

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

Passed by the Senate March 7, 2022
Yeas 37 Nays 12

DENNY HECK

President of the Senate

Passed by the House March 4, 2022
Yeas 78 Nays 18

Laurie Jinkins

**Speaker of the House of
Representatives**

Approved March 24, 2022 9:28 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, 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 BANNISTER

Secretary

FILED

March 24, 2022

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5796

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, Lias, and C. Wilson)

READ FIRST TIME 02/07/22.

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

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

6 **Sec. 1.** RCW 69.50.530 and 2018 c 299 s 909 are each amended to
7 read as follows:

8 The dedicated ((marijuana)) cannabis account is created in the
9 state treasury. All moneys received by the ((state liquor and
10 eannabis)) board, or any employee thereof, from marijuana-related
11 activities must be deposited in the account. Unless otherwise
12 provided in chapter 4, Laws of 2015 2nd sp. sess., all marijuana
13 excise taxes collected from sales of marijuana, useable marijuana,
14 marijuana concentrates, and marijuana-infused products under RCW
15 69.50.535, and the license fees, penalties, and forfeitures derived
16 under this chapter from marijuana producer, marijuana processor,
17 marijuana researcher, and marijuana retailer licenses, must be
18 deposited in the account. Moneys in the account may only be spent
19 after appropriation. ((During the 2015-2017 and 2017-2019 fiscal
20 biennia, the legislature may transfer from the dedicated marijuana

1 ~~account to the basic health plan trust account such amounts as~~
2 ~~reflect the excess fund balance of the account.)~~)

3 **Sec. 2.** RCW 69.50.540 and 2021 c 334 s 986 are each amended to
4 read as follows:

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

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

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

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

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

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

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

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

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

14 ~~(e) Four hundred sixty-five thousand dollars for fiscal year~~
15 ~~2020, four hundred sixty-four thousand dollars for fiscal year 2021,~~
16 ~~two hundred seventy thousand dollars in fiscal year 2022, and two~~
17 ~~hundred seventy-six thousand dollars in fiscal year 2023 to the~~
18 ~~department of ecology for implementation of accreditation of~~
19 ~~marijuana product testing laboratories;~~

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

23 ~~(g) Eight hundred eight thousand dollars for each of fiscal years~~
24 ~~2020 through 2023 to the department of health for the administration~~
25 ~~of the marijuana authorization database;~~

26 ~~(h) Six hundred thirty-five thousand dollars for fiscal year~~
27 ~~2020, six hundred thirty-five thousand dollars for fiscal year 2021,~~
28 ~~six hundred twenty-one thousand dollars for fiscal year 2022, and six~~
29 ~~hundred twenty-seven thousand dollars for fiscal year 2023 to the~~
30 ~~department of agriculture for compliance-based laboratory analysis of~~
31 ~~pesticides in marijuana;~~

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

37 ~~(j) One hundred sixty-three thousand dollars for fiscal year 2022~~
38 ~~and one hundred fifty-nine thousand dollars for fiscal year 2023 to~~
39 ~~the department of commerce to establish a roster of mentors as part~~
40 ~~of the cannabis social equity technical assistance grant program~~

1 under Engrossed Substitute House Bill No. 1443 (cannabis industry/
2 equity) [chapter 169, Laws of 2021]; and

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

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

17 (A) Of the funds appropriated under (a) (i) of this subsection for
18 new programs and new services, at least eighty-five percent must be
19 directed to evidence-based or research-based programs and practices
20 that produce objectively measurable results and, by September 1,
21 2020, are cost-beneficial; and

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

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

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

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

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

39 (I) A marijuana use public health hotline that provides referrals
40 to substance abuse treatment providers, utilizes evidence-based or

1 ~~research-based public health approaches to minimizing the harms~~
2 ~~associated with marijuana use, and does not solely advocate an~~
3 ~~abstinence-only approach;~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 ~~(iv) The total share of marijuana excise tax revenues distributed~~
5 ~~to counties and cities in (g) (i) of this subsection (2) may not~~
6 ~~exceed fifteen million dollars in fiscal years 2018, 2019, 2020, and~~
7 ~~2021, and twenty million dollars per fiscal year thereafter))~~
8 \$12,500,000 annually to the board for administration of this chapter
9 as appropriated in the omnibus appropriations act;

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

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

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

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

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

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

33 (ii) The Washington poison control center;

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

36 (ii) \$200,000 annually to the department of commerce to fund
37 technical assistance through a roster of mentors under RCW
38 43.330.540;

39 (d) \$200,000 annually, until June 30, 2032, to the health care
40 authority to contract with the Washington state institute for public

1 policy to conduct the cost-benefit evaluations and produce the
2 reports described in RCW 69.50.550;

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

8 (f) \$300,000 annually to the University of Washington and
9 \$175,000 annually to the Washington State University for research on
10 the short-term and long-term effects of cannabis use to include, but
11 not be limited to, formal and informal methods for estimating and
12 measuring intoxication and impairments, and for the dissemination of
13 such research;

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

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

20 (i) \$270,000 for fiscal year 2022 and \$290,000 for fiscal year
21 2023 to the department of ecology for implementation of accreditation
22 of cannabis product testing laboratories;

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

26 (k) \$621,000 for fiscal year 2022 and \$635,000 for fiscal year
27 2023 to the department of agriculture for compliance-based laboratory
28 analysis of pesticides in cannabis.

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

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

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

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

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

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

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

32 (c)(i) One and one-half percent to counties, cities, and towns
33 where licensed cannabis retailers are physically located. Each
34 jurisdiction must receive a share of the revenue distribution under
35 this subsection (3)(c)(i) based on the proportional share of the
36 total revenues generated in the individual jurisdiction from the
37 taxes collected under RCW 69.50.535, from licensed cannabis retailers
38 physically located in each jurisdiction. For purposes of this
39 subsection (3)(c), 100 percent of the proportional amount attributed

1 to a retailer physically located in a city or town must be
2 distributed to the city or town;

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

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

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

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

18 NEW SECTION. Sec. 3. The joint legislative audit and review
19 committee shall conduct a review of the appropriation and expenditure
20 of cannabis revenues pursuant to RCW 69.50.540 and report to the
21 appropriate legislative committees by December 1, 2023. The report
22 shall include an examination on the appropriation and expenditure of
23 these funds to evaluate: How these funds have been appropriated and
24 expended; whether the appropriations and expenditures are consistent
25 with the provisions of RCW 69.50.540; and whether information related
26 to the appropriations and expenditures is readily available to the
27 general public. The report shall include options for increasing the
28 transparency and accountability related to the appropriation and
29 expenditure of cannabis-related revenues.

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.

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