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**HOUSE BILL 2255**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

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

Read first time 01/10/24. Referred to Committee on Regulated Substances & Gaming.

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

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 69.50  
7 RCW to read as follows:

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

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

19 (b) Diversion of cannabis or cannabis products out of the  
20 regulated cannabis system involving a person licensed under RCW  
21 69.50.325 as a cannabis producer, processor, or retailer, selling or

1 transferring cannabis or cannabis products to an unauthorized person  
2 or recipient.

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

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

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

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

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

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