

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE HOUSE BILL 1443**

Chapter 169, Laws of 2021

67th Legislature  
2021 Regular Session

CANNABIS INDUSTRY—SOCIAL EQUITY

EFFECTIVE DATE: July 25, 2021

Passed by the House April 15, 2021  
Yeas 60 Nays 36

LAURIE JINKINS

**Speaker of the House of  
Representatives**

Passed by the Senate April 6, 2021  
Yeas 33 Nays 16

DENNY HECK

**President of the Senate**

Approved May 3, 2021 2:23 PM

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 SUBSTITUTE HOUSE BILL 1443** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

**Chief Clerk**

FILED

May 3, 2021

**Secretary of State  
State of Washington**

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ENGROSSED SUBSTITUTE HOUSE BILL 1443

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AS AMENDED BY THE SENATE

Passed Legislature - 2021 Regular Session

**State of Washington**                      **67th Legislature**                      **2021 Regular Session**

**By** House Commerce & Gaming (originally sponsored by Representatives Morgan, Wicks, Simmons, Berry, J. Johnson, Ramel, Kloba, Ryu, Peterson, Ormsby, Ortiz-Self, Harris-Talley, and Macri)

READ FIRST TIME 02/15/21.

1            AN ACT Relating to social equity within the cannabis industry;  
2 amending RCW 43.330.540, 69.50.335, and 69.50.336; and providing an  
3 expiration date.

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

5            **Sec. 1.** RCW 43.330.540 and 2020 c 236 s 3 are each amended to  
6 read as follows:

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

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

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

15           (ii) Cannabis licensees holding a license issued after June 30,  
16 2020, and before the effective date of this section who meet the  
17 social equity applicant criteria under RCW 69.50.335.

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

1       (3) The department must award grants primarily based on the  
2 strength of the social equity plans submitted by cannabis license  
3 applicants and cannabis licensees holding a license issued after June  
4 30, 2020, and before the effective date of this section, but may also  
5 consider additional criteria if deemed necessary or appropriate by  
6 the 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~~) cannabis  
10 licensure process;

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

13       (c) Regulatory compliance training;

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

16       (e) Strengthening a social equity plan; and

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

21       (~~(3)~~) (4) The department may contract to establish a roster of  
22 mentors who are available to support and advise social equity  
23 applicants and current licensees who meet the social equity applicant  
24 criteria under RCW 69.50.335. Contractors under this section must:

25       (a) Have knowledge and experience demonstrating their ability to  
26 effectively advise eligible applicants and licensees in navigating  
27 the state's licensing and regulatory framework or on producing and  
28 processing cannabis;

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

31       (c) Meet department reporting and invoicing requirements.

32       (5) Funding for the (~~marijuana~~) cannabis social equity  
33 technical assistance (~~competitive~~) grant program must be provided  
34 through the dedicated marijuana account under RCW 69.50.540.  
35 Additionally, the department may solicit, receive, and expend private  
36 contributions to support the grant program.

37       (~~(4)~~) (6) The department may adopt rules to implement this  
38 section.

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

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

3       (1) Beginning December 1, 2020, and until July 1, (~~2028~~) 2029,  
4 (~~marijuana~~) cannabis retailer licenses that have been subject to  
5 forfeiture, revocation, or cancellation by the board, or  
6 (~~marijuana~~) cannabis retailer licenses that were not previously  
7 issued by the board but could have been issued without exceeding the  
8 limit on the statewide number of (~~marijuana~~) cannabis retailer  
9 licenses established before January 1, 2020, by the board, may be  
10 issued or reissued to an applicant who meets the (~~marijuana~~)  
11 cannabis retailer license requirements of this chapter.

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

20       (b) Persons holding an existing (~~marijuana~~) cannabis retailer  
21 license or title certificate for a (~~marijuana~~) cannabis retailer  
22 business in a local jurisdiction subject to a ban or moratorium on  
23 (~~marijuana~~) cannabis retail businesses may apply for a license  
24 under this section.

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

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

30       (i) The application does not meet social equity goals or does not  
31 meet social equity plan requirements; or

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

34       (4) The board may adopt rules to implement this section. Rules  
35 may include strategies for receiving advice on the social equity  
36 program from individuals the program is intended to benefit. Rules  
37 may also require that licenses awarded under this section be  
38 transferred or sold only to individuals or groups of individuals who  
39 comply with the requirements for initial licensure as a social equity  
40 applicant with a social equity plan under this section.

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

4 (6) For the purposes of this section:

5 (a) "Cannabis" has the meaning provided for "marijuana" under  
6 this chapter.

7 (b) "Disproportionately impacted area" means a census tract or  
8 comparable geographic area that satisfies the following criteria,  
9 which may be further defined in rule by the board after consultation  
10 with the commission on African American affairs and other agencies,  
11 commissions, and ((stakeholders)) community members as determined by  
12 the board:

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

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

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

17 (iv) The area has a high rate of arrest, conviction, or  
18 incarceration related to the sale, possession, use, cultivation,  
19 manufacture, or transport of ((marijuana)) cannabis.

20 ((b)) (c) "Social equity applicant" means:

21 (i) An applicant who has at least fifty-one percent ownership and  
22 control by one or more individuals who have resided ((for at least  
23 five of the preceding ten years)) in a disproportionately impacted  
24 area for a period of time defined in rule by the board after  
25 consultation with the commission on African American affairs and  
26 other commissions, agencies, and community members as determined by  
27 the board; ((or))

28 (ii) An applicant who has at least fifty-one percent ownership  
29 and control by at least one individual who has been convicted of a  
30 ((marijuana)) cannabis offense, a drug offense, or is a family member  
31 of such an individual; or

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

36 ((e)) (d) "Social equity goals" means:

37 (i) Increasing the number of ((marijuana)) cannabis retailer  
38 licenses held by social equity applicants from disproportionately  
39 impacted areas; and

1 (ii) Reducing accumulated harm suffered by individuals, families,  
2 and local areas subject to severe impacts from the historical  
3 application and enforcement of ((~~marijuana~~)) cannabis prohibition  
4 laws.

5 ((~~(d)~~)) (e) "Social equity plan" means a plan that addresses at  
6 least some of the elements outlined in this subsection (6) ((~~(d)~~)) (e),  
7 along with any additional plan components or requirements approved by  
8 the board following consultation with the task force created in RCW  
9 69.50.336. The plan may include:

10 (i) A statement that the social equity applicant qualifies as a  
11 social equity applicant and intends to own at least fifty-one percent  
12 of the proposed ((~~marijuana~~)) cannabis retail business or applicants  
13 representing at least fifty-one percent of the ownership of the  
14 proposed business qualify as social equity applicants;

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

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

20 (iv) The composition of the workforce the social equity applicant  
21 intends to hire;

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

25 (vi) Business plans involving partnerships or assistance to  
26 organizations or residents with connection to populations with a  
27 history of high rates of enforcement of ((~~marijuana~~)) cannabis  
28 prohibition.

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

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

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

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

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

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

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

11 (A) The commission on African American affairs;

12 (B) The commission on Hispanic affairs;

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

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

15 (E) An organization representing the Latinx community;

16 (F) A labor organization involved in the ((~~marijuana~~)) cannabis  
17 industry;

18 (G) The liquor and cannabis board;

19 (H) The department of commerce;

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

21 (J) The association of Washington cities;

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

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

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

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

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

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

38 (c) A majority of the task force members constitutes a quorum. If  
39 a member has not been designated for a position set forth in this

1 section, that position may not be counted for the purpose of  
2 determining a quorum.

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

9 (5) Staff support for the task force, including arranging the  
10 first meeting of the task force and assisting the chair of the task  
11 force in arranging subsequent meetings, must be provided by the  
12 health equity council of the governor's interagency council on health  
13 disparities. (~~(If Engrossed Second Substitute House Bill No. 1783 is~~  
14 ~~enacted by June 30, 2020, then)) The responsibility for providing  
15 staff support for the task force must be transferred to the office of  
16 equity created (~~(by Engrossed Second Substitute House Bill No. 1783))~~  
17 under chapter 43.06D RCW when requested by the office of equity.~~

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

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

29 (~~((8))~~) (7) The task force is a class one group under chapter  
30 43.03 RCW.

31 (~~((9))~~) (8) A public comment period must be provided at every  
32 meeting of the task force.

33 (~~((10))~~) (9) The task force shall submit one or more reports on  
34 recommended policies that will facilitate the development of a  
35 (~~(marijuana))~~ cannabis social equity program in Washington to the  
36 governor, the board, and the appropriate committees of the  
37 legislature. The task force is encouraged to submit individual  
38 recommendations, as soon as possible, to facilitate the board's early  
39 work to implement the recommendations. The final recommendations must

1 be submitted by (~~December 1, 2020~~) December 9, 2022. The  
2 recommendations must include:

3 (a) Factors the board must consider in distributing the licenses  
4 currently available from (~~marijuana~~) cannabis retailer licenses  
5 that have been subject to forfeiture, revocation, or cancellation by  
6 the board, or (~~marijuana~~) cannabis retailer licenses that were not  
7 previously issued by the board but could have been issued without  
8 exceeding the limit on the statewide number of (~~marijuana~~) cannabis  
9 retailer licenses established by the board before January 1, 2020;  
10 (~~and~~)

11 (b) Whether any additional (~~marijuana~~) cannabis producer,  
12 processor, or retailer licenses should be issued beyond the total  
13 number of (~~marijuana~~) licenses that have been issued as of June 11,  
14 2020. For purposes of determining the total number of licenses issued  
15 as of June 11, 2020, the total number includes licenses that have  
16 been forfeited, revoked, or canceled;

17 (c) The social equity impact of altering residential cannabis  
18 agriculture regulations;

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

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

26 (f) Whether to create workforce training opportunities for  
27 underserved communities to increase employment opportunities in the  
28 cannabis industry;

29 (g) The social equity impact of creating new cannabis license  
30 types; and

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

33 (~~(11)~~) (10) The board may adopt rules to implement the  
34 recommendations of the task force. However, any recommendation to  
35 increase the number of retail outlets above the current statewide  
36 limit of retail outlets, established by the board before January 1,  
37 2020, must be approved by the legislature.

38 (~~(12)~~) (11) For the purposes of this section, "cannabis" has  
39 the meaning provided for "marijuana" under this chapter.

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

Passed by the House April 15, 2021.  
Passed by the Senate April 6, 2021.  
Approved by the Governor May 3, 2021.  
Filed in Office of Secretary of State May 3, 2021.

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