

ESHB 1443 - S COMM AMD

By Committee on Labor, Commerce & Tribal Affairs

ADOPTED 04/06/2021

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.330.540 and 2020 c 236 s 3 are each amended to
4 read as follows:

5 (1) The ~~((marijuana))~~ cannabis social equity technical assistance
6 ~~((competitive))~~ grant program is established and is to be
7 administered by the department.

8 (2) (a) The ~~((marijuana))~~ cannabis social equity technical
9 assistance ~~((competitive))~~ grant program must award grants ~~((on a~~
10 ~~competitive basis to marijuana retailer))~~ to:

11 (i) Cannabis license applicants who are social equity applicants
12 submitting social equity plans under RCW 69.50.335; and

13 (ii) Cannabis licensees holding a license issued after June 30,
14 2020, and before the effective date of this section who meet the
15 social equity applicant criteria under RCW 69.50.335.

16 (b) Grant recipients under this subsection (2) must demonstrate
17 completion of their project within 12 months of receiving a grant,
18 unless a grant recipient requests, and the department approves,
19 additional time to complete the project.

20 (3) The department must award grants primarily based on the
21 strength of the social equity plans submitted by cannabis license
22 applicants and cannabis licensees holding a license issued after June
23 30, 2020, and before the effective date of this section, but may also
24 consider additional criteria if deemed necessary or appropriate by
25 the department. Technical assistance activities eligible for funding
26 ~~((under the marijuana social equity technical assistance competitive~~
27 ~~grant program)) include, but are not limited to:~~

28 (a) Assistance navigating the ~~((marijuana retailer))~~ cannabis
29 licensure process;

30 (b) ~~((Marijuana-business))~~ Cannabis-business specific education
31 and business plan development;

32 (c) Regulatory compliance training;

1 (d) Financial management training and assistance in seeking
2 financing; (~~and~~)

3 (e) Strengthening a social equity plan; and

4 (f) Connecting social equity applicants with established industry
5 members and tribal (~~marijuana~~) cannabis enterprises and programs
6 for mentoring and other forms of support (~~approved by the~~
7 ~~[Washington state liquor and cannabis] board~~).

8 (~~(3)~~) (4) The department may contract to establish a roster of
9 mentors who are available to support and advise social equity
10 applicants and current licensees who meet the social equity applicant
11 criteria under RCW 69.50.335. Contractors under this section must:

12 (a) Have knowledge and experience demonstrating their ability to
13 effectively advise eligible applicants and licensees in navigating
14 the state's licensing and regulatory framework or on producing and
15 processing cannabis;

16 (b) Be a business that is at least 51% minority or woman-owned;
17 and

18 (c) Meet department reporting and invoicing requirements.

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

24 (~~(4)~~) (6) The department may adopt rules to implement this
25 section.

26 (7) For the purposes of this section, "cannabis" has the meaning
27 provided for "marijuana" under RCW 69.50.101.

28 **Sec. 2.** RCW 69.50.335 and 2020 c 236 s 2 are each amended to
29 read as follows:

30 (1) Beginning December 1, 2020, and until July 1, (~~2028~~) 2029,

31 (~~marijuana~~) cannabis retailer licenses that have been subject to
32 forfeiture, revocation, or cancellation by the board, or
33 (~~marijuana~~) cannabis retailer licenses that were not previously
34 issued by the board but could have been issued without exceeding the
35 limit on the statewide number of (~~marijuana~~) cannabis retailer
36 licenses established before January 1, 2020, by the board, may be
37 issued or reissued to an applicant who meets the (~~marijuana~~)
38 cannabis retailer license requirements of this chapter.

1 (2) (a) In order to be considered for a retail license under
2 subsection (1) of this section, an applicant must be a social equity
3 applicant and submit a social equity plan along with other
4 (~~marijuana~~) cannabis retailer license application requirements to
5 the board. If the application proposes ownership by more than one
6 person, then at least fifty-one percent of the proposed ownership
7 structure must reflect the qualifications of a social equity
8 applicant.

9 (b) Persons holding an existing (~~marijuana~~) cannabis retailer
10 license or title certificate for a (~~marijuana~~) cannabis retailer
11 business in a local jurisdiction subject to a ban or moratorium on
12 (~~marijuana~~) cannabis retail businesses may apply for a license
13 under this section.

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

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

19 (i) The application does not meet social equity goals or does not
20 meet social equity plan requirements; or

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

23 (4) The board may adopt rules to implement this section. Rules
24 may include strategies for receiving advice on the social equity
25 program from individuals the program is intended to benefit. Rules
26 may also require that licenses awarded under this section be
27 transferred or sold only to individuals or groups of individuals who
28 comply with the requirements for initial licensure as a social equity
29 applicant with a social equity plan under this section.

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

33 (6) For the purposes of this section:

34 (a) "Cannabis" has the meaning provided for "marijuana" under
35 this chapter.

36 (b) "Disproportionately impacted area" means a census tract or
37 comparable geographic area that satisfies the following criteria,
38 which may be further defined in rule by the board after consultation
39 with the commission on African American affairs and other agencies.

1 commissions, and (~~(stakeholders)~~) community members as determined by
2 the board:

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

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

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

7 (iv) The area has a high rate of arrest, conviction, or
8 incarceration related to the sale, possession, use, cultivation,
9 manufacture, or transport of (~~(marijuana)~~) cannabis.

10 (~~(b)~~) (c) "Social equity applicant" means:

11 (i) An applicant who has at least fifty-one percent ownership and
12 control by one or more individuals who have resided (~~(for at least~~
13 ~~five of the preceding ten years)~~) in a disproportionately impacted
14 area for a period of time defined in rule by the board after
15 consultation with the commission on African American affairs and
16 other commissions, agencies, and community members as determined by
17 the board; (~~(or)~~)

18 (ii) An applicant who has at least fifty-one percent ownership
19 and control by at least one individual who has been convicted of a
20 (~~(marijuana)~~) cannabis offense, a drug offense, or is a family member
21 of such an individual; or

22 (iii) An applicant who meets criteria defined in rule by the
23 board after consultation with the commission on African American
24 affairs and other commissions, agencies, and community members as
25 determined by the board.

26 (~~(e)~~) (d) "Social equity goals" means:

27 (i) Increasing the number of (~~(marijuana)~~) cannabis retailer
28 licenses held by social equity applicants from disproportionately
29 impacted areas; and

30 (ii) Reducing accumulated harm suffered by individuals, families,
31 and local areas subject to severe impacts from the historical
32 application and enforcement of (~~(marijuana)~~) cannabis prohibition
33 laws.

34 (~~(d)~~) (e) "Social equity plan" means a plan that addresses at
35 least some of the elements outlined in this subsection (6) (~~(d)~~) (e),
36 along with any additional plan components or requirements approved by
37 the board following consultation with the task force created in RCW
38 69.50.336. The plan may include:

39 (i) A statement that the social equity applicant qualifies as a
40 social equity applicant and intends to own at least fifty-one percent

1 of the proposed ((~~marijuana~~)) cannabis retail business or applicants
2 representing at least fifty-one percent of the ownership of the
3 proposed business qualify as social equity applicants;

4 (ii) A description of how issuing a ((~~marijuana~~)) cannabis retail
5 license to the social equity applicant will meet social equity goals;

6 (iii) The social equity applicant's personal or family history
7 with the criminal justice system including any offenses involving
8 ((~~marijuana~~)) cannabis;

9 (iv) The composition of the workforce the social equity applicant
10 intends to hire;

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

14 (vi) Business plans involving partnerships or assistance to
15 organizations or residents with connection to populations with a
16 history of high rates of enforcement of ((~~marijuana~~)) cannabis
17 prohibition.

18 **Sec. 3.** RCW 69.50.336 and 2020 c 236 s 5 are each amended to
19 read as follows:

20 (1) A legislative task force on social equity in ((~~marijuana~~))
21 cannabis is established. The purpose of the task force is to make
22 recommendations to the board including but not limited to
23 establishing a social equity program for the issuance and reissuance
24 of existing retail ((~~marijuana~~)), processor, and producer cannabis
25 licenses, and to advise the governor and the legislature on policies
26 that will facilitate development of a ((~~marijuana~~)) cannabis social
27 equity program.

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

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

32 (b) The speaker of the house of representatives shall appoint one
33 member from each of the two largest caucuses of the house of
34 representatives.

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

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

38 (A) The commission on African American affairs;

39 (B) The commission on Hispanic affairs;

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

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

3 (E) An organization representing the Latinx community;

4 (F) A labor organization involved in the (~~marijuana~~) cannabis
5 industry;

6 (G) The liquor and cannabis board;

7 (H) The department of commerce;

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

9 (J) The association of Washington cities;

10 (ii) Two members that currently hold a (~~marijuana~~) cannabis
11 retail license; (~~and~~)

12 (iii) Two members that currently hold a producer (~~or processor~~)
13 license (~~or both~~); and

14 (iv) Two members that currently hold a processor license.

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

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

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

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

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

36 (5) Staff support for the task force, including arranging the
37 first meeting of the task force and assisting the chair of the task
38 force in arranging subsequent meetings, must be provided by the
39 health equity council of the governor's interagency council on health
40 disparities. (~~If Engrossed Second Substitute House Bill No. 1783 is~~

1 ~~enacted by June 30, 2020, then))~~ The responsibility for providing
2 staff support for the task force must be transferred to the office of
3 equity created (~~by Engrossed Second Substitute House Bill No. 1783~~)
4 under chapter 43.06D RCW when requested by the office of equity.

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

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

16 ~~((8))~~ (7) The task force is a class one group under chapter
17 43.03 RCW.

18 ~~((9))~~ (8) A public comment period must be provided at every
19 meeting of the task force.

20 ~~((10))~~ (9) The task force shall submit one or more reports on
21 recommended policies that will facilitate the development of a
22 ~~((marijuana))~~ cannabis social equity program in Washington to the
23 governor, the board, and the appropriate committees of the
24 legislature. The task force is encouraged to submit individual
25 recommendations, as soon as possible, to facilitate the board's early
26 work to implement the recommendations. The final recommendations must
27 be submitted by ~~((December 1, 2020))~~ December 9, 2022. The
28 recommendations must include:

29 (a) Factors the board must consider in distributing the licenses
30 currently available from ~~((marijuana))~~ cannabis retailer licenses
31 that have been subject to forfeiture, revocation, or cancellation by
32 the board, or ~~((marijuana))~~ cannabis retailer licenses that were not
33 previously issued by the board but could have been issued without
34 exceeding the limit on the statewide number of ~~((marijuana))~~ cannabis
35 retailer licenses established by the board before January 1, 2020;
36 ~~((and))~~

37 (b) Whether any additional ~~((marijuana))~~ cannabis producer,
38 processor, or retailer licenses should be issued beyond the total
39 number of ~~((marijuana))~~ licenses that have been issued as of June 11,
40 2020. For purposes of determining the total number of licenses issued

1 as of June 11, 2020, the total number includes licenses that have
2 been forfeited, revoked, or canceled;

3 (c) The social equity impact of altering residential cannabis
4 agriculture regulations;

5 (d) The social equity impact of shifting primary regulation of
6 cannabis production from the board to the department of agriculture,
7 including potential impacts to the employment rights of workers;

8 (e) The social equity impact of removing nonviolent cannabis-
9 related felonies and misdemeanors from the existing point system used
10 to determine if a person qualifies for obtaining or renewing a
11 cannabis license;

12 (f) Whether to create workforce training opportunities for
13 underserved communities to increase employment opportunities in the
14 cannabis industry;

15 (g) The social equity impact of creating new cannabis license
16 types; and

17 (h) Recommendations for the cannabis social equity technical
18 assistance grant program created under RCW 43.330.540.

19 ~~((11))~~ (10) The board may adopt rules to implement the
20 recommendations of the task force. However, any recommendation to
21 increase the number of retail outlets above the current statewide
22 limit of retail outlets, established by the board before January 1,
23 2020, must be approved by the legislature.

24 ~~((12))~~ (11) For the purposes of this section, "cannabis" has
25 the meaning provided for "marijuana" under this chapter.

26 (12) This section expires June 30, ~~((2022))~~ 2023."

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By Committee on Labor, Commerce & Tribal Affairs

ADOPTED 04/06/2021

27 On page 1, line 1 of the title, after "industry;" strike the
28 remainder of the title and insert "amending RCW 43.330.540,
29 69.50.335, and 69.50.336; and providing an expiration date."

EFFECT: Removes the term "competitive" from the cannabis social equity technical assistance grant program (Grant Program). Provides that cannabis licensees holding a license granted after June 30, 2020, and before the effective date of the grant section, who meet the social equity applicant criteria, are eligible for the Grant Program (rather than all cannabis licensees holding a license, who

meet the social equity applicant criteria). Adds "strengthening [a cannabis license applicant's and licensee's] social equity plan" to the list of technical assistance activities eligible for funding under the Grant Program. Removes provisions requiring the Department of Commerce (Commerce) to create a technical assistance pilot program, and instead, authorizes Commerce to contract to establish a roster of mentors who are available to support and advise social equity applicants and current licensees who meet the social equity applicant criteria, with specified contractor requirements. Replaces the use of "interested parties" with "community members" when referring to persons the Liquor and Cannabis Board (LCB) must consult with prior to rulemaking. Clarifies that the social equity task force report must include the social equity impact of removing nonviolent cannabis-related felonies and misdemeanors from the existing point system used to determine if a person qualifies for obtaining or renewing a cannabis license. Provides that the social equity task force must provide recommendations for the Grant Program in its reports to the Governor, Legislature, and the LCB. Provides that the task force is no longer required to report on the social equity impact of reducing or ending the funding directed to the Washington state patrol drug enforcement task force and redirecting an equivalent amount to a cannabis social equity program. Extends the date by which the task force must submit its final recommendations from January 10, 2022, to December 9, 2022.

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