, containing alcohol,
22 spirits, wine, or beer, and all drinks or drinkable liquids and all
23 preparations or mixtures capable of human consumption, and any
24 liquid, semisolid, solid, or other substance, which contains more
25 than one percent of alcohol by weight shall be conclusively deemed to
26 be intoxicating. Liquor does not include confections or food products
27 that contain one percent or less of alcohol by weight.

28 (26) "Malt beverage" or "malt liquor" means any beverage such as
29 beer, ale, lager beer, stout, and porter obtained by the alcoholic
30 fermentation of an infusion or decoction of pure hops, or pure
31 extract of hops and pure barley malt or other wholesome grain or
32 cereal in pure water containing not more than eight percent of
33 alcohol by weight, and not less than one-half of one percent of
34 alcohol by volume. For the purposes of this title, any such beverage
35 containing more than eight percent of alcohol by weight shall be
36 referred to as "strong beer."

37 (27) "Manufacturer" means a person engaged in the preparation of
38 liquor for sale, in any form whatsoever.

39 (28) "Nightclub" means an establishment that provides
40 entertainment and has as its primary source of revenue (a) the sale

1 of alcohol for consumption on the premises, (b) cover charges, or (c)
2 both.

3 (29) "Package" means any container or receptacle used for holding
4 liquor.

5 (30) "Passenger vessel" means any boat, ship, vessel, barge, or
6 other floating craft of any kind carrying passengers for
7 compensation.

8 (31) "Permit" means a permit for the purchase of liquor under
9 this title.

10 (32) "Person" means an individual, copartnership, association, or
11 corporation.

12 (33) "Physician" means a medical practitioner duly and regularly
13 licensed and engaged in the practice of his or her profession within
14 the state pursuant to chapter 18.71 RCW.

15 (34) "Powdered alcohol" means any powder or crystalline substance
16 containing alcohol that is produced for direct use or reconstitution.

17 (35) "Prescription" means a memorandum signed by a physician and
18 given by him or her to a patient for the obtaining of liquor pursuant
19 to this title for medicinal purposes.

20 (36) "Public place" includes streets and alleys of incorporated
21 cities and towns; state or county or township highways or roads;
22 buildings and grounds used for school purposes; public dance halls
23 and grounds adjacent thereto; those parts of establishments where
24 beer may be sold under this title, soft drink establishments, public
25 buildings, public meeting halls, lobbies, halls and dining rooms of
26 hotels, restaurants, theatres, stores, garages and filling stations
27 which are open to and are generally used by the public and to which
28 the public is permitted to have unrestricted access; railroad trains,
29 stages, and other public conveyances of all kinds and character, and
30 the depots and waiting rooms used in conjunction therewith which are
31 open to unrestricted use and access by the public; publicly owned
32 bathing beaches, parks, and/or playgrounds; and all other places of
33 like or similar nature to which the general public has unrestricted
34 right of access, and which are generally used by the public.

35 (37) "Regulations" means regulations made by the board under the
36 powers conferred by this title.

37 (38) "Restaurant" means any establishment provided with special
38 space and accommodations where, in consideration of payment, food,
39 without lodgings, is habitually furnished to the public, not
40 including drug stores and soda fountains.

1 (39) "Sale" and "sell" include exchange, barter, and traffic; and
2 also include the selling or supplying or distributing, by any means
3 whatsoever, of liquor, or of any liquid known or described as beer or
4 by any name whatever commonly used to describe malt or brewed liquor
5 or of wine, by any person to any person; and also include a sale or
6 selling within the state to a foreign consignee or his or her agent
7 in the state. "Sale" and "sell" shall not include the giving, at no
8 charge, of a reasonable amount of liquor by a person not licensed by
9 the board to a person not licensed by the board, for personal use
10 only. "Sale" and "sell" also does not include a raffle authorized
11 under RCW 9.46.0315(~~(: PROVIDED, That)~~) if the nonprofit organization
12 conducting the raffle has obtained the appropriate permit from the
13 board.

14 (40) "Service bar" means a fixed or portable table, counter,
15 cart, or similar workstation primarily used to prepare, mix, serve,
16 and sell alcohol that is picked up by employees or customers.
17 Customers may not be seated or allowed to consume food or alcohol at
18 a service bar.

19 (41) "Soda fountain" means a place especially equipped with
20 apparatus for the purpose of dispensing soft drinks, whether mixed or
21 otherwise.

22 (42) "Spirits" means any beverage which contains alcohol obtained
23 by distillation, except flavored malt beverages, but including wines
24 exceeding twenty-four percent of alcohol by volume.

25 (43) "Store" means a state liquor store established under this
26 title.

27 (44) "Tavern" means any establishment with special space and
28 accommodation for sale by the glass and for consumption on the
29 premises, of beer, as herein defined.

30 (45) "VIP airport lounge" means an establishment within an
31 international airport located beyond security checkpoints that
32 provides a special space to sit, relax, read, work, and enjoy
33 beverages where access is controlled by the VIP airport lounge
34 operator and is generally limited to the following classifications of
35 persons:

36 (a) Airline passengers of any age whose admission is based on a
37 first-class, executive, or business class ticket;

38 (b) Airline passengers of any age who are qualified members or
39 allowed guests of certain frequent flyer or other loyalty incentive

1 programs maintained by airlines that have agreements describing the
2 conditions for access to the VIP airport lounge;

3 (c) Airline passengers of any age who are qualified members or
4 allowed guests of certain enhanced amenities programs maintained by
5 companies that have agreements describing the conditions for access
6 to the VIP airport lounge;

7 (d) Airport and airline employees, government officials, foreign
8 dignitaries, and other attendees of functions held by the airport
9 authority or airlines related to the promotion of business objectives
10 such as increasing international air traffic and enhancing foreign
11 trade where access to the VIP airport lounge will be controlled by
12 the VIP airport lounge operator; and

13 (e) Airline passengers of any age or airline employees whose
14 admission is based on a pass issued or permission given by the
15 airline for access to the VIP airport lounge.

16 (46) "VIP airport lounge operator" means an airline, port
17 district, or other entity operating a VIP airport lounge that: Is
18 accountable for compliance with the alcohol beverage control act
19 under this title; holds the license under chapter 66.24 RCW issued to
20 the VIP airport lounge; and provides a point of contact for
21 addressing any licensing and enforcement by the board.

22 (47)(a) "Wine" means any alcoholic beverage obtained by
23 fermentation of fruits (grapes, berries, apples, et cetera) or other
24 agricultural product containing sugar, to which any saccharine
25 substances may have been added before, during or after fermentation,
26 and containing not more than twenty-four percent of alcohol by
27 volume, including sweet wines fortified with wine spirits, such as
28 port, sherry, muscatel, and angelica, not exceeding twenty-four
29 percent of alcohol by volume and not less than one-half of one
30 percent of alcohol by volume. For purposes of this title, any
31 beverage containing no more than fourteen percent of alcohol by
32 volume when bottled or packaged by the manufacturer shall be referred
33 to as "table wine," and any beverage containing alcohol in an amount
34 more than fourteen percent by volume when bottled or packaged by the
35 manufacturer shall be referred to as "fortified wine." However,
36 "fortified wine" shall not include: (i) Wines that are both sealed or
37 capped by cork closure and aged two years or more; and (ii) wines
38 that contain more than fourteen percent alcohol by volume solely as a
39 result of the natural fermentation process and that have not been
40 produced with the addition of wine spirits, brandy, or alcohol.

1 (b) This subsection shall not be interpreted to require that any
2 wine be labeled with the designation "table wine" or "fortified
3 wine."

4 (48) "Wine distributor" means a person who buys wine from a
5 domestic winery, wine certificate of approval holder, or wine
6 importer, or who acquires foreign produced wine from a source outside
7 of the United States, for the purpose of selling the same not in
8 violation of this title, or who represents such vintner or winery as
9 agent.

10 (49) "Wine importer" means a person or business within Washington
11 who purchases wine from a wine certificate of approval holder or who
12 acquires foreign produced wine from a source outside of the United
13 States for the purpose of selling the same pursuant to this title.

14 (50) "Winery" means a business conducted by any person for the
15 manufacture of wine for sale, other than a domestic winery.

16 **Sec. 25.** RCW 66.08.020 and 2012 c 2 s 202 are each amended to
17 read as follows:

18 The administration of this title is vested in the Washington
19 state liquor ((~~control~~)) and cannabis board, constituted under this
20 title.

21 **Sec. 26.** RCW 66.08.022 and 2012 c 117 s 267 are each amended to
22 read as follows:

23 The attorney general shall be the general counsel of the ((~~liquor~~
24 ~~control~~)) board and he or she shall institute and prosecute all
25 actions and proceedings which may be necessary in the enforcement and
26 carrying out of the provisions of this chapter and this title.

27 He or she shall assign such assistants as may be necessary to the
28 exclusive duty of assisting the ((~~liquor control~~)) board in the
29 enforcement of this title.

30 **Sec. 27.** RCW 66.08.026 and 2012 c 2 s 203 are each amended to
31 read as follows:

32 Administrative expenses of the board must be appropriated and
33 paid from the liquor revolving fund. These administrative expenses
34 include, but ((~~not be [are not]~~)) are not limited to: The salaries
35 and expenses of the board and its employees, legal services, pilot
36 projects, annual or other audits, and other general costs of
37 conducting the business of the board. The administrative expenses do

1 not include those amounts distributed pursuant to RCW 66.08.180,
2 66.08.190, 66.08.200, or 66.08.210. Agency commissions for contract
3 liquor stores must be established by the (~~liquor control~~) board
4 after consultation with and approval by the director of the office of
5 financial management. All expenditures and payment of obligations
6 authorized by this section are subject to the allotment requirements
7 of chapter 43.88 RCW.

8 **Sec. 28.** RCW 66.08.030 and 2014 c 63 s 2 are each amended to
9 read as follows:

10 The power of the board to make regulations under chapter 34.05
11 RCW extends to:

12 (1) Prescribing the duties of the employees of the board, and
13 regulating their conduct in the discharge of their duties;

14 (2) Prescribing an official seal and official labels and stamps
15 and determining the manner in which they must be attached to every
16 package of liquor sold or sealed under this title, including the
17 prescribing of different official seals or different official labels
18 for different classes of liquor;

19 (3) Prescribing forms to be used for purposes of this title or
20 the regulations, and the terms and conditions to be contained in
21 permits and licenses issued under this title, and the qualifications
22 for receiving a permit or license issued under this title, including
23 a criminal history record information check. The board may submit the
24 criminal history record information check to the Washington state
25 patrol and to the identification division of the federal bureau of
26 investigation in order that these agencies may search their records
27 for prior arrests and convictions of the individual or individuals
28 who filled out the forms. The board must require fingerprinting of
29 any applicant whose criminal history record information check is
30 submitted to the federal bureau of investigation;

31 (4) Prescribing the fees payable in respect of permits and
32 licenses issued under this title for which no fees are prescribed in
33 this title, and prescribing the fees for anything done or permitted
34 to be done under the regulations;

35 (5) Prescribing the kinds and quantities of liquor which may be
36 kept on hand by the holder of a special permit for the purposes named
37 in the permit, regulating the manner in which the same is kept and
38 disposed of, and providing for the inspection of the same at any time
39 at the instance of the board;

1 (6) Regulating the sale of liquor kept by the holders of licenses
2 which entitle the holder to purchase and keep liquor for sale;

3 (7) Prescribing the records of purchases or sales of liquor kept
4 by the holders of licenses, and the reports to be made thereon to the
5 board, and providing for inspection of the records so kept;

6 (8) Prescribing the kinds and quantities of liquor for which a
7 prescription may be given, and the number of prescriptions which may
8 be given to the same patient within a stated period;

9 (9) Prescribing the manner of giving and serving notices required
10 by this title or the regulations, where not otherwise provided for in
11 this title;

12 (10) Regulating premises in which liquor is kept for export from
13 the state, or from which liquor is exported, prescribing the books
14 and records to be kept therein and the reports to be made thereon to
15 the board, and providing for the inspection of the premises and the
16 books, records and the liquor so kept;

17 (11) Prescribing the conditions and qualifications requisite for
18 the obtaining of club licenses and the books and records to be kept
19 and the returns to be made by clubs, prescribing the manner of
20 licensing clubs in any municipality or other locality, and providing
21 for the inspection of clubs;

22 (12) Prescribing the conditions, accommodations, and
23 qualifications requisite for the obtaining of licenses to sell beer,
24 wines, and spirits, and regulating the sale of beer, wines, and
25 spirits thereunder;

26 (13) Specifying and regulating the time and periods when, and the
27 manner, methods and means by which manufacturers must deliver liquor
28 within the state; and the time and periods when, and the manner,
29 methods and means by which liquor may lawfully be conveyed or carried
30 within the state;

31 (14) Providing for the making of returns by brewers of their
32 sales of beer shipped within the state, or from the state, showing
33 the gross amount of such sales and providing for the inspection of
34 brewers' books and records, and for the checking of the accuracy of
35 any such returns;

36 (15) Providing for the making of returns by the wholesalers of
37 beer whose breweries are located beyond the boundaries of the state;

38 (16) Providing for the making of returns by any other liquor
39 manufacturers, showing the gross amount of liquor produced or
40 purchased, the amount sold within and exported from the state, and to

1 whom so sold or exported, and providing for the inspection of the
2 premises of any such liquor manufacturers, their books and records,
3 and for the checking of any such return;

4 (17) Providing for the giving of fidelity bonds by any or all of
5 the employees of the board. However, the premiums therefor must be
6 paid by the board;

7 (18) Providing for the shipment of liquor to any person holding a
8 permit and residing in any unit which has, by election pursuant to
9 this title, prohibited the sale of liquor therein;

10 (19) Prescribing methods of manufacture, conditions of
11 sanitation, standards of ingredients, quality and identity of
12 alcoholic beverages manufactured, sold, bottled, or handled by
13 licensees and the board; and conducting from time to time, in the
14 interest of the public health and general welfare, scientific studies
15 and research relating to alcoholic beverages and the use and effect
16 thereof;

17 (20) Seizing, confiscating and destroying all alcoholic beverages
18 manufactured, sold or offered for sale within this state which do not
19 conform in all respects to the standards prescribed by this title or
20 the regulations of the board. However, nothing herein contained may
21 be construed as authorizing the (~~liquor~~) board to prescribe, alter,
22 limit or in any way change the present law as to the quantity or
23 percentage of alcohol used in the manufacturing of wine or other
24 alcoholic beverages;

25 (21) Monitoring and regulating the practices of license holders
26 as necessary in order to prevent the theft and illegal trafficking of
27 liquor pursuant to RCW 66.28.350.

28 **Sec. 29.** RCW 66.08.0501 and 1997 c 321 s 56 are each amended to
29 read as follows:

30 The (~~liquor control~~) board may adopt appropriate rules pursuant
31 to chapter 34.05 RCW for the purpose of carrying out the provisions
32 of chapter 321, Laws of 1997.

33 **Sec. 30.** RCW 66.08.095 and 1993 c 26 s 3 are each amended to
34 read as follows:

35 The (~~liquor control~~) board may provide liquor at no charge,
36 including liquor forfeited under chapter 66.32 RCW, to recognized law
37 enforcement agencies within the state when the law enforcement agency

1 will be using the liquor for bona fide law enforcement training or
2 investigation purposes.

3 **Sec. 31.** RCW 66.08.145 and 2016 sp.s. c 38 s 29 are each amended
4 to read as follows:

5 (1) The (~~liquor and cannabis~~) board may issue subpoenas in
6 connection with any investigation, hearing, or proceeding for the
7 production of books, records, and documents held under this chapter
8 or chapters 70.155, 70.158, 70.345, 82.24, and 82.26 RCW, and books
9 and records of common carriers as defined in RCW 81.80.010, or
10 vehicle rental agencies relating to the transportation or possession
11 of cigarettes or other tobacco products.

12 (2) The (~~liquor and cannabis~~) board may designate individuals
13 authorized to sign subpoenas.

14 (3) If any person is served a subpoena from the board for the
15 production of records, documents, and books, and fails or refuses to
16 obey the subpoena for the production of records, documents, and books
17 when required to do so, the person is subject to proceedings for
18 contempt, and the board may institute contempt of court proceedings
19 in the superior court of Thurston county or in the county in which
20 the person resides.

21 **Sec. 32.** RCW 66.08.170 and 2017 3rd sp.s. c 1 s 978 are each
22 amended to read as follows:

23 There shall be a fund, known as the "liquor revolving fund,"
24 which shall consist of all license fees, permit fees, penalties,
25 forfeitures, and all other moneys, income, or revenue received by the
26 board. The state treasurer shall be custodian of the fund. All moneys
27 received by the board or any employee thereof, except for change
28 funds and an amount of petty cash as fixed by the board within the
29 authority of law shall be deposited each day in a depository approved
30 by the state treasurer and transferred to the state treasurer to be
31 credited to the liquor revolving fund. (~~During the 2009-2011 fiscal~~
32 ~~biennium, the legislature may transfer funds from the liquor~~
33 ~~revolving account [fund] to the state general fund and may direct an~~
34 ~~additional amount of liquor profits to be distributed to local~~
35 ~~governments. Neither the transfer of funds nor the additional~~
36 ~~distribution of liquor profits to local governments during the~~
37 ~~2009-2011 fiscal biennium may reduce the excess fund distributions~~
38 ~~that otherwise would occur under RCW 66.08.190. During the 2011-2013~~

1 ~~fiscal biennium, the state treasurer shall transfer from the liquor~~
2 ~~revolving fund to the state general fund forty-two million five~~
3 ~~hundred thousand dollars for fiscal year 2012 and forty-two million~~
4 ~~five hundred thousand dollars for fiscal year 2013. The transfer~~
5 ~~during the 2011-2013 fiscal biennium may not reduce the excess fund~~
6 ~~distributions that otherwise would occur under RCW 66.08.190. Sales~~
7 ~~to licensees are exempt from any liquor price increases that may~~
8 ~~result from the transfer of funds from the liquor revolving fund to~~
9 ~~the state general fund during the 2011-2013 fiscal biennium.))~~
10 Disbursements from the revolving fund shall be on authorization of
11 the board or a duly authorized representative thereof. During the
12 2017-2019 fiscal biennium, the legislature may also appropriate from
13 the account for local government studies. In order to maintain an
14 effective expenditure and revenue control the liquor revolving fund
15 shall be subject in all respects to chapter 43.88 RCW but no
16 appropriation shall be required to permit expenditures and payment of
17 obligations from such fund. ((~~During the 2013-2015 and 2015-2017~~
18 ~~fiscal biennia, the legislature may transfer from the liquor~~
19 ~~revolving fund to the state general fund such amounts as reflect the~~
20 ~~excess fund balance of the account.))~~)

21 **Sec. 33.** RCW 66.12.130 and 1981 c 179 s 1 are each amended to
22 read as follows:

23 Nothing in this title shall apply to or prevent the sale,
24 importation, purchase, production, or blending of alcohol used solely
25 for fuel to be used in motor vehicles, farm implements, and machines
26 or implements of husbandry or in combination with gasoline or other
27 petroleum products for use as such fuel. Manufacturers and distillers
28 of such alcohol fuel are not required to obtain a license under this
29 title. Alcohol which is produced for use as fuel shall be denatured
30 in accordance with a formula approved by the federal bureau of
31 alcohol, tobacco and firearms prior to the removal of the alcohol
32 from the premises as described in the approved federal permit
33 application(~~(: PROVIDED, That)~~). However, alcohol which is being
34 transferred between plants involved in the distillation or
35 manufacture of alcohol fuel need not be denatured if it is
36 transferred in accordance with federal bureau of alcohol, tobacco and
37 firearms regulation 27 C.F.R. 19.996 as existing on July 26, 1981.
38 The exemptions ((~~from the state liquor control laws~~)) provided by
39 this section only apply to distillers and manufacturers of alcohol to

1 be used solely for fuel as long as the manufacturers and distillers
2 are the holders of an appropriate permit issued under federal law.

3 **Sec. 34.** RCW 66.20.300 and 2014 c 78 s 2 and 2014 c 29 s 2 are
4 each reenacted and amended to read as follows:

5 Unless the context clearly requires otherwise, the definitions in
6 this section apply throughout RCW 66.20.310 through 66.20.350.

7 (1) "Alcohol" has the same meaning as "liquor" in RCW 66.04.010.

8 (2) "Alcohol server" means any person who as part of his or her
9 employment participates in the sale or service of alcoholic beverages
10 for (~~on-premise [on-premises]~~) on-premises consumption at a retail
11 licensed premise as a regular requirement of his or her employment,
12 and includes those persons eighteen years of age or older permitted
13 by the liquor laws of this state to serve alcoholic beverages with
14 meals.

15 (3) (~~"Board" means the Washington state liquor control board.~~

16 ~~(4)~~) "Training entity" means any liquor licensee associations,
17 independent contractors, private persons, and private or public
18 schools, that have been certified by the board.

19 (~~(5)~~) (4) "Retail licensed premises" means any:

20 (a) Premises licensed to sell alcohol by the glass or by the
21 drink, or in original containers primarily for consumption on the
22 premises as authorized by RCW 66.24.320, 66.24.330, 66.24.350,
23 66.24.400, 66.24.425, 66.24.450, 66.24.570, 66.24.610, (~~and~~)
24 66.24.680, and 66.24.690;

25 (b) Distillery licensed pursuant to RCW 66.24.140 that is
26 authorized to serve samples of its own production;

27 (c) Facility established by a domestic winery for serving and
28 selling wine pursuant to RCW 66.24.170(4); and

29 (d) Grocery store licensed under RCW 66.24.360, but only with
30 respect to employees whose duties include serving during tasting
31 activities under RCW 66.24.363.

32 **Sec. 35.** RCW 66.20.370 and 2006 c 49 s 3 are each amended to
33 read as follows:

34 (1) An applicant for a wine shipper's permit under RCW 66.20.365
35 must:

36 (a) Operate a winery located in the United States;

37 (b) Provide the board a copy of its valid license to manufacture
38 wine issued by another state;

1 (c) Certify that it holds all state and federal licenses and
2 permits necessary to operate a winery; and

3 (d) Register with the department of revenue under RCW 82.32.030.

4 (2) Holders of a winery certificate of approval under RCW
5 66.24.206(1)(a) are deemed to hold a wine shipper's permit without
6 further application or fee, if the holder meets all requirements for
7 a wine shipper's permit. A winery certificate of approval holder who
8 wants to ship wine under its wine shipper's permit privilege must
9 notify the (~~liquor control~~) board in a manner determined by the
10 board before shipping any wine to a Washington consumer.

11 (3) Holders of a wine shipper's permit must:

12 (a) Pay the tax under RCW 66.24.210 for sales of wine to
13 Washington state residents; and

14 (b) Collect and remit to the department of revenue all applicable
15 state and local sales and use taxes imposed by or under the authority
16 of chapters 82.08, 82.12, and 82.14 RCW on all sales of wine
17 delivered to buyers in this state, regardless of whether the permit
18 holder has a physical presence in this state.

19 **Sec. 36.** RCW 66.24.010 and 2012 c 39 s 4 are each amended to
20 read as follows:

21 (1) Every license must be issued in the name of the applicant,
22 and the holder thereof may not allow any other person to use the
23 license.

24 (2) For the purpose of considering any application for a license,
25 or the renewal of a license, the board may cause an inspection of the
26 premises to be made, and may inquire into all matters in connection
27 with the construction and operation of the premises. For the purpose
28 of reviewing any application for a license and for considering the
29 denial, suspension, revocation, or renewal or denial thereof, of any
30 license, the (~~liquor control~~) board may consider any prior criminal
31 conduct of the applicant including an administrative violation
32 history record with the board and a criminal history record
33 information check. The board may submit the criminal history record
34 information check to the Washington state patrol and to the
35 identification division of the federal bureau of investigation in
36 order that these agencies may search their records for prior arrests
37 and convictions of the individual or individuals who filled out the
38 forms. The board must require fingerprinting of any applicant whose
39 criminal history record information check is submitted to the federal

1 bureau of investigation. The provisions of RCW 9.95.240 and of
2 chapter 9.96A RCW do not apply to such cases. Subject to the
3 provisions of this section, the board may, in its discretion, grant
4 or deny the renewal or license applied for. Denial may be based on,
5 without limitation, the existence of chronic illegal activity
6 documented in objections submitted pursuant to subsections (8)(d) and
7 (12) of this section. Authority to approve an uncontested or
8 unopposed license may be granted by the board to any staff member the
9 board designates in writing. Conditions for granting such authority
10 must be adopted by rule. No retail license of any kind may be issued
11 to:

12 (a) A person doing business as a sole proprietor who has not
13 resided in the state for at least one month prior to receiving a
14 license, except in cases of licenses issued to dining places on
15 railroads, boats, or aircraft;

16 (b) A copartnership, unless all of the members thereof are
17 qualified to obtain a license, as provided in this section;

18 (c) A person whose place of business is conducted by a manager or
19 agent, unless such manager or agent possesses the same qualifications
20 required of the licensee;

21 (d) A corporation or a limited liability company, unless it was
22 created under the laws of the state of Washington or holds a
23 certificate of authority to transact business in the state of
24 Washington.

25 (3)(a) The board may, in its discretion, subject to the
26 provisions of RCW 66.08.150, suspend or cancel any license; and all
27 rights of the licensee to keep or sell liquor thereunder must be
28 suspended or terminated, as the case may be.

29 (b) The board must immediately suspend the license or certificate
30 of a person who has been certified pursuant to RCW 74.20A.320 by the
31 department of social and health services as a person who is not in
32 compliance with a support order. If the person has continued to meet
33 all other requirements for reinstatement during the suspension,
34 reissuance of the license or certificate is automatic upon the
35 board's receipt of a release issued by the department of social and
36 health services stating that the licensee is in compliance with the
37 order.

38 (c) Upon written notification by the department of revenue in
39 accordance with RCW 82.08.155 that a person is more than thirty days
40 delinquent in reporting or remitting spirits taxes to the department,

1 the board must suspend all spirits licenses held by that person. The
2 board must also refuse to renew any existing spirits license of, or
3 issue any new spirits license to, the person or any other applicant
4 controlled directly or indirectly by that person. The board may not
5 reinstate a person's spirits license or renew or issue a new spirits
6 license to that person, or an applicant controlled directly or
7 indirectly by that person, until such time as the department of
8 revenue notifies the board that the person is current in reporting
9 and remitting spirits taxes or that the department consents to the
10 reinstatement or renewal of the person's spirits license or the
11 issuance of a new spirits license to the person. For purposes of this
12 section: (i) "Spirits license" means any license issued by the board
13 under the authority of this chapter that authorizes the licensee to
14 sell spirits; and (ii) "spirits taxes" has the same meaning as in RCW
15 82.08.155.

16 (d) The board may request the appointment of administrative law
17 judges under chapter 34.12 RCW who must have power to administer
18 oaths, issue subpoenas for the attendance of witnesses and the
19 production of papers, books, accounts, documents, and testimony,
20 examine witnesses, and to receive testimony in any inquiry,
21 investigation, hearing, or proceeding in any part of the state, under
22 such rules and regulations as the board may adopt.

23 (e) Witnesses are allowed fees and mileage each way to and from
24 any such inquiry, investigation, hearing, or proceeding at the rate
25 authorized by RCW 34.05.446. Fees need not be paid in advance of
26 appearance of witnesses to testify or to produce books, records, or
27 other legal evidence.

28 (f) In case of disobedience of any person to comply with the
29 order of the board or a subpoena issued by the board, or any of its
30 members, or administrative law judges, or on the refusal of a witness
31 to testify to any matter regarding which he or she may be lawfully
32 interrogated, the judge of the superior court of the county in which
33 the person resides, on application of any member of the board or
34 administrative law judge, must compel obedience by contempt
35 proceedings, as in the case of disobedience of the requirements of a
36 subpoena issued from said court or a refusal to testify therein.

37 (4) Upon receipt of notice of the suspension or cancellation of a
38 license, the licensee must forthwith deliver up the license to the
39 board. Where the license has been suspended only, the board must
40 return the license to the licensee at the expiration or termination

1 of the period of suspension. The board must notify all vendors in the
2 city or place where the licensee has its premises of the suspension
3 or cancellation of the license; and no employee may allow or cause
4 any liquor to be delivered to or for any person at the premises of
5 that licensee.

6 (5) (a) At the time of the original issuance of a spirits, beer,
7 and wine restaurant license, the board must prorate the license fee
8 charged to the new licensee according to the number of calendar
9 quarters, or portion thereof, remaining until the first renewal of
10 that license is required.

11 (b) Unless sooner canceled, every license issued by the board
12 must expire at midnight of the thirtieth day of June of the fiscal
13 year for which it was issued. However, if the board deems it feasible
14 and desirable to do so, it may establish, by rule pursuant to chapter
15 34.05 RCW, a system for staggering the annual renewal dates for any
16 and all licenses authorized by this chapter. If such a system of
17 staggered annual renewal dates is established by the board, the
18 license fees provided by this chapter must be appropriately prorated
19 during the first year that the system is in effect.

20 (6) Every license issued under this section is subject to all
21 conditions and restrictions imposed by this title or by rules adopted
22 by the board. All conditions and restrictions imposed by the board in
23 the issuance of an individual license may be listed on the face of
24 the individual license along with the trade name, address, and
25 expiration date. Conditions and restrictions imposed by the board may
26 also be included in official correspondence separate from the
27 license. All spirits licenses are subject to the condition that the
28 spirits license holder must report and remit to the department of
29 revenue all spirits taxes by the date due.

30 (7) Every licensee must post and keep posted its license, or
31 licenses, and any additional correspondence containing conditions and
32 restrictions imposed by the board in a conspicuous place on the
33 premises.

34 (8) (a) Unless (b) of this subsection applies, before the board
35 issues a new or renewal license to an applicant it must give notice
36 of such application to the chief executive officer of the
37 incorporated city or town, if the application is for a license within
38 an incorporated city or town, or to the county legislative authority,
39 if the application is for a license outside the boundaries of
40 incorporated cities or towns.

1 (b) If the application for a special occasion license is for an
2 event held during a county, district, or area fair as defined by RCW
3 15.76.120, and the county, district, or area fair is located on
4 property owned by the county but located within an incorporated city
5 or town, the county legislative authority must be the entity notified
6 by the board under (a) of this subsection. The board must send a
7 duplicate notice to the incorporated city or town within which the
8 fair is located.

9 (c) The incorporated city or town through the official or
10 employee selected by it, or the county legislative authority or the
11 official or employee selected by it, has the right to file with the
12 board within twenty days after the date of transmittal of such notice
13 for applications, or at least thirty days prior to the expiration
14 date for renewals, written objections against the applicant or
15 against the premises for which the new or renewal license is asked.
16 The board may extend the time period for submitting written
17 objections.

18 (d) The written objections must include a statement of all facts
19 upon which such objections are based, and in case written objections
20 are filed, the city or town or county legislative authority may
21 request and the ((~~liquor control~~)) board may in its discretion hold a
22 hearing subject to the applicable provisions of Title 34 RCW. If the
23 board makes an initial decision to deny a license or renewal based on
24 the written objections of an incorporated city or town or county
25 legislative authority, the applicant may request a hearing subject to
26 the applicable provisions of Title 34 RCW. If such a hearing is held
27 at the request of the applicant, ((~~liquor control~~)) board
28 representatives must present and defend the board's initial decision
29 to deny a license or renewal.

30 (e) Upon the granting of a license under this title the board
31 must send written notification to the chief executive officer of the
32 incorporated city or town in which the license is granted, or to the
33 county legislative authority if the license is granted outside the
34 boundaries of incorporated cities or towns. When the license is for a
35 special occasion license for an event held during a county, district,
36 or area fair as defined by RCW 15.76.120, and the county, district,
37 or area fair is located on county-owned property but located within
38 an incorporated city or town, the written notification must be sent
39 to both the incorporated city or town and the county legislative
40 authority.

1 (9) (a) Before the board issues any license to any applicant, it
2 shall give (i) due consideration to the location of the business to
3 be conducted under such license with respect to the proximity of
4 churches, schools, and public institutions and (ii) written notice,
5 with receipt verification, of the application to public institutions
6 identified by the board as appropriate to receive such notice,
7 churches, and schools within five hundred feet of the premises to be
8 licensed. The board may not issue a liquor license for either on-
9 premises or off-premises consumption covering any premises not now
10 licensed, if such premises are within five hundred feet of the
11 premises of any tax-supported public elementary or secondary school
12 measured along the most direct route over or across established
13 public walks, streets, or other public passageway from the main
14 entrance of the school to the nearest public entrance of the premises
15 proposed for license, and if, after receipt by the school of the
16 notice as provided in this subsection, the board receives written
17 objection, within twenty days after receiving such notice, from an
18 official representative or representatives of the school within five
19 hundred feet of said proposed licensed premises, indicating to the
20 board that there is an objection to the issuance of such license
21 because of proximity to a school. The board may extend the time
22 period for submitting objections. For the purpose of this section,
23 "church" means a building erected for and used exclusively for
24 religious worship and schooling or other activity in connection
25 therewith. For the purpose of this section, "public institution"
26 means institutions of higher education, parks, community centers,
27 libraries, and transit centers.

28 (b) No liquor license may be issued or reissued by the board to
29 any motor sports facility or licensee operating within the motor
30 sports facility unless the motor sports facility enforces a program
31 reasonably calculated to prevent alcohol or alcoholic beverages not
32 purchased within the facility from entering the facility and such
33 program is approved by local law enforcement agencies.

34 (c) It is the intent under this subsection (9) that a retail
35 license may not be issued by the board where doing so would, in the
36 judgment of the board, adversely affect a private school meeting the
37 requirements for private schools under Title 28A RCW, which school is
38 within five hundred feet of the proposed licensee. The board must
39 fully consider and give substantial weight to objections filed by
40 private schools. If a license is issued despite the proximity of a

1 private school, the board must state in a letter addressed to the
2 private school the board's reasons for issuing the license.

3 (10) The restrictions set forth in subsection (9) of this section
4 do not prohibit the board from authorizing the assumption of existing
5 licenses now located within the restricted area by other persons or
6 licenses or relocations of existing licensed premises within the
7 restricted area. In no case may the licensed premises be moved closer
8 to a church or school than it was before the assumption or
9 relocation.

10 (11)(a) Nothing in this section prohibits the board, in its
11 discretion, from issuing a temporary retail or distributor license to
12 an applicant to operate the retail or distributor premises during the
13 period the application for the license is pending. The board may
14 establish a fee for a temporary license by rule.

15 (b) A temporary license issued by the board under this section
16 must be for a period not to exceed sixty days. A temporary license
17 may be extended at the discretion of the board for additional periods
18 of sixty days upon payment of an additional fee and upon compliance
19 with all conditions required in this section.

20 (c) Refusal by the board to issue or extend a temporary license
21 shall not entitle the applicant to request a hearing. A temporary
22 license may be canceled or suspended summarily at any time if the
23 board determines that good cause for cancellation or suspension
24 exists. RCW 66.08.130 applies to temporary licenses.

25 (d) Application for a temporary license must be on such form as
26 the board shall prescribe. If an application for a temporary license
27 is withdrawn before issuance or is refused by the board, the fee
28 which accompanied such application must be refunded in full.

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

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

8 **Sec. 37.** RCW 66.24.025 and 2002 c 119 s 4 are each amended to
9 read as follows:

10 (1) If the board approves, a license may be transferred, without
11 charge, to the surviving spouse only of a deceased licensee if the
12 parties were maintaining a marital community and the license was
13 issued in the names of one or both of the parties. For the purpose of
14 considering the qualifications of the surviving party or parties to
15 receive a liquor license, the (~~(liquor control)~~) board may require a
16 criminal history record information check. The board may submit the
17 criminal history record information check to the Washington state
18 patrol and to the identification division of the federal bureau of
19 investigation in order that these agencies may search their records
20 for prior arrests and convictions of the individual or individuals
21 who filled out the forms. The board shall require fingerprinting of
22 any applicant whose criminal history record information check is
23 submitted to the federal bureau of investigation.

24 (2) The proposed sale of more than ten percent of the outstanding
25 and/or issued stock of a licensed corporation or any proposed change
26 in the officers of a licensed corporation must be reported to the
27 board, and board approval must be obtained before such changes are
28 made. A fee of seventy-five dollars will be charged for the
29 processing of such change of stock ownership and/or corporate
30 officers.

31 **Sec. 38.** RCW 66.24.055 and 2013 2nd sp.s. c 12 s 1 are each
32 amended to read as follows:

33 (1) There is a license for spirits distributors to (a) sell
34 spirits purchased from manufacturers, distillers, or suppliers
35 including, without limitation, licensed Washington distilleries,
36 licensed spirits importers, other Washington spirits distributors, or
37 suppliers of foreign spirits located outside of the United States, to
38 spirits retailers including, without limitation, spirits retail

1 licensees, special occasion license holders, interstate common
2 carrier license holders, restaurant spirits retailer license holders,
3 spirits, beer, and wine private club license holders, hotel license
4 holders, sports entertainment facility license holders, and spirits,
5 beer, and wine nightclub license holders, and to other spirits
6 distributors; and (b) export the same from the state.

7 ~~(2) ((By January 1, 2012, the board must issue spirits~~
8 ~~distributor licenses to all applicants who, upon December 8, 2011,~~
9 ~~have the right to purchase spirits from a spirits manufacturer,~~
10 ~~spirits distiller, or other spirits supplier for resale in the state,~~
11 ~~or are agents of such supplier authorized to sell to licensees in the~~
12 ~~state, unless the board determines that issuance of a license to such~~
13 ~~applicant is not in the public interest.~~

14 ~~(3))~~ (a) As limited by (b) of this subsection ~~((and subject to~~
15 ~~(e) of this subsection)), each spirits distributor licensee must pay~~
16 to the board, for deposit into the liquor revolving fund, a license
17 issuance fee calculated as ~~((follows:~~

18 ~~(i) In each of the first twenty-seven months of licensure, ten~~
19 ~~percent of the total revenue from all the licensee's sales of spirits~~
20 ~~made during the month for which the fee is due, respectively; and~~

21 ~~(ii) In the twenty-eighth month of licensure and each month~~
22 ~~thereafter,)) five percent of the total revenue from all the~~
23 licensee's sales of spirits made during the month for which the fee
24 is due, respectively.

25 (b) The fee required under this subsection ~~((3))~~ (2) is
26 calculated only on sales of items which the licensee was the first
27 spirits distributor in the state to have received:

28 (i) In the case of spirits manufactured in the state, from the
29 distiller; or

30 (ii) In the case of spirits manufactured outside the state, from
31 an authorized out-of-state supplier.

32 (c) ~~((By March 31, 2013, all persons holding spirits distributor~~
33 ~~licenses on or before March 31, 2013, must have paid collectively one~~
34 ~~hundred fifty million dollars or more in spirits distributor license~~
35 ~~fees. If the collective payment through March 31, 2013, totals less~~
36 ~~than one hundred fifty million dollars, the board must, according to~~
37 ~~rules adopted by the board for the purpose, collect by May 31, 2013,~~
38 ~~as additional spirits distributor license fees the difference between~~
39 ~~one hundred fifty million dollars and the actual receipts, allocated~~
40 ~~among persons holding spirits distributor licenses at any time on or~~

1 ~~before March 31, 2013, ratably according to their spirits sales made~~
2 ~~during calendar year 2012. Any amount by which such payments exceed~~
3 ~~one hundred fifty million dollars by March 31, 2013, must be credited~~
4 ~~to future license issuance fee obligations of spirits distributor~~
5 ~~licensees according to rules adopted by the board.~~

6 ~~(d))~~ A retail licensee selling for resale must pay a distributor
7 license fee under the terms and conditions in this section on resales
8 of spirits the licensee has purchased on which no other distributor
9 license fee has been paid. The board must establish rules setting
10 forth the frequency and timing of such payments and reporting of
11 sales dollar volume by the licensee, with payments due quarterly in
12 arrears.

13 ~~((e))~~ (d) No spirits inventory may be subject to calculation of
14 more than a single spirits distributor license issuance fee.

15 ~~((4))~~ (3) In addition to the payment set forth in subsection
16 ~~((3))~~ (2) of this section, each spirits distributor licensee
17 renewing its annual license must pay an annual license renewal fee of
18 one thousand three hundred twenty dollars for each licensed location.

19 ~~((5))~~ (4) There is no minimum facility size or capacity for
20 spirits distributor licenses, and no limit on the number of such
21 licenses issued to qualified applicants. License applicants must
22 provide physical security of the product that is substantially as
23 effective as the physical security of the distribution facilities
24 currently operated by the board with respect to preventing pilferage.
25 License issuances and renewals are subject to RCW 66.24.010 and the
26 regulations promulgated thereunder, including without limitation
27 rights of cities, towns, county legislative authorities, the public,
28 churches, schools, and public institutions to object to or prevent
29 issuance of local liquor licenses. ~~((However, existing distributor~~
30 ~~premises licensed to sell beer and/or wine are deemed to be premises~~
31 ~~"now licensed" under RCW 66.24.010(9)(a) for the purpose of~~
32 ~~processing applications for spirits distributor licenses.))~~

33 **Sec. 39.** RCW 66.24.155 and 2018 c 25 s 1 are each amended to
34 read as follows:

35 (1) The ~~((state liquor and cannabis))~~ board must, by rule, adopt
36 a schedule of penalties for a licensed alcohol manufacturer who has
37 committed a violation as part of the licensee's ancillary activities.

38 (2)(a) The schedule of penalties adopted under subsection (1) of
39 this section may include:

1 (i) The issuance of a monetary penalty;

2 (ii) The suspension, revocation, or cancellation of the
3 licensee's ability to conduct ancillary activities; or

4 (iii) A monetary option in lieu of suspension or revocation.

5 (b) The schedule of penalties may not include the issuance of a
6 suspension, revocation, or cancellation of an alcohol manufacturer's
7 license and may not exceed the schedule of penalties for a similar
8 violation committed by a retail licensee.

9 (3) For the purposes of this section, "ancillary activities"
10 means the licensee's activities involving the public, as authorized
11 by statute or by (~~state liquor and cannabis~~) board rule, relating
12 to serving samples, operating a tasting room, conducting retail
13 sales, serving alcohol under a restaurant license issued under this
14 chapter, or serving alcohol with a special occasion license.

15 **Sec. 40.** RCW 66.24.175 and 2014 c 105 s 2 are each amended to
16 read as follows:

17 (1) A qualifying farmers market authorized to allow wineries to
18 sell bottled wine at retail under RCW 66.24.170 or microbreweries to
19 sell bottled beer at retail under RCW 66.24.244, or both, may apply
20 to the (~~liquor control~~) board for an endorsement to allow sampling
21 of wine or beer or both. A winery or microbrewery offering samples
22 under this section must have an endorsement from the board to sell
23 wine or beer, as the case may be, of its own production at a
24 qualifying farmers market under RCW 66.24.170 or 66.24.244,
25 respectively.

26 (2) Samples may be offered only under the following conditions:

27 (a) No more than three wineries or microbreweries combined may
28 offer samples at a qualifying farmers market per day.

29 (b) Samples must be two ounces or less. A winery or microbrewery
30 may provide a maximum of two ounces of wine or beer to a customer per
31 day.

32 (c) A winery or microbrewery may advertise that it offers samples
33 only at its designated booth, stall, or other designated location at
34 the farmers market.

35 (d) Customers must remain at the designated booth, stall, or
36 other designated location while sampling beer or wine.

37 (e) Winery and microbrewery licensees and employees who are
38 involved in sampling activities under this section must hold a class
39 12 or class 13 alcohol server permit.

1 (f) A winery or microbrewery must have food available for
2 customers to consume while sampling beer or wine, or must be adjacent
3 to a vendor offering prepared food.

4 (3) The board may establish additional requirements to ensure
5 that persons under twenty-one years of age and apparently intoxicated
6 persons may not possess or consume alcohol under the authority
7 granted in this section.

8 (4) The board may prohibit sampling at a farmers market that is
9 within the boundaries of an alcohol impact area recognized by
10 resolution of the board if the board finds that the sampling
11 activities at the farmers market have an adverse effect on the
12 reduction of chronic public inebriation in the area.

13 (5) If a winery or microbrewery is found to have committed a
14 public safety violation in conjunction with tasting activities, the
15 board may suspend the licensee's farmers market endorsement and not
16 reissue the endorsement for up to two years from the date of the
17 violation. If mitigating circumstances exist, the board may offer a
18 monetary penalty in lieu of suspension during a settlement
19 conference.

20 (6) For the purposes of this section, a "qualifying farmers
21 market" has the same meaning as defined in RCW 66.24.170.

22 **Sec. 41.** RCW 66.24.185 and 2008 c 41 s 4 are each amended to
23 read as follows:

24 (1) There shall be a license for bonded wine warehouses which
25 shall authorize the storage and handling of bottled wine. Under this
26 license a licensee may maintain a warehouse for the storage of wine
27 off the premises of a winery.

28 (2) The board shall adopt similar qualifications for a bonded
29 wine warehouse license as required for obtaining a domestic winery
30 license as specified in RCW 66.24.010 and 66.24.170. A licensee must
31 be a sole proprietor, a partnership, a limited liability company, or
32 a corporation. One or more domestic wineries may operate as a
33 partnership, corporation, business co-op, or agricultural co-op for
34 the purposes of obtaining a bonded wine warehouse license.

35 (3) All bottled wine shipped to a bonded wine warehouse from a
36 winery or another bonded wine warehouse shall remain under bond and
37 no tax imposed under RCW 66.24.210 shall be due, unless the wine is
38 removed from bond and shipped to a licensed Washington wine
39 distributor. Wine may be removed from a bonded wine warehouse only

1 for the purpose of being (a) exported from the state, (b) shipped to
2 a licensed Washington wine distributor, (c) returned to a winery or
3 bonded wine warehouse, or (~~(d)~~) (d) shipped to a consumer
4 pursuant to RCW 66.20.360 through 66.20.390.

5 (4) Warehousing of wine by any person other than (a) a licensed
6 domestic winery or a bonded wine warehouse licensed under the
7 provisions of this section, (b) a licensed Washington wine
8 distributor, (c) a licensed Washington wine importer, (d) a wine
9 certificate of approval holder (W7), or (e) the (~~liquor control~~)
10 board, is prohibited.

11 (5) A license applicant shall hold a federal permit for a bonded
12 wine cellar and may be required to post a continuing wine tax bond of
13 such an amount and in such a form as may be required by the board
14 prior to the issuance of a bonded wine warehouse license. The fee for
15 this license shall be one hundred dollars per annum.

16 (6) The board shall adopt rules requiring a bonded wine warehouse
17 to be physically secure, zoned for the intended use and physically
18 separated from any other use.

19 (7) Every licensee shall submit to the board a monthly report of
20 movement of bottled wines to and from a bonded wine warehouse in a
21 form prescribed by the board. The board may adopt other necessary
22 procedures by which bonded wine warehouses are licensed and
23 regulated.

24 (8) Handling of bottled wine, as provided for in this section,
25 includes packaging and repackaging services; bottle labeling
26 services; creating baskets or variety packs that may or may not
27 include nonwine products; and picking, packing, and shipping wine
28 orders direct to consumer. A winery contracting with a bonded wine
29 warehouse for handling bottled wine must comply with all applicable
30 state and federal laws and shall be responsible for financial
31 transactions in direct to consumer shipping activities.

32 **Sec. 42.** RCW 66.24.206 and 2007 c 16 s 1 are each amended to
33 read as follows:

34 (1)(a) A United States winery located outside the state of
35 Washington must hold a certificate of approval to allow sales and
36 shipment of the certificate of approval holder's wine to licensed
37 Washington wine distributors, importers, or retailers. A certificate
38 of approval holder with a direct shipment endorsement may act as a
39 distributor of its own production. Notwithstanding any language in

1 this title to the contrary, a certificate of approval holder with a
2 direct shipment endorsement may use a common carrier to deliver up to
3 one hundred cases of its own production, in the aggregate, per month
4 to licensed Washington retailers. A certificate of approval holder
5 may not arrange for any such common carrier shipments to licensed
6 retailers of wine not of its own production.

7 (b) Authorized representatives must hold a certificate of
8 approval to allow sales and shipment of United States produced wine
9 to licensed Washington wine distributors or importers.

10 (c) Authorized representatives must also hold a certificate of
11 approval to allow sales and shipments of foreign produced wine to
12 licensed Washington wine distributors or importers.

13 (2) The certificate of approval shall not be granted unless and
14 until such winery or authorized representative shall have made a
15 written agreement with the board to furnish to the board, on or
16 before the twentieth day of each month, a report under oath, on a
17 form to be prescribed by the board, showing the quantity of wine sold
18 or delivered to each licensed wine distributor, importer, or
19 retailer, during the preceding month, and shall further have agreed
20 with the board, that such wineries, manufacturers, or authorized
21 representatives, and all general sales corporations or agencies
22 maintained by them, and all of their trade representatives, shall and
23 will faithfully comply with all laws of the state of Washington
24 pertaining to the sale of intoxicating liquors and all rules ~~((and~~
25 ~~regulations))~~ of the ~~((Washington state liquor control))~~ board. A
26 violation of the terms of this agreement will cause the board to take
27 action to suspend or revoke such certificate.

28 (3) The fee for the certificate of approval and related
29 endorsements, issued pursuant to the provisions of this title, shall
30 be from time to time established by the board at a level that is
31 sufficient to defray the costs of administering the certificate of
32 approval program. The fee shall be fixed by rule by the board in
33 accordance with the provisions of the administrative procedure act,
34 chapter 34.05 RCW.

35 (4) Certificate of approval holders are deemed to have consented
36 to the jurisdiction of Washington concerning enforcement of this
37 chapter and all laws and rules related to the sale and shipment of
38 wine.

1 **Sec. 43.** RCW 66.24.210 and 2016 c 235 s 12 and 2016 c 225 s 1
2 are each reenacted and amended to read as follows:

3 (1) There is hereby imposed upon all wines except cider sold to
4 wine distributors and the (~~Washington state liquor and cannabis~~)
5 board, within the state a tax at the rate of twenty and one-fourth
6 cents per liter. Any domestic winery or certificate of approval
7 holder acting as a distributor of its own production must pay taxes
8 imposed by this section. There is hereby imposed on all cider sold to
9 wine distributors and the (~~Washington state liquor and cannabis~~)
10 board within the state a tax at the rate of three and fifty-nine one-
11 hundredths cents per liter. However, wine sold or shipped in bulk
12 from one winery to another winery is not subject to such tax.

13 (a) The tax provided for in this section shall be collected by
14 direct payments based on wine purchased by wine distributors.

15 (b) Except as provided in subsection (7) of this section, every
16 person purchasing wine under the provisions of this section must on
17 or before the twentieth day of each month report to the board all
18 purchases during the preceding calendar month in such manner and upon
19 such forms as may be prescribed by the board, and with such report
20 must pay the tax due from the purchases covered by such report unless
21 the same has previously been paid. Any such purchaser of wine whose
22 applicable tax payment is not postmarked by the twentieth day
23 following the month of purchase will be assessed a penalty at the
24 rate of two percent a month or fraction thereof. The board may
25 require that every such person shall execute to and file with the
26 board a bond to be approved by the board, in such amount as the board
27 may fix, securing the payment of the tax. If any such person fails to
28 pay the tax when due, the board may suspend or cancel the license
29 until all taxes are paid.

30 (c) Any licensed retailer authorized to purchase wine from a
31 certificate of approval holder with a direct shipment endorsement or
32 a domestic winery must make monthly reports to the (~~liquor and~~
33 ~~cannabis~~) board on wine purchased during the preceding calendar
34 month in the manner and upon such forms as may be prescribed by the
35 board.

36 (2) An additional tax is imposed equal to the rate specified in
37 RCW 82.02.030 multiplied by the tax payable under subsection (1) of
38 this section. All revenues collected during any month from this
39 additional tax must be transferred to the state general fund by the
40 twenty-fifth day of the following month.

1 (3) An additional tax is imposed on wines subject to tax under
2 subsection (1) of this section, at the rate of one-fourth of one cent
3 per liter for wine sold after June 30, 1987. After June 30, 1996,
4 such additional tax does not apply to cider. An additional tax of
5 five one-hundredths of one cent per liter is imposed on cider sold
6 after June 30, 1996. All revenues collected under this subsection (3)
7 shall be disbursed quarterly to the Washington wine commission for
8 use in carrying out the purposes of chapter 15.88 RCW.

9 (4) An additional tax is imposed on all wine subject to tax under
10 subsection (1) of this section. The additional tax is equal to
11 twenty-three and forty-four one-hundredths cents per liter on
12 fortified wine as defined in RCW 66.04.010 when bottled or packaged
13 by the manufacturer, one cent per liter on all other wine except
14 cider, and eighteen one-hundredths of one cent per liter on cider.
15 All revenues collected during any month from this additional tax
16 shall be deposited in the state general fund by the twenty-fifth day
17 of the following month.

18 (5)(a) An additional tax is imposed on all cider subject to tax
19 under subsection (1) of this section. The additional tax is equal to
20 two and four one-hundredths cents per liter of cider sold after June
21 30, 1996, and before July 1, 1997, and is equal to four and seven
22 one-hundredths cents per liter of cider sold after June 30, 1997.

23 (b) All revenues collected from the additional tax imposed under
24 this subsection (5) must be deposited in the state general fund.

25 (6) For the purposes of this section, "cider" means table wine
26 that contains not less than one-half of one percent of alcohol by
27 volume and not more than eight and one-half percent of alcohol by
28 volume and is made from the normal alcoholic fermentation of the
29 juice of sound, ripe apples or pears. "Cider" includes, but is not
30 limited to, flavored, sparkling, or carbonated cider and cider made
31 from condensed apple or pear must.

32 (7) For the purposes of this section, out-of-state wineries must
33 pay taxes under this section on wine sold and shipped directly to
34 Washington state residents in a manner consistent with the
35 requirements of a wine distributor under subsections (1) through (4)
36 of this section, except wineries shall be responsible for the tax and
37 not the resident purchaser.

38 (8) Notwithstanding any other provision of this section, any
39 domestic winery or wine certificate of approval holder acting as a
40 distributor of its own production that had total taxable sales of

1 wine in Washington state of six thousand gallons or less during the
2 calendar year preceding the date on which the tax would otherwise be
3 due is not required to pay taxes under this section more often than
4 annually.

5 **Sec. 44.** RCW 66.24.270 and 2006 c 302 s 6 are each amended to
6 read as follows:

7 (1) Every person, firm or corporation, holding a license to
8 manufacture malt liquors or strong beer within the state of
9 Washington, shall, on or before the twentieth day of each month,
10 furnish to the (~~Washington state liquor control~~) board, on a form
11 to be prescribed by the board, a statement showing the quantity of
12 malt liquors and strong beer sold for resale during the preceding
13 calendar month to each beer distributor within the state of
14 Washington.

15 (2) (a) A United States brewery or manufacturer of beer or strong
16 beer, located outside the state of Washington, must hold a
17 certificate of approval to allow sales and shipment of the
18 certificate of approval holder's beer or strong beer to licensed
19 Washington beer distributors, importers, or retailers. A certificate
20 of approval holder with a direct shipment endorsement may act as a
21 distributor for beer of its own production.

22 (b) Authorized representatives must hold a certificate of
23 approval to allow sales and shipment of United States produced beer
24 or strong beer to licensed Washington beer distributors or importers.

25 (c) Authorized representatives must also hold a certificate of
26 approval to allow sales and shipments of foreign produced beer or
27 strong beer to licensed Washington beer distributors or importers.

28 (3) The certificate of approval shall not be granted unless and
29 until such brewer or manufacturer of beer or strong beer or
30 authorized representative shall have made a written agreement with
31 the board to furnish to the board, on or before the twentieth day of
32 each month, a report under oath, on a form to be prescribed by the
33 board, showing the quantity of beer and strong beer sold or delivered
34 to each licensed beer distributor, importer, or retailer during the
35 preceding month, and shall further have agreed with the board, that
36 such brewer or manufacturer of beer or strong beer or authorized
37 representative and all general sales corporations or agencies
38 maintained by them, and all of their trade representatives,
39 corporations, and agencies, shall and will faithfully comply with all

1 laws of the state of Washington pertaining to the sale of
2 intoxicating liquors and all rules ((and regulations)) of the
3 ((Washington state liquor control)) board. A violation of the terms
4 of this agreement will cause the board to take action to suspend or
5 revoke such certificate.

6 (4) The fee for the certificate of approval and related
7 endorsements, issued pursuant to the provisions of this title, shall
8 be from time to time established by the board at a level that is
9 sufficient to defray the costs of administering the certificate of
10 approval program. The fee shall be fixed by rule by the board in
11 accordance with the provisions of the administrative procedure act,
12 chapter 34.05 RCW.

13 (5) Certificate of approval holders are deemed to have consented
14 to the jurisdiction of Washington concerning enforcement of this
15 chapter and all laws and rules related to the sale and shipment of
16 beer.

17 **Sec. 45.** RCW 66.24.290 and 2010 1st sp.s. c 23 s 1301 are each
18 amended to read as follows:

19 (1) Any microbrewer or domestic brewery or beer distributor
20 licensed under this title may sell and deliver beer and strong beer
21 to holders of authorized licenses direct, but to no other person,
22 other than the board. Any certificate of approval holder authorized
23 to act as a distributor under RCW 66.24.270 shall pay the taxes
24 imposed by this section.

25 (a) Every such brewery or beer distributor shall report all sales
26 to the board monthly, pursuant to the regulations, and shall pay to
27 the board as an added tax for the privilege of manufacturing and
28 selling the beer and strong beer within the state a tax of one dollar
29 and thirty cents per barrel of thirty-one gallons on sales to
30 licensees within the state and on sales to licensees within the state
31 of bottled and canned beer, including strong beer, shall pay a tax
32 computed in gallons at the rate of one dollar and thirty cents per
33 barrel of thirty-one gallons.

34 (b) Any brewery or beer distributor whose applicable tax payment
35 is not postmarked by the twentieth day following the month of sale
36 will be assessed a penalty at the rate of two percent per month or
37 fraction thereof. Beer and strong beer shall be sold by breweries and
38 distributors in sealed barrels or packages.

1 (c) The moneys collected under this subsection shall be
2 distributed as follows: (i) Three-tenths of a percent shall be
3 distributed to border areas under RCW 66.08.195; and (ii) of the
4 remaining moneys: (A) Twenty percent shall be distributed to counties
5 in the same manner as under RCW 66.08.200; and (B) eighty percent
6 shall be distributed to incorporated cities and towns in the same
7 manner as under RCW 66.08.210.

8 (d) Any licensed retailer authorized to purchase beer from a
9 certificate of approval holder with a direct shipment endorsement or
10 a brewery or microbrewery shall make monthly reports to the (~~liquor~~
11 ~~control~~) board on beer purchased during the preceding calendar month
12 in the manner and upon such forms as may be prescribed by the board.

13 (2) An additional tax is imposed on all beer and strong beer
14 subject to tax under subsection (1) of this section. The additional
15 tax is equal to two dollars per barrel of thirty-one gallons. All
16 revenues collected during any month from this additional tax shall be
17 deposited in the state general fund by the twenty-fifth day of the
18 following month.

19 (3)(a) An additional tax is imposed on all beer and strong beer
20 subject to tax under subsection (1) of this section. The additional
21 tax is equal to (~~ninety-six cents per barrel of thirty-one gallons~~
22 ~~through June 30, 1995, two dollars and thirty-nine cents per barrel~~
23 ~~of thirty-one gallons for the period July 1, 1995, through June 30,~~
24 ~~1997, and~~) four dollars and seventy-eight cents per barrel of
25 thirty-one gallons (~~thereafter~~).

26 (b) The additional tax imposed under this subsection does not
27 apply to the sale of the first sixty thousand barrels of beer each
28 year by breweries that are entitled to a reduced rate of tax under
29 U.S.C. Sec. 5051, as existing on July 1, 1993, or such subsequent
30 date as may be provided by the board by rule consistent with the
31 purposes of this exemption.

32 (c) All revenues collected from the additional tax imposed under
33 this subsection (3) shall be deposited in the state general fund.

34 (4) An additional tax is imposed on all beer and strong beer that
35 is subject to tax under subsection (1) of this section that is in the
36 first sixty thousand barrels of beer and strong beer by breweries
37 that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051,
38 as existing on July 1, 1993, or such subsequent date as may be
39 provided by the board by rule consistent with the purposes of the
40 exemption under subsection (3)(b) of this section. The additional tax

1 is equal to one dollar and forty-eight and two-tenths cents per
2 barrel of thirty-one gallons. By the twenty-fifth day of the
3 following month, three percent of the revenues collected from this
4 additional tax shall be distributed to border areas under RCW
5 66.08.195 and the remaining moneys shall be transferred to the state
6 general fund.

7 ~~(5) ((a) From June 1, 2010, through June 30, 2013, an additional~~
8 ~~tax is imposed on all beer and strong beer subject to tax under~~
9 ~~subsection (1) of this section. The additional tax is equal to~~
10 ~~fifteen dollars and fifty cents per barrel of thirty-one gallons.~~

11 ~~(b) The additional tax imposed under this subsection does not~~
12 ~~apply to the sale of the first sixty thousand barrels of beer each~~
13 ~~year by breweries that are entitled to a reduced rate of tax under 26~~
14 ~~U.S.C. Sec. 5051 of the federal internal revenue code, as existing on~~
15 ~~July 1, 1993, or such subsequent date as may be provided by the board~~
16 ~~by rule consistent with the purposes of this exemption.~~

17 ~~(c) All revenues collected from the additional tax imposed under~~
18 ~~this subsection shall be deposited in the state general fund.~~

19 ~~(6))~~ The board may make refunds for all taxes paid on beer and
20 strong beer exported from the state for use outside the state.

21 ~~((7))~~ (6) The board may require filing with the board of a bond
22 to be approved by it, in such amount as the board may fix, securing
23 the payment of the tax. If any licensee fails to pay the tax when
24 due, the board may forthwith suspend or cancel his or her license
25 until all taxes are paid.

26 **Sec. 46.** RCW 66.24.480 and 2012 c 117 s 281 are each amended to
27 read as follows:

28 "Bottle club" means a club or association operating for profit or
29 otherwise and conducting or maintaining premises in which the members
30 or other persons may resort for the primary or incidental purpose of
31 keeping or consuming liquor on the premises.

32 Except as permitted under a license issued by the ~~((Washington~~
33 ~~state liquor control))~~ board, it is unlawful for any person to
34 conduct or maintain by himself or herself or by associating with
35 others, or to in any manner aid, assist, or abet in conducting or
36 maintaining a bottle club.

37 **Sec. 47.** RCW 66.24.481 and 2008 c 94 s 9 are each amended to
38 read as follows:

1 No public place or club, or agent, servant or employee thereof,
2 shall keep or allow to be kept, either by itself, its agent, servant
3 or employee, or any other person, any liquor in any place maintained
4 or conducted by such public place or club, nor shall it permit the
5 drinking of any liquor in any such place, unless the sale of liquor
6 in said place is authorized by virtue of a valid and subsisting
7 license issued by the (~~Washington state liquor control~~) board, or
8 the consumption of liquor in said place is authorized by a special
9 banquet permit issued by said board. Every person who violates any
10 provision of this section shall be guilty of a gross misdemeanor.

11 "Public place," for purposes of this section only, shall mean in
12 addition to the definition set forth in RCW 66.04.010, any place to
13 which admission is charged or in which any pecuniary gain is realized
14 by the owner or operator of such place in selling or vending food or
15 soft drinks.

16 **Sec. 48.** RCW 66.24.495 and 1997 c 321 s 33 are each amended to
17 read as follows:

18 (1) There shall be a license to be designated as a nonprofit arts
19 organization license. This shall be a special license to be issued to
20 any nonprofit arts organization which sponsors and presents
21 productions or performances of an artistic or cultural nature in a
22 specific theater or other appropriate designated indoor premises
23 approved by the board. The license shall permit the licensee to sell
24 liquor to patrons of productions or performances for consumption on
25 the premises at these events. The fee for the license shall be two
26 hundred fifty dollars per annum.

27 (2) For the purposes of this section, the term "nonprofit arts
28 organization" means an organization which is organized and operated
29 for the purpose of providing artistic or cultural exhibitions,
30 presentations, or performances or cultural or art education programs,
31 as defined in subsection (3) of this section, for viewing or
32 attendance by the general public. The organization must be a not-for-
33 profit corporation under chapter 24.03 RCW and managed by a governing
34 board of not less than eight individuals none of whom is a paid
35 employee of the organization or by a corporation sole under chapter
36 24.12 RCW. In addition, the corporation must satisfy the following
37 conditions:

38 (a) No part of its income may be paid directly or indirectly to
39 its members, stockholders, officers, directors, or trustees except in

1 the form of services rendered by the corporation in accordance with
2 its purposes and bylaws;

3 (b) Salary or compensation paid to its officers and executives
4 must be only for actual services rendered, and at levels comparable
5 to the salary or compensation of like positions within the state;

6 (c) Assets of the corporation must be irrevocably dedicated to
7 the activities for which the license is granted and, on the
8 liquidation, dissolution, or abandonment by the corporation, may not
9 inure directly or indirectly to the benefit of any member or
10 individual except a nonprofit organization, association, or
11 corporation;

12 (d) The corporation must be duly licensed or certified when
13 licensing or certification is required by law or regulation;

14 (e) The proceeds derived from sales of liquor, except for
15 reasonable operating costs, must be used in furtherance of the
16 purposes of the organization;

17 (f) Services must be available regardless of race, color,
18 national origin, or ancestry; and

19 (g) The (~~liquor control~~) board shall have access to its books
20 in order to determine whether the corporation is entitled to a
21 license.

22 (3) The term "artistic or cultural exhibitions, presentations, or
23 performances or cultural or art education programs" includes and is
24 limited to:

25 (a) An exhibition or presentation of works of art or objects of
26 cultural or historical significance, such as those commonly displayed
27 in art or history museums;

28 (b) A musical or dramatic performance or series of performances;
29 or

30 (c) An educational seminar or program, or series of such
31 programs, offered by the organization to the general public on an
32 artistic, cultural, or historical subject.

33 **Sec. 49.** RCW 66.28.035 and 2016 c 235 s 14 are each amended to
34 read as follows:

35 (1) By the 20th day of each month, all spirits certificate of
36 approval holders must file with the board, in a form and manner
37 required by the board, a report of all spirits delivered to
38 purchasers in this state during the preceding month. Copies of the
39 invoices for all such purchases or other information required by the

1 board that would disclose the identity of the purchasers must be made
2 available upon request.

3 (2) A spirits certificate of approval holder may not ship or
4 cause to be transported into this state any spirits unless the
5 purchaser to whom the spirits are to be delivered is:

6 (a) Licensed by the board to sell spirits in this state, and the
7 license is in good standing; or

8 (b) Otherwise legally authorized to sell spirits in this state.

9 (3) The (~~liquor and cannabis~~) board must maintain on its web
10 site a list of all purchasers that meet the conditions of subsection
11 (2) of this section.

12 (4) A violation of this section is grounds for suspension of a
13 spirits certificate of approval license in accordance with RCW
14 66.08.150, in addition to any punishment as may be authorized by RCW
15 66.28.030.

16 **Sec. 50.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to
17 read as follows:

18 Except as permitted by the board under RCW 66.20.010, no domestic
19 brewery, microbrewery, distributor, distiller, domestic winery,
20 importer, rectifier, certificate of approval holder, or other
21 manufacturer of liquor may, within the state of Washington, give to
22 any person any liquor; but nothing in this section nor in RCW
23 66.28.305 prevents a domestic brewery, microbrewery, distributor,
24 domestic winery, distiller, certificate of approval holder, or
25 importer from furnishing samples of beer, wine, or spirituous liquor
26 to authorized licensees for the purpose of negotiating a sale, in
27 accordance with (~~regulations~~) rules adopted by the (~~liquor and~~
28 ~~cannabis~~) board, provided that the samples are subject to taxes
29 imposed by RCW 66.24.290 and 66.24.210; nothing in this section
30 prevents a domestic brewery, microbrewery, domestic winery,
31 distillery, certificate of approval holder, or distributor from
32 furnishing beer, wine, or spirituous liquor for instructional
33 purposes under RCW 66.28.150; nothing in this section prevents a
34 domestic winery, certificate of approval holder, or distributor from
35 furnishing wine without charge, subject to the taxes imposed by RCW
36 66.24.210, to a not-for-profit group organized and operated solely
37 for the purpose of enology or the study of viticulture which has been
38 in existence for at least six months and that uses wine so furnished
39 solely for such educational purposes or a domestic winery, or an out-

1 of-state certificate of approval holder, from furnishing wine without
2 charge or a domestic brewery, or an out-of-state certificate of
3 approval holder, from furnishing beer without charge, subject to the
4 taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller
5 licensed under RCW 66.24.140 or an accredited representative of a
6 distiller, manufacturer, importer, or distributor of spirituous
7 liquor licensed under RCW 66.24.310, from furnishing spirits without
8 charge, to a nonprofit charitable corporation or association exempt
9 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal
10 revenue code of 1986 for use consistent with the purpose or purposes
11 entitling it to such exemption; nothing in this section prevents a
12 domestic brewery or microbrewery from serving beer without charge, on
13 the brewery premises; nothing in this section prevents donations of
14 wine for the purposes of RCW 66.12.180; nothing in this section
15 prevents a domestic winery from serving wine without charge, on the
16 winery premises; and nothing in this section prevents a craft
17 distillery from serving spirits, on the distillery premises subject
18 to RCW 66.24.145.

19 **Sec. 51.** RCW 66.40.030 and 2015 c 153 s 2 are each amended to
20 read as follows:

21 (1) Within any election unit referred to in RCW 66.40.010,
22 subject to the exception specified in subsection (2) of this section,
23 a separate election may be held upon the question of whether the sale
24 of liquor under spirits, beer, and wine restaurant; spirits, beer,
25 and wine private club; spirits, beer, and wine nightclub; and sports
26 entertainment facility licenses, must be permitted within the
27 election unit. The conditions and procedure for holding the election
28 are prescribed by RCW 66.40.020, 66.40.040, 66.40.100, 66.40.110, and
29 66.40.120. Whenever a majority of qualified voters voting upon the
30 question in the election unit vote "against the sale of liquor under
31 spirits, beer, and wine restaurant; spirits, beer, and wine private
32 club; spirits, beer, and wine nightclub; and sports entertainment
33 facility licenses," the county auditor must file with the (~~liquor~~
34 ~~control~~) board a certificate showing the result of the canvass at
35 the election. Ninety days after the date of that canvass, it is
36 unlawful for licensees to maintain and operate premises within the
37 election unit licensed under spirits, beer, and wine restaurant;
38 spirits, beer, and wine private club; spirits, beer, and wine
39 nightclub; and sports entertainment facility licenses.

1 (2) The addition after an election under subsection (1) of this
2 section of new territory to the election unit by annexation,
3 disincorporation, or otherwise does not extend the prohibition
4 against the sale of liquor under spirits, beer, and wine restaurant;
5 spirits, beer, and wine private club; spirits, beer, and wine
6 nightclub; and sports entertainment facility licenses to the new
7 territory. Furthermore, the new territory is not: (a) Within the
8 election unit in any subsequent election under subsection (1) of this
9 section; or (b) subject to any prohibition adopted pursuant to any
10 subsequent election under subsection (1) of this section.

11 (3) Elections held under RCW 66.40.010, 66.40.020, 66.40.040,
12 66.40.100, 66.40.110, 66.40.120, and 66.40.140 are limited to the
13 question of whether the sale of liquor by means other than under
14 spirits, beer, and wine restaurant; spirits, beer, and wine private
15 club; spirits, beer, and wine nightclub; and sports entertainment
16 facility licenses is permitted within the election unit.

17 **Sec. 52.** RCW 66.40.140 and 2012 c 117 s 288 are each amended to
18 read as follows:

19 Whenever a majority of qualified voters voting upon said question
20 in any such unit shall have voted "Against sale of liquor," the
21 county auditor shall file with the (~~(liquor control)~~) board a
22 certificate showing the result of the canvass at such election; and
23 thereafter, except as hereinafter provided, it shall not be lawful
24 for a liquor store to be operated therein nor for licensees to
25 maintain and operate licensed premises therein except as hereinafter
26 provided:

27 (1) As to any stores maintained by the board within any such unit
28 at the time of such licensing, the board shall have a period of
29 thirty days from and after the date of the canvass of the vote upon
30 such election to continue operation of its store or stores therein.

31 (2) As to any premises licensed hereunder within any such unit at
32 the time of such election, such licensee shall have a period of sixty
33 days from and after the date of the canvass of the vote upon such
34 election in which to discontinue operation of its store or stores
35 therein.

36 (3) Nothing herein contained shall prevent any distillery,
37 brewery, rectifying plant or winery or the licensed operators thereof
38 from selling its manufactured product, manufactured within such unit,
39 outside the boundaries thereof.

1 (4) Nothing herein contained shall prevent any person residing in
2 any unit in which the sale of liquor shall have been forbidden by
3 popular vote as herein provided, who is otherwise qualified to
4 receive and hold a permit under this title, from lawfully purchasing
5 without the unit and transporting into or receiving within the unit,
6 liquor lawfully purchased by him or her outside the boundaries of
7 such unit.

8 **Sec. 53.** RCW 66.44.290 and 2003 c 53 s 301 are each amended to
9 read as follows:

10 (1) Every person under the age of twenty-one years who purchases
11 or attempts to purchase liquor shall be guilty of a violation of this
12 title. This section does not apply to persons between the ages of
13 eighteen and twenty-one years who are participating in a controlled
14 purchase program authorized by the ((~~liquor control~~)) board under
15 rules adopted by the board. Violations occurring under a private,
16 controlled purchase program authorized by the ((~~liquor control~~))
17 board may not be used for criminal or administrative prosecution.

18 (2) An employer who conducts an in-house controlled purchase
19 program authorized under this section shall provide his or her
20 employees a written description of the employer's in-house controlled
21 purchase program. The written description must include notice of
22 actions an employer may take as a consequence of an employee's
23 failure to comply with company policies regarding the sale of alcohol
24 during an in-house controlled purchase.

25 (3) An in-house controlled purchase program authorized under this
26 section shall be for the purposes of employee training and employer
27 self-compliance checks. An employer may not terminate an employee
28 solely for a first-time failure to comply with company policies
29 regarding the sale of alcohol during an in-house controlled purchase
30 program authorized under this section.

31 (4) Every person between the ages of eighteen and twenty,
32 inclusive, who is convicted of a violation of this section is guilty
33 of a misdemeanor punishable as provided by RCW 9A.20.021, except that
34 a minimum fine of two hundred fifty dollars shall be imposed and any
35 sentence requiring community restitution shall require not fewer than
36 twenty-five hours of community restitution.

37 **Sec. 54.** RCW 66.44.292 and 2012 c 117 s 292 are each amended to
38 read as follows:

1 The (~~Washington state liquor control~~) board shall furnish
2 notification of any hearing or hearings held, wherein any licensee or
3 his or her employee is found to have sold liquor to a minor, to the
4 prosecuting attorney of the county in which the sale took place, upon
5 which the prosecuting attorney may formulate charges against said
6 minor or minors for such violation of RCW 66.44.290 as may appear.

7 **Sec. 55.** RCW 66.44.310 and 2007 c 370 s 12 are each amended to
8 read as follows:

9 (1) Except as otherwise provided by RCW 66.44.316, 66.44.350, and
10 66.24.590, it shall be a misdemeanor:

11 (a) To serve or allow to remain in any area classified by the
12 board as off-limits to any person under the age of twenty-one years;

13 (b) For any person under the age of twenty-one years to enter or
14 remain in any area classified as off-limits to such a person, but
15 persons under twenty-one years of age may pass through a restricted
16 area in a facility holding a spirits, beer, and wine private club
17 license;

18 (c) For any person under the age of twenty-one years to represent
19 his or her age as being twenty-one or more years for the purpose of
20 purchasing liquor or securing admission to, or remaining in any area
21 classified by the board as off-limits to such a person.

22 (2) The (~~Washington state liquor control~~) board shall have the
23 power and it shall be its duty to classify licensed premises or
24 portions of licensed premises as off-limits to persons under the age
25 of twenty-one years of age.

26 **Sec. 56.** RCW 66.44.350 and 2016 c 235 s 16 are each amended to
27 read as follows:

28 Notwithstanding provisions of RCW 66.44.310, employees of
29 businesses holding beer and/or wine restaurant; beer and/or wine
30 private club; snack bar; spirits, beer, and wine restaurant; spirits,
31 beer, and wine private club; catering; and sports entertainment
32 facility licenses who are between eighteen and twenty-one years of
33 age may take orders for, serve, and sell liquor in any part of the
34 licensed premises except cocktail lounges, bars, or other areas
35 classified by the (~~Washington state liquor and cannabis~~) board as
36 off-limits to persons under twenty-one years of age(~~(:—PROVIDED,~~
37 ~~That~~)). Such employees may enter such restricted areas to perform
38 work assignments including picking up liquor for service in other

1 parts of the licensed premises, performing clean up work, setting up
2 and arranging tables, delivering supplies, delivering messages,
3 serving food, and seating patrons(~~(= PROVIDED FURTHER, That)~~). Such
4 employees must remain in the areas off-limits to minors no longer
5 than is necessary to carry out their aforementioned duties(~~(=~~
6 ~~PROVIDED FURTHER, That such employees)~~) and are not (~~(be)~~) permitted
7 (~~(= are not permitted)~~) to perform activities or functions of a
8 bartender.

9 **Sec. 57.** RCW 67.70.070 and 2012 c 117 s 308 are each amended to
10 read as follows:

11 No license as an agent to sell lottery tickets or shares may be
12 issued to any person to engage in business exclusively as a lottery
13 sales agent. Before issuing a license, the director shall consider
14 such factors as: (1) The financial responsibility and security of the
15 person and his or her business or activity, (2) the accessibility of
16 his or her place of business or activity to the public, (3) the
17 sufficiency of existing licenses to serve the public convenience, and
18 (4) the volume of expected sales.

19 For purposes of this section, the term "person" means an
20 individual, association, corporation, club, trust, estate, society,
21 company, joint stock company, receiver, trustee, assignee, referee,
22 or any other person acting in a fiduciary or representative capacity,
23 whether appointed by a court or otherwise, and any combination of
24 individuals. "Person" does not mean any department, commission,
25 agency, or instrumentality of the state, or any county or
26 municipality or any agency or instrumentality thereof, except for
27 retail outlets of the Washington state liquor (~~(control)~~) and
28 cannabis board.

29 **Sec. 58.** RCW 69.07.210 and 2017 c 138 s 5 are each amended to
30 read as follows:

31 The department of agriculture, (~~(state liquor and cannabis)~~)
32 board, and department of revenue shall take the necessary steps to
33 ensure that RCW 69.07.200 is implemented on its effective date.

34 **Sec. 59.** RCW 69.50.101 and 2018 c 132 s 2 are each reenacted and
35 amended to read as follows:

36 The definitions in this section apply throughout this chapter
37 unless the context clearly requires otherwise.

1 (a) "Administer" means to apply a controlled substance, whether
2 by injection, inhalation, ingestion, or any other means, directly to
3 the body of a patient or research subject by:

4 (1) a practitioner authorized to prescribe (or, by the
5 practitioner's authorized agent); or

6 (2) the patient or research subject at the direction and in the
7 presence of the practitioner.

8 (b) "Agent" means an authorized person who acts on behalf of or
9 at the direction of a manufacturer, distributor, or dispenser. It
10 does not include a common or contract carrier, public
11 warehouseperson, or employee of the carrier or warehouseperson.

12 (c) "CBD concentration" has the meaning provided in RCW
13 69.51A.010.

14 (d) "CBD product" means any product containing or consisting of
15 cannabidiol.

16 (e) "Commission" means the pharmacy quality assurance commission.

17 (f) "Controlled substance" means a drug, substance, or immediate
18 precursor included in Schedules I through V as set forth in federal
19 or state laws, or federal or commission rules, but does not include
20 industrial hemp as defined in RCW 15.120.010.

21 (g)(1) "Controlled substance analog" means a substance the
22 chemical structure of which is substantially similar to the chemical
23 structure of a controlled substance in Schedule I or II and:

24 (i) that has a stimulant, depressant, or hallucinogenic effect on
25 the central nervous system substantially similar to the stimulant,
26 depressant, or hallucinogenic effect on the central nervous system of
27 a controlled substance included in Schedule I or II; or

28 (ii) with respect to a particular individual, that the individual
29 represents or intends to have a stimulant, depressant, or
30 hallucinogenic effect on the central nervous system substantially
31 similar to the stimulant, depressant, or hallucinogenic effect on the
32 central nervous system of a controlled substance included in Schedule
33 I or II.

34 (2) The term does not include:

35 (i) a controlled substance;

36 (ii) a substance for which there is an approved new drug
37 application;

38 (iii) a substance with respect to which an exemption is in effect
39 for investigational use by a particular person under Section 505 of
40 the federal food, drug, and cosmetic act, 21 U.S.C. Sec. 355, or

1 chapter 69.77 RCW to the extent conduct with respect to the substance
2 is pursuant to the exemption; or

3 (iv) any substance to the extent not intended for human
4 consumption before an exemption takes effect with respect to the
5 substance.

6 (h) "Deliver" or "delivery" means the actual or constructive
7 transfer from one person to another of a substance, whether or not
8 there is an agency relationship.

9 (i) "Department" means the department of health.

10 (j) "Designated provider" has the meaning provided in RCW
11 69.51A.010.

12 (k) "Dispense" means the interpretation of a prescription or
13 order for a controlled substance and, pursuant to that prescription
14 or order, the proper selection, measuring, compounding, labeling, or
15 packaging necessary to prepare that prescription or order for
16 delivery.

17 (l) "Dispenser" means a practitioner who dispenses.

18 (m) "Distribute" means to deliver other than by administering or
19 dispensing a controlled substance.

20 (n) "Distributor" means a person who distributes.

21 (o) "Drug" means (1) a controlled substance recognized as a drug
22 in the official United States pharmacopoeia/national formulary or the
23 official homeopathic pharmacopoeia of the United States, or any
24 supplement to them; (2) controlled substances intended for use in the
25 diagnosis, cure, mitigation, treatment, or prevention of disease in
26 individuals or animals; (3) controlled substances (other than food)
27 intended to affect the structure or any function of the body of
28 individuals or animals; and (4) controlled substances intended for
29 use as a component of any article specified in (1), (2), or (3) of
30 this subsection. The term does not include devices or their
31 components, parts, or accessories.

32 (p) "Drug enforcement administration" means the drug enforcement
33 administration in the United States Department of Justice, or its
34 successor agency.

35 (q) "Electronic communication of prescription information" means
36 the transmission of a prescription or refill authorization for a drug
37 of a practitioner using computer systems. The term does not include a
38 prescription or refill authorization verbally transmitted by
39 telephone nor a facsimile manually signed by the practitioner.

1 (r) "Immature plant or clone" means a plant or clone that has no
2 flowers, is less than twelve inches in height, and is less than
3 twelve inches in diameter.

4 (s) "Immediate precursor" means a substance:

5 (1) that the commission has found to be and by rule designates as
6 being the principal compound commonly used, or produced primarily for
7 use, in the manufacture of a controlled substance;

8 (2) that is an immediate chemical intermediary used or likely to
9 be used in the manufacture of a controlled substance; and

10 (3) the control of which is necessary to prevent, curtail, or
11 limit the manufacture of the controlled substance.

12 (t) "Isomer" means an optical isomer, but in subsection (ff)(5)
13 of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b)(4),
14 the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and
15 (42), and 69.50.210(c) the term includes any positional isomer; and
16 in RCW 69.50.204(a)(35), 69.50.204(c), and 69.50.208(a) the term
17 includes any positional or geometric isomer.

18 (u) "Lot" means a definite quantity of marijuana, marijuana
19 concentrates, useable marijuana, or marijuana-infused product
20 identified by a lot number, every portion or package of which is
21 uniform within recognized tolerances for the factors that appear in
22 the labeling.

23 (v) "Lot number" must identify the licensee by business or trade
24 name and Washington state unified business identifier number, and the
25 date of harvest or processing for each lot of marijuana, marijuana
26 concentrates, useable marijuana, or marijuana-infused product.

27 (w) "Manufacture" means the production, preparation, propagation,
28 compounding, conversion, or processing of a controlled substance,
29 either directly or indirectly or by extraction from substances of
30 natural origin, or independently by means of chemical synthesis, or
31 by a combination of extraction and chemical synthesis, and includes
32 any packaging or repackaging of the substance or labeling or
33 relabeling of its container. The term does not include the
34 preparation, compounding, packaging, repackaging, labeling, or
35 relabeling of a controlled substance:

36 (1) by a practitioner as an incident to the practitioner's
37 administering or dispensing of a controlled substance in the course
38 of the practitioner's professional practice; or

39 (2) by a practitioner, or by the practitioner's authorized agent
40 under the practitioner's supervision, for the purpose of, or as an

1 incident to, research, teaching, or chemical analysis and not for
2 sale.

3 (x) "Marijuana" or "marihuana" means all parts of the plant
4 *Cannabis*, whether growing or not, with a THC concentration greater
5 than 0.3 percent on a dry weight basis; the seeds thereof; the resin
6 extracted from any part of the plant; and every compound,
7 manufacture, salt, derivative, mixture, or preparation of the plant,
8 its seeds or resin. The term does not include:

9 (1) The mature stalks of the plant, fiber produced from the
10 stalks, oil or cake made from the seeds of the plant, any other
11 compound, manufacture, salt, derivative, mixture, or preparation of
12 the mature stalks (except the resin extracted therefrom), fiber, oil,
13 or cake, or the sterilized seed of the plant which is incapable of
14 germination; or

15 (2) Industrial hemp as defined in RCW 15.120.010.

16 (y) "Marijuana concentrates" means products consisting wholly or
17 in part of the resin extracted from any part of the plant *Cannabis*
18 and having a THC concentration greater than ten percent.

19 (z) "Marijuana processor" means a person licensed by the (~~state~~
20 ~~liquor and cannabis~~) board to process marijuana into marijuana
21 concentrates, useable marijuana, and marijuana-infused products,
22 package and label marijuana concentrates, useable marijuana, and
23 marijuana-infused products for sale in retail outlets, and sell
24 marijuana concentrates, useable marijuana, and marijuana-infused
25 products at wholesale to marijuana retailers.

26 (aa) "Marijuana producer" means a person licensed by the (~~state~~
27 ~~liquor and cannabis~~) board to produce and sell marijuana at
28 wholesale to marijuana processors and other marijuana producers.

29 (bb) "Marijuana products" means useable marijuana, marijuana
30 concentrates, and marijuana-infused products as defined in this
31 section.

32 (cc) "Marijuana researcher" means a person licensed by the
33 (~~state liquor and cannabis~~) board to produce, process, and possess
34 marijuana for the purposes of conducting research on marijuana and
35 marijuana-derived drug products.

36 (dd) "Marijuana retailer" means a person licensed by the (~~state~~
37 ~~liquor and cannabis~~) board to sell marijuana concentrates, useable
38 marijuana, and marijuana-infused products in a retail outlet.

39 (ee) "Marijuana-infused products" means products that contain
40 marijuana or marijuana extracts, are intended for human use, are

1 derived from marijuana as defined in subsection (x) of this section,
2 and have a THC concentration no greater than ten percent. The term
3 "marijuana-infused products" does not include either useable
4 marijuana or marijuana concentrates.

5 (ff) "Narcotic drug" means any of the following, whether produced
6 directly or indirectly by extraction from substances of vegetable
7 origin, or independently by means of chemical synthesis, or by a
8 combination of extraction and chemical synthesis:

9 (1) Opium, opium derivative, and any derivative of opium or opium
10 derivative, including their salts, isomers, and salts of isomers,
11 whenever the existence of the salts, isomers, and salts of isomers is
12 possible within the specific chemical designation. The term does not
13 include the isoquinoline alkaloids of opium.

14 (2) Synthetic opiate and any derivative of synthetic opiate,
15 including their isomers, esters, ethers, salts, and salts of isomers,
16 esters, and ethers, whenever the existence of the isomers, esters,
17 ethers, and salts is possible within the specific chemical
18 designation.

19 (3) Poppy straw and concentrate of poppy straw.

20 (4) Coca leaves, except coca leaves and extracts of coca leaves
21 from which cocaine, ecgonine, and derivatives or ecgonine or their
22 salts have been removed.

23 (5) Cocaine, or any salt, isomer, or salt of isomer thereof.

24 (6) Cocaine base.

25 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer
26 thereof.

27 (8) Any compound, mixture, or preparation containing any quantity
28 of any substance referred to in subparagraphs (1) through (7).

29 (gg) "Opiate" means any substance having an addiction-forming or
30 addiction-sustaining liability similar to morphine or being capable
31 of conversion into a drug having addiction-forming or addiction-
32 sustaining liability. The term includes opium, substances derived
33 from opium (opium derivatives), and synthetic opiates. The term does
34 not include, unless specifically designated as controlled under RCW
35 69.50.201, the dextrorotatory isomer of 3-methoxy-n-methylmorphinan
36 and its salts (dextromethorphan). The term includes the racemic and
37 levorotatory forms of dextromethorphan.

38 (hh) "Opium poppy" means the plant of the species *Papaver*
39 *somniferum* L., except its seeds.

1 (ii) "Person" means individual, corporation, business trust,
2 estate, trust, partnership, association, joint venture, government,
3 governmental subdivision or agency, or any other legal or commercial
4 entity.

5 (jj) "Plant" has the meaning provided in RCW 69.51A.010.

6 (kk) "Poppy straw" means all parts, except the seeds, of the
7 opium poppy, after mowing.

8 (ll) "Practitioner" means:

9 (1) A physician under chapter 18.71 RCW; a physician assistant
10 under chapter 18.71A RCW; an osteopathic physician and surgeon under
11 chapter 18.57 RCW; an osteopathic physician assistant under chapter
12 18.57A RCW who is licensed under RCW 18.57A.020 subject to any
13 limitations in RCW 18.57A.040; an optometrist licensed under chapter
14 18.53 RCW who is certified by the optometry board under RCW 18.53.010
15 subject to any limitations in RCW 18.53.010; a dentist under chapter
16 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW;
17 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced
18 registered nurse practitioner, or licensed practical nurse under
19 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW
20 who is licensed under RCW 18.36A.030 subject to any limitations in
21 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific
22 investigator under this chapter, licensed, registered or otherwise
23 permitted insofar as is consistent with those licensing laws to
24 distribute, dispense, conduct research with respect to or administer
25 a controlled substance in the course of their professional practice
26 or research in this state.

27 (2) A pharmacy, hospital or other institution licensed,
28 registered, or otherwise permitted to distribute, dispense, conduct
29 research with respect to or to administer a controlled substance in
30 the course of professional practice or research in this state.

31 (3) A physician licensed to practice medicine and surgery, a
32 physician licensed to practice osteopathic medicine and surgery, a
33 dentist licensed to practice dentistry, a podiatric physician and
34 surgeon licensed to practice podiatric medicine and surgery, a
35 licensed physician assistant or a licensed osteopathic physician
36 assistant specifically approved to prescribe controlled substances by
37 his or her state's medical quality assurance commission or equivalent
38 and his or her supervising physician, an advanced registered nurse
39 practitioner licensed to prescribe controlled substances, or a

1 veterinarian licensed to practice veterinary medicine in any state of
2 the United States.

3 (mm) "Prescription" means an order for controlled substances
4 issued by a practitioner duly authorized by law or rule in the state
5 of Washington to prescribe controlled substances within the scope of
6 his or her professional practice for a legitimate medical purpose.

7 (nn) "Production" includes the manufacturing, planting,
8 cultivating, growing, or harvesting of a controlled substance.

9 (oo) "Qualifying patient" has the meaning provided in RCW
10 69.51A.010.

11 (pp) "Recognition card" has the meaning provided in RCW
12 69.51A.010.

13 (qq) "Retail outlet" means a location licensed by the ((state
14 ~~liquor and cannabis~~) board for the retail sale of marijuana
15 concentrates, useable marijuana, and marijuana-infused products.

16 (rr) "Secretary" means the secretary of health or the secretary's
17 designee.

18 (ss) "State," unless the context otherwise requires, means a
19 state of the United States, the District of Columbia, the
20 Commonwealth of Puerto Rico, or a territory or insular possession
21 subject to the jurisdiction of the United States.

22 (tt) "THC concentration" means percent of delta-9
23 tetrahydrocannabinol content per dry weight of any part of the plant
24 *Cannabis*, or per volume or weight of marijuana product, or the
25 combined percent of delta-9 tetrahydrocannabinol and
26 tetrahydrocannabinolic acid in any part of the plant *Cannabis*
27 regardless of moisture content.

28 (uu) "Ultimate user" means an individual who lawfully possesses a
29 controlled substance for the individual's own use or for the use of a
30 member of the individual's household or for administering to an
31 animal owned by the individual or by a member of the individual's
32 household.

33 (vv) "Useable marijuana" means dried marijuana flowers. The term
34 "useable marijuana" does not include either marijuana-infused
35 products or marijuana concentrates.

36 (ww) "Board" means the Washington state liquor and cannabis
37 board.

38 **Sec. 60.** RCW 69.50.325 and 2018 c 132 s 3 are each amended to
39 read as follows:

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

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

1 eighty-one dollars. A separate license shall be required for each
2 location at which a marijuana processor intends to process marijuana.

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

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

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

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

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

37 (B) The (~~state liquor and cannabis~~) board must require license
38 forfeiture on or before twenty-four calendar months of license
39 issuance if a marijuana retailer is not fully operational and open to
40 the public, unless the board determines that circumstances out of the

1 licensee's control are preventing the licensee from becoming fully
2 operational and that, in the board's discretion, the circumstances
3 warrant extending the forfeiture period beyond twenty-four calendar
4 months.

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

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

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

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

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

25 **Sec. 61.** RCW 69.50.326 and 2018 c 132 s 1 are each amended to
26 read as follows:

27 (1) Licensed marijuana producers and licensed marijuana
28 processors may use a CBD product as an additive for the purpose of
29 enhancing the cannabidiol concentration of any product authorized for
30 production, processing, and sale under this chapter. Except as
31 otherwise provided in subsection (2) of this section, such CBD
32 product additives must be lawfully produced by, or purchased from, a
33 producer or processor licensed under this chapter.

34 (2) Subject to the requirements set forth in (a) and (b) of this
35 subsection, and for the purpose of enhancing the cannabidiol
36 concentration of any product authorized for production, processing,
37 or sale under this chapter, licensed marijuana producers and licensed
38 marijuana processors may use a CBD product obtained from a source not
39 licensed under this chapter, provided the CBD product:

1 (a) Has a THC level of 0.3 percent or less on a dry weight basis;
2 and

3 (b) Has been tested for contaminants and toxins by a testing
4 laboratory accredited under this chapter and in accordance with
5 testing standards established under this chapter and the applicable
6 administrative rules.

7 (3) Subject to the requirements of this subsection (3), the
8 (~~liquor and cannabis~~) board may enact rules necessary to implement
9 the requirements of this section. Such rule making is limited to
10 regulations pertaining to laboratory testing and product safety
11 standards for those cannabidiol products used by licensed producers
12 and processors in the manufacture of marijuana products marketed by
13 licensed retailers under this chapter (~~69.50 RCW~~). The purpose of
14 such rule making must be to ensure the safety and purity of
15 cannabidiol products used by marijuana producers and processors
16 licensed under this chapter (~~69.50 RCW~~) and incorporated into
17 products sold by licensed recreational marijuana retailers. This
18 rule-making authority does not include the authority to enact rules
19 regarding either the production or processing practices of the
20 industrial hemp industry or any cannabidiol products that are sold or
21 marketed outside of the regulatory framework established under this
22 chapter (~~69.50 RCW~~).

23 **Sec. 62.** RCW 69.50.331 and 2017 c 317 s 2 are each amended to
24 read as follows:

25 (1) For the purpose of considering any application for a license
26 to produce, process, research, transport, or deliver marijuana,
27 useable marijuana, marijuana concentrates, or marijuana-infused
28 products subject to the (~~regulations established~~) rules adopted
29 under RCW 69.50.385, or sell marijuana, or for the renewal of a
30 license to produce, process, research, transport, or deliver
31 marijuana, useable marijuana, marijuana concentrates, or marijuana-
32 infused products subject to the (~~regulations established~~) rules
33 adopted under RCW 69.50.385, or sell marijuana, the (~~state liquor~~
34 ~~and cannabis~~) board must conduct a comprehensive, fair, and
35 impartial evaluation of the applications timely received.

36 (a) The (~~state liquor and cannabis~~) board may cause an
37 inspection of the premises to be made, and may inquire into all
38 matters in connection with the construction and operation of the
39 premises. For the purpose of reviewing any application for a license

1 and for considering the denial, suspension, revocation, or renewal or
2 denial thereof, of any license, the ((state liquor and cannabis))
3 board may consider any prior criminal conduct of the applicant
4 including an administrative violation history record with the ((state
5 liquor and cannabis)) board and a criminal history record information
6 check. The ((state liquor and cannabis)) board may submit the
7 criminal history record information check to the Washington state
8 patrol and to the identification division of the federal bureau of
9 investigation in order that these agencies may search their records
10 for prior arrests and convictions of the individual or individuals
11 who filled out the forms. The ((state liquor and cannabis)) board
12 must require fingerprinting of any applicant whose criminal history
13 record information check is submitted to the federal bureau of
14 investigation. The provisions of RCW 9.95.240 and of chapter 9.96A
15 RCW do not apply to these cases. Subject to the provisions of this
16 section, the ((state liquor and cannabis)) board may, in its
17 discretion, grant or deny the renewal or license applied for. Denial
18 may be based on, without limitation, the existence of chronic illegal
19 activity documented in objections submitted pursuant to subsections
20 (7)(c) and (10) of this section. Authority to approve an uncontested
21 or unopposed license may be granted by the ((state liquor and
22 cannabis)) board to any staff member the board designates in writing.
23 Conditions for granting this authority must be adopted by rule.

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

25 (i) A person under the age of twenty-one years;

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

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

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

36 (2)(a) The ((state liquor and cannabis)) board may, in its
37 discretion, subject to the provisions of RCW 69.50.334, suspend or
38 cancel any license; and all protections of the licensee from criminal
39 or civil sanctions under state law for producing, processing,
40 researching, or selling marijuana, marijuana concentrates, useable

1 marijuana, or marijuana-infused products thereunder must be suspended
2 or terminated, as the case may be.

3 (b) The (~~state liquor and cannabis~~) board must immediately
4 suspend the license of a person who has been certified pursuant to
5 RCW 74.20A.320 by the department of social and health services as a
6 person who is not in compliance with a support order. If the person
7 has continued to meet all other requirements for reinstatement during
8 the suspension, reissuance of the license is automatic upon the
9 (~~state liquor and cannabis~~) board's receipt of a release issued by
10 the department of social and health services stating that the
11 licensee is in compliance with the order.

12 (c) The (~~state liquor and cannabis~~) board may request the
13 appointment of administrative law judges under chapter 34.12 RCW who
14 shall have power to administer oaths, issue subpoenas for the
15 attendance of witnesses and the production of papers, books,
16 accounts, documents, and testimony, examine witnesses, and to receive
17 testimony in any inquiry, investigation, hearing, or proceeding in
18 any part of the state, under rules (~~and regulations the state liquor
19 and cannabis~~) adopted by the board (~~may adopt~~).

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

25 (e) In case of disobedience of any person to comply with the
26 order of the (~~state liquor and cannabis~~) board or a subpoena issued
27 by the (~~state liquor and cannabis~~) board, or any of its members, or
28 administrative law judges, or on the refusal of a witness to testify
29 to any matter regarding which he or she may be lawfully interrogated,
30 the judge of the superior court of the county in which the person
31 resides, on application of any member of the board or administrative
32 law judge, compels obedience by contempt proceedings, as in the case
33 of disobedience of the requirements of a subpoena issued from said
34 court or a refusal to testify therein.

35 (3) Upon receipt of notice of the suspension or cancellation of a
36 license, the licensee must forthwith deliver up the license to the
37 (~~state liquor and cannabis~~) board. Where the license has been
38 suspended only, the (~~state liquor and cannabis~~) board must return
39 the license to the licensee at the expiration or termination of the
40 period of suspension. The (~~state liquor and cannabis~~) board must

1 notify all other licensees in the county where the subject licensee
2 has its premises of the suspension or cancellation of the license;
3 and no other licensee or employee of another licensee may allow or
4 cause any marijuana, marijuana concentrates, useable marijuana, or
5 marijuana-infused products to be delivered to or for any person at
6 the premises of the subject licensee.

7 (4) Every license issued under this chapter is subject to all
8 conditions and restrictions imposed by this chapter or by rules
9 adopted by the (~~state liquor and cannabis~~) board to implement and
10 enforce this chapter. All conditions and restrictions imposed by the
11 (~~state liquor and cannabis~~) board in the issuance of an individual
12 license must be listed on the face of the individual license along
13 with the trade name, address, and expiration date.

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

16 (6) No licensee may employ any person under the age of twenty-one
17 years.

18 (7) (a) Before the (~~state liquor and cannabis~~) board issues a
19 new or renewed license to an applicant it must give notice of the
20 application to the chief executive officer of the incorporated city
21 or town, if the application is for a license within an incorporated
22 city or town, or to the county legislative authority, if the
23 application is for a license outside the boundaries of incorporated
24 cities or towns, or to the tribal government if the application is
25 for a license within Indian country, or to the port authority if the
26 application for a license is located on property owned by a port
27 authority.

28 (b) The incorporated city or town through the official or
29 employee selected by it, the county legislative authority or the
30 official or employee selected by it, the tribal government, or port
31 authority has the right to file with the (~~state liquor and
32 cannabis~~) board within twenty days after the date of transmittal of
33 the notice for applications, or at least thirty days prior to the
34 expiration date for renewals, written objections against the
35 applicant or against the premises for which the new or renewed
36 license is asked. The (~~state liquor and cannabis~~) board may extend
37 the time period for submitting written objections upon request from
38 the authority notified by the (~~state liquor and cannabis~~) board.

39 (c) The written objections must include a statement of all facts
40 upon which the objections are based, and in case written objections

1 are filed, the city or town or county legislative authority may
2 request, and the ((~~state liquor and cannabis~~)) board may in its
3 discretion hold, a hearing subject to the applicable provisions of
4 Title 34 RCW. If the ((~~state liquor and cannabis~~)) board makes an
5 initial decision to deny a license or renewal based on the written
6 objections of an incorporated city or town or county legislative
7 authority, the applicant may request a hearing subject to the
8 applicable provisions of Title 34 RCW. If a hearing is held at the
9 request of the applicant, ((~~state liquor and cannabis~~)) board
10 representatives must present and defend the ((~~state liquor and~~
11 ~~cannabis~~)) board's initial decision to deny a license or renewal.

12 (d) Upon the granting of a license under this title the ((~~state~~
13 ~~liquor and cannabis~~)) board must send written notification to the
14 chief executive officer of the incorporated city or town in which the
15 license is granted, or to the county legislative authority if the
16 license is granted outside the boundaries of incorporated cities or
17 towns.

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

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

33 (c) A city, county, or town may permit the licensing of research
34 premises allowed under RCW 69.50.372 within one thousand feet but not
35 less than one hundred feet of the facilities described in (a) of this
36 subsection by enacting an ordinance authorizing such distance
37 reduction, provided that the ordinance will not negatively impact the
38 jurisdiction's civil regulatory enforcement, criminal law
39 enforcement, public safety, or public health.

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

8 (i) Meets a security standard exceeding that which applies to
9 marijuana producer, processor, or retailer licensees;

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

12 (iii) Bears no advertising or signage indicating that it is a
13 marijuana research facility.

14 (e) The (~~state liquor and cannabis~~) board may not issue a
15 license for any premises within Indian country, as defined in 18
16 U.S.C. Sec. 1151, including any fee patent lands within the exterior
17 boundaries of a reservation, without the consent of the federally
18 recognized tribe associated with the reservation or Indian country.

19 (9) A city, town, or county may adopt an ordinance prohibiting a
20 marijuana producer or marijuana processor from operating or locating
21 a business within areas zoned primarily for residential use or rural
22 use with a minimum lot size of five acres or smaller.

23 (10) In determining whether to grant or deny a license or renewal
24 of any license, the (~~state liquor and cannabis~~) board must give
25 substantial weight to objections from an incorporated city or town or
26 county legislative authority based upon chronic illegal activity
27 associated with the applicant's operations of the premises proposed
28 to be licensed or the applicant's operation of any other licensed
29 premises, or the conduct of the applicant's patrons inside or outside
30 the licensed premises. "Chronic illegal activity" means (a) a
31 pervasive pattern of activity that threatens the public health,
32 safety, and welfare of the city, town, or county including, but not
33 limited to, open container violations, assaults, disturbances,
34 disorderly conduct, or other criminal law violations, or as
35 documented in crime statistics, police reports, emergency medical
36 response data, calls for service, field data, or similar records of a
37 law enforcement agency for the city, town, county, or any other
38 municipal corporation or any state agency; or (b) an unreasonably
39 high number of citations for violations of RCW 46.61.502 associated
40 with the applicant's or licensee's operation of any licensed premises

1 as indicated by the reported statements given to law enforcement upon
2 arrest.

3 **Sec. 63.** RCW 69.50.334 and 2015 2nd sp.s. c 4 s 201 are each
4 amended to read as follows:

5 (1) The action, order, or decision of the (~~state liquor and~~
6 ~~cannabis~~) board as to any denial of an application for the
7 reissuance of a license to produce, process, or sell marijuana, or as
8 to any revocation, suspension, or modification of any license to
9 produce, process, or sell marijuana, or as to the administrative
10 review of a notice of unpaid trust fund taxes under RCW 69.50.565,
11 must be an adjudicative proceeding and subject to the applicable
12 provisions of chapter 34.05 RCW.

13 (2) An opportunity for a hearing may be provided to an applicant
14 for the reissuance of a license prior to the disposition of the
15 application, and if no opportunity for a prior hearing is provided
16 then an opportunity for a hearing to reconsider the application must
17 be provided the applicant.

18 (3) An opportunity for a hearing must be provided to a licensee
19 prior to a revocation or modification of any license and, except as
20 provided in subsection (6) of this section, prior to the suspension
21 of any license.

22 (4) An opportunity for a hearing must be provided to any person
23 issued a notice of unpaid trust fund taxes under RCW 69.50.565.

24 (5) No hearing may be required under this section until demanded
25 by the applicant, licensee, or person issued a notice of unpaid trust
26 fund taxes under RCW 69.50.565.

27 (6) The (~~state liquor and cannabis~~) board may summarily suspend
28 a license for a period of up to one hundred eighty days without a
29 prior hearing if it finds that public health, safety, or welfare
30 imperatively require emergency action, and it incorporates a finding
31 to that effect in its order. Proceedings for revocation or other
32 action must be promptly instituted and determined. An administrative
33 law judge may extend the summary suspension period for up to one
34 calendar year from the first day of the initial summary suspension in
35 the event the proceedings for revocation or other action cannot be
36 completed during the initial one hundred eighty-day period due to
37 actions by the licensee. The (~~state liquor and cannabis~~) board's
38 enforcement division shall complete a preliminary staff investigation

1 of the violation before requesting an emergency suspension by the
2 (~~state liquor and cannabis~~) board.

3 **Sec. 64.** RCW 69.50.339 and 2013 c 3 s 8 are each amended to read
4 as follows:

5 (1) If the (~~state liquor control~~) board approves, a license to
6 produce, process, or sell marijuana may be transferred, without
7 charge, to the surviving spouse or domestic partner of a deceased
8 licensee if the license was issued in the names of one or both of the
9 parties. For the purpose of considering the qualifications of the
10 surviving party to receive a marijuana producer's, marijuana
11 processor's, or marijuana retailer's license, the (~~state liquor
12 control~~) board may require a criminal history record information
13 check. The (~~state liquor control~~) board may submit the criminal
14 history record information check to the Washington state patrol and
15 to the identification division of the federal bureau of investigation
16 in order that these agencies may search their records for prior
17 arrests and convictions of the individual or individuals who filled
18 out the forms. The (~~state liquor control~~) board shall require
19 fingerprinting of any applicant whose criminal history record
20 information check is submitted to the federal bureau of
21 investigation.

22 (2) The proposed sale of more than ten percent of the outstanding
23 or issued stock of a corporation licensed under chapter 3, Laws of
24 2013, or any proposed change in the officers of such a corporation,
25 must be reported to the (~~state liquor control~~) board, and (~~state
26 liquor control~~) board approval must be obtained before the changes
27 are made. A fee of seventy-five dollars will be charged for the
28 processing of the change of stock ownership or corporate officers.

29 **Sec. 65.** RCW 69.50.342 and 2015 2nd sp.s. c 4 s 1601 are each
30 amended to read as follows:

31 (1) For the purpose of carrying into effect the provisions of
32 chapter 3, Laws of 2013 according to their true intent or of
33 supplying any deficiency therein, the (~~state liquor and cannabis~~)
34 board may adopt rules not inconsistent with the spirit of chapter 3,
35 Laws of 2013 as are deemed necessary or advisable. Without limiting
36 the generality of the preceding sentence, the (~~state liquor and
37 cannabis~~) board (~~is empowered to~~) may adopt rules regarding the
38 following:

1 (a) The equipment and management of retail outlets and premises
2 where marijuana is produced or processed, and inspection of the
3 retail outlets and premises where marijuana is produced or processed;

4 (b) The books and records to be created and maintained by
5 licensees, the reports to be made thereon to the (~~state liquor and~~
6 ~~cannabis~~) board, and inspection of the books and records;

7 (c) Methods of producing, processing, and packaging marijuana,
8 useable marijuana, marijuana concentrates, and marijuana-infused
9 products; conditions of sanitation; safe handling requirements;
10 approved pesticides and pesticide testing requirements; and standards
11 of ingredients, quality, and identity of marijuana, useable
12 marijuana, marijuana concentrates, and marijuana-infused products
13 produced, processed, packaged, or sold by licensees;

14 (d) Security requirements for retail outlets and premises where
15 marijuana is produced or processed, and safety protocols for
16 licensees and their employees;

17 (e) Screening, hiring, training, and supervising employees of
18 licensees;

19 (f) Retail outlet locations and hours of operation;

20 (g) Labeling requirements and restrictions on advertisement of
21 marijuana, useable marijuana, marijuana concentrates, cannabis health
22 and beauty aids, and marijuana-infused products for sale in retail
23 outlets;

24 (h) Forms to be used for purposes of this chapter and chapter
25 69.51A RCW or the rules adopted to implement and enforce these
26 chapters, the terms and conditions to be contained in licenses issued
27 under this chapter and chapter 69.51A RCW, and the qualifications for
28 receiving a license issued under this chapter and chapter 69.51A RCW,
29 including a criminal history record information check. The (~~state~~
30 ~~liquor and cannabis~~) board may submit any criminal history record
31 information check to the Washington state patrol and to the
32 identification division of the federal bureau of investigation in
33 order that these agencies may search their records for prior arrests
34 and convictions of the individual or individuals who filled out the
35 forms. The (~~state liquor and cannabis~~) board must require
36 fingerprinting of any applicant whose criminal history record
37 information check is submitted to the federal bureau of
38 investigation;

39 (i) Application, reinstatement, and renewal fees for licenses
40 issued under this chapter and chapter 69.51A RCW, and fees for

1 anything done or permitted to be done under the rules adopted to
2 implement and enforce this chapter and chapter 69.51A RCW;

3 (j) The manner of giving and serving notices required by this
4 chapter and chapter 69.51A RCW or rules adopted to implement or
5 enforce these chapters;

6 (k) Times and periods when, and the manner, methods, and means by
7 which, licensees transport and deliver marijuana, marijuana
8 concentrates, useable marijuana, and marijuana-infused products
9 within the state;

10 (l) Identification, seizure, confiscation, destruction, or
11 donation to law enforcement for training purposes of all marijuana,
12 marijuana concentrates, useable marijuana, and marijuana-infused
13 products produced, processed, sold, or offered for sale within this
14 state which do not conform in all respects to the standards
15 prescribed by this chapter or chapter 69.51A RCW or the rules adopted
16 to implement and enforce these chapters.

17 (2) Rules adopted on retail outlets holding medical marijuana
18 endorsements must be adopted in coordination and consultation with
19 the department.

20 **Sec. 66.** RCW 69.50.345 and 2018 c 43 s 2 are each amended to
21 read as follows:

22 The (~~state liquor and cannabis~~) board, subject to the
23 provisions of this chapter, must adopt rules that establish the
24 procedures and criteria necessary to implement the following:

25 (1) Licensing of marijuana producers, marijuana processors, and
26 marijuana retailers, including prescribing forms and establishing
27 application, reinstatement, and renewal fees.

28 (a) Application forms for marijuana producers must request the
29 applicant to state whether the applicant intends to produce marijuana
30 for sale by marijuana retailers holding medical marijuana
31 endorsements and the amount of or percentage of canopy the applicant
32 intends to commit to growing plants determined by the department
33 under RCW 69.50.375 to be of a THC concentration, CBD concentration,
34 or THC to CBD ratio appropriate for marijuana concentrates, useable
35 marijuana, or marijuana-infused products sold to qualifying patients.

36 (b) The (~~state liquor and cannabis~~) board must reconsider and
37 increase limits on the amount of square feet permitted to be in
38 production on July 24, 2015, and increase the percentage of
39 production space for those marijuana producers who intend to grow

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

19 (2) Determining, in consultation with the office of financial
20 management, the maximum number of retail outlets that may be licensed
21 in each county, taking into consideration:

22 (a) Population distribution;

23 (b) Security and safety issues;

24 (c) The provision of adequate access to licensed sources of
25 marijuana concentrates, useable marijuana, and marijuana-infused
26 products to discourage purchases from the illegal market; and

27 (d) The number of retail outlets holding medical marijuana
28 endorsements necessary to meet the medical needs of qualifying
29 patients. The ((~~state liquor and cannabis~~)) board must reconsider and
30 increase the maximum number of retail outlets it established before
31 July 24, 2015, and allow for a new license application period and a
32 greater number of retail outlets to be permitted in order to
33 accommodate the medical needs of qualifying patients and designated
34 providers. After January 1, 2017, any reconsideration of the maximum
35 number of retail outlets needed to meet the medical needs of
36 qualifying patients must consider information contained in the
37 medical marijuana authorization database established in RCW
38 69.51A.230;

1 (3) Determining the maximum quantity of marijuana a marijuana
2 producer may have on the premises of a licensed location at any time
3 without violating Washington state law;

4 (4) Determining the maximum quantities of marijuana, marijuana
5 concentrates, useable marijuana, and marijuana-infused products a
6 marijuana processor may have on the premises of a licensed location
7 at any time without violating Washington state law;

8 (5) Determining the maximum quantities of marijuana concentrates,
9 useable marijuana, and marijuana-infused products a marijuana
10 retailer may have on the premises of a retail outlet at any time
11 without violating Washington state law;

12 (6) In making the determinations required by this section, the
13 (~~state liquor and cannabis~~) board shall take into consideration:

14 (a) Security and safety issues;

15 (b) The provision of adequate access to licensed sources of
16 marijuana, marijuana concentrates, useable marijuana, and marijuana-
17 infused products to discourage purchases from the illegal market; and

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

21 (7) Determining the nature, form, and capacity of all containers
22 to be used by licensees to contain marijuana, marijuana concentrates,
23 useable marijuana, and marijuana-infused products, and their labeling
24 requirements, to include but not be limited to:

25 (a) The business or trade name and Washington state unified
26 business identifier number of the licensees that produced and
27 processed the marijuana, marijuana concentrates, useable marijuana,
28 or marijuana-infused product;

29 (b) Lot numbers of the marijuana, marijuana concentrates, useable
30 marijuana, or marijuana-infused product;

31 (c) THC concentration and CBD concentration of the marijuana,
32 marijuana concentrates, useable marijuana, or marijuana-infused
33 product;

34 (d) Medically and scientifically accurate information about the
35 health and safety risks posed by marijuana use; and

36 (e) Language required by RCW 69.04.480;

37 (8) In consultation with the department of agriculture and the
38 department, establishing classes of marijuana, marijuana
39 concentrates, useable marijuana, and marijuana-infused products
40 according to grade, condition, cannabinoid profile, THC

1 concentration, CBD concentration, or other qualitative measurements
2 deemed appropriate by the (~~state liquor and cannabis~~) board;

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

8 (a) Federal laws relating to marijuana 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 marijuana use
14 in the advertising; and

15 (d) Ensuring that retail outlets with medical marijuana
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 marijuana, marijuana concentrates, useable marijuana, and
20 marijuana-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 (~~state liquor and cannabis~~) board, and
25 prescribing methods of producing, processing, and packaging
26 marijuana, marijuana concentrates, useable marijuana, and marijuana-
27 infused products; conditions of sanitation; and standards of
28 ingredients, quality, and identity of marijuana, marijuana
29 concentrates, useable marijuana, and marijuana-infused products
30 produced, processed, packaged, or sold by licensees;

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

38 **Sec. 67.** RCW 69.50.348 and 2013 c 3 s 11 are each amended to
39 read as follows:

1 (1) On a schedule determined by the (~~state liquor control~~)
2 board, every licensed marijuana producer and processor must submit
3 representative samples of marijuana, useable marijuana, or marijuana-
4 infused products produced or processed by the licensee to an
5 independent, third-party testing laboratory meeting the accreditation
6 requirements established by the (~~state liquor control~~) board, for
7 inspection and testing to certify compliance with standards adopted
8 by the (~~state liquor control~~) board. Any sample remaining after
9 testing shall be destroyed by the laboratory or returned to the
10 licensee.

11 (2) Licensees must submit the results of this inspection and
12 testing to the (~~state liquor control~~) board on a form developed by
13 the (~~state liquor control~~) board.

14 (3) If a representative sample inspected and tested under this
15 section does not meet the applicable standards adopted by the (~~state
16 liquor control~~) board, the entire lot from which the sample was
17 taken must be destroyed.

18 **Sec. 68.** RCW 69.50.351 and 2013 c 3 s 12 are each amended to
19 read as follows:

20 Except as provided by chapter 42.52 RCW, no member of the (~~state
21 liquor control~~) board and no employee of the (~~state liquor
22 control~~) board shall have any interest, directly or indirectly, in
23 the producing, processing, or sale of marijuana, useable marijuana,
24 or marijuana-infused products, or derive any profit or remuneration
25 from the sale of marijuana, useable marijuana, or marijuana-infused
26 products other than the salary or wages payable to him or her in
27 respect of his or her office or position, and shall receive no
28 gratuity from any person in connection with the business.

29 **Sec. 69.** RCW 69.50.354 and 2015 c 70 s 9 are each amended to
30 read as follows:

31 There may be licensed, in no greater number in each of the
32 counties of the state than as the (~~state liquor and cannabis~~) board
33 shall deem advisable, retail outlets established for the purpose of
34 making marijuana concentrates, useable marijuana, and marijuana-
35 infused products available for sale to adults aged twenty-one and
36 over. Retail sale of marijuana concentrates, useable marijuana, and
37 marijuana-infused products in accordance with the provisions of this
38 chapter and the rules adopted to implement and enforce it, by a

1 validly licensed marijuana retailer or retail outlet employee, shall
2 not be a criminal or civil offense under Washington state law.

3 **Sec. 70.** RCW 69.50.357 and 2017 c 317 s 13 and 2017 c 131 s 1
4 are each reenacted and amended to read as follows:

5 (1)(a) Retail outlets may not sell products or services other
6 than marijuana concentrates, useable marijuana, marijuana-infused
7 products, or paraphernalia intended for the storage or use of
8 marijuana concentrates, useable marijuana, or marijuana-infused
9 products.

10 (b)(i) Retail outlets may receive lockable boxes, intended for
11 the secure storage of marijuana products and paraphernalia, and
12 related literature as a donation from another person or entity, that
13 is not a marijuana producer, processor, or retailer, for donation to
14 their customers.

15 (ii) Retail outlets may donate the lockable boxes and provide the
16 related literature to any person eligible to purchase marijuana
17 products under subsection (2) of this section. Retail outlets may not
18 use the donation of lockable boxes or literature as an incentive or
19 as a condition of a recipient's purchase of a marijuana product or
20 paraphernalia.

21 (iii) Retail outlets may also purchase and sell lockable boxes,
22 provided that the sales price is not less than the cost of
23 acquisition.

24 (2) Licensed marijuana retailers may not employ persons under
25 twenty-one years of age or allow persons under twenty-one years of
26 age to enter or remain on the premises of a retail outlet. However,
27 qualifying patients between eighteen and twenty-one years of age with
28 a recognition card may enter and remain on the premises of a retail
29 outlet holding a medical marijuana endorsement and may purchase
30 products for their personal medical use. Qualifying patients who are
31 under the age of eighteen with a recognition card and who accompany
32 their designated providers may enter and remain on the premises of a
33 retail outlet holding a medical marijuana endorsement, but may not
34 purchase products for their personal medical use.

35 (3)(a) Licensed marijuana retailers must ensure that all
36 employees are trained on the rules adopted to implement this chapter,
37 identification of persons under the age of twenty-one, and other
38 requirements adopted by the ((state liquor and cannabis)) board to

1 ensure that persons under the age of twenty-one are not permitted to
2 enter or remain on the premises of a retail outlet.

3 (b) Licensed marijuana retailers with a medical marijuana
4 endorsement must ensure that all employees are trained on the
5 subjects required by (a) of this subsection as well as identification
6 of authorizations and recognition cards. Employees must also be
7 trained to permit qualifying patients who hold recognition cards and
8 are between the ages of eighteen and twenty-one to enter the premises
9 and purchase marijuana for their personal medical use and to permit
10 qualifying patients who are under the age of eighteen with a
11 recognition card to enter the premises if accompanied by their
12 designated providers.

13 (4) Except for the purposes of disposal as authorized by the
14 (~~state liquor and cannabis~~) board, no licensed marijuana retailer
15 or employee of a retail outlet may open or consume, or allow to be
16 opened or consumed, any marijuana concentrates, useable marijuana, or
17 marijuana-infused product on the outlet premises.

18 (5) The (~~state liquor and cannabis~~) board must fine a licensee
19 one thousand dollars for each violation of any subsection of this
20 section. Fines collected under this section must be deposited into
21 the dedicated marijuana account created under RCW 69.50.530.

22 **Sec. 71.** RCW 69.50.360 and 2015 c 207 s 6 and 2015 c 70 s 13 are
23 each reenacted and amended to read as follows:

24 The following acts, when performed by a validly licensed
25 marijuana retailer or employee of a validly licensed retail outlet in
26 compliance with rules adopted by the (~~state liquor and cannabis~~)
27 board to implement and enforce chapter 3, Laws of 2013, do not
28 constitute criminal or civil offenses under Washington state law:

29 (1) Purchase and receipt of marijuana concentrates, useable
30 marijuana, or marijuana-infused products that have been properly
31 packaged and labeled from a marijuana processor validly licensed
32 under this chapter;

33 (2) Possession of quantities of marijuana concentrates, useable
34 marijuana, or marijuana-infused products that do not exceed the
35 maximum amounts established by the (~~state liquor and cannabis~~)
36 board under RCW 69.50.345(5);

37 (3) Delivery, distribution, and sale, on the premises of the
38 retail outlet, of any combination of the following amounts of

1 marijuana concentrates, useable marijuana, or marijuana-infused
2 product to any person twenty-one years of age or older:

3 (a) One ounce of useable marijuana;

4 (b) Sixteen ounces of marijuana-infused product in solid form;

5 (c) Seventy-two ounces of marijuana-infused product in liquid
6 form; or

7 (d) Seven grams of marijuana concentrate; and

8 (4) Purchase and receipt of marijuana concentrates, useable
9 marijuana, or marijuana-infused products that have been properly
10 packaged and labeled from a federally recognized Indian tribe as
11 permitted under an agreement between the state and the tribe entered
12 into under RCW 43.06.490.

13 **Sec. 72.** RCW 69.50.363 and 2015 c 207 s 7 are each amended to
14 read as follows:

15 The following acts, when performed by a validly licensed
16 marijuana processor or employee of a validly licensed marijuana
17 processor in compliance with rules adopted by the (~~state liquor~~
18 ~~control~~) board to implement and enforce chapter 3, Laws of 2013, do
19 not constitute criminal or civil offenses under Washington state law:

20 (1) Purchase and receipt of marijuana that has been properly
21 packaged and labeled from a marijuana producer validly licensed under
22 chapter 3, Laws of 2013;

23 (2) Possession, processing, packaging, and labeling of quantities
24 of marijuana, useable marijuana, and marijuana-infused products that
25 do not exceed the maximum amounts established by the (~~state liquor~~
26 ~~control~~) board under RCW 69.50.345(4);

27 (3) Delivery, distribution, and sale of useable marijuana or
28 marijuana-infused products to a marijuana retailer validly licensed
29 under chapter 3, Laws of 2013; and

30 (4) Delivery, distribution, and sale of useable marijuana,
31 marijuana concentrates, or marijuana-infused products to a federally
32 recognized Indian tribe as permitted under an agreement between the
33 state and the tribe entered into under RCW 43.06.490.

34 **Sec. 73.** RCW 69.50.366 and 2017 c 317 s 6 are each amended to
35 read as follows:

36 The following acts, when performed by a validly licensed
37 marijuana producer or employee of a validly licensed marijuana
38 producer in compliance with rules adopted by the (~~state liquor and~~

1 ~~cannabis~~) board to implement and enforce this chapter, do not
2 constitute criminal or civil offenses under Washington state law:

3 (1) Production or possession of quantities of marijuana that do
4 not exceed the maximum amounts established by the (~~state liquor and~~
5 ~~cannabis~~) board under RCW 69.50.345(3);

6 (2) Delivery, distribution, and sale of marijuana to a marijuana
7 processor or another marijuana producer validly licensed under this
8 chapter;

9 (3) Delivery, distribution, and sale of immature plants or clones
10 and marijuana seeds to a licensed marijuana researcher, and to
11 receive or purchase immature plants or clones and seeds from a
12 licensed marijuana researcher; and

13 (4) Delivery, distribution, and sale of marijuana or useable
14 marijuana to a federally recognized Indian tribe as permitted under
15 an agreement between the state and the tribe entered into under RCW
16 43.06.490.

17 **Sec. 74.** RCW 69.50.369 and 2017 c 317 s 14 are each amended to
18 read as follows:

19 (1) No licensed marijuana producer, processor, researcher, or
20 retailer may place or maintain, or cause to be placed or maintained,
21 any sign or other advertisement for a marijuana business or marijuana
22 product, including useable marijuana, marijuana concentrates, or
23 marijuana-infused product, in any form or through any medium
24 whatsoever within one thousand feet of the perimeter of a school
25 grounds, playground, recreation center or facility, child care
26 center, public park, or library, or any game arcade admission to
27 which is not restricted to persons aged twenty-one years or older.

28 (2) Except for the use of billboards as authorized under this
29 section, licensed marijuana retailers may not display any signage
30 outside of the licensed premises, other than two signs identifying
31 the retail outlet by the licensee's business or trade name, stating
32 the location of the business, and identifying the nature of the
33 business. Each sign must be no larger than one thousand six hundred
34 square inches and be permanently affixed to a building or other
35 structure. The location and content of the retail marijuana signs
36 authorized under this subsection are subject to all other
37 requirements and restrictions established in this section for indoor
38 signs, outdoor signs, and other marijuana-related advertising
39 methods.

1 (3) A marijuana licensee may not utilize transit advertisements
2 for the purpose of advertising its business or product line. "Transit
3 advertisements" means advertising on or within private or public
4 vehicles and all advertisements placed at, on, or within any bus
5 stop, taxi stand, transportation waiting area, train station,
6 airport, or any similar transit-related location.

7 (4) A marijuana licensee may not engage in advertising or other
8 marketing practice that specifically targets persons residing outside
9 of the state of Washington.

10 (5) All signs, billboards, or other print advertising for
11 marijuana businesses or marijuana products must contain text stating
12 that marijuana products may be purchased or possessed only by persons
13 twenty-one years of age or older.

14 (6) A marijuana licensee may not:

15 (a) Take any action, directly or indirectly, to target youth in
16 the advertising, promotion, or marketing of marijuana and marijuana
17 products, or take any action the primary purpose of which is to
18 initiate, maintain, or increase the incidence of youth use of
19 marijuana or marijuana products;

20 (b) Use objects such as toys or inflatables, movie or cartoon
21 characters, or any other depiction or image likely to be appealing to
22 youth, where such objects, images, or depictions indicate an intent
23 to cause youth to become interested in the purchase or consumption of
24 marijuana products; or

25 (c) Use or employ a commercial mascot outside of, and in
26 proximity to, a licensed marijuana business. A "commercial mascot"
27 means live human being, animal, or mechanical device used for
28 attracting the attention of motorists and passersby so as to make
29 them aware of marijuana products or the presence of a marijuana
30 business. Commercial mascots include, but are not limited to,
31 inflatable tube displays, persons in costume, or wearing, holding, or
32 spinning a sign with a marijuana-related commercial message or image,
33 where the intent is to draw attention to a marijuana business or its
34 products.

35 (7) A marijuana licensee that engages in outdoor advertising is
36 subject to the advertising requirements and restrictions set forth in
37 this subsection (7) and elsewhere in this chapter.

38 (a) All outdoor advertising signs, including billboards, are
39 limited to text that identifies the retail outlet by the licensee's
40 business or trade name, states the location of the business, and

1 identifies the type or nature of the business. Such signs may not
2 contain any depictions of marijuana plants, marijuana products, or
3 images that might be appealing to children. The (~~state liquor and~~
4 ~~cannabis~~) board is granted rule-making authority to regulate the
5 text and images that are permissible on outdoor advertising. Such
6 rule making must be consistent with other administrative rules
7 generally applicable to the advertising of marijuana businesses and
8 products.

9 (b) Outdoor advertising is prohibited:

10 (i) On signs and placards in arenas, stadiums, shopping malls,
11 fairs that receive state allocations, farmers markets, and video game
12 arcades, whether any of the foregoing are open air or enclosed, but
13 not including any such sign or placard located in an adult only
14 facility; and

15 (ii) Billboards that are visible from any street, road, highway,
16 right-of-way, or public parking area are prohibited, except as
17 provided in (c) of this subsection.

18 (c) Licensed retail outlets may use a billboard or outdoor sign
19 solely for the purpose of identifying the name of the business, the
20 nature of the business, and providing the public with directional
21 information to the licensed retail outlet. Billboard advertising is
22 subject to the same requirements and restrictions as set forth in (a)
23 of this subsection.

24 (d) Advertising signs within the premises of a retail marijuana
25 business outlet that are visible to the public from outside the
26 premises must meet the signage regulations and requirements
27 applicable to outdoor signs as set forth in this section.

28 (e) The restrictions and regulations applicable to outdoor
29 advertising under this section are not applicable to:

30 (i) An advertisement inside a licensed retail establishment that
31 sells marijuana products that is not placed on the inside surface of
32 a window facing outward; or

33 (ii) An outdoor advertisement at the site of an event to be held
34 at an adult only facility that is placed at such site during the
35 period the facility or enclosed area constitutes an adult only
36 facility, but in no event more than fourteen days before the event,
37 and that does not advertise any marijuana product other than by using
38 a brand name to identify the event.

39 (8) Merchandising within a retail outlet is not advertising for
40 the purposes of this section.

1 (9) This section does not apply to a noncommercial message.

2 (10) (a) The (~~state liquor and cannabis~~) board must:

3 (i) Adopt rules implementing this section and specifically
4 including provisions regulating the billboards and outdoor signs
5 authorized under this section; and

6 (ii) Fine a licensee one thousand dollars for each violation of
7 this section until the (~~state liquor and cannabis~~) board adopts
8 rules prescribing penalties for violations of this section. The rules
9 must establish escalating penalties including fines and up to
10 suspension or revocation of a marijuana license for subsequent
11 violations.

12 (b) Fines collected under this subsection must be deposited into
13 the dedicated marijuana account created under RCW 69.50.530.

14 (11) A city, town, or county may adopt rules of outdoor
15 advertising by licensed marijuana retailers that are more restrictive
16 than the advertising restrictions imposed under this chapter.
17 Enforcement of restrictions to advertising by a city, town, or county
18 is the responsibility of the city, town, or county.

19 **Sec. 75.** RCW 69.50.372 and 2017 c 317 s 3 and 2017 c 316 s 3 are
20 each reenacted and amended to read as follows:

21 (1) A marijuana research license is established that permits a
22 licensee to produce, process, and possess marijuana for the following
23 limited research purposes:

24 (a) To test chemical potency and composition levels;

25 (b) To conduct clinical investigations of marijuana-derived drug
26 products;

27 (c) To conduct research on the efficacy and safety of
28 administering marijuana as part of medical treatment; and

29 (d) To conduct genomic or agricultural research.

30 (2) As part of the application process for a marijuana research
31 license, an applicant must submit to the (~~liquor and cannabis~~)
32 board's designated scientific reviewer a description of the research
33 that is intended to be conducted. The (~~liquor and cannabis~~) board
34 must select a scientific reviewer to review an applicant's research
35 project and determine that it meets the requirements of subsection
36 (1) of this section, as well as assess the following:

37 (a) Project quality, study design, value, or impact;

1 (b) Whether applicants have the appropriate personnel, expertise,
2 facilities/infrastructure, funding, and human/animal/other federal
3 approvals in place to successfully conduct the project; and

4 (c) Whether the amount of marijuana to be grown by the applicant
5 is consistent with the project's scope and goals.

6 If the scientific reviewer determines that the research project
7 does not meet the requirements of subsection (1) of this section, the
8 application must be denied.

9 (3) A marijuana research licensee may only sell marijuana grown
10 or within its operation to other marijuana research licensees. The
11 (~~liquor and cannabis~~) board may revoke a marijuana research license
12 for violations of this subsection.

13 (4) A marijuana research licensee may contract with the
14 University of Washington or Washington State University to perform
15 research in conjunction with the university. All research projects,
16 not including those projects conducted pursuant to a contract entered
17 into under RCW 28B.20.502(3), must be approved by the scientific
18 reviewer and meet the requirements of subsection (1) of this section.

19 (5) In establishing a marijuana research license, the (~~liquor
20 and cannabis~~) board may adopt rules on the following:

21 (a) Application requirements;

22 (b) Marijuana research license renewal requirements, including
23 whether additional research projects may be added or considered;

24 (c) Conditions for license revocation;

25 (d) Security measures to ensure marijuana is not diverted to
26 purposes other than research;

27 (e) Amount of plants, useable marijuana, marijuana concentrates,
28 or marijuana-infused products a licensee may have on its premises;

29 (f) Licensee reporting requirements;

30 (g) Conditions under which marijuana grown by licensed marijuana
31 producers and other product types from licensed marijuana processors
32 may be donated to marijuana research licensees; and

33 (h) Additional requirements deemed necessary by the (~~liquor and
34 cannabis~~) board.

35 (6) The production, processing, possession, delivery, donation,
36 and sale of marijuana, including immature plants or clones and seeds,
37 in accordance with this section, RCW 69.50.366(3), and the rules
38 adopted to implement and enforce this section and RCW 69.50.366(3),
39 by a validly licensed marijuana researcher, shall not be a criminal
40 or civil offense under Washington state law. Every marijuana research

1 license must be issued in the name of the applicant, must specify the
2 location at which the marijuana researcher intends to operate, which
3 must be within the state of Washington, and the holder thereof may
4 not allow any other person to use the license.

5 (7) The application fee for a marijuana research license is two
6 hundred fifty dollars. The annual fee for issuance and renewal of a
7 marijuana research license is one thousand three hundred dollars. The
8 applicant must pay the cost of the review process directly to the
9 scientific reviewer as designated by the ((~~liquor and cannabis~~))
10 board.

11 (8) The scientific reviewer shall review any reports made by
12 marijuana research licensees under ((~~liquor and cannabis~~)) board rule
13 and provide the ((~~liquor and cannabis~~)) board with its determination
14 on whether the research project continues to meet research
15 qualifications under this section.

16 (9) For the purposes of this section, "scientific reviewer" means
17 an organization that convenes or contracts with persons who have the
18 training and experience in research practice and research methodology
19 to determine whether a project meets the criteria for a marijuana
20 research license under this section and to review any reports
21 submitted by marijuana research licensees under ((~~liquor and~~
22 ~~cannabis~~)) board rule. "Scientific reviewers" include, but are not
23 limited to, educational institutions, research institutions, peer
24 review bodies, or such other organizations that are focused on
25 science or research in its day-to-day activities.

26 **Sec. 76.** RCW 69.50.375 and 2015 c 70 s 10 are each amended to
27 read as follows:

28 (1) A medical marijuana endorsement to a marijuana retail license
29 is hereby established to permit a marijuana retailer to sell
30 marijuana for medical use to qualifying patients and designated
31 providers. This endorsement also permits such retailers to provide
32 marijuana at no charge, at their discretion, to qualifying patients
33 and designated providers.

34 (2) An applicant may apply for a medical marijuana endorsement
35 concurrently with an application for a marijuana retail license.

36 (3) To be issued an endorsement, a marijuana retailer must:

37 (a) Not authorize the medical use of marijuana for qualifying
38 patients at the retail outlet or permit health care professionals to

1 authorize the medical use of marijuana for qualifying patients at the
2 retail outlet;

3 (b) Carry marijuana concentrates and marijuana-infused products
4 identified by the department under subsection (4) of this section;

5 (c) Not use labels or market marijuana concentrates, useable
6 marijuana, or marijuana-infused products in a way that make them
7 intentionally attractive to minors;

8 (d) Demonstrate the ability to enter qualifying patients and
9 designated providers in the medical marijuana authorization database
10 established in RCW 69.51A.230 and issue recognition cards and agree
11 to enter qualifying patients and designated providers into the
12 database and issue recognition cards in compliance with department
13 standards;

14 (e) Keep copies of the qualifying patient's or designated
15 provider's recognition card, or keep equivalent records as required
16 by rule of the (~~state liquor and cannabis~~) board or the department
17 of revenue to document the validity of tax exempt sales; and

18 (f) Meet other requirements as adopted by rule of the department
19 or the (~~state liquor and cannabis~~) board.

20 (4) The department, in conjunction with the (~~state liquor and~~
21 ~~cannabis~~) board, must adopt rules on requirements for marijuana
22 concentrates, useable marijuana, and marijuana-infused products that
23 may be sold, or provided at no charge, to qualifying patients or
24 designated providers at a retail outlet holding a medical marijuana
25 endorsement. These rules must include:

26 (a) THC concentration, CBD concentration, or low THC, high CBD
27 ratios appropriate for marijuana concentrates, useable marijuana, or
28 marijuana-infused products sold to qualifying patients or designated
29 providers;

30 (b) Labeling requirements including that the labels attached to
31 marijuana concentrates, useable marijuana, or marijuana-infused
32 products contain THC concentration, CBD concentration, and THC to CBD
33 ratios;

34 (c) Other product requirements, including any additional mold,
35 fungus, or pesticide testing requirements, or limitations to the
36 types of solvents that may be used in marijuana processing that the
37 department deems necessary to address the medical needs of qualifying
38 patients;

39 (d) Safe handling requirements for marijuana concentrates,
40 useable marijuana, or marijuana-infused products; and

1 (e) Training requirements for employees.

2 (5) A marijuana retailer holding an endorsement to sell marijuana
3 to qualifying patients or designated providers must train its
4 employees on:

5 (a) Procedures regarding the recognition of valid authorizations
6 and the use of equipment to enter qualifying patients and designated
7 providers into the medical marijuana authorization database;

8 (b) Recognition of valid recognition cards; and

9 (c) Recognition of strains, varieties, THC concentration, CBD
10 concentration, and THC to CBD ratios of marijuana concentrates,
11 useable marijuana, and marijuana-infused products, available for sale
12 when assisting qualifying patients and designated providers at the
13 retail outlet.

14 **Sec. 77.** RCW 69.50.380 and 2015 2nd sp.s. c 4 s 211 are each
15 amended to read as follows:

16 (1) Marijuana producers, processors, and retailers are prohibited
17 from making sales of any marijuana or marijuana product, if the sale
18 of the marijuana or marijuana product is conditioned upon the buyer's
19 purchase of any service or nonmarijuana product. This subsection
20 applies whether the buyer purchases such service or nonmarijuana
21 product at the time of sale of the marijuana or marijuana product, or
22 in a separate transaction.

23 (2) The definitions in this subsection apply throughout this
24 section unless the context clearly requires otherwise.

25 (a) "Marijuana product" means "useable marijuana," "marijuana
26 concentrates," and "marijuana-infused products," as those terms are
27 defined in RCW 69.50.101.

28 (b) "Nonmarijuana product" includes paraphernalia, promotional
29 items, lighters, bags, boxes, containers, and such other items as may
30 be identified by the ((~~state liquor and cannabis~~)) board.

31 (c) "Selling price" has the same meaning as in RCW 69.50.535.

32 (d) "Service" includes memberships and any other services
33 identified by the ((~~state liquor and cannabis~~)) board.

34 **Sec. 78.** RCW 69.50.382 and 2017 c 317 s 7 are each amended to
35 read as follows:

36 (1) A licensed marijuana producer, marijuana processor, marijuana
37 researcher, or marijuana retailer, or their employees, in accordance
38 with the requirements of this chapter and the administrative rules

1 adopted thereunder, may use the services of a common carrier subject
2 to regulation under chapters 81.28 and 81.29 RCW and licensed in
3 compliance with the regulations established under RCW 69.50.385, to
4 physically transport or deliver, as authorized under this chapter,
5 marijuana, useable marijuana, marijuana concentrates, immature plants
6 or clones, marijuana seeds, and marijuana-infused products between
7 licensed marijuana businesses located within the state.

8 (2) An employee of a common carrier engaged in marijuana-related
9 transportation or delivery services authorized under subsection (1)
10 of this section is prohibited from carrying or using a firearm during
11 the course of providing such services, unless:

12 (a) Pursuant to RCW 69.50.385, the (~~state liquor and cannabis~~)
13 board explicitly authorizes the carrying or use of firearms by such
14 employee while engaged in the transportation or delivery services;

15 (b) The employee has an armed private security guard license
16 issued pursuant to RCW 18.170.040; and

17 (c) The employee is in full compliance with the (~~regulations~~)
18 rules established by the (~~state liquor and cannabis~~) board under
19 RCW 69.50.385.

20 (3) A common carrier licensed under RCW 69.50.385 may, for the
21 purpose of transporting and delivering marijuana, useable marijuana,
22 marijuana concentrates, and marijuana-infused products, utilize
23 Washington state ferry routes for such transportation and delivery.

24 (4) The possession of marijuana, useable marijuana, marijuana
25 concentrates, and marijuana-infused products being physically
26 transported or delivered within the state, in amounts not exceeding
27 those that may be established under RCW 69.50.385(3), by a licensed
28 employee of a common carrier when performing the duties authorized
29 under, and in accordance with, this section and RCW 69.50.385, is not
30 a violation of this section, this chapter, or any other provision of
31 Washington state law.

32 **Sec. 79.** RCW 69.50.385 and 2015 2nd sp.s. c 4 s 502 are each
33 amended to read as follows:

34 (1) The (~~state liquor and cannabis~~) board must adopt rules
35 providing for an annual licensing procedure of a common carrier who
36 seeks to transport or deliver marijuana, useable marijuana, marijuana
37 concentrates, and marijuana-infused products within the state.

38 (2) The rules for licensing must:

1 (a) Establish criteria for considering the approval or denial of
2 a common carrier's original application or renewal application;

3 (b) Provide minimum qualifications for any employee authorized to
4 drive or operate the transportation or delivery vehicle, including a
5 minimum age of at least twenty-one years;

6 (c) Address the safety of the employees transporting or
7 delivering the products, including issues relating to the carrying of
8 firearms by such employees;

9 (d) Address the security of the products being transported,
10 including a system of electronically tracking all products at both
11 the point of pickup and the point of delivery; and

12 (e) Set reasonable fees for the application and licensing
13 process.

14 (3) The (~~state liquor and cannabis~~) board may adopt rules
15 establishing the maximum amounts of marijuana, useable marijuana,
16 marijuana concentrates, and marijuana-infused products that may be
17 physically transported or delivered at one time by a common carrier
18 as provided under RCW 69.50.382.

19 **Sec. 80.** RCW 69.50.390 and 2015 2nd sp.s. c 4 s 1301 are each
20 amended to read as follows:

21 (1) A retailer licensed under this chapter is prohibited from
22 operating a vending machine, as defined in RCW 82.08.080(3) for the
23 sale of marijuana products at retail or a drive-through purchase
24 facility where marijuana products are sold at retail and dispensed
25 through a window or door to a purchaser who is either in or on a
26 motor vehicle or otherwise located outside of the licensed premises
27 at the time of sale.

28 (2) The (~~state liquor and cannabis~~) board may not issue,
29 transfer, or renew a marijuana retail license for any licensee in
30 violation of the provisions of subsection (1) of this section.

31 **Sec. 81.** RCW 69.50.395 and 2017 c 317 s 16 are each amended to
32 read as follows:

33 (1) A licensed marijuana business may enter into a licensing
34 agreement, or consulting contract, with any individual, partnership,
35 employee cooperative, association, nonprofit corporation, or
36 corporation, for:

37 (a) Any goods or services that are registered as a trademark
38 under federal law or under chapter 19.77 RCW;

1 (b) Any unregistered trademark, trade name, or trade dress; or
2 (c) Any trade secret, technology, or proprietary information used
3 to manufacture a cannabis product or used to provide a service
4 related to a marijuana business.

5 (2) All agreements or contracts entered into by a licensed
6 marijuana business, as authorized under this section, must be
7 disclosed to the ((~~state liquor and cannabis~~)) board.

8 **Sec. 82.** RCW 69.50.450 and 2015 c 70 s 15 are each amended to
9 read as follows:

10 (1) Nothing in this chapter permits anyone other than a validly
11 licensed marijuana processor to use butane or other explosive gases
12 to extract or separate resin from marijuana or to produce or process
13 any form of marijuana concentrates or marijuana-infused products that
14 include marijuana concentrates not purchased from a validly licensed
15 marijuana retailer as an ingredient. The extraction or separation of
16 resin from marijuana, the processing of marijuana concentrates, and
17 the processing of marijuana-infused products that include marijuana
18 concentrates not purchased from a validly licensed marijuana retailer
19 as an ingredient by any person other than a validly licensed
20 marijuana processor each constitute manufacture of marijuana in
21 violation of RCW 69.50.401. Cooking oil, butter, and other
22 nonexplosive home cooking substances may be used to make marijuana
23 extracts for noncommercial personal use.

24 (2) Except for the use of butane, the ((~~state liquor and~~
25 ~~cannabis~~)) board may not enforce this section until it has adopted
26 the rules required by RCW 69.51A.270.

27 **Sec. 83.** RCW 69.50.500 and 2013 c 3 s 24 are each amended to
28 read as follows:

29 (a) It is hereby made the duty of the ((~~state board of~~)) pharmacy
30 quality assurance commission, the department, the ((~~state liquor~~
31 ~~control~~)) board, and their officers, agents, inspectors and
32 representatives, and all law enforcement officers within the state,
33 and of all prosecuting attorneys, to enforce all provisions of this
34 chapter, except those specifically delegated, and to cooperate with
35 all agencies charged with the enforcement of the laws of the United
36 States, of this state, and all other states, relating to controlled
37 substances as defined in this chapter.

1 (b) Employees of the department of health, who are so designated
2 by the (~~board~~) commission as enforcement officers are declared to
3 be peace officers and shall be vested with police powers to enforce
4 the drug laws of this state, including this chapter.

5 **Sec. 84.** RCW 69.50.530 and 2018 c 299 s 909 are each amended to
6 read as follows:

7 The dedicated marijuana account is created in the state treasury.
8 All moneys received by the (~~state liquor and cannabis~~) board, or
9 any employee thereof, from marijuana-related activities must be
10 deposited in the account. Unless otherwise provided in chapter 4,
11 Laws of 2015 2nd sp. sess., all marijuana excise taxes collected from
12 sales of marijuana, useable marijuana, marijuana concentrates, and
13 marijuana-infused products under RCW 69.50.535, and the license fees,
14 penalties, and forfeitures derived under this chapter from marijuana
15 producer, marijuana processor, marijuana researcher, and marijuana
16 retailer licenses, must be deposited in the account. Moneys in the
17 account may only be spent after appropriation. During the 2015-2017
18 and 2017-2019 fiscal biennia, the legislature may transfer from the
19 dedicated marijuana account to the basic health plan trust account
20 such amounts as reflect the excess fund balance of the account.

21 **Sec. 85.** RCW 69.50.535 and 2015 2nd sp.s. c 4 s 205 are each
22 amended to read as follows:

23 (1)(a) There is levied and collected a marijuana excise tax equal
24 to thirty-seven percent of the selling price on each retail sale in
25 this state of marijuana concentrates, useable marijuana, and
26 marijuana-infused products. This tax is separate and in addition to
27 general state and local sales and use taxes that apply to retail
28 sales of tangible personal property, and is not part of the total
29 retail price to which general state and local sales and use taxes
30 apply. The tax must be separately itemized from the state and local
31 retail sales tax on the sales receipt provided to the buyer.

32 (b) The tax levied in this section must be reflected in the price
33 list or quoted shelf price in the licensed marijuana retail store and
34 in any advertising that includes prices for all useable marijuana,
35 marijuana concentrates, or marijuana-infused products.

36 (2) All revenues collected from the marijuana excise tax imposed
37 under this section must be deposited each day in the dedicated
38 marijuana account.

1 (3) The tax imposed in this section must be paid by the buyer to
2 the seller. Each seller must collect from the buyer the full amount
3 of the tax payable on each taxable sale. The tax collected as
4 required by this section is deemed to be held in trust by the seller
5 until paid to the board. If any seller fails to collect the tax
6 imposed in this section or, having collected the tax, fails to pay it
7 as prescribed by the board, whether such failure is the result of the
8 seller's own acts or the result of acts or conditions beyond the
9 seller's control, the seller is, nevertheless, personally liable to
10 the state for the amount of the tax.

11 (4) The definitions in this subsection apply throughout this
12 section unless the context clearly requires otherwise.

13 (a) (~~("Board" means the state liquor and cannabis board.~~

14 ~~(b))~~) "Retail sale" has the same meaning as in RCW 82.08.010.

15 (~~(c))~~) (b) "Selling price" has the same meaning as in RCW
16 82.08.010, except that when product is sold under circumstances where
17 the total amount of consideration paid for the product is not
18 indicative of its true value, "selling price" means the true value of
19 the product sold.

20 (~~(d))~~) (c) "Product" means marijuana, marijuana concentrates,
21 useable marijuana, and marijuana-infused products.

22 (~~(e))~~) (d) "True value" means market value based on sales at
23 comparable locations in this state of the same or similar product of
24 like quality and character sold under comparable conditions of sale
25 to comparable purchasers. However, in the absence of such sales of
26 the same or similar product, true value means the value of the
27 product sold as determined by all of the seller's direct and indirect
28 costs attributable to the product.

29 (5) (a) The board must regularly review the tax level established
30 under this section and make recommendations, in consultation with the
31 department of revenue, to the legislature as appropriate regarding
32 adjustments that would further the goal of discouraging use while
33 undercutting illegal market prices.

34 (b) The (~~(state liquor and cannabis))~~) board must report, in
35 compliance with RCW 43.01.036, to the appropriate committees of the
36 legislature every two years. The report at a minimum must include the
37 following:

38 (i) The specific recommendations required under (a) of this
39 subsection;

1 (ii) A comparison of gross sales and tax collections prior to and
2 after any marijuana tax change;

3 (iii) The increase or decrease in the volume of legal marijuana
4 sold prior to and after any marijuana tax change;

5 (iv) Increases or decreases in the number of licensed marijuana
6 producers, processors, and retailers;

7 (v) The number of illegal and noncompliant marijuana outlets the
8 board requires to be closed;

9 (vi) Gross marijuana sales and tax collections in Oregon; and

10 (vii) The total amount of reported sales and use taxes exempted
11 for qualifying patients. The department of revenue must provide the
12 data of exempt amounts to the board.

13 (c) The board is not required to report to the legislature as
14 required in (b) of this subsection after January 1, 2025.

15 (6) The legislature does not intend and does not authorize any
16 person or entity to engage in activities or to conspire to engage in
17 activities that would constitute per se violations of state and
18 federal antitrust laws including, but not limited to, agreements
19 among retailers as to the selling price of any goods sold.

20 **Sec. 86.** RCW 69.50.540 and 2018 c 299 s 910 and 2018 c 201 s
21 8014 are each reenacted and amended to read as follows:

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

24 (1) For the purposes listed in this subsection (1), the
25 legislature must appropriate to the respective agencies amounts
26 sufficient to make the following expenditures on a quarterly basis:

27 (a) Beginning July 1, 2017, one hundred twenty-five thousand
28 dollars to the health care authority to design and administer the
29 Washington state healthy youth survey, analyze the collected data,
30 and produce reports, in collaboration with the office of the
31 superintendent of public instruction, department of health,
32 department of commerce, family policy council, and (~~state liquor and~~
33 ~~cannabis~~) board. The survey must be conducted at least every two
34 years and include questions regarding, but not necessarily limited
35 to, academic achievement, age at time of substance use initiation,
36 antisocial behavior of friends, attitudes toward antisocial behavior,
37 attitudes toward substance use, laws and community norms regarding
38 antisocial behavior, family conflict, family management, parental
39 attitudes toward substance use, peer rewarding of antisocial

1 behavior, perceived risk of substance use, and rebelliousness. Funds
2 disbursed under this subsection may be used to expand administration
3 of the healthy youth survey to student populations attending
4 institutions of higher education in Washington;

5 (b) Beginning July 1, 2017, fifty thousand dollars to the health
6 care authority for the purpose of contracting with the Washington
7 state institute for public policy to conduct the cost-benefit
8 evaluation and produce the reports described in RCW 69.50.550. This
9 appropriation ends after production of the final report required by
10 RCW 69.50.550;

11 (c) Beginning July 1, 2017, five thousand dollars to the
12 University of Washington alcohol and drug abuse institute for the
13 creation, maintenance, and timely updating of web-based public
14 education materials providing medically and scientifically accurate
15 information about the health and safety risks posed by marijuana use;

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

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

26 (iii) Two million eight hundred three thousand dollars for fiscal
27 year 2019 to the Washington state patrol for a drug enforcement task
28 force. It is the intent of the legislature that this policy will be
29 continued in the 2019-2021 fiscal biennium; and

30 (iv) Ninety-eight thousand dollars for fiscal year 2019 to the
31 department of ecology for research on accreditation of marijuana
32 product testing laboratories.

33 (e) Twenty-three thousand seven hundred fifty dollars to the
34 department of enterprise services provided solely for the state
35 building code council established under RCW 19.27.070, to develop and
36 adopt fire and building code provisions related to marijuana
37 processing and extraction facilities. The distribution under this
38 subsection (1) (e) is for fiscal year 2016 only;

39 (2) From the amounts in the dedicated marijuana account after
40 appropriation of the amounts identified in subsection (1) of this

1 section, the legislature must appropriate for the purposes listed in
2 this subsection (2) as follows:

3 (a) (i) Up to fifteen percent to the health care authority for the
4 development, implementation, maintenance, and evaluation of programs
5 and practices aimed at the prevention or reduction of maladaptive
6 substance use, substance use disorder, substance abuse or substance
7 dependence, as these terms are defined in the Diagnostic and
8 Statistical Manual of Mental Disorders, among middle school and high
9 school-age students, whether as an explicit goal of a given program
10 or practice or as a consistently corresponding effect of its
11 implementation, mental health services for children and youth, and
12 services for pregnant and parenting women; PROVIDED, That:

13 (A) Of the funds appropriated under (a) (i) of this subsection for
14 new programs and new services, at least eighty-five percent must be
15 directed to evidence-based or research-based programs and practices
16 that produce objectively measurable results and, by September 1,
17 2020, are cost-beneficial; and

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

22 (ii) In deciding which programs and practices to fund, the
23 director of the health care authority must consult, at least
24 annually, with the University of Washington's social development
25 research group and the University of Washington's alcohol and drug
26 abuse institute.

27 (iii) For the fiscal year beginning July 1, 2016, the legislature
28 must appropriate a minimum of twenty-seven million seven hundred
29 eighty-six thousand dollars, and for each subsequent fiscal year
30 thereafter, the legislature must appropriate a minimum of twenty-five
31 million five hundred thirty-six thousand dollars under this
32 subsection (2) (a);

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

35 (A) Creation, implementation, operation, and management of a
36 marijuana education and public health program that contains the
37 following:

38 (I) A marijuana use public health hotline that provides referrals
39 to substance abuse treatment providers, utilizes evidence-based or
40 research-based public health approaches to minimizing the harms

1 associated with marijuana use, and does not solely advocate an
2 abstinence-only approach;

3 (II) A grants program for local health departments or other local
4 community agencies that supports development and implementation of
5 coordinated intervention strategies for the prevention and reduction
6 of marijuana use by youth; and

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

12 (B) The Washington poison control center; and

13 (C) During the 2015-2017 fiscal biennium, the funds appropriated
14 under this subsection (2)(b) may be used for prevention activities
15 that target youth and populations with a high incidence of tobacco
16 use.

17 (ii) For the fiscal year beginning July 1, 2016, the legislature
18 must appropriate a minimum of seven million five hundred thousand
19 dollars and for each subsequent fiscal year thereafter, the
20 legislature must appropriate a minimum of nine million seven hundred
21 fifty thousand dollars under this subsection (2)(b);

22 (c)(i) Up to six-tenths of one percent to the University of
23 Washington and four-tenths of one percent to Washington State
24 University for research on the short and long-term effects of
25 marijuana use, to include but not be limited to formal and informal
26 methods for estimating and measuring intoxication and impairment, and
27 for the dissemination of such research.

28 (ii) For the fiscal year beginning July 1, 2016, the legislature
29 must appropriate a minimum of two hundred seven thousand dollars and
30 for each subsequent fiscal year, except for the 2017-2019 fiscal
31 biennium, the legislature must appropriate a minimum of one million
32 twenty-one thousand dollars to the University of Washington. For the
33 fiscal year beginning July 1, 2016, the legislature must appropriate
34 a minimum of one hundred thirty-eight thousand dollars and for each
35 subsequent fiscal year thereafter, except for the 2017-2019 fiscal
36 biennium, a minimum of six hundred eighty-one thousand dollars to
37 Washington State University under this subsection (2)(c). It is the
38 intent of the legislature that this policy will be continued in the
39 2019-2021 fiscal biennium;

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

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

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

12 (ii) For the fiscal year beginning July 1, 2016, and each
13 subsequent fiscal year, the legislature must appropriate a minimum of
14 five hundred eleven thousand dollars to the office of the
15 superintendent of public instruction under this subsection (2) (f);
16 and

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

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

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

39 (B) Seventy percent must be distributed to counties, cities, and
40 towns ratably on a per capita basis. Counties must receive sixty

1 percent of the distribution, which must be disbursed based on each
2 county's total proportional population. Funds may only be distributed
3 to jurisdictions that do not prohibit the siting of any state
4 licensed marijuana producer, processor, or retailer.

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

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

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

19 For the purposes of this section, "marijuana products" means
20 "useable marijuana," "marijuana concentrates," and "marijuana-infused
21 products" as those terms are defined in RCW 69.50.101.

22 **Sec. 87.** RCW 69.50.560 and 2015 c 70 s 33 are each amended to
23 read as follows:

24 (1) The (~~state liquor and cannabis~~) board may conduct
25 controlled purchase programs to determine whether:

26 (a) A marijuana retailer is unlawfully selling marijuana to
27 persons under the age of twenty-one;

28 (b) A marijuana retailer holding a medical marijuana endorsement
29 is selling to persons under the age of eighteen or selling to persons
30 between the ages of eighteen and twenty-one who do not hold valid
31 recognition cards;

32 (c) (~~Until July 1, 2016, collective gardens under RCW 69.51A.085~~
33 ~~are providing marijuana to persons under the age of twenty-one; or~~
34 ~~(d)~~) A cooperative organized under RCW 69.51A.250 is permitting
35 a person under the age of twenty-one to participate.

36 (2) Every person under the age of twenty-one years who purchases
37 or attempts to purchase marijuana is guilty of a violation of this
38 section. This section does not apply to:

1 (a) Persons between the ages of eighteen and twenty-one who hold
2 valid recognition cards and purchase marijuana at a marijuana retail
3 outlet holding a medical marijuana endorsement;

4 (b) Persons between the ages of eighteen and twenty-one years who
5 are participating in a controlled purchase program authorized by the
6 (~~state liquor and cannabis~~) board under rules adopted by the board.
7 Violations occurring under a private, controlled purchase program
8 authorized by the (~~state liquor and cannabis~~) board may not be used
9 for criminal or administrative prosecution.

10 (3) A marijuana retailer who conducts an in-house controlled
11 purchase program authorized under this section shall provide his or
12 her employees a written description of the employer's in-house
13 controlled purchase program. The written description must include
14 notice of actions an employer may take as a consequence of an
15 employee's failure to comply with company policies regarding the sale
16 of marijuana during an in-house controlled purchase program.

17 (4) An in-house controlled purchase program authorized under this
18 section shall be for the purposes of employee training and employer
19 self-compliance checks. A marijuana retailer may not terminate an
20 employee solely for a first-time failure to comply with company
21 policies regarding the sale of marijuana during an in-house
22 controlled purchase program authorized under this section.

23 (5) Every person between the ages of eighteen and twenty-one who
24 is convicted of a violation of this section is guilty of a
25 misdemeanor punishable as provided by RCW 9A.20.021.

26 **Sec. 88.** RCW 69.50.565 and 2015 2nd sp.s. c 4 s 202 are each
27 amended to read as follows:

28 (1) Whenever the board determines that a limited liability
29 business entity has collected trust fund taxes and has failed to
30 remit those taxes to the board and that business entity has been
31 terminated, dissolved, or abandoned, or is insolvent, the board may
32 pursue collection of the entity's unpaid trust fund taxes, including
33 penalties on those taxes, against any or all of the responsible
34 individuals. For purposes of this subsection, "insolvent" means the
35 condition that results when the sum of the entity's debts exceeds the
36 fair market value of its assets. The board may presume that an entity
37 is insolvent if the entity refuses to disclose to the board the
38 nature of its assets and liabilities.

1 (2) (a) For a responsible individual who is the current or a
2 former chief executive or chief financial officer, liability under
3 this section applies regardless of fault or whether the individual
4 was or should have been aware of the unpaid trust fund tax liability
5 of the limited liability business entity.

6 (b) For any other responsible individual, liability under this
7 section applies only if he or she willfully failed to pay or to cause
8 to be paid to the board the trust fund taxes due from the limited
9 liability business entity.

10 (3) (a) Except as provided in this subsection (3) (a), a
11 responsible individual who is the current or a former chief executive
12 or chief financial officer is liable under this section only for
13 trust fund tax liability accrued during the period that he or she was
14 the chief executive or chief financial officer. However, if the
15 responsible individual had the responsibility or duty to remit
16 payment of the limited liability business entity's trust fund taxes
17 to the board during any period of time that the person was not the
18 chief executive or chief financial officer, that individual is also
19 liable for trust fund tax liability that became due during the period
20 that he or she had the duty to remit payment of the limited liability
21 business entity's taxes to the board but was not the chief executive
22 or chief financial officer.

23 (b) All other responsible individuals are liable under this
24 section only for trust fund tax liability that became due during the
25 period he or she had the responsibility or duty to remit payment of
26 the limited liability business entity's taxes to the board.

27 (4) Persons described in subsection (3) (b) of this section are
28 exempt from liability under this section in situations where
29 nonpayment of the limited liability business entity's trust fund
30 taxes was due to reasons beyond their control as determined by the
31 board by rule.

32 (5) Any person having been issued a notice of unpaid trust fund
33 taxes under this section is entitled to an administrative hearing
34 under RCW 69.50.334 and any such rules the board may adopt.

35 (6) This section does not relieve the limited liability business
36 entity of its trust fund tax liability or otherwise impair other tax
37 collection remedies afforded by law.

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

40 (a) (~~"Board" means the state liquor and cannabis board.~~)

1 ~~(b)~~) "Chief executive" means: The president of a corporation or
2 for other entities or organizations other than corporations or if the
3 corporation does not have a president as one of its officers, the
4 highest ranking executive manager or administrator in charge of the
5 management of the company or organization.

6 ~~((e))~~ (b) "Chief financial officer" means: The treasurer of a
7 corporation or for entities or organizations other than corporations
8 or if a corporation does not have a treasurer as one of its officers,
9 the highest senior manager who is responsible for overseeing the
10 financial activities of the entire company or organization.

11 ~~((d))~~ (c) "Limited liability business entity" means a type of
12 business entity that generally shields its owners from personal
13 liability for the debts, obligations, and liabilities of the entity,
14 or a business entity that is managed or owned in whole or in part by
15 an entity that generally shields its owners from personal liability
16 for the debts, obligations, and liabilities of the entity. Limited
17 liability business entities include corporations, limited liability
18 companies, limited liability partnerships, trusts, general
19 partnerships and joint ventures in which one or more of the partners
20 or parties are also limited liability business entities, and limited
21 partnerships in which one or more of the general partners are also
22 limited liability business entities.

23 ~~((e))~~ (d) "Manager" has the same meaning as in RCW
24 ~~((25.15.005))~~ 25.15.006.

25 ~~((f))~~ (e) "Member" has the same meaning as in RCW ~~((25.15.005))~~
26 25.15.006, except that the term only includes members of member-
27 managed limited liability companies.

28 ~~((g))~~ (f) "Officer" means any officer or assistant officer of a
29 corporation, including the president, vice president, secretary, and
30 treasurer.

31 ~~((h))~~ (g)(i) "Responsible individual" includes any current or
32 former officer, manager, member, partner, or trustee of a limited
33 liability business entity with unpaid trust fund tax liability.

34 (ii) "Responsible individual" also includes any current or former
35 employee or other individual, but only if the individual had the
36 responsibility or duty to remit payment of the limited liability
37 business entity's unpaid trust fund tax liability.

38 (iii) Whenever any taxpayer has one or more limited liability
39 business entities as a member, manager, or partner, "responsible
40 individual" also includes any current and former officers, members,

1 or managers of the limited liability business entity or entities or
2 of any other limited liability business entity involved directly in
3 the management of the taxpayer. For purposes of this subsection (7)
4 ~~((h)(iii))~~ (g)(iii), "taxpayer" means a limited liability business
5 entity with unpaid trust fund taxes.

6 ~~((i))~~ (h) "Trust fund taxes" means taxes collected from buyers
7 and deemed held in trust under RCW 69.50.535.

8 ~~((j))~~ (i) "Willfully failed to pay or to cause to be paid"
9 means that the failure was the result of an intentional, conscious,
10 and voluntary course of action.

11 **Sec. 89.** RCW 69.50.580 and 2015 2nd sp.s. c 4 s 801 are each
12 amended to read as follows:

13 (1) Applicants for a marijuana producer's, marijuana processor's,
14 marijuana researcher's or marijuana retailer's license under this
15 chapter must display a sign provided by the ~~((state liquor and
16 cannabis))~~ board on the outside of the premises to be licensed
17 notifying the public that the premises are subject to an application
18 for such license. The sign must:

19 (a) Contain text with content sufficient to notify the public of
20 the nature of the pending license application, the date of the
21 application, the name of the applicant, and contact information for
22 the ~~((state liquor and cannabis))~~ board;

23 (b) Be conspicuously displayed on, or immediately adjacent to,
24 the premises subject to the application and in the location that is
25 most likely to be seen by the public;

26 (c) Be of a size sufficient to ensure that it will be readily
27 seen by the public; and

28 (d) Be posted within seven business days of the submission of the
29 application to the ~~((state liquor and cannabis))~~ board.

30 (2) The ~~((state liquor and cannabis))~~ board must adopt such rules
31 as are necessary for the implementation of this section, including
32 rules pertaining to the size of the sign and the text thereon, the
33 textual content of the sign, the fee for providing the sign, and any
34 other requirements necessary to ensure that the sign provides
35 adequate notice to the public.

36 (3)(a) A city, town, or county may adopt an ordinance requiring
37 individual notice by an applicant for a marijuana producer's,
38 marijuana processor's, marijuana researcher's, or marijuana
39 retailer's license under this chapter, sixty days prior to issuance

1 of the license, to any elementary or secondary school, playground,
2 recreation center or facility, child care center, church, public
3 park, public transit center, library, or any game arcade admission to
4 which is not restricted to persons aged twenty-one years or older,
5 that is within one thousand feet of the perimeter of the grounds of
6 the establishment seeking licensure. The notice must provide the
7 contact information for the ((~~liquor and cannabis~~)) board where any
8 of the owners or operators of these entities may submit comments or
9 concerns about the proposed business location.

10 (b) For the purposes of this subsection, "church" means a
11 building erected for and used exclusively for religious worship and
12 schooling or other activity in connection therewith.

13 **Sec. 90.** RCW 69.50.585 and 2016 sp.s. c 17 s 1 are each amended
14 to read as follows:

15 (1)(a) Nothing in this chapter prohibits a producer or processor
16 from providing retailers branded promotional items which are of
17 nominal value, singly or in the aggregate. Such items include but are
18 not limited to: Lighters, postcards, pencils, matches, shirts, hats,
19 visors, and other similar items. Branded promotional items:

20 (i) Must be used exclusively by the retailer or its employees in
21 a manner consistent with its license;

22 (ii) Must bear imprinted advertising matter of the producer or
23 processor only;

24 (iii) May be provided by a producer or processor only to
25 retailers and their employees and may not be provided by or through
26 retailers or their employees to retail customers; and

27 (iv) May not be targeted to youth, including any: (A) Statement,
28 picture, or illustration that depicts a child or other person under
29 legal age for consuming cannabis; (B) objects, such as toys or
30 characters, suggesting the presence of a child, or any other
31 depiction designed in any manner to be especially appealing to
32 children or other persons under legal age to consume cannabis; (C)
33 advertising designed in any manner that would be especially appealing
34 to children or other persons under twenty-one years of age; or (D)
35 advertising implying that the consumption of cannabis is fashionable
36 or the accepted course of behavior for persons under twenty-one years
37 of age.

38 (b) A producer or processor is not obligated to provide any such
39 branded promotional items, and a retailer may not require a producer

1 or processor to provide such branded promotional items as a condition
2 for selling any cannabis to the retailer.

3 (c) Any producer, processor, or retailer or any other person
4 asserting that the provision of branded promotional items as allowed
5 in (a) of this subsection has resulted or is more likely than not to
6 result in undue influence or an adverse impact on public health and
7 safety, or is otherwise inconsistent with the criteria in (a) of this
8 subsection may file a complaint with the (~~state liquor and~~
9 ~~cannabis~~) board. Upon receipt of a complaint the (~~state liquor and~~
10 ~~cannabis~~) board may conduct such investigation as it deems
11 appropriate in the circumstances. If the investigation reveals the
12 provision of branded promotional items has resulted in or is more
13 likely than not to result in undue influence or has resulted or is
14 more likely than not to result in an adverse impact on public health
15 and safety or is otherwise inconsistent with (a) of this subsection
16 the (~~state liquor and cannabis~~) board may issue an administrative
17 violation notice to the producer, processor, or retailer. The
18 recipient of the administrative violation notice may request a
19 hearing under chapter 34.05 RCW.

20 (2) Nothing in this chapter prohibits:

21 (a) Producers or processors from listing on their internet web
22 sites information related to retailers who sell or promote their
23 products, including direct links to the retailers' internet web
24 sites; and

25 (b) Retailers from listing on their internet web sites
26 information related to producers or processors whose products those
27 retailers sell or promote, including direct links to the producers or
28 processors' web sites; or

29 (c) Producers, processors, and retailers from producing, jointly
30 or together with regional, state, or local industry associations,
31 brochures and materials promoting tourism in Washington state which
32 contain information regarding retail licensees, producers,
33 processors, and their products.

34 (3) Nothing in this chapter prohibits the performance of personal
35 services offered from time to time by a producer or processor to
36 retailers when the personal services are (a) conducted at a licensed
37 premises, and (b) intended to inform, educate, or enhance customers'
38 knowledge or experience of the manufacturer's products. The
39 performance of personal services may include participation in events
40 and the use of informational or educational activities at the

1 premises of a retailer holding a license under this chapter. A
2 producer or processor is not obligated to perform any such personal
3 services, and a retail licensee may not require a producer or
4 processor to conduct any personal service as a condition for selling
5 cannabis to the retail licensee.

6 (4) For the purposes of this section, "nominal value" means a
7 value of thirty dollars or less.

8 **Sec. 91.** RCW 69.51A.010 and 2015 c 70 s 17 are each reenacted
9 and amended to read as follows:

10 The definitions in this section apply throughout this chapter
11 unless the context clearly requires otherwise.

12 (1) (a) (~~Until July 1, 2016, "authorization" means:~~

13 ~~(i) A statement signed and dated by a qualifying patient's health~~
14 ~~care professional written on tamper-resistant paper, which states~~
15 ~~that, in the health care professional's professional opinion, the~~
16 ~~patient may benefit from the medical use of marijuana; and~~

17 ~~(ii) Proof of identity such as a Washington state driver's~~
18 ~~license or identicard, as defined in RCW 46.20.035.~~

19 ~~(b) Beginning July 1, 2016,~~) "Authorization" means a form
20 developed by the department that is completed and signed by a
21 qualifying patient's health care professional and printed on tamper-
22 resistant paper.

23 ~~((e))~~ (b) An authorization is not a prescription as defined in
24 RCW 69.50.101.

25 (2) "CBD concentration" means the percent of cannabidiol content
26 per dry weight of any part of the plant *Cannabis*, or per volume or
27 weight of marijuana product.

28 (3) "Department" means the department of health.

29 (4) "Designated provider" means a person who is twenty-one years
30 of age or older and:

31 (a) (i) Is the parent or guardian of a qualifying patient who is
32 under the age of eighteen and (~~beginning July 1, 2016,~~) holds a
33 recognition card; or

34 (ii) Has been designated in writing by a qualifying patient to
35 serve as the designated provider for that patient;

36 (b) (i) Has an authorization from the qualifying patient's health
37 care professional; or

38 (ii) (~~Beginning July 1, 2016,~~)

- 1 (A) Has been entered into the medical marijuana authorization
2 database as being the designated provider to a qualifying patient;
3 and
- 4 (B) Has been provided a recognition card;
- 5 (c) Is prohibited from consuming marijuana obtained for the
6 personal, medical use of the qualifying patient for whom the
7 individual is acting as designated provider;
- 8 (d) Provides marijuana to only the qualifying patient that has
9 designated him or her;
- 10 (e) Is in compliance with the terms and conditions of this
11 chapter; and
- 12 (f) Is the designated provider to only one patient at any one
13 time.
- 14 (5) "Health care professional," for purposes of this chapter
15 only, means a physician licensed under chapter 18.71 RCW, a physician
16 assistant licensed under chapter 18.71A RCW, an osteopathic physician
17 licensed under chapter 18.57 RCW, an osteopathic physicians'
18 assistant licensed under chapter 18.57A RCW, a naturopath licensed
19 under chapter 18.36A RCW, or an advanced registered nurse
20 practitioner licensed under chapter 18.79 RCW.
- 21 (6) "Housing unit" means a house, an apartment, a mobile home, a
22 group of rooms, or a single room that is occupied as separate living
23 quarters, in which the occupants live and eat separately from any
24 other persons in the building, and which have direct access from the
25 outside of the building or through a common hall.
- 26 (7) "Low THC, high CBD" means products determined by the
27 department to have a low THC, high CBD ratio under RCW 69.50.375. Low
28 THC, high CBD products must be inhalable, ingestible, or absorbable.
- 29 (8) "Marijuana" has the meaning provided in RCW 69.50.101.
- 30 (9) "Marijuana concentrates" has the meaning provided in RCW
31 69.50.101.
- 32 (10) "Marijuana processor" has the meaning provided in RCW
33 69.50.101.
- 34 (11) "Marijuana producer" has the meaning provided in RCW
35 69.50.101.
- 36 (12) "Marijuana retailer" has the meaning provided in RCW
37 69.50.101.
- 38 (13) "Marijuana retailer with a medical marijuana endorsement"
39 means a marijuana retailer that has been issued a medical marijuana

1 endorsement by the (~~state liquor and cannabis~~) board pursuant to
2 RCW 69.50.375.

3 (14) "Marijuana-infused products" has the meaning provided in RCW
4 69.50.101.

5 (15) "Medical marijuana authorization database" means the secure
6 and confidential database established in RCW 69.51A.230.

7 (16) "Medical use of marijuana" means the manufacture,
8 production, possession, transportation, delivery, ingestion,
9 application, or administration of marijuana for the exclusive benefit
10 of a qualifying patient in the treatment of his or her terminal or
11 debilitating medical condition.

12 (17) "Plant" means a marijuana plant having at least three
13 distinguishable and distinct leaves, each leaf being at least three
14 centimeters in diameter, and a readily observable root formation
15 consisting of at least two separate and distinct roots, each being at
16 least two centimeters in length. Multiple stalks emanating from the
17 same root ball or root system is considered part of the same single
18 plant.

19 (18) "Public place" has the meaning provided in RCW 70.160.020.

20 (19) "Qualifying patient" means a person who:

21 (a) (i) Is a patient of a health care professional;

22 (ii) Has been diagnosed by that health care professional as
23 having a terminal or debilitating medical condition;

24 (iii) Is a resident of the state of Washington at the time of
25 such diagnosis;

26 (iv) Has been advised by that health care professional about the
27 risks and benefits of the medical use of marijuana;

28 (v) Has been advised by that health care professional that they
29 may benefit from the medical use of marijuana;

30 (vi) (A) Has an authorization from his or her health care
31 professional; or

32 (B) (~~Beginning July 1, 2016,~~) Has been entered into the medical
33 marijuana authorization database and has been provided a recognition
34 card; and

35 (vii) Is otherwise in compliance with the terms and conditions
36 established in this chapter.

37 (b) "Qualifying patient" does not include a person who is
38 actively being supervised for a criminal conviction by a corrections
39 agency or department that has determined that the terms of this

1 chapter are inconsistent with and contrary to his or her supervision
2 and all related processes and procedures related to that supervision.

3 (20) "Recognition card" means a card issued to qualifying
4 patients and designated providers by a marijuana retailer with a
5 medical marijuana endorsement that has entered them into the medical
6 marijuana authorization database.

7 (21) "Retail outlet" has the meaning provided in RCW 69.50.101.

8 (22) "Secretary" means the secretary of the department of health.

9 (23) "Tamper-resistant paper" means paper that meets one or more
10 of the following industry-recognized features:

11 (a) One or more features designed to prevent copying of the
12 paper;

13 (b) One or more features designed to prevent the erasure or
14 modification of information on the paper; or

15 (c) One or more features designed to prevent the use of
16 counterfeit authorization.

17 (24) "Terminal or debilitating medical condition" means a
18 condition severe enough to significantly interfere with the patient's
19 activities of daily living and ability to function, which can be
20 objectively assessed and evaluated and limited to the following:

21 (a) Cancer, human immunodeficiency virus (HIV), multiple
22 sclerosis, epilepsy or other seizure disorder, or spasticity
23 disorders;

24 (b) Intractable pain, limited for the purpose of this chapter to
25 mean pain unrelieved by standard medical treatments and medications;

26 (c) Glaucoma, either acute or chronic, limited for the purpose of
27 this chapter to mean increased intraocular pressure unrelieved by
28 standard treatments and medications;

29 (d) Crohn's disease with debilitating symptoms unrelieved by
30 standard treatments or medications;

31 (e) Hepatitis C with debilitating nausea or intractable pain
32 unrelieved by standard treatments or medications;

33 (f) Diseases, including anorexia, which result in nausea,
34 vomiting, wasting, appetite loss, cramping, seizures, muscle spasms,
35 or spasticity, when these symptoms are unrelieved by standard
36 treatments or medications;

37 (g) Posttraumatic stress disorder; or

38 (h) Traumatic brain injury.

39 (25) "THC concentration" has the meaning provided in RCW
40 69.50.101.

1 (26) "Useable marijuana" has the meaning provided in RCW
2 69.50.101.

3 (27) "Board" means the Washington state liquor and cannabis
4 board.

5 **Sec. 92.** RCW 69.51A.230 and 2015 c 70 s 21 are each amended to
6 read as follows:

7 (1) The department must contract with an entity to create,
8 administer, and maintain a secure and confidential medical marijuana
9 authorization database that(~~(, beginning July 1, 2016,)~~) allows:

10 (a) A marijuana retailer with a medical marijuana endorsement to
11 add a qualifying patient or designated provider and include the
12 amount of marijuana concentrates, useable marijuana, marijuana-
13 infused products, or plants for which the qualifying patient is
14 authorized under RCW 69.51A.210;

15 (b) Persons authorized to prescribe or dispense controlled
16 substances to access health care information on their patients for
17 the purpose of providing medical or pharmaceutical care for their
18 patients;

19 (c) A qualifying patient or designated provider to request and
20 receive his or her own health care information or information on any
21 person or entity that has queried their name or information;

22 (d) Appropriate local, state, tribal, and federal law enforcement
23 or prosecutorial officials who are engaged in a bona fide specific
24 investigation of suspected marijuana-related activity that may be
25 illegal under Washington state law to confirm the validity of the
26 recognition card of a qualifying patient or designated provider;

27 (e) A marijuana retailer holding a medical marijuana endorsement
28 to confirm the validity of the recognition card of a qualifying
29 patient or designated provider;

30 (f) The department of revenue to verify tax exemptions under
31 chapters 82.08 and 82.12 RCW;

32 (g) The department and the health care professional's
33 disciplining authorities to monitor authorizations and ensure
34 compliance with this chapter and chapter 18.130 RCW by their
35 licensees; and

36 (h) Authorizations to expire six months or one year after entry
37 into the medical marijuana authorization database, depending on
38 whether the authorization is for a minor or an adult.

1 (2) A qualifying patient and his or her designated provider, if
2 any, may be placed in the medical marijuana authorization database at
3 a marijuana retailer with a medical marijuana endorsement. After a
4 qualifying patient or designated provider is placed in the medical
5 marijuana authorization database, he or she must be provided with a
6 recognition card that contains identifiers required in subsection (3)
7 of this section.

8 (3) The recognition card requirements must be developed by the
9 department in rule and include:

10 (a) A randomly generated and unique identifying number;

11 (b) For designated providers, the unique identifying number of
12 the qualifying patient whom the provider is assisting;

13 (c) A photograph of the qualifying patient's or designated
14 provider's face taken by an employee of the marijuana retailer with a
15 medical marijuana endorsement at the same time that the qualifying
16 patient or designated provider is being placed in the medical
17 marijuana authorization database in accordance with rules adopted by
18 the department;

19 (d) The amount of marijuana concentrates, useable marijuana,
20 marijuana-infused products, or plants for which the qualifying
21 patient is authorized under RCW 69.51A.210;

22 (e) The effective date and expiration date of the recognition
23 card;

24 (f) The name of the health care professional who authorized the
25 qualifying patient or designated provider; and

26 (g) For the recognition card, additional security features as
27 necessary to ensure its validity.

28 (4) For qualifying patients who are eighteen years of age or
29 older and their designated providers, recognition cards are valid for
30 one year from the date the health care professional issued the
31 authorization. For qualifying patients who are under the age of
32 eighteen and their designated providers, recognition cards are valid
33 for six months from the date the health care professional issued the
34 authorization. Qualifying patients may not be reentered into the
35 medical marijuana authorization database until they have been
36 reexamined by a health care professional and determined to meet the
37 definition of qualifying patient. After reexamination, a marijuana
38 retailer with a medical marijuana endorsement must reenter the
39 qualifying patient or designated provider into the medical marijuana

1 authorization database and a new recognition card will then be issued
2 in accordance with department rules.

3 (5) If a recognition card is lost or stolen, a marijuana retailer
4 with a medical marijuana endorsement, in conjunction with the
5 database administrator, may issue a new card that will be valid for
6 six months to one year if the patient is reexamined by a health care
7 professional and determined to meet the definition of qualifying
8 patient and depending on whether the patient is under the age of
9 eighteen or eighteen years of age or older as provided in subsection
10 (4) of this section. If a reexamination is not performed, the
11 expiration date of the replacement recognition card must be the same
12 as the lost or stolen recognition card.

13 (6) The database administrator must remove qualifying patients
14 and designated providers from the medical marijuana authorization
15 database upon expiration of the recognition card. Qualifying patients
16 and designated providers may request to remove themselves from the
17 medical marijuana authorization database before expiration of a
18 recognition card and health care professionals may request to remove
19 qualifying patients and designated providers from the medical
20 marijuana authorization database if the patient or provider no longer
21 qualifies for the medical use of marijuana. The database
22 administrator must retain database records for at least five calendar
23 years to permit the ((~~state liquor and cannabis~~)) board and the
24 department of revenue to verify eligibility for tax exemptions.

25 (7) During development of the medical marijuana authorization
26 database, the database administrator must consult with the
27 department, stakeholders, and persons with relevant expertise to
28 include, but not be limited to, qualifying patients, designated
29 providers, health care professionals, state and local law enforcement
30 agencies, and the University of Washington computer science and
31 engineering security and privacy research lab or a certified
32 cybersecurity firm, vendor, or service.

33 (8) The medical marijuana authorization database must meet the
34 following requirements:

35 (a) Any personally identifiable information included in the
36 database must be nonreversible, pursuant to definitions and standards
37 set forth by the national institute of standards and technology;

38 (b) Any personally identifiable information included in the
39 database must not be susceptible to linkage by use of data external
40 to the database;

1 (c) The database must incorporate current best differential
2 privacy practices, allowing for maximum accuracy of database queries
3 while minimizing the chances of identifying the personally
4 identifiable information included therein; and

5 (d) The database must be upgradable and updated in a timely
6 fashion to keep current with state of the art privacy and security
7 standards and practices.

8 (9)(a) Personally identifiable information of qualifying patients
9 and designated providers included in the medical marijuana
10 authorization database is confidential and exempt from public
11 disclosure, inspection, or copying under chapter 42.56 RCW.

12 (b) Information contained in the medical marijuana authorization
13 database may be released in aggregate form, with all personally
14 (~~identifying~~ [~~identifiable~~]) identifiable information redacted, for
15 the purpose of statistical analysis and oversight of agency
16 performance and actions.

17 (c) Information contained in the medical marijuana authorization
18 database shall not be shared with the federal government or its
19 agents unless the particular (~~qualifying~~) qualifying patient or
20 designated provider is convicted in state court for violating this
21 chapter or chapter 69.50 RCW.

22 (10)(~~(a)~~) The department must charge a one dollar fee for each
23 initial and renewal recognition card issued by a marijuana retailer
24 with a medical marijuana endorsement. The marijuana retailer with a
25 medical marijuana endorsement shall collect the fee from the
26 qualifying patient or designated provider at the time that he or she
27 is entered into the database and issued a recognition card. The
28 department shall establish a schedule for marijuana retailers with a
29 medical marijuana endorsement to remit the fees collected. Fees
30 collected under this subsection shall be deposited into the health
31 professions account created under RCW 43.70.320.

32 (~~(b) By November 1, 2016, the department shall report to the~~
33 ~~governor and the fiscal committees of both the house of~~
34 ~~representatives and the senate regarding the cost of implementation~~
35 ~~and administration of the medical marijuana authorization database.~~
36 ~~The report must specify amounts from the health professions account~~
37 ~~used to finance the establishment and administration of the medical~~
38 ~~marijuana authorization database as well as estimates of the~~
39 ~~continuing costs associated with operating the medical marijuana~~
40 ~~[authorization] database. The report must also provide initial~~

1 ~~enrollment figures in the medical marijuana authorization database~~
2 ~~and estimates of expected future enrollment.))~~

3 (11) If the database administrator fails to comply with this
4 section, the department may cancel any contracts with the database
5 administrator and contract with another database administrator to
6 continue administration of the database. A database administrator who
7 fails to comply with this section is subject to a fine of up to five
8 thousand dollars in addition to any penalties established in the
9 contract. Fines collected under this section must be deposited into
10 the health professions account created under RCW 43.70.320.

11 (12) The department may adopt rules to implement this section.

12 **Sec. 93.** RCW 69.51A.250 and 2017 c 317 s 8 are each amended to
13 read as follows:

14 (1) Qualifying patients or designated providers may form a
15 cooperative and share responsibility for acquiring and supplying the
16 resources needed to produce and process marijuana only for the
17 medical use of members of the cooperative. No more than four
18 qualifying patients or designated providers may become members of a
19 cooperative under this section and all members must hold valid
20 recognition cards. All members of the cooperative must be at least
21 twenty-one years old. The designated provider of a qualifying patient
22 who is under twenty-one years old may be a member of a cooperative on
23 the qualifying patient's behalf. All plants grown in the cooperative
24 must be from an immature plant or clone purchased from a licensed
25 marijuana producer as defined in RCW 69.50.101. Cooperatives may also
26 purchase marijuana seeds from a licensed marijuana producer.

27 (2) Qualifying patients and designated providers who wish to form
28 a cooperative must register the location with the (~~state liquor and~~
29 ~~cannabis~~) board and this is the only location where cooperative
30 members may grow or process marijuana. This registration must include
31 the names of all participating members and copies of each
32 participant's recognition card. Only qualifying patients or
33 designated providers registered with the (~~state liquor and~~
34 ~~cannabis~~) board in association with the location may participate in
35 growing or receive useable marijuana or marijuana-infused products
36 grown at that location.

37 (3) No cooperative may be located in any of the following areas:

38 (a) Within one mile of a marijuana retailer;

39 (b) Within the smaller of either:

1 (i) One thousand feet of the perimeter of the grounds of any
2 elementary or secondary school, playground, recreation center or
3 facility, child care center, public park, public transit center,
4 library, or any game arcade that admission to which is not restricted
5 to persons aged twenty-one years or older; or

6 (ii) The area restricted by ordinance, if the cooperative is
7 located in a city, county, or town that has passed an ordinance
8 pursuant to RCW 69.50.331(8); or

9 (c) Where prohibited by a city, town, or county zoning provision.

10 (4) The ((~~state liquor and cannabis~~)) board must deny the
11 registration of any cooperative if the location does not comply with
12 the requirements set forth in subsection (3) of this section.

13 (5) If a qualifying patient or designated provider no longer
14 participates in growing at the location, he or she must notify the
15 ((~~state liquor and cannabis~~)) board within fifteen days of the date
16 the qualifying patient or designated provider ceases participation.
17 The ((~~state liquor and cannabis~~)) board must remove his or her name
18 from connection to the cooperative. Additional qualifying patients or
19 designated providers may not join the cooperative until sixty days
20 have passed since the date on which the last qualifying patient or
21 designated provider notifies the ((~~state liquor and cannabis~~)) board
22 that he or she no longer participates in that cooperative.

23 (6) Qualifying patients or designated providers who participate
24 in a cooperative under this section:

25 (a) May grow up to the total amount of plants for which each
26 participating member is authorized on their recognition cards, up to
27 a maximum of sixty plants. At the location, the qualifying patients
28 or designated providers may possess the amount of useable marijuana
29 that can be produced with the number of plants permitted under this
30 subsection, but no more than seventy-two ounces;

31 (b) May only participate in one cooperative;

32 (c) May only grow plants in the cooperative and if he or she
33 grows plants in the cooperative may not grow plants elsewhere;

34 (d) Must provide assistance in growing plants. A monetary
35 contribution or donation is not to be considered assistance under
36 this section. Participants must provide nonmonetary resources and
37 labor in order to participate; and

38 (e) May not sell, donate, or otherwise provide marijuana,
39 marijuana concentrates, useable marijuana, or marijuana-infused
40 products to a person who is not participating under this section.

1 (7) The location of the cooperative must be the domicile of one
2 of the participants. Only one cooperative may be located per property
3 tax parcel. A copy of each participant's recognition card must be
4 kept at the location at all times.

5 (8) The (~~state liquor and cannabis~~) board may adopt rules to
6 implement this section including:

7 (a) Any security requirements necessary to ensure the safety of
8 the cooperative and to reduce the risk of diversion from the
9 cooperative;

10 (b) A seed to sale traceability model that is similar to the seed
11 to sale traceability model used by licensees that will allow the
12 (~~state liquor and cannabis~~) board to track all marijuana grown in a
13 cooperative.

14 (9) The (~~state liquor and cannabis~~) board or law enforcement
15 may inspect a cooperative registered under this section to ensure
16 members are in compliance with this section. The (~~state liquor and
17 cannabis~~) board must adopt rules on reasonable inspection hours and
18 reasons for inspections.

19 **Sec. 94.** RCW 69.51A.270 and 2015 c 70 s 28 are each amended to
20 read as follows:

21 (1) Once the (~~state liquor and cannabis~~) board adopts rules
22 under subsection (2) of this section, qualifying patients or
23 designated providers may only extract or separate the resin from
24 marijuana or produce or process any form of marijuana concentrates or
25 marijuana-infused products in accordance with those standards.

26 (2) The (~~state liquor and cannabis~~) board must adopt rules
27 permitting qualifying patients and designated providers to extract or
28 separate the resin from marijuana using noncombustible methods. The
29 rules must provide the noncombustible methods permitted and any
30 restrictions on this practice.

31 **Sec. 95.** RCW 70.155.010 and 2009 c 278 s 1 are each amended to
32 read as follows:

33 The definitions set forth in RCW 82.24.010 shall apply to this
34 chapter. In addition, for the purposes of this chapter, unless
35 otherwise required by the context:

36 (1) "Board" means the Washington state liquor (~~control~~) and
37 cannabis board.

1 (2) "Internet" means any computer network, telephonic network, or
2 other electronic network.

3 (3) "Minor" refers to an individual who is less than eighteen
4 years old.

5 (4) "Sample" means a tobacco product distributed to members of
6 the general public at no cost or at nominal cost for product
7 promotion purposes.

8 (5) "Sampling" means the distribution of samples to members of
9 the public.

10 (6) "Tobacco product" means a product that contains tobacco and
11 is intended for human use, including any product defined in RCW
12 82.24.010(2) or 82.26.010(~~((1))~~) (21), except that for the purposes
13 of RCW 70.155.140 only, "tobacco product" does not include cigars
14 defined in RCW 82.26.010 as to which one thousand units weigh more
15 than three pounds.

16 **Sec. 96.** RCW 70.155.020 and 1993 c 507 s 3 are each amended to
17 read as follows:

18 A person who holds a license issued under RCW 82.24.520 or
19 82.24.530 shall:

20 (1) Display the license or a copy in a prominent location at the
21 outlet for which the license is issued; and

22 (2) Display a sign concerning the prohibition of tobacco sales to
23 minors.

24 Such sign shall:

25 (a) Be posted so that it is clearly visible to anyone purchasing
26 tobacco products from the licensee;

27 (b) Be designed and produced by the department of health to read:
28 "THE SALE OF TOBACCO PRODUCTS TO PERSONS UNDER AGE 18 IS STRICTLY
29 PROHIBITED BY STATE LAW. IF YOU ARE UNDER 18, YOU COULD BE PENALIZED
30 FOR PURCHASING A TOBACCO PRODUCT; PHOTO ID REQUIRED"; and

31 (c) Be provided free of charge by the (~~(liquor control)~~) board.

32 **Sec. 97.** RCW 70.155.080 and 2002 c 175 s 47 are each amended to
33 read as follows:

34 (1) A person under the age of eighteen who purchases or attempts
35 to purchase, possesses, or obtains or attempts to obtain cigarettes
36 or tobacco products commits a class 3 civil infraction under chapter
37 7.80 RCW and is subject to a fine as set out in chapter 7.80 RCW or
38 participation in up to four hours of community restitution, or both.

1 The court may also require participation in a smoking cessation
2 program. This provision does not apply if a person under the age of
3 eighteen, with parental authorization, is participating in a
4 controlled purchase as part of a (~~liquor control~~) board, law
5 enforcement, or local health department activity.

6 (2) Municipal and district courts within the state have
7 jurisdiction for enforcement of this section.

8 **Sec. 98.** RCW 70.155.090 and 2006 c 14 s 4 are each amended to
9 read as follows:

10 (1) Where there may be a question of a person's right to purchase
11 or obtain tobacco products by reason of age, the retailer or agent
12 thereof(~~(r)~~) shall require the purchaser to present any one of the
13 following officially issued identification that shows the purchaser's
14 age and bears his or her signature and photograph: (a) Liquor control
15 authority card of identification of a state or province of Canada;
16 (b) driver's license, instruction permit, or identification card of a
17 state or province of Canada; (c) "identocard" issued by the
18 Washington state department of licensing under chapter 46.20 RCW; (d)
19 United States military identification; (e) passport; (f) enrollment
20 card, issued by the governing authority of a federally recognized
21 Indian tribe located in Washington, that incorporates security
22 features comparable to those implemented by the department of
23 licensing for Washington drivers' licenses. At least ninety days
24 prior to implementation of an enrollment card under this subsection,
25 the appropriate tribal authority shall give notice to the board. The
26 board shall publish and communicate to licensees regarding the
27 implementation of each new enrollment card; or (g) merchant marine
28 identification card issued by the United States coast guard.

29 (2) It is a defense to a prosecution under RCW 26.28.080 that the
30 person making a sale reasonably relied on any of the officially
31 issued identification as defined in subsection (1) of this section.
32 The (~~liquor control~~) board shall waive the suspension or revocation
33 of a license if the licensee clearly establishes that he or she acted
34 in good faith to prevent violations and a violation occurred despite
35 the licensee's exercise of due diligence.

36 **Sec. 99.** RCW 70.155.100 and 2016 sp.s. c 38 s 23 are each
37 amended to read as follows:

1 (1) The ((~~liquor and cannabis~~)) board may suspend or revoke a
2 retailer's license issued under RCW 82.24.510(1)(b) or
3 82.26.150(1)(b) held by a business at any location, or may impose a
4 monetary penalty as set forth in subsection (3) of this section, if
5 the ((~~liquor and cannabis~~)) board finds that the licensee has
6 violated RCW 26.28.080, 70.155.020, 70.155.030, 70.155.040,
7 70.155.050, 70.155.070, or 70.155.090.

8 (2) Any retailer's licenses issued under RCW 70.345.020 to a
9 person whose license or licenses under chapter 82.24 or 82.26 RCW
10 have been suspended or revoked for violating RCW 26.28.080 must also
11 be suspended or revoked during the period of suspension or revocation
12 under this section.

13 (3) The sanctions that the ((~~liquor and cannabis~~)) board may
14 impose against a person licensed under RCW 82.24.530 or 82.26.170
15 based upon one or more findings under subsection (1) of this section
16 may not exceed the following:

17 (a) For violations of RCW 26.28.080, 70.155.020, or 21 C.F.R.
18 Sec. 1140.14, and for violations of RCW 70.155.040 occurring on the
19 licensed premises:

20 (i) A monetary penalty of two hundred dollars for the first
21 violation within any three-year period;

22 (ii) A monetary penalty of six hundred dollars for the second
23 violation within any three-year period;

24 (iii) A monetary penalty of two thousand dollars and suspension
25 of the license for a period of six months for the third violation
26 within any three-year period;

27 (iv) A monetary penalty of three thousand dollars and suspension
28 of the license for a period of twelve months for the fourth violation
29 within any three-year period;

30 (v) Revocation of the license with no possibility of
31 reinstatement for a period of five years for the fifth or more
32 violation within any three-year period;

33 (b) If the board finds that a person licensed under chapter 82.24
34 or 82.26 RCW and RCW 70.345.020 has violated RCW 26.28.080, each
35 subsequent violation of either of the person's licenses counts as an
36 additional violation within that three-year period.

37 (c) For violations of RCW 70.155.030, a monetary penalty in the
38 amount of one hundred dollars for each day upon which such violation
39 occurred;

1 (d) For violations of RCW 70.155.050, a monetary penalty in the
2 amount of six hundred dollars for each violation;

3 (e) For violations of RCW 70.155.070, a monetary penalty in the
4 amount of two thousand dollars for each violation.

5 (4) The ((~~liquor and cannabis~~)) board may impose a monetary
6 penalty upon any person other than a licensed cigarette or tobacco
7 product retailer if the ((~~liquor and cannabis~~)) board finds that the
8 person has violated RCW 26.28.080, 70.155.020, 70.155.030,
9 70.155.040, 70.155.050, 70.155.070, or 70.155.090.

10 (5) The monetary penalty that the ((~~liquor and cannabis~~)) board
11 may impose based upon one or more findings under subsection (4) of
12 this section may not exceed the following:

13 (a) For violation of RCW 26.28.080 or 70.155.020, one hundred
14 dollars for the first violation and two hundred dollars for each
15 subsequent violation;

16 (b) For violations of RCW 70.155.030, two hundred dollars for
17 each day upon which such violation occurred;

18 (c) For violations of RCW 70.155.040, two hundred dollars for
19 each violation;

20 (d) For violations of RCW 70.155.050, six hundred dollars for
21 each violation;

22 (e) For violations of RCW 70.155.070, two thousand dollars for
23 each violation.

24 (6) The ((~~liquor and cannabis~~)) board may develop and offer a
25 class for retail clerks and use this class in lieu of a monetary
26 penalty for the clerk's first violation.

27 (7) The ((~~liquor and cannabis~~)) board may issue a cease and
28 desist order to any person who is found by the ((~~liquor and~~
29 ~~cannabis~~)) board to have violated or intending to violate the
30 provisions of this chapter, RCW 26.28.080, 82.24.500, or 82.26.190
31 requiring such person to cease specified conduct that is in
32 violation. The issuance of a cease and desist order does not preclude
33 the imposition of other sanctions authorized by this statute or any
34 other provision of law.

35 (8) The ((~~liquor and cannabis~~)) board may seek injunctive relief
36 to enforce the provisions of RCW 26.28.080, 82.24.500, 82.26.190 or
37 this chapter. The ((~~liquor and cannabis~~)) board may initiate legal
38 action to collect civil penalties imposed under this chapter if the
39 same have not been paid within thirty days after imposition of such
40 penalties. In any action filed by the ((~~liquor and cannabis~~)) board

1 under this chapter, the court may, in addition to any other relief,
2 award the ((~~liquor and cannabis~~)) board reasonable attorneys' fees
3 and costs.

4 (9) All proceedings under subsections (1) through (7) of this
5 section shall be conducted in accordance with chapter 34.05 RCW.

6 (10) The ((~~liquor and cannabis~~)) board may reduce or waive either
7 the penalties or the suspension or revocation of a license, or both,
8 as set forth in this chapter where the elements of proof are
9 inadequate or where there are mitigating circumstances. Mitigating
10 circumstances may include, but are not limited to, an exercise of due
11 diligence by a retailer. Further, the board may exceed penalties set
12 forth in this chapter based on aggravating circumstances.

13 **Sec. 100.** RCW 70.155.110 and 1993 c 507 s 12 are each amended to
14 read as follows:

15 (1) The ((~~liquor control~~)) board shall, in addition to the
16 board's other powers and authorities, have the authority to enforce
17 the provisions of this chapter and RCW 26.28.080((~~-4~~)) and
18 82.24.500. The ((~~liquor control~~)) board shall have full power to
19 revoke or suspend the license of any retailer or wholesaler in
20 accordance with the provisions of RCW 70.155.100.

21 (2) The ((~~liquor control~~)) board and the board's authorized
22 agents or employees shall have full power and authority to enter any
23 place of business where tobacco products are sold for the purpose of
24 enforcing the provisions of this chapter.

25 (3) For the purpose of enforcing the provisions of this chapter
26 and RCW 26.28.080((~~-4~~)) and 82.24.500, a peace officer or
27 enforcement officer of the ((~~liquor control~~)) board who has
28 reasonable grounds to believe a person observed by the officer
29 purchasing, attempting to purchase, or in possession of tobacco
30 products is under the age of eighteen years of age, may detain such
31 person for a reasonable period of time and in such a reasonable
32 manner as is necessary to determine the person's true identity and
33 date of birth. Further, tobacco products possessed by persons under
34 the age of eighteen years of age are considered contraband and may be
35 seized by a peace officer or enforcement officer of the ((~~liquor~~
36 ~~control~~)) board.

37 (4) The ((~~liquor control~~)) board may work with local county
38 health departments or districts and local law enforcement agencies to
39 conduct random, unannounced, inspections to assure compliance.

1 **Sec. 101.** RCW 70.155.120 and 2016 sp.s. c 38 s 2 are each
2 amended to read as follows:

3 (1) The youth tobacco and vapor products prevention account is
4 created in the state treasury. All fees collected pursuant to RCW
5 82.24.520, 82.24.530, 82.26.160, and 82.26.170 and funds collected by
6 the ((~~liquor and cannabis~~)) board from the imposition of monetary
7 penalties shall be deposited into this account, except that ten
8 percent of all such fees and penalties shall be deposited in the
9 state general fund.

10 (2) Moneys appropriated from the youth tobacco and vapor products
11 prevention account to the department of health shall be used by the
12 department of health for implementation of this chapter, including
13 collection and reporting of data regarding enforcement and the extent
14 to which access to tobacco products and vapor products by youth has
15 been reduced.

16 (3) The department of health shall enter into interagency
17 agreements with the ((~~liquor and cannabis~~)) board to pay the costs
18 incurred, up to thirty percent of available funds, in carrying out
19 its enforcement responsibilities under this chapter. Such agreements
20 shall set forth standards of enforcement, consistent with the funding
21 available, so as to reduce the extent to which tobacco products and
22 vapor products are available to individuals under the age of
23 eighteen. The agreements shall also set forth requirements for data
24 reporting by the ((~~liquor and cannabis~~)) board regarding its
25 enforcement activities.

26 (4) The department of health, the ((~~liquor and cannabis~~)) board,
27 and the department of revenue shall enter into an interagency
28 agreement for payment of the cost of administering the tobacco
29 retailer licensing system and for the provision of quarterly
30 documentation of tobacco wholesaler, retailer, and vending machine
31 names and locations.

32 (5) The department of health shall, within up to seventy percent
33 of available funds, provide grants to local health departments or
34 other local community agencies to develop and implement coordinated
35 tobacco and vapor product intervention strategies to prevent and
36 reduce tobacco and vapor product use by youth.

37 **Sec. 102.** RCW 70.158.020 and 2003 c 25 s 2 are each amended to
38 read as follows:

1 The following definitions apply to this chapter unless the
2 context clearly requires otherwise.

3 (1) "Brand family" means all styles of cigarettes sold under the
4 same trademark and differentiated from one another by means of
5 additional modifiers or descriptors, including, but not limited to,
6 "menthol," "lights," "kings," and "100s," and includes any brand name
7 alone or in conjunction with any other word, trademark, logo, symbol,
8 motto, selling message, recognizable pattern of colors, or any other
9 indicia of product identification identical or similar to, or
10 identifiable with, a previously known brand of cigarettes.

11 (2) "Board" means the Washington state liquor (~~(control)~~) and
12 cannabis board.

13 (3) "Cigarette" has the same meaning as in RCW 70.157.010(d).

14 (4) "Director" means the director of the department of revenue
15 except as otherwise noted.

16 (5) "Directory" means the directory to be created and published
17 on a web site by the attorney general pursuant to RCW 70.158.030(2).

18 (6) "Distributor" has the same meaning as in RCW
19 82.26.010(~~(+3)~~), except that for purposes of this chapter, no person
20 is a distributor if that person does not deal with cigarettes as
21 defined in this section.

22 (7) "Master settlement agreement" has the same meaning as in RCW
23 70.157.010(e).

24 (8) "Nonparticipating manufacturer" means any tobacco product
25 manufacturer that is not a participating manufacturer.

26 (9) "Participating manufacturer" has the meaning given that term
27 in section II(jj) of the master settlement agreement.

28 (10) "Qualified escrow fund" has the same meaning as in RCW
29 70.157.010(f).

30 (11) "Stamp" means "stamp" as defined in RCW 82.24.010(~~(+7)~~) or
31 as referred to in RCW 43.06.455(4).

32 (12) "Tobacco product manufacturer" has the same meaning as in
33 RCW 70.157.010(i).

34 (13) "Units sold" has the same meaning as in RCW 70.157.010(j).

35 (14) "Wholesaler" has the same meaning as in RCW 82.24.010.

36 **Sec. 103.** RCW 77.15.750 and 2011 c 320 s 20 are each amended to
37 read as follows:

38 (1) A person is guilty of unlawful use of a department permit if
39 the person:

1 (a) Violates any terms or conditions of the permit issued by the
2 department or the director; or

3 (b) Violates any rule of the commission or the director
4 applicable to the requirement for, issuance of, or use of the permit.

5 (2)(a) Permits covered under subsection (1) of this section
6 include, but are not limited to, master hunter permits, crab pot
7 removal permits and shellfish pot removal permits under RCW
8 77.70.500, depredation permits, landowner hunting permits, commercial
9 carp license permits, permits to possess or dispense beer or malt
10 liquor pursuant to RCW 66.28.210, and permits to hold, sponsor, or
11 attend an event requiring a banquet permit from the Washington state
12 liquor ((control)) and cannabis board.

13 (b) Permits excluded from subsection (1) of this section include
14 the discover pass created in RCW 79A.80.020, the vehicle access pass
15 created in RCW 79A.80.040, the day-use permit created in RCW
16 79A.80.030, commercial use or activity permits, noncommercial use or
17 activity permits, parking permits, experimental fishery permits,
18 trial commercial fishery permits, and scientific collection permits.

19 (3) Unlawful use of a department permit is a misdemeanor.

20 (4) A person is guilty of unlawful use of an experimental fishery
21 permit or a trial commercial fishery permit if the person:

22 (a) Violates any terms or conditions of the permit issued by the
23 department or the director; or

24 (b) Violates any rule of the commission or the director
25 applicable to the issuance or use of the permit.

26 (5) Unlawful use of an experimental fishery permit or a trial
27 commercial fishery permit is a gross misdemeanor.

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

30 (a) "Experimental fishery permit" means a permit issued by the
31 director for either:

32 (i) An "emerging commercial fishery," defined as a fishery for a
33 newly classified species for which the department has determined that
34 there is a need to limit participation; or

35 (ii) An "expanding commercial fishery," defined as a fishery for
36 a previously classified species in a new area, by a new method, or at
37 a new effort level, for which the department has determined that
38 there is a need to limit participation.

39 (b) "Trial commercial fishery permit" means a permit issued by
40 the department for trial harvest of a newly classified species or

1 harvest of a previously classified species in a new area or by a new
2 means.

3 **Sec. 104.** RCW 82.08.155 and 2012 c 39 s 1 are each amended to
4 read as follows:

5 (1)(a) If the department determines that a taxpayer is more than
6 thirty days delinquent in reporting or remitting spirits taxes on a
7 tax return or assessed by the department, including any applicable
8 penalties and interest on such taxes, the department may request that
9 the Washington state liquor ((~~control~~)) and cannabis board suspend
10 the taxpayer's spirits license or licenses and refuse to renew any
11 existing spirits license held by the taxpayer or issue any new
12 spirits license to the taxpayer. The department must provide written
13 notice to the affected taxpayer of the department's request to the
14 Washington state liquor ((~~control~~)) and cannabis board.

15 (b) Before the department may make a request to the Washington
16 state liquor ((~~control~~)) and cannabis board as authorized in (a) of
17 this subsection (1), the department must have provided the taxpayer
18 with at least seven calendar days prior written notice. This notice
19 must inform the taxpayer that the department intends to request that
20 the Washington state liquor ((~~control~~)) and cannabis board suspend
21 the taxpayer's spirits license or licenses and refuse to renew any
22 existing license of the taxpayer or issue any new spirits license to
23 the taxpayer unless, within seven calendar days of the date of the
24 notice, the taxpayer submits any unfiled tax returns for reporting
25 spirits taxes and remits full payment of its outstanding spirits tax
26 liability to the department or negotiates payment arrangements for
27 the unpaid spirits taxes. The notice required by this subsection
28 (1)(b) must include information listing any unfiled tax returns; the
29 amount of unpaid spirits taxes, including any applicable penalties
30 and interest; who to contact to inquire about payment arrangements;
31 and that the taxpayer may seek administrative review by the
32 department of the notice, and the deadline for seeking such review.
33 Nothing in this subsection (1)(b) requires the department to enter
34 into any payment arrangement proposed by a taxpayer if the department
35 determines that the taxpayer's proposal is not satisfactory.

36 (c) The department may not make a request to the Washington state
37 liquor ((~~control~~)) and cannabis board under ((~~subsection (1)~~))(a) of
38 this ((~~section~~)) subsection relating to any spirits taxes that are
39 the subject of pending administrative review by the department.

1 (2) A taxpayer's right to administrative review of the notice
2 required in subsection (1)(b) of this section:

3 (a) May be conducted under any rule adopted pursuant to RCW
4 82.01.060(4) or as a brief adjudicative proceeding under RCW
5 34.05.485 through 34.05.494; and

6 (b) Does not include the right to challenge the amount of any
7 spirits taxes assessed by the department if the taxpayer previously
8 sought or could have sought administrative review of the assessment
9 as provided in RCW 82.32.160.

10 (3) The notices required by this section may be provided
11 electronically in accordance with RCW 82.32.135.

12 (4) For purposes of this section:

13 (a) "Spirits license" has the same meaning as in RCW
14 66.24.010(3)(c); and

15 (b) "Spirits taxes" means the taxes imposed in RCW 82.08.150.

16 **Sec. 105.** RCW 82.24.010 and 2012 2nd sp.s. c 4 s 1 are each
17 amended to read as follows:

18 Unless the context clearly requires otherwise, the definitions in
19 this section apply throughout this chapter:

20 (1) "Board" means the Washington state liquor (~~control~~) and
21 cannabis board.

22 (2) "Cigarette" means any roll for smoking made wholly or in part
23 of tobacco, irrespective of size or shape and irrespective of the
24 tobacco being flavored, adulterated, or mixed with any other
25 ingredient, where such roll has a wrapper or cover made of paper or
26 any material, except where such wrapper is wholly or in the greater
27 part made of natural leaf tobacco in its natural state. "Cigarette"
28 includes a roll-your-own cigarette.

29 (3) "Cigarette paper" means any paper or any other material
30 except tobacco, prepared for use as a cigarette wrapper.

31 (4) "Cigarette tube" means cigarette paper made into a hollow
32 cylinder for use in making cigarettes.

33 (5) "Commercial cigarette-making machine" means a machine that is
34 operated in a retail establishment and that is capable of being
35 loaded with loose tobacco, cigarette paper or tubes, and any other
36 components related to the production of roll-your-own cigarettes,
37 including filters.

38 (6) "Indian tribal organization" means a federally recognized
39 Indian tribe, or tribal entity, and includes an Indian wholesaler or

1 retailer that is owned by an Indian who is an enrolled tribal member
2 conducting business under tribal license or similar tribal approval
3 within Indian country. For purposes of this chapter "Indian country"
4 is defined in the manner set forth in 18 U.S.C. Sec. 1151.

5 (7) "Precollection obligation" means the obligation of a seller
6 otherwise exempt from the tax imposed by this chapter to collect the
7 tax from that seller's buyer.

8 (8) "Retailer" means every person, other than a wholesaler, who
9 purchases, sells, offers for sale or distributes any one or more of
10 the articles taxed herein, irrespective of quantity or amount, or the
11 number of sales, and all persons operating under a retailer's
12 registration certificate.

13 (9) "Retail selling price" means the ordinary, customary or usual
14 price paid by the consumer for each package of cigarettes, less the
15 tax levied by this chapter and less any similar tax levied by this
16 state.

17 (10) "Roll-your-own cigarettes" means cigarettes produced by a
18 commercial cigarette-making machine.

19 (11) "Stamp" means the stamp or stamps by use of which the tax
20 levy under this chapter is paid or identification is made of those
21 cigarettes with respect to which no tax is imposed.

22 (12) "Wholesaler" means every person who purchases, sells, or
23 distributes any one or more of the articles taxed herein to retailers
24 for the purpose of resale only.

25 (13) The meaning attributed, in chapter 82.04 RCW, to the words
26 "person," "sale," "business" and "successor" applies equally in this
27 chapter.

28 **Sec. 106.** RCW 82.24.551 and 1997 c 420 s 10 are each amended to
29 read as follows:

30 The department shall appoint, as duly authorized agents,
31 enforcement officers of the (~~liquor control~~) board to enforce
32 provisions of this chapter. These officers shall not be considered
33 employees of the department.

34 **Sec. 107.** RCW 82.26.010 and 2010 1st sp.s. c 22 s 4 are each
35 reenacted and amended to read as follows:

36 The definitions in this section apply throughout this chapter
37 unless the context clearly requires otherwise.

- 1 (1) "Actual price" means the total amount of consideration for
2 which tobacco products are sold, valued in money, whether received in
3 money or otherwise, including any charges by the seller necessary to
4 complete the sale such as charges for delivery, freight,
5 transportation, or handling.
- 6 (2) "Affiliated" means related in any way by virtue of any form
7 or amount of common ownership, control, operation, or management.
- 8 (3) "Board" means the Washington state liquor (~~(control)~~) and
9 cannabis board.
- 10 (4) "Business" means any trade, occupation, activity, or
11 enterprise engaged in for the purpose of selling or distributing
12 tobacco products in this state.
- 13 (5) "Cigar" means a roll for smoking that is of any size or shape
14 and that is made wholly or in part of tobacco, irrespective of
15 whether the tobacco is pure or flavored, adulterated or mixed with
16 any other ingredient, if the roll has a wrapper made wholly or in
17 greater part of tobacco. "Cigar" does not include a cigarette.
- 18 (6) "Cigarette" has the same meaning as in RCW 82.24.010.
- 19 (7) "Department" means the department of revenue.
- 20 (8) "Distributor" means (a) any person engaged in the business of
21 selling tobacco products in this state who brings, or causes to be
22 brought, into this state from without the state any tobacco products
23 for sale, (b) any person who makes, manufactures, fabricates, or
24 stores tobacco products in this state for sale in this state, (c) any
25 person engaged in the business of selling tobacco products without
26 this state who ships or transports tobacco products to retailers in
27 this state, to be sold by those retailers, (d) any person engaged in
28 the business of selling tobacco products in this state who handles
29 for sale any tobacco products that are within this state but upon
30 which tax has not been imposed.
- 31 (9) "Indian country" means the same as defined in chapter 82.24
32 RCW.
- 33 (10) "Little cigar" means a cigar that has a cellulose acetate
34 integrated filter.
- 35 (11) "Manufacturer" means a person who manufactures and sells
36 tobacco products.
- 37 (12) "Manufacturer's representative" means a person hired by a
38 manufacturer to sell or distribute the manufacturer's tobacco
39 products, and includes employees and independent contractors.

1 (13) "Moist snuff" means tobacco that is finely cut, ground, or
2 powdered; is not for smoking; and is intended to be placed in the
3 oral, but not the nasal, cavity.

4 (14) "Person" means any individual, receiver, administrator,
5 executor, assignee, trustee in bankruptcy, trust, estate, firm,
6 copartnership, joint venture, club, company, joint stock company,
7 business trust, municipal corporation, the state and its departments
8 and institutions, political subdivision of the state of Washington,
9 corporation, limited liability company, association, society, any
10 group of individuals acting as a unit, whether mutual, cooperative,
11 fraternal, nonprofit, or otherwise. The term excludes any person
12 immune from state taxation, including the United States or its
13 instrumentalities, and federally recognized Indian tribes and
14 enrolled tribal members, conducting business within Indian country.

15 (15) "Place of business" means any place where tobacco products
16 are sold or where tobacco products are manufactured, stored, or kept
17 for the purpose of sale, including any vessel, vehicle, airplane,
18 train, or vending machine.

19 (16) "Retail outlet" means each place of business from which
20 tobacco products are sold to consumers.

21 (17) "Retailer" means any person engaged in the business of
22 selling tobacco products to ultimate consumers.

23 (18)(a) "Sale" means any transfer, exchange, or barter, in any
24 manner or by any means whatsoever, for a consideration, and includes
25 and means all sales made by any person.

26 (b) The term "sale" includes a gift by a person engaged in the
27 business of selling tobacco products, for advertising, promoting, or
28 as a means of evading the provisions of this chapter.

29 (19)(a) "Taxable sales price" means:

30 (i) In the case of a taxpayer that is not affiliated with the
31 manufacturer, distributor, or other person from whom the taxpayer
32 purchased tobacco products, the actual price for which the taxpayer
33 purchased the tobacco products;

34 (ii) In the case of a taxpayer that purchases tobacco products
35 from an affiliated manufacturer, affiliated distributor, or other
36 affiliated person, and that sells those tobacco products to
37 unaffiliated distributors, unaffiliated retailers, or ultimate
38 consumers, the actual price for which that taxpayer sells those
39 tobacco products to unaffiliated distributors, unaffiliated
40 retailers, or ultimate consumers;

1 (iii) In the case of a taxpayer that sells tobacco products only
2 to affiliated distributors or affiliated retailers, the price,
3 determined as nearly as possible according to the actual price, that
4 other distributors sell similar tobacco products of like quality and
5 character to unaffiliated distributors, unaffiliated retailers, or
6 ultimate consumers;

7 (iv) In the case of a taxpayer that is a manufacturer selling
8 tobacco products directly to ultimate consumers, the actual price for
9 which the taxpayer sells those tobacco products to ultimate
10 consumers;

11 (v) In the case of a taxpayer that has acquired tobacco products
12 under a sale as defined in subsection (18)(b) of this section, the
13 price, determined as nearly as possible according to the actual
14 price, that the taxpayer or other distributors sell the same tobacco
15 products or similar tobacco products of like quality and character to
16 unaffiliated distributors, unaffiliated retailers, or ultimate
17 consumers; or

18 (vi) In any case where (a)(i) through (v) of this subsection do
19 not apply, the price, determined as nearly as possible according to
20 the actual price, that the taxpayer or other distributors sell the
21 same tobacco products or similar tobacco products of like quality and
22 character to unaffiliated distributors, unaffiliated retailers, or
23 ultimate consumers.

24 (b) For purposes of (a)(i) and (ii) of this subsection only,
25 "person" includes both persons as defined in subsection (14) of this
26 section and any person immune from state taxation, including the
27 United States or its instrumentalities, and federally recognized
28 Indian tribes and enrolled tribal members, conducting business within
29 Indian country.

30 (c) The department may adopt rules regarding the determination of
31 taxable sales price under this subsection.

32 (20) "Taxpayer" means a person liable for the tax imposed by this
33 chapter.

34 (21) "Tobacco products" means cigars, cheroots, stogies,
35 periques, granulated, plug cut, crimp cut, ready rubbed, and other
36 smoking tobacco, snuff, snuff flour, cavendish, plug and twist
37 tobacco, fine-cut and other chewing tobaccos, shorts, refuse scraps,
38 clippings, cuttings and sweepings of tobacco, and other kinds and
39 forms of tobacco, prepared in such manner as to be suitable for
40 chewing or smoking in a pipe or otherwise, or both for chewing and

1 smoking, and any other product, regardless of form, that contains
2 tobacco and is intended for human consumption or placement in the
3 oral or nasal cavity or absorption into the human body by any other
4 means, but does not include cigarettes as defined in RCW 82.24.010.

5 (22) "Unaffiliated distributor" means a distributor that is not
6 affiliated with the manufacturer, distributor, or other person from
7 whom the distributor has purchased tobacco products.

8 (23) "Unaffiliated retailer" means a retailer that is not
9 affiliated with the manufacturer, distributor, or other person from
10 whom the retailer has purchased tobacco products.

11 **Sec. 108.** RCW 82.26.121 and 1997 c 420 s 11 are each amended to
12 read as follows:

13 The department shall appoint, as duly authorized agents,
14 enforcement officers of the (~~liquor control~~) board to enforce
15 provisions of this chapter. These officers shall not be considered
16 employees of the department.

17 **Sec. 109.** RCW 82.32.300 and 1997 c 420 s 9 are each amended to
18 read as follows:

19 The administration of this and chapters 82.04 through 82.27 RCW
20 of this title is vested in the department of revenue which shall
21 prescribe forms and rules of procedure for the determination of the
22 taxable status of any person, for the making of returns and for the
23 ascertainment, assessment and collection of taxes and penalties
24 imposed thereunder.

25 The department of revenue shall make and publish rules and
26 regulations, not inconsistent therewith, necessary to enforce
27 provisions of this chapter and chapters 82.02 through 82.23B and
28 82.27 RCW, and the Washington state liquor (~~control~~) and cannabis
29 board shall make and publish rules necessary to enforce chapters
30 82.24 and 82.26 RCW, which shall have the same force and effect as if
31 specifically included therein, unless declared invalid by the
32 judgment of a court of record not appealed from.

33 The department may employ such clerks, specialists, and other
34 assistants as are necessary. Salaries and compensation of such
35 employees shall be fixed by the department and shall be charged to
36 the proper appropriation for the department.

37 The department shall exercise general supervision of the
38 collection of taxes and, in the discharge of such duty, may institute

1 and prosecute such suits or proceedings in the courts as may be
2 necessary and proper.

3 NEW SECTION. **Sec. 110.** RCW 66.24.620 (Sale of spirits by a
4 holder of a spirits distributor or spirits retail license—State
5 liquor store closure) is decodified.

6 NEW SECTION. **Sec. 111.** This act takes effect January 1, 2020.

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