
SUBSTITUTE SENATE BILL 5546

State of Washington

68th Legislature

2023 Regular Session

By Senate Labor & Commerce (originally sponsored by Senators Shewmake, Lovick, Keiser, King, Stanford, Conway, and C. Wilson)

READ FIRST TIME 02/15/23.

1 AN ACT Relating to establishing a Washington state cannabis
2 commission; amending RCW 41.06.070; adding a new section to chapter
3 69.50 RCW; and adding a new chapter to Title 15 RCW.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that the
6 Washington state liquor and cannabis board exists to promote safe
7 communities and public safety, and that there is no state entity to
8 oversee research and education of the state's cannabis industry.

9 (2) The legislature therefore declares:

10 (a) The Washington state cannabis commission is established to
11 benefit the people of the state of Washington and its economy;

12 (b) The general welfare of the people of the state will be served
13 by the research and development of best practices surrounding safe
14 cultivation and processing activities of cannabis so the industry is
15 therefore affected with the public interest; and

16 (c) Creating a Washington state cannabis commission for the
17 public purpose of administering the revenue of the commission serves
18 the public interest by materially advancing the producing and
19 processing of cannabis and improving sustainability in the cannabis
20 producing and processing sectors.

1 (3) To complement the development of a comprehensive regulatory
2 scheme for the production and processing of cannabis and cannabis
3 products, the legislature further declares that:

4 (a) It is in the overriding public interest that the state
5 support responsible agricultural production of cannabis in order to:

6 (i) Protect the public by providing research and education in
7 reference to the quality, care, and methods used in the production of
8 cannabis and cannabis products; and

9 (ii) Support and engage in programs or activities that benefit
10 the safe production, handling, processing, and uses of cannabis and
11 cannabis products; and

12 (b) Cannabis production and processing is a highly regulated
13 industry and that this chapter and the rules adopted under it are
14 only one aspect of the regulated industry. Other applicable laws
15 include:

16 (i) Chapter 15.130 RCW, the food safety and security act;

17 (ii) Chapter 15.125 RCW, cannabis and cannabis products;

18 (iii) Title 69 RCW, food, drugs, cosmetics, and poisons; and

19 (iv) Chapter 82.08 RCW, retail sales tax.

20 (4) This chapter and any rules adopted under this chapter are for
21 the purpose of fostering responsible and orderly agricultural
22 production of cannabis. Nothing in this chapter should be interpreted
23 to conflict with or supersede the overriding regulatory authority the
24 legislature has already granted to other state agencies.

25 NEW SECTION. **Sec. 2.** The definitions in this section apply
26 throughout this chapter unless the context clearly requires
27 otherwise.

28 (1) "Active cannabis producer" means a cannabis producer who paid
29 any amount in business and occupation tax to the department of
30 revenue under chapter 82.04 RCW in the calendar year before the date
31 of a referendum under section 3 of this act.

32 (2) "Active cannabis producer/processor" means a cannabis
33 producer/processor who paid any amount in business and occupation tax
34 to the department of revenue under chapter 82.04 RCW in the calendar
35 year before the date of a referendum under section 3 of this act.

36 (3) "Board" means the Washington state liquor and cannabis board.

37 (4) "Cannabis" has the meaning provided in RCW 69.50.101.

38 (5) "Cannabis producer" has the meaning provided in RCW
39 69.50.101.

1 (6) "Cannabis products" has the meaning provided in RCW
2 69.50.101.

3 (7) "Cannabis processor" has the meaning provided in RCW
4 69.50.101.

5 (8) "Cannabis producer/processor" means any person or legal
6 entity holding both a cannabis producer license and a cannabis
7 processor license as defined in RCW 69.50.101.

8 (9) "Cannabis researcher" has the same meaning provided in RCW
9 69.50.101.

10 (10) "Cannabis retailer" has the same meaning provided in RCW
11 69.50.101.

12 (11) "Commission" means the Washington state cannabis commission
13 established in this chapter.

14 (12) "Cooperative" means a cannabis cooperative formed by
15 qualifying patients, designated providers, or both, which meets the
16 requirements of RCW 69.51A.250 and rules adopted under that section.

17 (13) "District" means each of the geographical areas of the state
18 of Washington defined in subsections (14) through (17) of this
19 section.

20 (14) "District 1" means the geographical area including the
21 counties of Clallum, Island, Jefferson, King, San Juan, Skagit,
22 Snohomish, and Whatcom.

23 (15) "District 2" means the geographical area including the
24 counties of Chelan, Douglas, Ferry, Grant, Kittitas, Okanogan, Pend
25 Oreille, and Stevens.

26 (16) "District 3" means the geographical area including the
27 counties of Adams, Asotin, Benton, Columbia, Franklin, Garfield,
28 Lincoln, Spokane, Walla Walla, Whitman, and Yakima.

29 (17) "District 4" means the geographical area including the
30 counties of Clark, Cowlitz, Grays Harbor, Kitsap, Klickitat, Lewis,
31 Mason, Pacific, Pierce, Skamania, Thurston, and Wahkiakum.

32 (18) "Fiscal year" means the 12-month period beginning July 1st
33 of any year and ending June 30th.

34 (19) "Interested parties" means governmental departments,
35 agencies, and bodies at the federal, state, or local levels.
36 "Interested parties" includes tribal governments, universities,
37 national and international associations, and other public or private
38 sector organizations with an interest in cannabis-related matters.

39 (20) "Tier" means any of the production licensing categories
40 established by rule of the board.

1 NEW SECTION. **Sec. 3.** (1) Upon receipt of a petition containing
2 the signatures of five active cannabis producers or active cannabis
3 producer/processors, to implement this chapter and to determine
4 participation in the commission and assessment under this chapter,
5 the director must conduct a referendum of active cannabis producers
6 and active cannabis producer/processors.

7 (a) The referendum must be conducted within 60 days of receipt of
8 the petition.

9 (b) The department must establish a list of active cannabis
10 producers and active cannabis producer/processors eligible to vote in
11 the referendum in collaboration with the board and the department of
12 revenue. Inadvertent failure to notify an active cannabis producer or
13 active cannabis producer/processor does not invalidate a proceeding
14 conducted under this chapter.

15 (2) The requirements of assent or approval of a referendum under
16 subsection (1) of this section are met if:

17 (a) At least 51 percent by numbers of the participants in the
18 referendum vote affirmatively; and

19 (b) 30 percent of the active cannabis producers and 30 percent of
20 the active cannabis producer/processors have been represented in the
21 referendum to determine assent or approval of participation and
22 assessment.

23 (3) If the director determines that the requisite assent has not
24 been given in the referendum conducted under subsection (1) of this
25 section, the director must take no further action to implement or
26 enforce this chapter.

27 (4) Upon completion of the referendum conducted under subsection
28 (1) of this section, the department must tally the results of the
29 vote and provide the results to participants. The department must
30 create rules for an active cannabis producer or an active cannabis
31 producer/processor to dispute the results of a vote within 60 days
32 from the announced results.

33 (5) The director is not required to hold a referendum under
34 subsection (1) of this section more than once in any 12-month period.

35 NEW SECTION. **Sec. 4.** Within 60 days of the director determining
36 that requisite assent has been given in a referendum conducted under
37 section 3 of this act, the director must establish the Washington
38 state cannabis commission to:

39 (1) Plan and conduct programs for cannabis-related matters;

- 1 (2) Provide funding for conducting research in accordance with
2 commission rules;
- 3 (3) Coordinate with and advise interested parties regarding
4 cannabis-related matters within the scope of the powers and purposes
5 of the commission in accordance with commission rules;
- 6 (4) Coordinate with interested parties to standardize methods by
7 which to identify and determine the genetics, strains, cultivars,
8 phenotypes, standards, and grades of cannabis, and advise on cannabis
9 packaging and labeling requirements;
- 10 (5) Conduct reviews, surveys, and inquiries regarding market
11 metrics and analytics, including trends, revenues, profitability,
12 projections, production, business practices, and other economic
13 drivers of the cannabis industry;
- 14 (6) Inform and advise cannabis producers and cannabis producer/
15 processors on cannabis-related matters, including, without
16 limitation, educational information on cannabis cultivation, usage,
17 risks, and related technical and scientific developments;
- 18 (7) Provide cannabis-related education and training to cannabis
19 producers, cannabis producer/processors, cannabis researchers, and
20 their employees, which may include education and training on cannabis
21 health and safety information;
- 22 (8) Provide information and services for meeting resource
23 conservation objectives of cannabis producers and cannabis producer/
24 processors;
- 25 (9) Assist and cooperate with federal, state, and local
26 government agencies in the investigation and control of pests,
27 diseases, and other factors that could adversely affect the
28 cultivation, quality, and safety of cannabis produced in this state;
- 29 (10) Advance the knowledge and practices of cannabis production
30 in this state through research and testing methods to improve pest
31 management, worker protection, safety training, energy efficiency,
32 and environmental protection;
- 33 (11) Foster conditions favorable to investment in cannabis
34 produced in this state in accordance with state and federal laws;
- 35 (12) Limit youth access and youth exposure to cannabis;
- 36 (13) Enable cannabis producers and cannabis producer/processors,
37 in cooperation with the commission, to:
- 38 (a) Develop and engage in research, including, without
39 limitation, discovering better and more efficient production,

1 irrigation, odor mitigation, processing, transportation, handling,
2 packaging, and use of cannabis and cannabis products; and

3 (b) Discover and develop new and improved cultivars to ensure
4 reliable and economical cannabis production in this state;

5 (14) Establish uniform grading and proper preparation of cannabis
6 products for market;

7 (15) Protect the interest of consumers and the state by advising
8 on the overall production of cannabis to ensure a balanced and
9 sufficient supply of cannabis and cannabis products of good quality
10 during all seasons and at all times; and

11 (16) Advance the knowledge and practices of processing cannabis
12 in this state.

13 NEW SECTION. **Sec. 5.** (1) The commission must:

14 (a) Elect a chair and other officers by a majority vote of the
15 commission or in accordance with bylaws adopted by the commission;

16 (b) Adopt, rescind, and amend bylaws and other internal rules
17 necessary for the administration and operation of the commission and
18 for carrying out its duties in this chapter;

19 (c) Administer and enforce the provisions of this chapter;

20 (d) Designate a public records officer, rules coordinator, and
21 other representatives required under laws governing state agencies
22 and commissions;

23 (e) Comply with all other laws applicable to state agencies and
24 commissions;

25 (f) Institute and maintain in its own name any legal actions,
26 including actions by injunction, mandatory injunction, civil
27 recovery, or proceedings before administrative tribunals or other
28 governmental authorities necessary to carry out this chapter, and to
29 sue and be sued as a commission, without individual liability for
30 acts of the commission within the scope of the powers conferred by
31 this chapter; and

32 (g) Keep accurate records of all receipts and disbursements,
33 which must be open to inspection and audit by the state auditor or
34 its designee at least every five years and at any time by a duly
35 appointed internal auditor by majority vote of the commission.

36 (2) The commission may:

37 (a) Employ and discharge, in its discretion, managers,
38 secretaries, agents, attorneys, and employees, and engage the

1 services of independent contractors as the commission deems necessary
2 to fulfill duties, and to fix compensation;

3 (b) Acquire and transfer personal and real property, establish
4 offices, incur expenses, enter into contracts and cooperative
5 agreements, and create such debt and other liabilities as may be
6 reasonable to fulfill its duties under this chapter;

7 (c) Make necessary disbursements for routine operating expenses;

8 (d) Expend funds for all activities permitted under this chapter;

9 (e) Cooperate with interested parties to fulfill its duties under
10 this chapter;

11 (f) Serve as a liaison on behalf of the general cannabis
12 producing and processing industries to the board and other interested
13 parties, and not on behalf of any individual cannabis producer or
14 cannabis producer/processor;

15 (g) Solicit, accept, retain, and expend any gifts, bequests,
16 contributions, or grants from private persons or public agencies to
17 carry out this chapter;

18 (h) Retain the services of private legal counsel, which is
19 subject to the appointment and approval by the office of the state
20 attorney general;

21 (i) Engage in appropriate activities and events to support
22 commission activities authorized by this chapter;

23 (j) Participate in meetings, hearings, and other proceedings
24 regarding cannabis, including, without limitation, the production,
25 irrigation, manufacture, regulation, transportation, distribution,
26 sale, or use of cannabis, including activities authorized under RCW
27 42.17A.635 and the reporting of such activities to the public
28 disclosure commission;

29 (k) Obtain from the board, a list of the names and addresses of
30 cannabis producers, cannabis processors, cannabis producer/
31 processors, and cannabis retailers, and other available data from the
32 state as requested by the commission relative to its duties under
33 this chapter;

34 (l) Acquire, create, develop, and own intellectual property
35 rights, licenses, and patents, and to collect royalties resulting
36 from the sale or licensing of commission-funded research. However,
37 results and recommendations from research conducted or funded by the
38 commission must be available to all cannabis producers and cannabis
39 producer/processors without charge, except for reasonable costs as
40 the commission may determine;

1 (m) Speak on behalf of the Washington state government regarding
2 agricultural production of cannabis in this state, subject to
3 oversight of both the director and the director of the board;

4 (n) Possess cannabis products for the limited purposes of this
5 chapter;

6 (o) Adopt rules to implement this chapter; and

7 (p) Exercise other powers and duties reasonably necessary to
8 carry out this chapter.

9 NEW SECTION. **Sec. 6.** The department must serve as the
10 commission's rules coordinator. Rules adopted by the commission must
11 be approved by the director.

12 NEW SECTION. **Sec. 7.** (1) The commission is composed of the
13 following 13 voting members:

14 (a) Eight cannabis producer or cannabis producer/processor
15 members, two each from district 1, district 2, district 3, and
16 district 4;

17 (b) One statewide at-large cannabis producer or cannabis
18 producer/processor member from any district;

19 (c) One statewide tier one cannabis producer or cannabis
20 producer/processor member from any district;

21 (d) One statewide tier two cannabis producer or cannabis
22 producer/processor member from any district;

23 (e) One statewide tier three cannabis producer or cannabis
24 producer/processor member from any district; and

25 (f) The director.

26 (2) Each member of the commission other than the director must:

27 (a) Be 21 years of age or older;

28 (b) Be a citizen and resident of this state;

29 (c) Directly hold or be named an owner in whole or majority part
30 of an entity holding the relevant business license issued by the
31 board. This license must not be suspended at the time of nomination,
32 election, or appointment and must not be suspended at any time during
33 the member's term;

34 (d) Be an officer or employee of a corporation, firm,
35 partnership, association, or cooperative engaged in the active
36 production of cannabis within this state for a period of three years
37 and have, during that period, derived a substantial portion of his or
38 her income from cannabis production; and

1 (e) Continue to meet all membership qualifications throughout the
2 member's term.

3 (3) Seven voting members constitute a quorum of the commission.

4 (4) Commission members must be reimbursed for expenses incurred
5 in the performance of their duties under this chapter in accordance
6 with RCW 43.03.050 and 43.03.060.

7 NEW SECTION. **Sec. 8.** (1) The director must select initial
8 members to appoint to the commission from a pool of self-nominated
9 cannabis producers or cannabis producer/processors from district 1,
10 district 2, district 3, and district 4.

11 (2) The director has discretion in determining which members are
12 appointed to the term limits in (a) through (c) of this subsection
13 but, within 90 days after the effective date of this section, must
14 appoint the initial commission members in accordance with the
15 following:

16 (a) Four members must be appointed for a one-year term;

17 (b) Four members must be appointed for a two-year term; and

18 (c) Four members must be appointed for a three-year term.

19 (3) The commission must establish by rule the process by which
20 commission members are elected and any vacancy appointments are made.

21 NEW SECTION. **Sec. 9.** (1) On a fiscal year basis and before each
22 fiscal year beginning, the commission must develop and submit, to the
23 director, each of the following:

24 (a) A budget; and

25 (b) Any plans concerning, without limitation:

26 (i) The establishment, issuance, effectuation, or administration
27 of commission governance issues; and

28 (ii) The initiation or establishment of any rule making.

29 (2) The director must timely review and approve or deny each
30 submission in this section.

31 (3) The director must review the commission's education program
32 to ensure its consistency with applicable state and federal laws.

33 NEW SECTION. **Sec. 10.** The commission must deposit moneys
34 collected under this chapter and section 15 of this act in a separate
35 account in the name of the commission in any bank that is a state
36 depository. All expenditures and disbursements made from this account
37 under this chapter may be made without the necessity of a specific

1 legislative appropriation. None of the provisions of RCW 43.01.050
2 and 69.50.540 apply to this account or to the moneys received,
3 collected, or expended under this chapter.

4 NEW SECTION. **Sec. 11.** The fee levied under section 15 of this
5 act constitutes a personal debt of every person charged or who
6 otherwise owes the fee, and the fee is due and payable to the
7 commission.

8 NEW SECTION. **Sec. 12.** (1) Financial and commercial information
9 and records submitted to the board or the commission to administer
10 this chapter may be shared between the board and the commission. The
11 information or records may also be used, if required, in any action
12 or administrative hearing relative to this chapter.

13 (2) This section does not prohibit:

14 (a) The issuance of general statements based upon the reports of
15 a cannabis producer or cannabis producer/processor under this chapter
16 if the statements do not identify a specific licensee; or

17 (b) The publication by the director or the commission of the name
18 of a cannabis producer or cannabis producer/processor violating this
19 chapter and a statement of the violation.

20 NEW SECTION. **Sec. 13.** Obligations incurred by the commission
21 and any other liabilities or claims against the commission must be
22 enforced only against the assets of the commission and, except to the
23 extent of such assets, no liability for the debts or actions of the
24 commission exists against either the state of Washington or any
25 subdivision or instrumentality thereof or against any member,
26 employee, or agent of the commission or the state of Washington in
27 his or her individual capacity. Except as otherwise provided in this
28 chapter, neither the commission members, nor its employees, may be
29 held individually responsible for errors in judgment, mistakes, or
30 other acts, either of commission or omission, as principal, agent,
31 person, or employee, except for their own individual acts of
32 dishonesty or crime. No person or employee may be held individually
33 responsible for any act or omission of any other commission members.
34 The liability of the commission members shall be several and not
35 joint, and no member is liable for the default of any other member.
36 This provision confirms that commission members have been and
37 continue to be, state officers or volunteers for purposes of RCW

1 4.92.075 and are entitled to the defenses, indemnifications,
2 limitations of liability, and other protections and benefits of
3 chapter 4.92 RCW.

4 NEW SECTION. **Sec. 14.** All costs incurred by the board and the
5 department, including staff support and the adoption of rules or
6 other actions necessary to carry out this chapter must be reimbursed
7 by the commission. Costs incurred under this section must include
8 initial estimates of work and line-item accounting of the costs
9 incurred.

10 NEW SECTION. **Sec. 15.** A new section is added to chapter 69.50
11 RCW to read as follows:

12 (1) Pursuant to referendum under section 3 of this act, to
13 provide for permanent funding of the Washington state cannabis
14 commission, the board must impose and collect an assessment from all
15 cannabis producers and cannabis producer/processors.

16 (2) The initial rate of assessment is:

17 (a) 0.29 percent of all sales revenue conducted by a cannabis
18 producer who is not a cannabis producer/processor subject to an
19 assessment under (b) of this subsection; and

20 (b) 0.145 percent of all sales revenue conducted by a cannabis
21 producer/processor.

22 (3) After the initial assessment is approved, the commission may
23 modify the assessment if submitted for approval by referendum and a
24 majority of active cannabis producers and active cannabis producer/
25 processors subject to an assessment approve the modification.

26 (4) Assessments collected under this section must be disbursed at
27 least quarterly to the Washington state cannabis commission
28 established in section 4 of this act for use in carrying out the
29 purposes of chapter 15.--- RCW (the new chapter created in section 17
30 of this act).

31 (5) Until October 31, 2028, the assessments in this section do
32 not apply to a cannabis producer or cannabis producer/processor
33 licensed under the social equity program in this chapter.

34 **Sec. 16.** RCW 41.06.070 and 2019 c 146 s 3 are each amended to
35 read as follows:

36 (1) The provisions of this chapter do not apply to:

1 (a) The members of the legislature or to any employee of, or
2 position in, the legislative branch of the state government including
3 members, officers, and employees of the legislative council, joint
4 legislative audit and review committee, statute law committee, and
5 any interim committee of the legislature;

6 (b) The justices of the supreme court, judges of the court of
7 appeals, judges of the superior courts or of the inferior courts, or
8 to any employee of, or position in the judicial branch of state
9 government;

10 (c) Officers, academic personnel, and employees of technical
11 colleges;

12 (d) The officers of the Washington state patrol;

13 (e) Elective officers of the state;

14 (f) The chief executive officer of each agency;

15 (g) In the departments of employment security and social and
16 health services, the director and the director's confidential
17 secretary; in all other departments, the executive head of which is
18 an individual appointed by the governor, the director, his or her
19 confidential secretary, and his or her statutory assistant directors;

20 (h) In the case of a multimember board, commission, or committee,
21 whether the members thereof are elected, appointed by the governor or
22 other authority, serve ex officio, or are otherwise chosen:

23 (i) All members of such boards, commissions, or committees;

24 (ii) If the members of the board, commission, or committee serve
25 on a part-time basis and there is a statutory executive officer: The
26 secretary of the board, commission, or committee; the chief executive
27 officer of the board, commission, or committee; and the confidential
28 secretary of the chief executive officer of the board, commission, or
29 committee;

30 (iii) If the members of the board, commission, or committee serve
31 on a full-time basis: The chief executive officer or administrative
32 officer as designated by the board, commission, or committee; and a
33 confidential secretary to the chair of the board, commission, or
34 committee;

35 (iv) If all members of the board, commission, or committee serve
36 ex officio: The chief executive officer; and the confidential
37 secretary of such chief executive officer;

38 (i) The confidential secretaries and administrative assistants in
39 the immediate offices of the elective officers of the state;

40 (j) Assistant attorneys general;

- 1 (k) Commissioned and enlisted personnel in the military service
2 of the state;
- 3 (l) Inmate, student, and temporary employees, and part-time
4 professional consultants, as defined by the director;
- 5 (m) Officers and employees of the Washington state fruit
6 commission;
- 7 (n) Officers and employees of the Washington apple commission;
- 8 (o) Officers and employees of the Washington state dairy products
9 commission;
- 10 (p) Officers and employees of the Washington tree fruit research
11 commission;
- 12 (q) Officers and employees of the Washington state beef
13 commission;
- 14 (r) Officers and employees of the Washington grain commission;
- 15 (s) Officers and employees of any commission formed under chapter
16 15.66 RCW;
- 17 (t) Officers and employees of agricultural commissions formed
18 under chapter 15.65 RCW;
- 19 (u) Executive assistants for personnel administration and labor
20 relations in all state agencies employing such executive assistants
21 including but not limited to all departments, offices, commissions,
22 committees, boards, or other bodies subject to the provisions of this
23 chapter and this subsection shall prevail over any provision of law
24 inconsistent herewith unless specific exception is made in such law;
- 25 (v) In each agency with fifty or more employees: Deputy agency
26 heads, assistant directors or division directors, and not more than
27 three principal policy assistants who report directly to the agency
28 head or deputy agency heads;
- 29 (w) Staff employed by the department of commerce to administer
30 energy policy functions;
- 31 (x) The manager of the energy facility site evaluation council;
- 32 (y) A maximum of ten staff employed by the department of commerce
33 to administer innovation and policy functions, including the three
34 principal policy assistants exempted under (v) of this subsection;
- 35 (z) Staff employed by Washington State University to administer
36 energy education, applied research, and technology transfer programs
37 under RCW 43.21F.045 as provided in RCW 28B.30.900(5);
- 38 (aa) Officers and employees of the consolidated technology
39 services agency created in RCW 43.105.006 that perform the following
40 functions or duties: Systems integration; data center engineering and

1 management; network systems engineering and management; information
2 technology contracting; information technology customer relations
3 management; and network and systems security;

4 (bb) The executive director of the Washington statewide reentry
5 council; and

6 (cc) Officers and employees of the Washington state cannabis
7 commission under chapter 15.--- RCW (the new chapter created in
8 section 17 of this act).

9 (2) The following classifications, positions, and employees of
10 institutions of higher education and related boards are hereby
11 exempted from coverage of this chapter:

12 (a) Members of the governing board of each institution of higher
13 education and related boards, all presidents, vice presidents, and
14 their confidential secretaries, administrative, and personal
15 assistants; deans, directors, and chairs; academic personnel; and
16 executive heads of major administrative or academic divisions
17 employed by institutions of higher education; principal assistants to
18 executive heads of major administrative or academic divisions; other
19 managerial or professional employees in an institution or related
20 board having substantial responsibility for directing or controlling
21 program operations and accountable for allocation of resources and
22 program results, or for the formulation of institutional policy, or
23 for carrying out personnel administration or labor relations
24 functions, legislative relations, public information, development,
25 senior computer systems and network programming, or internal audits
26 and investigations; and any employee of a community college district
27 whose place of work is one which is physically located outside the
28 state of Washington and who is employed pursuant to RCW 28B.50.092
29 and assigned to an educational program operating outside of the state
30 of Washington;

31 (b) The governing board of each institution, and related boards,
32 may also exempt from this chapter classifications involving research
33 activities, counseling of students, extension or continuing education
34 activities, graphic arts or publications activities requiring
35 prescribed academic preparation or special training as determined by
36 the board: PROVIDED, That no nonacademic employee engaged in office,
37 clerical, maintenance, or food and trade services may be exempted by
38 the board under this provision;

39 (c) Printing craft employees in the department of printing at the
40 University of Washington.

1 (3) In addition to the exemptions specifically provided by this
2 chapter, the director may provide for further exemptions pursuant to
3 the following procedures. The governor or other appropriate elected
4 official may submit requests for exemption to the office of financial
5 management stating the reasons for requesting such exemptions. The
6 director shall hold a public hearing, after proper notice, on
7 requests submitted pursuant to this subsection. If the director
8 determines that the position for which exemption is requested is one
9 involving substantial responsibility for the formulation of basic
10 agency or executive policy or one involving directing and controlling
11 program operations of an agency or a major administrative division
12 thereof, or is a senior expert in enterprise information technology
13 infrastructure, engineering, or systems, the director shall grant the
14 request. The total number of additional exemptions permitted under
15 this subsection shall not exceed one percent of the number of
16 employees in the classified service not including employees of
17 institutions of higher education and related boards for those
18 agencies not directly under the authority of any elected public
19 official other than the governor, and shall not exceed a total of
20 twenty-five for all agencies under the authority of elected public
21 officials other than the governor.

22 (4) The salary and fringe benefits of all positions presently or
23 hereafter exempted except for the chief executive officer of each
24 agency, full-time members of boards and commissions, administrative
25 assistants and confidential secretaries in the immediate office of an
26 elected state official, and the personnel listed in subsections
27 (1)(j) through (t), (cc), and (2) of this section, shall be
28 determined by the director. Changes to the classification plan
29 affecting exempt salaries must meet the same provisions for
30 classified salary increases resulting from adjustments to the
31 classification plan as outlined in RCW 41.06.152.

32 (5)(a) Any person holding a classified position subject to the
33 provisions of this chapter shall, when and if such position is
34 subsequently exempted from the application of this chapter, be
35 afforded the following rights: If such person previously held
36 permanent status in another classified position, such person shall
37 have a right of reversion to the highest class of position previously
38 held, or to a position of similar nature and salary.

39 (b) Any classified employee having civil service status in a
40 classified position who accepts an appointment in an exempt position

1 shall have the right of reversion to the highest class of position
2 previously held, or to a position of similar nature and salary.

3 (c) A person occupying an exempt position who is terminated from
4 the position for gross misconduct or malfeasance does not have the
5 right of reversion to a classified position as provided for in this
6 section.

7 NEW SECTION. **Sec. 17.** Sections 1 through 14 of this act
8 constitute a new chapter in Title 15 RCW.

--- END ---