

ESSB 5403 - H COMM AMD

By Committee on Consumer Protection & Business

ADOPTED AS AMENDED 04/11/2025

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, shall specify the location at which the
18 cannabis producer intends to operate, which must be within the state
19 of Washington, and the holder thereof shall not allow any other
20 person to use the license. The application fee for a cannabis
21 producer's license shall be two hundred fifty dollars. The annual fee
22 for issuance and renewal of a cannabis producer's license shall be
23 one thousand three hundred eighty-one dollars. A separate license
24 shall be required for each location at which a cannabis producer
25 intends to produce cannabis.

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

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

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

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

37 (ii) A retail licensee and all other persons or entities with a
38 financial or other ownership interest may not enter into any
39 agreement as referenced in RCW 69.50.395, whether or not in exchange
40 for payment, that confers a financial interest across more than five

1 retail cannabis licenses. For the purposes of this subsection,
2 "financial interest" includes, but is not limited to:

3 (A) Any sharing of profits or revenue;

4 (B) Any assistance, coordination, or recommendation for the
5 purchase of cannabis products whereupon pricing is coordinated or
6 discounted;

7 (C) The common use of intellectual property assets such as
8 branding, trade names, logos, social media accounts, or websites;

9 (D) Any operational control over the business or operational
10 support for typical day-to-day business operations, including core
11 business or executive functions of the retail cannabis license;

12 (E) Any sharing or coordination of marketing and advertising
13 efforts or expenses; and

14 (F) Any coordinated sharing of employment or hiring decisions,
15 including the shared employment of individuals.

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

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

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

25 (B) The board must require license forfeiture on or before
26 twenty-four calendar months of license issuance if a cannabis
27 retailer is not fully operational and open to the public, unless the
28 board determines that circumstances out of the licensee's control are
29 preventing the licensee from becoming fully operational and that, in
30 the board's discretion, the circumstances warrant extending the
31 forfeiture period beyond twenty-four calendar months.

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

34 (iv) This subsection (3) (c) applies to cannabis retailer's
35 licenses issued before and after July 23, 2017. However, no license
36 of a cannabis retailer that otherwise meets the conditions for
37 license forfeiture established pursuant to this subsection (3) (c) may
38 be subject to forfeiture within the first nine calendar months of
39 July 23, 2017.

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

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

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

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

14 NEW SECTION. **Sec. 2.** This act takes effect January 1, 2026."

15 Correct the title.

EFFECT: (1) Adds that the proposed prohibition on retail cannabis licensees entering into certain agreements that confer a financial interest across more than five retail cannabis licenses applies whether or not payment is exchanged.

(2) Modifies the proposed definition of a "financial interest" for purposes of the prohibition as follows:

(a) Changes "negotiating or coordinating purchases of cannabis products" to any assistance, coordination, or recommendation for the purchase of cannabis products whereupon pricing is coordinated or discounted;

(b) Adds the common use of intellectual property assets such as branding, trade names, logos, social media accounts, and websites;

(c) Adds any operational support for typical day-to-day business operations, including core business or executive functions of the retail cannabis license;

(d) Changes "sharing marketing and advertising costs" to any sharing or coordination of marketing and advertising efforts or expenses; and

(e) Changes "sharing employment and hiring decisions" to any coordinated sharing of employment or hiring decisions, including the shared employment of individuals.

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