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**ENGROSSED HOUSE BILL 2255**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Representatives Waters, Wylie, Kloba, Davis, and Cheney

AN ACT Relating to detecting and preventing the illegal inversion and diversion of cannabis and cannabis products into and out of Washington's regulated cannabis system; and adding a new section to chapter 69.50 RCW.

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

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

(1) The board shall regularly audit the data in the cannabis central reporting system to identify outliers or anomalies in data for inconsistencies in reporting, for the purposes of identifying locations where either or both of the following activities are occurring in violation of this chapter, and undertaking enforcement to prevent their occurrence:

(a) Inversion of cannabis or cannabis products into the regulated cannabis system involving a person licensed under RCW 69.50.325 as a cannabis producer, processor, or retailer, purchasing or obtaining cannabis or cannabis products from an unauthorized person or source; or

(b) Diversion of cannabis or cannabis products out of the regulated cannabis system involving a person licensed under RCW 69.50.325 as a cannabis producer, processor, or retailer, selling or transferring cannabis or cannabis products to an unauthorized person or recipient.

(2) In addition to data in the cannabis central reporting system including reports of sales of cannabis and cannabis products, for the purpose of administering this section and preventing inversion and diversion of cannabis and cannabis products, the board may also consider and compare any books and records of cannabis licensees that the board has authority to inspect under this chapter and shall also consider and compare the following data or information:

(a) The status of a cannabis license issued by the board and whether it is active and valid or whether it has been suspended, revoked, canceled, or has otherwise not been active and valid during any applicable time;

(b) The status of a business license issued by the department of revenue and whether it is active and valid or whether it has been suspended, revoked, canceled, or has otherwise not been active and valid during any applicable time; and

(c) Filings and reports related to taxes or business activity submitted to the department of revenue.

(3) The board shall regularly ensure that all cannabis licensees and third-party testing laboratories comply with any requirement of the board for the reporting of data or events to the cannabis central reporting system.

(4) For purposes of this section, "cannabis central reporting system" means the system used by the board for the reporting of events or information submitted by or on behalf of cannabis licensees and certified laboratories to the board, as required by the board.

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