

SSB 5377 - S AMD 686

By Senator Stanford

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

3 **"Sec. 1.** RCW 69.50.325 and 2022 c 16 s 54 are each amended to
4 read as follows:

5 (1) There shall be a cannabis producer's license regulated by the
6 board and subject to annual renewal. The licensee is authorized to
7 produce: (a) Cannabis for sale at wholesale to cannabis processors
8 and other cannabis producers; (b) immature plants or clones and seeds
9 for sale to cooperatives as described under RCW 69.51A.250; and (c)
10 immature plants or clones and seeds for sale to qualifying patients
11 and designated providers as provided under RCW 69.51A.310. The
12 production, possession, delivery, distribution, and sale of cannabis
13 in accordance with the provisions of this chapter and the rules
14 adopted to implement and enforce it, by a validly licensed cannabis
15 producer, shall not be a criminal or civil offense under Washington
16 state law. Every cannabis producer's license shall be issued in the
17 name of the applicant(~~r~~) in accordance with RCW 69.50.331 and shall
18 specify the location at which the cannabis producer intends to
19 operate, which must be within the state of Washington, and the holder
20 thereof shall not allow any other person to use the license. The
21 application fee for a cannabis producer's license shall be two
22 hundred fifty dollars plus any additional application or licensing
23 fee required under RCW 69.50.331(1). The annual fee for issuance and
24 renewal of a cannabis producer's license shall be one thousand three
25 hundred eighty-one dollars. A separate license shall be required for
26 each location at which a cannabis producer intends to produce
27 cannabis.

28 (2) There shall be a cannabis processor's license to process,
29 package, and label cannabis concentrates, useable cannabis, and
30 cannabis-infused products for sale at wholesale to cannabis
31 processors and cannabis retailers, regulated by the board and subject
32 to annual renewal. The processing, packaging, possession, delivery,

1 distribution, and sale of cannabis, useable cannabis, cannabis-
2 infused products, and cannabis concentrates in accordance with the
3 provisions of this chapter and chapter 69.51A RCW and the rules
4 adopted to implement and enforce these chapters, by a validly
5 licensed cannabis processor, shall not be a criminal or civil offense
6 under Washington state law. Every cannabis processor's license shall
7 be issued in the name of the applicant, shall specify the location at
8 which the licensee intends to operate, which must be within the state
9 of Washington, and the holder thereof shall not allow any other
10 person to use the license. The application fee for a cannabis
11 processor's license shall be two hundred fifty dollars. The annual
12 fee for issuance and renewal of a cannabis processor's license shall
13 be one thousand three hundred eighty-one dollars. A separate license
14 shall be required for each location at which a cannabis processor
15 intends to process cannabis.

16 (3) (a) There shall be a cannabis retailer's license to sell
17 cannabis concentrates, useable cannabis, and cannabis-infused
18 products at retail in retail outlets, regulated by the board and
19 subject to annual renewal. The possession, delivery, distribution,
20 and sale of cannabis concentrates, useable cannabis, and cannabis-
21 infused products in accordance with the provisions of this chapter
22 and the rules adopted to implement and enforce it, by a validly
23 licensed cannabis retailer, shall not be a criminal or civil offense
24 under Washington state law. Every cannabis retailer's license shall
25 be issued in the name of the applicant(~~r~~) in accordance with RCW
26 69.50.331 and shall specify the location of the retail outlet the
27 licensee intends to operate, which must be within the state of
28 Washington, and the holder thereof shall not allow any other person
29 to use the license. The application fee for a cannabis retailer's
30 license shall be two hundred fifty dollars plus any additional
31 application or licensing fee required under RCW 69.50.331(1). The
32 annual fee for issuance and renewal of a cannabis retailer's license
33 shall be one thousand three hundred eighty-one dollars. A separate
34 license shall be required for each location at which a cannabis
35 retailer intends to sell cannabis concentrates, useable cannabis, and
36 cannabis-infused products.

37 (b) An individual retail licensee and all other persons or
38 entities with a financial or other ownership interest in the business
39 operating under the license are limited, in the aggregate, to holding
40 a collective total of not more than five retail cannabis licenses.

1 (c) (i) A cannabis retailer's license is subject to forfeiture in
2 accordance with rules adopted by the board pursuant to this section.

3 (ii) The board shall adopt rules to establish a license
4 forfeiture process for a licensed cannabis retailer that is not fully
5 operational and open to the public within a specified period from the
6 date of license issuance, as established by the board, subject to the
7 following restrictions:

8 (A) No cannabis retailer's license may be subject to forfeiture
9 within the first nine months of license issuance; and

10 (B) The board must require license forfeiture on or before
11 twenty-four calendar months of license issuance if a cannabis
12 retailer is not fully operational and open to the public, unless the
13 board determines that circumstances out of the licensee's control are
14 preventing the licensee from becoming fully operational and that, in
15 the board's discretion, the circumstances warrant extending the
16 forfeiture period beyond twenty-four calendar months.

17 (iii) The board has discretion in adopting rules under this
18 subsection (3) (c).

19 ~~(iv) ((This subsection (3) (c) applies to cannabis retailer's
20 licenses issued before and after July 23, 2017. However, no license
21 of a cannabis retailer that otherwise meets the conditions for
22 license forfeiture established pursuant to this subsection (3) (c) may
23 be subject to forfeiture within the first nine calendar months of
24 July 23, 2017.~~

25 ~~(v))~~ The board may not require license forfeiture if the
26 licensee has been incapable of opening a fully operational retail
27 cannabis business due to actions by the city, town, or county with
28 jurisdiction over the licensee that include any of the following:

29 (A) The adoption of a ban or moratorium that prohibits the
30 opening of a retail cannabis business; or

31 (B) The adoption of an ordinance or regulation related to zoning,
32 business licensing, land use, or other regulatory measure that has
33 the effect of preventing a licensee from receiving an occupancy
34 permit from the jurisdiction or which otherwise prevents a licensed
35 cannabis retailer from becoming operational.

36 (d) The board may issue cannabis retailer licenses pursuant to
37 this chapter and RCW 69.50.335.

38 **Sec. 2.** RCW 69.50.331 and 2023 c 220 s 2 are each amended to
39 read as follows:

1 (1) For the purpose of considering any application for a license
2 to produce, process, research, transport, or deliver cannabis,
3 useable cannabis, cannabis concentrates, or cannabis-infused products
4 subject to the regulations established under RCW 69.50.385, or sell
5 cannabis, or for the renewal of a license to produce, process,
6 research, transport, or deliver cannabis, useable cannabis, cannabis
7 concentrates, or cannabis-infused products subject to the regulations
8 established under RCW 69.50.385, or sell cannabis, the board must
9 conduct a comprehensive, fair, and impartial evaluation of the
10 applications timely received.

11 (a) The board may cause an inspection of the premises to be made,
12 and may inquire into all matters in connection with the construction
13 and operation of the premises. For the purpose of reviewing any
14 application for a license and for considering the denial, suspension,
15 revocation, cancellation, or renewal or denial thereof, of any
16 license, the board may consider any prior criminal arrests or
17 convictions of the applicant, any public safety administrative
18 violation history record with the board, and a criminal history
19 record information check. The board may submit the criminal history
20 record information check to the Washington state patrol and to the
21 identification division of the federal bureau of investigation in
22 order that these agencies may search their records for prior arrests
23 and convictions of the individual or individuals who filled out the
24 forms. The board must require fingerprinting of any applicant whose
25 criminal history record information check is submitted to the federal
26 bureau of investigation. The provisions of RCW 9.95.240 and of
27 chapter 9.96A RCW do not apply to these cases. Subject to the
28 provisions of this section, the board may, in its discretion, grant
29 or deny the renewal or license applied for. Denial may be based on,
30 without limitation, the existence of chronic illegal activity
31 documented in objections submitted pursuant to subsections (7)(c) and
32 (10) of this section. Authority to approve an uncontested or
33 unopposed license may be granted by the board to any staff member the
34 board designates in writing. Conditions for granting this authority
35 must be adopted by rule.

36 (b) No license of any kind may be issued to:

37 (i) A person under the age of 21 years;

38 (ii) A person doing business as a sole proprietor who has not
39 lawfully resided in the state for at least six months prior to
40 applying to receive a license;

1 (iii) A partnership, employee cooperative, association, nonprofit
2 corporation, or corporation unless formed under the laws of this
3 state, and unless all of the members thereof are qualified to obtain
4 a license as provided in this section; or

5 (iv) A person whose place of business is conducted by a manager
6 or agent, unless the manager or agent possesses the same
7 qualifications required of the licensee.

8 (2)(a) The board may, in its discretion, subject to RCW
9 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend
10 or cancel any license; and all protections of the licensee from
11 criminal or civil sanctions under state law for producing,
12 processing, researching, or selling cannabis, cannabis concentrates,
13 useable cannabis, or cannabis-infused products thereunder must be
14 suspended or terminated, as the case may be.

15 (b) The board must immediately suspend the license of a person
16 who has been certified pursuant to RCW 74.20A.320 by the department
17 of social and health services as a person who is not in compliance
18 with a support order. If the person has continued to meet all other
19 requirements for reinstatement during the suspension, reissuance of
20 the license is automatic upon the board's receipt of a release issued
21 by the department of social and health services stating that the
22 licensee is in compliance with the order.

23 (c)(i) The board must suspend a cannabis producer license issued
24 under RCW 69.50.325 if no activity has been recorded on the license
25 between July 1, 2022, and December 31, 2023.

26 (ii) A cannabis producer license suspended under (c)(i) of this
27 subsection must be reissued to the licensee when:

28 (A) Federal law allows for the interstate transfer of cannabis
29 between authorized cannabis-related businesses; or

30 (B) The United States department of justice issues an opinion or
31 memorandum allowing or tolerating the interstate transfer of cannabis
32 between authorized cannabis-related businesses.

33 (iii) For the purposes of this subsection, "no activity" refers
34 to a cannabis producer license with a unified business identifier
35 number under which no business activity has been reported to the
36 department of revenue.

37 (d) The board may request the appointment of administrative law
38 judges under chapter 34.12 RCW who shall have power to administer
39 oaths, issue subpoenas for the attendance of witnesses and the
40 production of papers, books, accounts, documents, and testimony,

1 examine witnesses, receive testimony in any inquiry, investigation,
2 hearing, or proceeding in any part of the state, and consider
3 mitigating and aggravating circumstances in any case and deviate from
4 any prescribed penalty, under rules the board may adopt.

5 ~~((d))~~ (e) Witnesses must be allowed fees and mileage each way
6 to and from any inquiry, investigation, hearing, or proceeding at the
7 rate authorized by RCW 34.05.446. Fees need not be paid in advance of
8 appearance of witnesses to testify or to produce books, records, or
9 other legal evidence.

10 ~~((e))~~ (f) In case of disobedience of any person to comply with
11 the order of the board or a subpoena issued by the board, or any of
12 its members, or administrative law judges, or on the refusal of a
13 witness to testify to any matter regarding which he or she may be
14 lawfully interrogated, the judge of the superior court of the county
15 in which the person resides, on application of any member of the
16 board or administrative law judge, compels obedience by contempt
17 proceedings, as in the case of disobedience of the requirements of a
18 subpoena issued from said court or a refusal to testify therein.

19 (3) Upon receipt of notice of the suspension or cancellation of a
20 license, the licensee must forthwith deliver up the license to the
21 board. Where the license has been suspended only, the board must
22 return the license to the licensee at the expiration or termination
23 of the period of suspension. The board must notify all other
24 licensees in the county where the subject licensee has its premises
25 of the suspension or cancellation of the license; and no other
26 licensee or employee of another licensee may allow or cause any
27 cannabis, cannabis concentrates, useable cannabis, or cannabis-
28 infused products to be delivered to or for any person at the premises
29 of the subject licensee.

30 (4) Every license issued under this chapter is subject to all
31 conditions and restrictions imposed by this chapter or by rules
32 adopted by the board to implement and enforce this chapter. All
33 conditions and restrictions imposed by the board in the issuance of
34 an individual license must be listed on the face of the individual
35 license along with the trade name, address, and expiration date.

36 (5) Every licensee must post and keep posted its license, or
37 licenses, in a conspicuous place on the premises.

38 (6) No licensee may employ any person under the age of 21 years.

39 (7)(a) Before the board issues a new or renewed license to an
40 applicant it must give notice of the application to the chief

1 executive officer of the incorporated city or town, if the
2 application is for a license within an incorporated city or town, or
3 to the county legislative authority, if the application is for a
4 license outside the boundaries of incorporated cities or towns, or to
5 the tribal government if the application is for a license within
6 Indian country, or to the port authority if the application for a
7 license is located on property owned by a port authority.

8 (b) The incorporated city or town through the official or
9 employee selected by it, the county legislative authority or the
10 official or employee selected by it, the tribal government, or port
11 authority has the right to file with the board within twenty days
12 after the date of transmittal of the notice for applications, or at
13 least thirty days prior to the expiration date for renewals, written
14 objections against the applicant or against the premises for which
15 the new or renewed license is asked. The board may extend the time
16 period for submitting written objections upon request from the
17 authority notified by the board.

18 (c) The written objections must include a statement of all facts
19 upon which the objections are based, and in case written objections
20 are filed, the city or town or county legislative authority may
21 request, and the board may in its discretion hold, a hearing subject
22 to the applicable provisions of Title 34 RCW. If the board makes an
23 initial decision to deny a license or renewal based on the written
24 objections of an incorporated city or town or county legislative
25 authority, the applicant may request a hearing subject to the
26 applicable provisions of Title 34 RCW. If a hearing is held at the
27 request of the applicant, board representatives must present and
28 defend the board's initial decision to deny a license or renewal.

29 (d) Upon the granting of a license under this title the board
30 must send written notification to the chief executive officer of the
31 incorporated city or town in which the license is granted, or to the
32 county legislative authority if the license is granted outside the
33 boundaries of incorporated cities or towns.

34 (8)(a) Except as provided in (b) through (e) of this subsection,
35 the board may not issue a license for any premises within 1,000 feet
36 of the perimeter of the grounds of any elementary or secondary
37 school, playground, recreation center or facility, child care center,
38 public park, public transit center, or library, or any game arcade
39 admission to which is not restricted to persons aged 21 years or
40 older.

1 (b) A city, county, or town may permit the licensing of premises
2 within 1,000 feet but not less than 100 feet of the facilities
3 described in (a) of this subsection, except elementary schools,
4 secondary schools, and playgrounds, by enacting an ordinance
5 authorizing such distance reduction, provided that such distance
6 reduction will not negatively impact the jurisdiction's civil
7 regulatory enforcement, criminal law enforcement interests, public
8 safety, or public health.

9 (c) A city, county, or town may permit the licensing of research
10 premises allowed under RCW 69.50.372 within 1,000 feet but not less
11 than 100 feet of the facilities described in (a) of this subsection
12 by enacting an ordinance authorizing such distance reduction,
13 provided that the ordinance will not negatively impact the
14 jurisdiction's civil regulatory enforcement, criminal law
15 enforcement, public safety, or public health.

16 (d) The board may license premises located in compliance with the
17 distance requirements set in an ordinance adopted under (b) or (c) of
18 this subsection. Before issuing or renewing a research license for
19 premises within 1,000 feet but not less than 100 feet of an
20 elementary school, secondary school, or playground in compliance with
21 an ordinance passed pursuant to (c) of this subsection, the board
22 must ensure that the facility:

23 (i) Meets a security standard exceeding that which applies to
24 cannabis producer, processor, or retailer licensees;

25 (ii) Is inaccessible to the public and no part of the operation
26 of the facility is in view of the general public; and

27 (iii) Bears no advertising or signage indicating that it is a
28 cannabis research facility.

29 (e) The board must issue a certificate of compliance if the
30 premises met the requirements under (a), (b), (c), or (d) of this
31 subsection on the date of the application. The certificate allows the
32 licensee to operate the business at the proposed location
33 notwithstanding a later occurring, otherwise disqualifying factor.

34 (f) The board may not issue a license for any premises within
35 Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee
36 patent lands within the exterior boundaries of a reservation, without
37 the consent of the federally recognized tribe associated with the
38 reservation or Indian country.

39 (9) A city, town, or county may adopt an ordinance prohibiting a
40 cannabis producer or cannabis processor from operating or locating a

1 business within areas zoned primarily for residential use or rural
2 use with a minimum lot size of five acres or smaller.

3 (10) In determining whether to grant or deny a license or renewal
4 of any license, the board must give substantial weight to objections
5 from an incorporated city or town or county legislative authority
6 based upon chronic illegal activity associated with the applicant's
7 operations of the premises proposed to be licensed or the applicant's
8 operation of any other licensed premises, or the conduct of the
9 applicant's patrons inside or outside the licensed premises. "Chronic
10 illegal activity" means (a) a pervasive pattern of activity that
11 threatens the public health, safety, and welfare of the city, town,
12 or county including, but not limited to, open container violations,
13 assaults, disturbances, disorderly conduct, or other criminal law
14 violations, or as documented in crime statistics, police reports,
15 emergency medical response data, calls for service, field data, or
16 similar records of a law enforcement agency for the city, town,
17 county, or any other municipal corporation or any state agency; or
18 (b) an unreasonably high number of citations for violations of RCW
19 46.61.502 associated with the applicant's or licensee's operation of
20 any licensed premises as indicated by the reported statements given
21 to law enforcement upon arrest.

22 (11) The board may not issue a cannabis retail license for any
23 premises not currently licensed if:

24 (a) The board receives a written objection from the legislative
25 authority of an incorporated city or town, or county legislative
26 authority, relating to the physical location of the proposed
27 premises;

28 (b) The objection to the location from the incorporated city or
29 town, or county legislative authority, is received by the board
30 within 20 days of the board notifying the incorporated city or town,
31 or county legislative authority, of the proposed cannabis retail
32 location; and

33 (c) The objection to the issuance of a cannabis retail license at
34 the specified location is based on a preexisting local ordinance
35 limiting outlet density in a specific geographic area. For purposes
36 of this subsection (11), a preexisting local ordinance is an
37 ordinance enacted and in effect before the date the applicant submits
38 an application for a cannabis retail license to the board identifying
39 the premises proposed to be licensed. No objection related to the
40 physical location of a proposed premises may be made by a local

1 government under this subsection (11) based on a local ordinance
2 enacted after the date the applicant submits an application for a
3 cannabis retail license to the board identifying the premises
4 proposed to be licensed.

5 (12) After January 1, 2024, all cannabis licensees are encouraged
6 but are not required to submit a social equity plan to the board.
7 Upon confirmation by the board that a cannabis licensee who is not a
8 social equity applicant, and who does not hold a social equity
9 license issued under RCW 69.50.335, has submitted a social equity
10 plan, the board must within 30 days reimburse such a licensee an
11 amount equal to the cost of the licensee's annual cannabis license
12 renewal fee. The license renewal fee reimbursement authorized under
13 this subsection is subject to the following limitations:

14 (a) The board may provide reimbursement one time only to any
15 licensed entity; and

16 (b) Any licensed entity holding more than one cannabis license is
17 eligible for reimbursement of the license renewal fee on only one
18 license.

19 **Sec. 3.** RCW 69.50.331 and 2023 c 220 s 2 are each amended to
20 read as follows:

21 (1) For the purpose of considering any application for a license
22 to produce, process, research, transport, or deliver cannabis,
23 useable cannabis, cannabis concentrates, or cannabis-infused products
24 subject to the regulations established under RCW 69.50.385, or sell
25 cannabis, or for the renewal of a license to produce, process,
26 research, transport, or deliver cannabis, useable cannabis, cannabis
27 concentrates, or cannabis-infused products subject to the regulations
28 established under RCW 69.50.385, or sell cannabis, the board must
29 conduct a comprehensive, fair, and impartial evaluation of the
30 applications timely received.

31 (a) The board may cause an inspection of the premises to be made,
32 and may inquire into all matters in connection with the construction
33 and operation of the premises. For the purpose of reviewing any
34 application for a license and for considering the denial, suspension,
35 revocation, cancellation, or renewal or denial thereof, of any
36 license, the board may consider any prior criminal arrests or
37 convictions of the applicant, any public safety administrative
38 violation history record with the board, and a criminal history
39 record information check. The board may submit the criminal history

1 record information check to the Washington state patrol and to the
2 identification division of the federal bureau of investigation in
3 order that these agencies may search their records for prior arrests
4 and convictions of the individual or individuals who filled out the
5 forms. The board must require fingerprinting of any applicant whose
6 criminal history record information check is submitted to the federal
7 bureau of investigation. The provisions of RCW 9.95.240 and of
8 chapter 9.96A RCW do not apply to these cases. Subject to the
9 provisions of this section, the board may, in its discretion, grant
10 or deny the renewal or license applied for. Denial may be based on,
11 without limitation, the existence of chronic illegal activity
12 documented in objections submitted pursuant to subsections (7)(c) and
13 (10) of this section. Authority to approve an uncontested or
14 unopposed license may be granted by the board to any staff member the
15 board designates in writing. Conditions for granting this authority
16 must be adopted by rule.

17 (b) No license of any kind may be issued to:

18 (i) A person under the age of 21 years;

19 (ii) ~~((A person doing business as a sole proprietor who has not
20 lawfully resided in the state for at least six months prior to
21 applying to receive a license;~~

22 ~~(iii) A partnership, employee cooperative, association, nonprofit
23 corporation, or corporation)) An entity unless formed under the laws
24 of this state(~~(, and unless all of the members thereof are qualified
25 to obtain a license as provided in this section))~~; or~~

26 ~~((~~(iv))~~)) (iii) A person whose place of business is conducted by a
27 manager or agent, unless the manager or agent possesses the same
28 qualifications required of the licensee.~~

29 (c)(i) A person is not required to be a resident of this state
30 and an entity with a certificate of registration is not required to
31 be formed under the laws of this state to qualify for a cannabis
32 license under this chapter, subject to the following requirements:

33 (A) A natural person holding an ownership interest of more than
34 10 percent in the entity must qualify for and be named on the
35 license;

36 (B) Except as provided in (c)(i)(C) of this subsection, a natural
37 person holding an ownership interest of 10 percent or less in the
38 entity is not required to qualify for or be named on the license;

1 (C) If no natural person holds an ownership interest of more than
2 10 percent in the entity, the natural person with the largest
3 ownership interest must qualify for and be named on the license; and

4 (D) Directors of the entity must possess the same qualifications
5 required of the licensee.

6 (ii) The identification of a natural person holding an ownership
7 interest of 10 percent or less but more than one percent in the
8 entity, who is not otherwise required to qualify for and be named on
9 the license as provided in (c)(i) of this subsection, must be
10 disclosed to the board.

11 (d) The board may impose additional licensing fees to recover
12 additional costs incurred in investigating a nonresident required to
13 be investigated under this section. If, after reasonable efforts, the
14 board is unable to investigate a nonresident required to be
15 investigated under this section, in accordance with the investigatory
16 standards applicable to the investigation of a state resident, the
17 board may deny a license or license renewal to an entity.

18 (2) (a) The board may, in its discretion, subject to RCW
19 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend
20 or cancel any license; and all protections of the licensee from
21 criminal or civil sanctions under state law for producing,
22 processing, researching, or selling cannabis, cannabis concentrates,
23 useable cannabis, or cannabis-infused products thereunder must be
24 suspended or terminated, as the case may be.

25 (b) The board must immediately suspend the license of a person
26 who has been certified pursuant to RCW 74.20A.320 by the department
27 of social and health services as a person who is not in compliance
28 with a support order. If the person has continued to meet all other
29 requirements for reinstatement during the suspension, reissuance of
30 the license is automatic upon the board's receipt of a release issued
31 by the department of social and health services stating that the
32 licensee is in compliance with the order.

33 (c)(i) The board must suspend a cannabis producer license issued
34 under RCW 69.50.325 if no activity has been recorded on the license
35 between July 1, 2022, and December 31, 2023.

36 (ii) A cannabis producer license suspended under (c)(i) of this
37 subsection must be reissued to the licensee when:

38 (A) Federal law allows for the interstate transfer of cannabis
39 between authorized cannabis-related businesses; or

1 (B) The United States department of justice issues an opinion or
2 memorandum allowing or tolerating the interstate transfer of cannabis
3 between authorized cannabis-related businesses.

4 (iii) For the purposes of this subsection, "no activity" refers
5 to a cannabis producer license with a unified business identifier
6 number under which no business activity has been reported to the
7 department of revenue.

8 (d) The board may request the appointment of administrative law
9 judges under chapter 34.12 RCW who shall have power to administer
10 oaths, issue subpoenas for the attendance of witnesses and the
11 production of papers, books, accounts, documents, and testimony,
12 examine witnesses, receive testimony in any inquiry, investigation,
13 hearing, or proceeding in any part of the state, and consider
14 mitigating and aggravating circumstances in any case and deviate from
15 any prescribed penalty, under rules the board may adopt.

16 ~~((d))~~ (e) Witnesses must be allowed fees and mileage each way
17 to and from any inquiry, investigation, hearing, or proceeding at the
18 rate authorized by RCW 34.05.446. Fees need not be paid in advance of
19 appearance of witnesses to testify or to produce books, records, or
20 other legal evidence.

21 ~~((e))~~ (f) In case of disobedience of any person to comply with
22 the order of the board or a subpoena issued by the board, or any of
23 its members, or administrative law judges, or on the refusal of a
24 witness to testify to any matter regarding which he or she may be
25 lawfully interrogated, the judge of the superior court of the county
26 in which the person resides, on application of any member of the
27 board or administrative law judge, compels obedience by contempt
28 proceedings, as in the case of disobedience of the requirements of a
29 subpoena issued from said court or a refusal to testify therein.

30 (3) Upon receipt of notice of the suspension or cancellation of a
31 license, the licensee must forthwith deliver up the license to the
32 board. Where the license has been suspended only, the board must
33 return the license to the licensee at the expiration or termination
34 of the period of suspension. The board must notify all other
35 licensees in the county where the subject licensee has its premises
36 of the suspension or cancellation of the license; and no other
37 licensee or employee of another licensee may allow or cause any
38 cannabis, cannabis concentrates, useable cannabis, or cannabis-
39 infused products to be delivered to or for any person at the premises
40 of the subject licensee.

1 (4) Every license issued under this chapter is subject to all
2 conditions and restrictions imposed by this chapter or by rules
3 adopted by the board to implement and enforce this chapter. All
4 conditions and restrictions imposed by the board in the issuance of
5 an individual license must be listed on the face of the individual
6 license along with the trade name, address, and expiration date.

7 (5) Every licensee must post and keep posted its license, or
8 licenses, in a conspicuous place on the premises.

9 (6) No licensee may employ any person under the age of 21 years.

10 (7)(a) Before the board issues a new or renewed license to an
11 applicant it must give notice of the application to the chief
12 executive officer of the incorporated city or town, if the
13 application is for a license within an incorporated city or town, or
14 to the county legislative authority, if the application is for a
15 license outside the boundaries of incorporated cities or towns, or to
16 the tribal government if the application is for a license within
17 Indian country, or to the port authority if the application for a
18 license is located on property owned by a port authority.

19 (b) The incorporated city or town through the official or
20 employee selected by it, the county legislative authority or the
21 official or employee selected by it, the tribal government, or port
22 authority has the right to file with the board within twenty days
23 after the date of transmittal of the notice for applications, or at
24 least thirty days prior to the expiration date for renewals, written
25 objections against the applicant or against the premises for which
26 the new or renewed license is asked. The board may extend the time
27 period for submitting written objections upon request from the
28 authority notified by the board.

29 (c) The written objections must include a statement of all facts
30 upon which the objections are based, and in case written objections
31 are filed, the city or town or county legislative authority may
32 request, and the board may in its discretion hold, a hearing subject
33 to the applicable provisions of Title 34 RCW. If the board makes an
34 initial decision to deny a license or renewal based on the written
35 objections of an incorporated city or town or county legislative
36 authority, the applicant may request a hearing subject to the
37 applicable provisions of Title 34 RCW. If a hearing is held at the
38 request of the applicant, board representatives must present and
39 defend the board's initial decision to deny a license or renewal.

1 (d) Upon the granting of a license under this title the board
2 must send written notification to the chief executive officer of the
3 incorporated city or town in which the license is granted, or to the
4 county legislative authority if the license is granted outside the
5 boundaries of incorporated cities or towns.

6 (8)(a) Except as provided in (b) through (e) of this subsection,
7 the board may not issue a license for any premises within 1,000 feet
8 of the perimeter of the grounds of any elementary or secondary
9 school, playground, recreation center or facility, child care center,
10 public park, public transit center, or library, or any game arcade
11 admission to which is not restricted to persons aged 21 years or
12 older.

13 (b) A city, county, or town may permit the licensing of premises
14 within 1,000 feet but not less than 100 feet of the facilities
15 described in (a) of this subsection, except elementary schools,
16 secondary schools, and playgrounds, by enacting an ordinance
17 authorizing such distance reduction, provided that such distance
18 reduction will not negatively impact the jurisdiction's civil
19 regulatory enforcement, criminal law enforcement interests, public
20 safety, or public health.

21 (c) A city, county, or town may permit the licensing of research
22 premises allowed under RCW 69.50.372 within 1,000 feet but not less
23 than 100 feet of the facilities described in (a) of this subsection
24 by enacting an ordinance authorizing such distance reduction,
25 provided that the ordinance will not negatively impact the
26 jurisdiction's civil regulatory enforcement, criminal law
27 enforcement, public safety, or public health.

28 (d) The board may license premises located in compliance with the
29 distance requirements set in an ordinance adopted under (b) or (c) of
30 this subsection. Before issuing or renewing a research license for
31 premises within 1,000 feet but not less than 100 feet of an
32 elementary school, secondary school, or playground in compliance with
33 an ordinance passed pursuant to (c) of this subsection, the board
34 must ensure that the facility:

35 (i) Meets a security standard exceeding that which applies to
36 cannabis producer, processor, or retailer licensees;

37 (ii) Is inaccessible to the public and no part of the operation
38 of the facility is in view of the general public; and

39 (iii) Bears no advertising or signage indicating that it is a
40 cannabis research facility.

1 (e) The board must issue a certificate of compliance if the
2 premises met the requirements under (a), (b), (c), or (d) of this
3 subsection on the date of the application. The certificate allows the
4 licensee to operate the business at the proposed location
5 notwithstanding a later occurring, otherwise disqualifying factor.

6 (f) The board may not issue a license for any premises within
7 Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee
8 patent lands within the exterior boundaries of a reservation, without
9 the consent of the federally recognized tribe associated with the
10 reservation or Indian country.

11 (9) A city, town, or county may adopt an ordinance prohibiting a
12 cannabis producer or cannabis processor from operating or locating a
13 business within areas zoned primarily for residential use or rural
14 use with a minimum lot size of five acres or smaller.

15 (10) In determining whether to grant or deny a license or renewal
16 of any license, the board must give substantial weight to objections
17 from an incorporated city or town or county legislative authority
18 based upon chronic illegal activity associated with the applicant's
19 operations of the premises proposed to be licensed or the applicant's
20 operation of any other licensed premises, or the conduct of the
21 applicant's patrons inside or outside the licensed premises.

22 (~~"Chronic illegal activity" means (a) a pervasive pattern of~~
23 ~~activity that threatens the public health, safety, and welfare of the~~
24 ~~city, town, or county including, but not limited to, open container~~
25 ~~violations, assaults, disturbances, disorderly conduct, or other~~
26 ~~criminal law violations, or as documented in crime statistics, police~~
27 ~~reports, emergency medical response data, calls for service, field~~
28 ~~data, or similar records of a law enforcement agency for the city,~~
29 ~~town, county, or any other municipal corporation or any state agency;~~
30 ~~or (b) an unreasonably high number of citations for violations of RCW~~
31 ~~46.61.502 associated with the applicant's or licensee's operation of~~
32 ~~any licensed premises as indicated by the reported statements given~~
33 ~~to law enforcement upon arrest.))~~

34 (11) The board may not issue a cannabis retail license for any
35 premises not currently licensed if:

36 (a) The board receives a written objection from the legislative
37 authority of an incorporated city or town, or county legislative
38 authority, relating to the physical location of the proposed
39 premises;

1 (b) The objection to the location from the incorporated city or
2 town, or county legislative authority, is received by the board
3 within 20 days of the board notifying the incorporated city or town,
4 or county legislative authority, of the proposed cannabis retail
5 location; and

6 (c) The objection to the issuance of a cannabis retail license at
7 the specified location is based on a preexisting local ordinance
8 limiting outlet density in a specific geographic area. For purposes
9 of this subsection (11), a preexisting local ordinance is an
10 ordinance enacted and in effect before the date the applicant submits
11 an application for a cannabis retail license to the board identifying
12 the premises proposed to be licensed. No objection related to the
13 physical location of a proposed premises may be made by a local
14 government under this subsection (11) based on a local ordinance
15 enacted after the date the applicant submits an application for a
16 cannabis retail license to the board identifying the premises
17 proposed to be licensed.

18 (12) After January 1, 2024, all cannabis licensees are encouraged
19 but are not required to submit a social equity plan to the board.
20 Upon confirmation by the board that a cannabis licensee who is not a
21 social equity applicant, and who does not hold a social equity
22 license issued under RCW 69.50.335, has submitted a social equity
23 plan, the board must within 30 days reimburse such a licensee an
24 amount equal to the cost of the licensee's annual cannabis license
25 renewal fee. The license renewal fee reimbursement authorized under
26 this subsection is subject to the following limitations:

27 (a) The board may provide reimbursement one time only to any
28 licensed entity; and

29 (b) Any licensed entity holding more than one cannabis license is
30 eligible for reimbursement of the license renewal fee on only one
31 license.

32 (13) The definitions in this subsection apply throughout this
33 section unless the context clearly requires otherwise.

34 (a) "Chronic illegal activity" means: (i) A pervasive pattern of
35 activity that threatens the public health, safety, and welfare of the
36 city, town, or county including, but not limited to, open container
37 violations, assaults, disturbances, disorderly conduct, or other
38 criminal law violations, or as documented in crime statistics, police
39 reports, emergency medical response data, calls for service, field
40 data, or similar records of a law enforcement agency for the city,

1 town, county, or any other municipal corporation or any state agency;
2 or (ii) an unreasonably high number of citations for violations of
3 RCW 46.61.502 associated with the applicant's or licensee's operation
4 of any licensed premises as indicated by the reported statements
5 given to law enforcement upon arrest.

6 (b) "Entity" has the meaning provided in RCW 23.95.105.

7 (c) "Interest" has the meaning provided in RCW 23.95.105.

8 NEW SECTION. Sec. 4. A new section is added to chapter 82.04
9 RCW to read as follows:

10 (1) Until January 1, 2030, RCW 82.04.250 does not apply to
11 amounts received by any person holding a cannabis retailer license
12 within the social equity program under RCW 69.50.335 for engaging in
13 any of the following activities: (a) Sales at retail to consumers of
14 useable cannabis; (b) cannabis concentrates; or (c) cannabis-infused
15 products.

16 (2) The exemption under this section applies only to persons
17 primarily engaged in the business activities specified in subsection
18 (1) of this section, unless these business activities were previously
19 engaged in by an affiliated person and were not the affiliated
20 person's primary business activity.

21 (3) For the purposes of this section, the following definitions
22 apply:

23 (a) "Affiliated" has the same meaning as provided in RCW
24 82.04.299.

25 (b) "Primarily" means, with respect to a business activity or
26 combination of business activities of a taxpayer, more than 50
27 percent of the taxpayer's gross worldwide income from all business
28 activities, whether subject to tax under this chapter or not, comes
29 from such activity or activities.

30 (4) This section expires January 1, 2030.

31 NEW SECTION. Sec. 5. (1) This section is the tax preference
32 performance statement for the tax preference contained in section 4,
33 chapter . . . , Laws of 2024 (section 4 of this act). This performance
34 statement is only intended to be used for subsequent evaluation of
35 the tax preference. It is not intended to create a private right of
36 action by any party or to be used to determine eligibility for
37 preferential tax treatment.

1 (2) The legislature categorizes this tax preference as one
2 intended to improve industry competitiveness, create or retain jobs,
3 and to provide tax relief for certain businesses or individuals as
4 indicated in RCW 82.32.808(2) (b), (c), and (e).

5 (3) It is the legislature's specific public policy objective to
6 reduce barriers to business ownership to the cannabis retailer
7 licensee participants in the state's cannabis social equity program.

8 (4) RCW 82.32.808(6) does not apply to the tax preference created
9 in section 4 of this act.

10 NEW SECTION. **Sec. 6.** Sections 1 and 3 of this act take effect
11 January 1, 2025.

12 NEW SECTION. **Sec. 7.** Section 2 of this act takes effect July 1,
13 2024.

14 NEW SECTION. **Sec. 8.** Section 2 of this act expires January 1,
15 2025."

SSB 5377 - S AMD 686
By Senator Stanford

16 On page 1, line 1 of the title, after "Relating to" strike the
17 remainder of the title and insert "reducing barriers to cannabis
18 license ownership; amending RCW 69.50.325, 69.50.331, and 69.50.331;
19 adding a new section to chapter 82.04 RCW; creating a new section;
20 providing effective dates; and providing expiration dates."

EFFECT: Makes technical changes to amend the current version of
RCW 69.50.331 (Application for license—Renewal fee reimbursement,
social equity plan), which was amended in 2023, and moves dates in
the bill forward one year.

Exempts amounts received by a cannabis retailer licensee within
the social equity program for retail sales to consumers of useable
cannabis, cannabis concentrates, or cannabis-infused products from
the business and occupation tax and provides a tax preference
performance statement for the exemption.

Modifies the title.

--- END ---