CERTIFICATION OF ENROLLMENT

**ENGROSSED SECOND SUBSTITUTE SENATE BILL 5796**

Chapter 169, Laws of 2022

67th Legislature

2022 Regular Session

CANNABIS REVENUE APPROPRIATIONS—MODIFICATION

EFFECTIVE DATE: June 9, 2022

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| Passed by the Senate March 7, 2022Yeas 37 Nays 12DENNY HECK**President of the Senate**Passed by the House March 4, 2022Yeas 78 Nays 18LAURIE JINKINS**Speaker of the House of Representatives** | CERTIFICATEI, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5796** as passed by the Senate and the House of Representatives on the dates hereon set forth.SARAH BANNISTERSecretary |
| Approved March 24, 2022 9:28 AM | March 24, 2022 |
| JAY INSLEE**Governor of the State of Washington** | **Secretary of State** **State of Washington** |

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**ENGROSSED SECOND SUBSTITUTE SENATE BILL 5796**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2022 Regular Session

**State of Washington 67th Legislature 2022 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Saldaña, Stanford, Keiser, Liias, and C. Wilson)

AN ACT Relating to restructuring cannabis revenue appropriations to provide transparency and accountability and to increase community infrastructure and investment; amending RCW 69.50.530 and 69.50.540; and creating a new section.

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

**Sec.**  RCW 69.50.530 and 2018 c 299 s 909 are each amended to read as follows:

The dedicated ((~~marijuana~~)) cannabis account is created in the state treasury. All moneys received by the ((~~state liquor and cannabis~~)) board, or any employee thereof, from marijuana-related activities must be deposited in the account. Unless otherwise provided in chapter 4, Laws of 2015 2nd sp. sess., all marijuana excise taxes collected from sales of marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products under RCW 69.50.535, and the license fees, penalties, and forfeitures derived under this chapter from marijuana producer, marijuana processor, marijuana researcher, and marijuana retailer licenses, must be deposited in the account. Moneys in the account may only be spent after appropriation. ((~~During the 2015-2017 and 2017-2019 fiscal biennia, the legislature may transfer from the dedicated marijuana account to the basic health plan trust account such amounts as reflect the excess fund balance of the account.~~))

**Sec.**  RCW 69.50.540 and 2021 c 334 s 986 are each amended to read as follows:

((~~The legislature must annually appropriate moneys in the dedicated marijuana account created in RCW 69.50.530 as follows:~~))

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

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

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

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

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

~~(ii) One million three hundred twenty-three thousand dollars for fiscal year 2020 to the health professions account established under RCW 43.70.320 for the development and administration of the marijuana authorization database by the department of health;~~

~~(iii) Two million four hundred fifty-three thousand dollars for fiscal year 2020 and two million four hundred twenty-three thousand dollars for fiscal years 2021, 2022, and 2023 to the Washington state patrol for a drug enforcement task force. It is the intent of the legislature that this policy will be continued in the 2021-2023 fiscal biennium; and~~

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

~~(e) Four hundred sixty-five thousand dollars for fiscal year 2020, four hundred sixty-four thousand dollars for fiscal year 2021, two hundred seventy thousand dollars in fiscal year 2022, and two hundred seventy-six thousand dollars in fiscal year 2023 to the department of ecology for implementation of accreditation of marijuana product testing laboratories;~~

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

~~(g) Eight hundred eight thousand dollars for each of fiscal years 2020 through 2023 to the department of health for the administration of the marijuana authorization database;~~

~~(h) Six hundred thirty-five thousand dollars for fiscal year 2020, six hundred thirty-five thousand dollars for fiscal year 2021, six hundred twenty-one thousand dollars for fiscal year 2022, and six hundred twenty-seven thousand dollars for fiscal year 2023 to the department of agriculture for compliance-based laboratory analysis of pesticides in marijuana;~~

~~(i) One million six hundred fifty thousand dollars for fiscal year 2022 and one million six hundred fifty thousand dollars for fiscal year 2023 to the department of commerce to fund the marijuana social equity technical assistance competitive grant program under RCW 43.330.540; and~~

~~(j) One hundred sixty-three thousand dollars for fiscal year 2022 and one hundred fifty-nine thousand dollars for fiscal year 2023 to the department of commerce to establish a roster of mentors as part of the cannabis social equity technical assistance grant program under Engrossed Substitute House Bill No. 1443 (cannabis industry/equity) [chapter 169, Laws of 2021]; and~~

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

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

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

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

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

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

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

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

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

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

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

~~(B) The Washington poison control center.~~

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

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

~~(ii) For each fiscal year, except for the 2019-2021 and 2021-2023 fiscal biennia, the legislature must appropriate a minimum of one million twenty-one thousand dollars to the University of Washington. For each fiscal year, except for the 2019-2021 and 2021-2023 fiscal biennia, the legislature must appropriate a minimum of six hundred eighty-one thousand dollars to Washington State University under this subsection (2)(c). It is the intent of the legislature that this policy will be continued in the 2023-2025 fiscal biennium;~~

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

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

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

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

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

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

~~(A) Thirty percent must be distributed to counties, cities, and towns where licensed marijuana retailers are physically located. Each jurisdiction must receive a share of the revenue distribution under this subsection (2)(g)(i)(A) based on the proportional share of the total revenues generated in the individual jurisdiction from the taxes collected under RCW 69.50.535, from licensed marijuana retailers physically located in each jurisdiction. For purposes of this subsection (2)(g)(i)(A), one hundred percent of the proportional amount attributed to a retailer physically located in a city or town must be distributed to the city or town.~~

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

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

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

~~(iv) The total share of marijuana excise tax revenues distributed to counties and cities in (g)(i) of this subsection (2) may not exceed fifteen million dollars in fiscal years 2018, 2019, 2020, and 2021, and twenty million dollars per fiscal year thereafter~~)) $12,500,000 annually to the board for administration of this chapter as appropriated in the omnibus appropriations act;

(b) $11,000,000 annually to the department of health for the following:

(i) Creation, implementation, operation, and management of a cannabis, vapor product, and commercial tobacco education and public health program that contains the following:

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

(B) Programs that support development and implementation of coordinated intervention strategies for the prevention and reduction of commercial tobacco, vapor product, and cannabis use by youth and cannabis cessation treatment services, including grant programs to local health departments or other local community agencies;

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

(D) Outreach to priority populations regarding commercial tobacco, vapor product, and cannabis use, prevention, and cessation; and

(ii) The Washington poison control center;

(c)(i) $3,000,000 annually to the department of commerce to fund cannabis social equity grants under RCW 43.330.540; and

(ii) $200,000 annually to the department of commerce to fund technical assistance through a roster of mentors under RCW 43.330.540;

(d) $200,000 annually, until June 30, 2032, to the health care authority to contract with the Washington state institute for public policy to conduct the cost-benefit evaluations and produce the reports described in RCW 69.50.550;

(e) $25,000 annually to the University of Washington alcohol and drug abuse institute for the creation, maintenance, and timely updating of web-based public education materials providing medically and scientifically accurate information about the health and safety risks posed by cannabis use;

(f) $300,000 annually to the University of Washington and $175,000 annually to the Washington State University for research on the short-term and long-term effects of cannabis use to include, but not be limited to, formal and informal methods for estimating and measuring intoxication and impairments, and for the dissemination of such research;

(g) $550,000 annually to the office of the superintendent of public instruction to fund grants to building bridges programs under chapter 28A.175 RCW;

(h) $2,423,000 for fiscal year 2022 and $2,423,000 for fiscal year 2023 to the Washington state patrol for a drug enforcement task force;

(i) $270,000 for fiscal year 2022 and $290,000 for fiscal year 2023 to the department of ecology for implementation of accreditation of cannabis product testing laboratories;

(j) $800,000 for each of fiscal years 2020 through 2023 to the department of health for the administration of the cannabis authorization database; and

(k) $621,000 for fiscal year 2022 and $635,000 for fiscal year 2023 to the department of agriculture for compliance-based laboratory analysis of pesticides in cannabis.

(2) Subsections (1)(a) through (g) of this section must be adjusted annually based on the United States bureau of labor statistics' consumer price index for the Seattle area.

(3) After appropriation of the amounts identified in subsection (1) of this section, the legislature must annually appropriate such remaining amounts for the purposes listed in this subsection (3) as follows:

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

(b) Eleven percent to the health care authority to:

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

(ii) Develop, implement, maintain, and evaluate programs and practices aimed at the prevention or reduction of maladaptive substance use, substance use disorder, substance abuse or substance dependence, as these terms are defined in the diagnostic and statistical manual of mental disorders, among middle school and high school-age students, whether as an explicit goal of a given program or practice or as a consistently corresponding effect of its implementation, mental health services for children and youth, and services for pregnant and parenting women. In deciding which programs and practices to fund under this subsection (3)(b)(ii), the director of the health care authority must consult, at least annually, with the University of Washington's social development research group and the University of Washington's alcohol and drug abuse institute; and

(iii) Contract with community health centers to provide primary health and dental care services, migrant health services, and maternity health care services as provided under RCW 41.05.220;

(c)(i) One and one-half percent to counties, cities, and towns where licensed cannabis retailers are physically located. Each jurisdiction must receive a share of the revenue distribution under this subsection (3)(c)(i) based on the proportional share of the total revenues generated in the individual jurisdiction from the taxes collected under RCW 69.50.535, from licensed cannabis retailers physically located in each jurisdiction. For purposes of this subsection (3)(c), 100 percent of the proportional amount attributed to a retailer physically located in a city or town must be distributed to the city or town;

(ii) Three and one-half percent to counties, cities, and towns ratably on a per capita basis. Counties must receive 60 percent of the distribution based on each county's total proportional population. Funds may only be distributed to jurisdictions that do not prohibit the siting of any state licensed cannabis producer, processor, or retailer;

(iii) By September 15th of each year, the board must provide the state treasurer the annual distribution amount made under this subsection (3)(c), if any, for each county and city as determined in (c)(i) and (ii) of this subsection; and

(iv) Distribution amounts allocated to each county, city, and town in (c)(i) and (ii) of this subsection must be distributed in four installments by the last day of each fiscal quarter; and

(d) Thirty-two percent must be deposited in the state general fund.

NEW SECTION. **Sec.**  The joint legislative audit and review committee shall conduct a review of the appropriation and expenditure of cannabis revenues pursuant to RCW 69.50.540 and report to the appropriate legislative committees by December 1, 2023. The report shall include an examination on the appropriation and expenditure of these funds to evaluate: How these funds have been appropriated and expended; whether the appropriations and expenditures are consistent with the provisions of RCW 69.50.540; and whether information related to the appropriations and expenditures is readily available to the general public. The report shall include options for increasing the transparency and accountability related to the appropriation and expenditure of cannabis-related revenues.

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Passed by the Senate March 7, 2022.

Passed by the House March 4, 2022.

Approved by the Governor March 24, 2022.

Filed in Office of Secretary of State March 24, 2022.