

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2870

Chapter 236, Laws of 2020

66th Legislature
2020 Regular Session

MARIJUANA RETAIL LICENSES--SOCIAL EQUITY PROGRAM

EFFECTIVE DATE: June 11, 2020

Passed by the House March 10, 2020
Yeas 57 Nays 40

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 9, 2020
Yeas 28 Nays 20

CYRUS HABIB

President of the Senate

Approved March 31, 2020 10:58 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2870** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 31, 2020

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2870

AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

State of Washington

66th Legislature

2020 Regular Session

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

READ FIRST TIME 02/11/20.

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

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

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

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

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

7 (3) The legislature therefore finds that in the interest of
8 remedying harms resulting from the enforcement of cannabis-related
9 laws in disproportionately impacted areas, creating a social equity
10 program will further an equitable cannabis industry by promoting
11 business ownership among individuals who have resided in areas of
12 high poverty and high enforcement of cannabis-related laws. The
13 social equity program should offer, among other things, financial and
14 technical assistance and license application benefits to individuals
15 most directly and adversely impacted by the enforcement of cannabis-
16 related laws who are interested in starting cannabis business
17 enterprises. It is the intent of the legislature that implementation
18 of the social equity program authorized by this act not result in an
19 increase in the number of marijuana retailer licenses above the limit
20 on the number of marijuana retailer licenses in the state established
21 by the board before January 1, 2020.

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

24 (1) Beginning December 1, 2020, and until July 1, 2028, marijuana
25 retailer licenses that have been subject to forfeiture, revocation,
26 or cancellation by the board, or marijuana retailer licenses that
27 were not previously issued by the board but could have been issued
28 without exceeding the limit on the statewide number of marijuana
29 retailer licenses established before January 1, 2020, by the board,
30 may be issued or reissued to an applicant who meets the marijuana
31 retailer license requirements of this chapter.

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

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

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

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

10 (i) The application does not meet social equity goals or does not
11 meet social equity plan requirements; or

12 (ii) The application does not otherwise meet the licensing
13 requirements of this chapter.

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

21 (5) The annual fee for issuance, reissuance, or renewal for any
22 license under this section must be equal to the fee established in
23 RCW 69.50.325.

24 (6) For the purposes of this section:

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

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

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

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

34 (iv) The area has a high rate of arrest, conviction, or
35 incarceration related to the sale, possession, use, cultivation,
36 manufacture, or transport of marijuana.

37 (b) "Social equity applicant" means:

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

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

4 (c) "Social equity goals" means:

5 (i) Increasing the number of marijuana retailer licenses held by
6 social equity applicants from disproportionately impacted areas; and

7 (ii) Reducing accumulated harm suffered by individuals, families,
8 and local areas subject to severe impacts from the historical
9 application and enforcement of marijuana prohibition laws.

10 (d) "Social equity plan" means a plan that addresses at least
11 some of the elements outlined in this subsection (6)(d), along with
12 any additional plan components or requirements approved by the board
13 following consultation with the task force created in section 5 of
14 this act. The plan may include:

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

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

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

25 (iv) The composition of the workforce the social equity applicant
26 intends to hire;

27 (v) Neighborhood characteristics of the location where the social
28 equity applicant intends to operate, focusing especially on
29 disproportionately impacted areas; and

30 (vi) Business plans involving partnerships or assistance to
31 organizations or residents with connection to populations with a
32 history of high rates of enforcement of marijuana prohibition.

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

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

38 (2) The marijuana social equity technical assistance competitive
39 grant program must award grants on a competitive basis to marijuana

1 retailer license applicants who are social equity applicants
2 submitting social equity plans under section 2 of this act. The
3 department must award grants primarily based on the strength of the
4 social equity plans submitted by applicants but may also consider
5 additional criteria if deemed necessary or appropriate by the
6 department. Technical assistance activities eligible for funding
7 under the marijuana social equity technical assistance competitive
8 grant program include, but are not limited to:

9 (a) Assistance navigating the marijuana retailer licensure
10 process;

11 (b) Marijuana-business specific education and business plan
12 development;

13 (c) Regulatory compliance training;

14 (d) Financial management training and assistance in seeking
15 financing; and

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

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

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

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

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

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

33 (a) One hundred twenty-five thousand dollars to the health care
34 authority to design and administer the Washington state healthy youth
35 survey, analyze the collected data, and produce reports, in
36 collaboration with the office of the superintendent of public
37 instruction, department of health, department of commerce, family
38 policy council, and (~~state liquor and cannabis~~) board. The survey
39 must be conducted at least every two years and include questions

1 regarding, but not necessarily limited to, academic achievement, age
2 at time of substance use initiation, antisocial behavior of friends,
3 attitudes toward antisocial behavior, attitudes toward substance use,
4 laws and community norms regarding antisocial behavior, family
5 conflict, family management, parental attitudes toward substance use,
6 peer rewarding of antisocial behavior, perceived risk of substance
7 use, and rebelliousness. Funds disbursed under this subsection may be
8 used to expand administration of the healthy youth survey to student
9 populations attending institutions of higher education in Washington;

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

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

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

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

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

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

38 (e) Four hundred sixty-five thousand dollars for fiscal year 2020
39 and four hundred sixty-four thousand dollars for fiscal year 2021 to

1 the department of ecology for implementation of accreditation of
2 marijuana product testing laboratories;

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

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

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

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

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

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

33 (A) Of the funds appropriated under (a) (i) of this subsection for
34 new programs and new services, at least eighty-five percent must be
35 directed to evidence-based or research-based programs and practices
36 that produce objectively measurable results and, by September 1,
37 2020, are cost-beneficial; and

38 (B) Up to fifteen percent of the funds appropriated under (a) (i)
39 of this subsection for new programs and new services may be directed

1 to proven and tested practices, emerging best practices, or promising
2 practices.

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

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

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

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

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

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

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

30 (B) The Washington poison control center.

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

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

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

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

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

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

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

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

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

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

1 taxes collected under RCW 69.50.535, from licensed marijuana
2 retailers physically located in each jurisdiction. For purposes of
3 this subsection (2)(g)(i)(A), one hundred percent of the proportional
4 amount attributed to a retailer physically located in a city or town
5 must be distributed to the city or town.

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

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

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

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

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

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

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

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

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

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

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

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

9 (A) The commission on African American affairs;

10 (B) The commission on Hispanic affairs;

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

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

13 (E) An organization representing the Latinx community;

14 (F) A labor organization involved in the marijuana industry;

15 (G) The liquor and cannabis board;

16 (H) The department of commerce;

17 (I) The office of the attorney general; and

18 (J) The association of Washington cities;

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

20 and

21 (iii) Two members that currently hold a producer or processor
22 license or both.

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

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

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

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

38 (4) The task force shall hold its first meeting by July 1, 2020.
39 The task force shall elect a chair from among its legislative members
40 at the first meeting. The election of the chair must be by a majority

1 vote of the task force members who are present at the meeting. The
2 chair of the task force is responsible for arranging subsequent
3 meetings and developing meeting agendas.

4 (5) Staff support for the task force, including arranging the
5 first meeting of the task force and assisting the chair of the task
6 force in arranging subsequent meetings, must be provided by the
7 health equity council of the governor's interagency council on health
8 disparities. If Engrossed Second Substitute House Bill No. 1783 is
9 enacted by June 30, 2020, then responsibility for providing staff
10 support for the task force must be transferred to the office of
11 equity created by Engrossed Second Substitute House Bill No. 1783
12 when requested by the office of equity.

13 (6) The expenses of the task force must be paid jointly by the
14 senate and the house of representatives. Task force expenditures are
15 subject to approval by the senate facilities and operations committee
16 and the house of representatives executive rules committee, or their
17 successor committees.

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

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

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

27 (10) The task force shall submit one or more reports on
28 recommended policies that will facilitate the development of a
29 marijuana social equity program in Washington to the governor, the
30 board, and the appropriate committees of the legislature. The task
31 force is encouraged to submit individual recommendations, as soon as
32 possible, to facilitate the board's early work to implement the
33 recommendations. The final recommendations must be submitted by
34 December 1, 2020. The recommendations must include:

35 (a) Factors the board must consider in distributing the licenses
36 currently available from marijuana retailer licenses that have been
37 subject to forfeiture, revocation, or cancellation by the board, or
38 marijuana retailer licenses that were not previously issued by the
39 board but could have been issued without exceeding the limit on the

1 statewide number of marijuana retailer licenses established by the
2 board before January 1, 2020; and

3 (b) Whether any additional marijuana licenses should be issued
4 beyond the total number of marijuana licenses that have been issued
5 as of the effective date of this section. For purposes of determining
6 the total number of licenses issued as of the effective date of this
7 section, the total number includes licenses that have been forfeited,
8 revoked, or canceled.

9 (11) The board may adopt rules to implement the recommendations
10 of the task force. However, any recommendation to increase the number
11 of retail outlets above the current statewide limit of retail
12 outlets, established by the board before January 1, 2020, must be
13 approved by the legislature.

14 (12) This section expires June 30, 2022.

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

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

1 (2) There shall be a marijuana processor's license to process,
2 package, and label marijuana concentrates, useable marijuana, and
3 marijuana-infused products for sale at wholesale to marijuana
4 processors and marijuana retailers, regulated by the (~~state liquor~~
5 ~~and cannabis~~) board and subject to annual renewal. The processing,
6 packaging, possession, delivery, distribution, and sale of marijuana,
7 useable marijuana, marijuana-infused products, and marijuana
8 concentrates in accordance with the provisions of this chapter and
9 chapter 69.51A RCW and the rules adopted to implement and enforce
10 these chapters, by a validly licensed marijuana processor, shall not
11 be a criminal or civil offense under Washington state law. Every
12 marijuana processor's license shall be issued in the name of the
13 applicant, shall specify the location at which 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 processor's license shall be two
17 hundred fifty dollars. The annual fee for issuance and renewal of a
18 marijuana processor'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 processor intends to process marijuana.

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

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

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

8 (ii) The ((~~state liquor and cannabis~~)) board shall adopt rules to
9 establish a license forfeiture process for a licensed marijuana
10 retailer that is not fully operational and open to the public within
11 a specified period from the date of license issuance, as established
12 by the ((~~state liquor and cannabis~~)) board, subject to the following
13 restrictions:

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

16 (B) The ((~~state liquor and cannabis~~)) board must require license
17 forfeiture on or before twenty-four calendar months of license
18 issuance if a marijuana retailer is not fully operational and open to
19 the public, unless the board determines that circumstances out of the
20 licensee's control are preventing the licensee from becoming fully
21 operational and that, in the board's discretion, the circumstances
22 warrant extending the forfeiture period beyond twenty-four calendar
23 months.

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

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

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

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

39 (B) The adoption of an ordinance or regulation related to zoning,
40 business licensing, land use, or other regulatory measure that has

1 the effect of preventing a licensee from receiving an occupancy
2 permit from the jurisdiction or which otherwise prevents a licensed
3 marijuana retailer from becoming operational.

4 (d) The board may issue marijuana retailer licenses pursuant to
5 this chapter and section 2 of this act.

6 NEW SECTION. **Sec. 7.** If specific funding for the purposes of
7 this act, referencing this act by bill or chapter number, is not
8 provided by June 30, 2020, in the omnibus appropriations act, this
9 act is null and void.

Passed by the House March 10, 2020.

Passed by the Senate March 9, 2020.

Approved by the Governor March 31, 2020.

Filed in Office of Secretary of State March 31, 2020.

--- END ---