

**ESSB 5403** - H COMM AMD

By Committee on Consumer Protection & Business

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-

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

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

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

38 (ii) A retail licensee and all other persons or entities with a  
39 financial or other ownership interest may not enter into any  
40 management agreement under RCW 69.50.331(1)(b)(iv) or any agreement

1 as referenced in RCW 69.50.395, whether or not in exchange for  
2 payment, that confers a financial interest across more than five  
3 retail cannabis licenses. For the purposes of this subsection,  
4 "financial interest" includes, but is not limited to:

5 (A) Any sharing of profits or revenue;

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

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

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

14 (E) Any sharing or coordination of marketing and advertising  
15 efforts or expenses; and

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

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

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

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

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

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

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

1 be subject to forfeiture within the first nine calendar months of  
2 July 23, 2017.

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

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

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

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

16 NEW SECTION. **Sec. 2.** This act applies:

17 (1) Retroactively to agreements entered before the effective date  
18 of this section; and

19 (2) Prospectively to agreements entered or renewed on or after  
20 the effective date of this section.

21 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2026."

22 Correct the title.

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