

**ESHB 1551 - S AMD 427**

By Senator Saldaña

**PULLED 04/16/2025**

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

3  
4 NEW SECTION. **Sec. 1.** The legislature intends to evaluate the  
5 cannabis social equity program, and conduct a review and analysis of  
6 the first round of licensing and grant awards that was recently  
7 conducted before 2025, to support the successful implementation of the  
8 cannabis social equity program. By requiring the liquor and cannabis  
9 board, in consultation with the department of commerce when  
10 appropriate, to evaluate the cannabis social equity program as  
11 provided in this act and submit a report with findings and policy  
12 options to the governor and legislature by December 1, 2025, the  
13 legislature will have an opportunity in the 2026 legislative session  
14 to make any policy changes the legislature deems appropriate. The  
15 legislature also intends to remove a restriction on the issuance of  
16 grants to cannabis licensees who meet the social equity applicant  
17 criteria. The evaluation required by this act must include  
18 opportunities for public feedback, and the identification of any  
19 provisions of law or rule and any economic, market, or practical  
20 factors that effectively prevent or hinder the successful opening,  
21 operation, and business success of cannabis businesses licensed under  
22 the cannabis social equity program. This will provide the legislature  
23 with information to ensure policies are in place to support successful  
24 and efficient implementation of the program.

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26 **Sec. 2.** RCW 69.50.335 and 2023 c 220 s 3 are each amended to read  
27 as follows:

1 (1)(a) (~~Beginning December 1, 2020, and until~~)Until July 1,  
2 2032, cannabis retailer licenses, cannabis processor licenses, and  
3 cannabis producer licenses that have been subject to forfeiture,  
4 revocation, or cancellation by the board, or cannabis retailer  
5 licenses that were not previously issued by the board but could have  
6 been issued without exceeding the limit on the statewide number of  
7 cannabis retailer licenses established before January 1, 2020, by the  
8 board, may be issued or reissued to an applicant who meets the  
9 cannabis retailer license, cannabis processor license, or cannabis  
10 producer license requirements of this chapter.

11 (b) In accordance with (a) of this subsection, the board may issue  
12 or reissue:

13 (i) Up to 100 cannabis processor licenses immediately; and

14 (ii) Beginning January 1, 2025, up to 10 cannabis producer  
15 licenses, which must be issued in conjunction with a cannabis  
16 processor license.

17 (c) In addition to the cannabis retailer licenses and cannabis  
18 producer licenses that may be issued under (a) and (b) of this  
19 subsection, beginning January 1, 2023, and continuing every three  
20 years until July 1, 2032, the board may, with the approval of the  
21 legislature through the passage of a bill, increase the number of  
22 cannabis retailer licenses and cannabis producer licenses for the  
23 social equity program based on:

24 (i) The most recent census data available as of January 1, 2023;  
25 and

26 (ii) The annual population estimates published by the office of  
27 financial management.

28 (d) In addition to the cannabis retailer licenses that may be  
29 issued under (a) of this subsection, beginning January 1, 2024, and  
30 until July 1, 2032, the board may issue up to 52 cannabis retailer  
31 licenses for the social equity program.

32 (e)(i) At the time of licensure, all licenses issued under the  
33 social equity program under this section may be located in any city,  
34 town, or county in the state that allows cannabis retail, cannabis

1 production, or cannabis processing business activities, as applicable,  
2 at the proposed location, regardless of:

3 (A) Whether a cannabis retailer license, cannabis producer  
4 license, or cannabis processor license was originally allocated to or  
5 issued in another city, town, or county; and

6 (B) The maximum number of retail cannabis licenses established by  
7 the board for each county under RCW 69.50.345.

8 (ii) The board must adopt rules establishing a threshold of the  
9 number of licenses created by this section that can be located in each  
10 county.

11 (f) After a social equity license has been issued under this  
12 section for a specific location, the location of the licensed business  
13 may not be moved to a city, town, or county different from the city,  
14 town, or county for which it was initially licensed.

15 (2)(a) In order to be considered for a cannabis retailer license,  
16 cannabis processor license, or cannabis producer license under  
17 subsection (1) of this section, an applicant must be a social equity  
18 applicant and submit required cannabis license materials to the board.  
19 If the application proposes ownership by more than one person, then at  
20 least 51 percent of the proposed ownership structure must reflect the  
21 qualifications of a social equity applicant.

22 (b) Persons holding an existing cannabis retailer license or title  
23 certificate for a cannabis retailer business in a local jurisdiction  
24 subject to a ban or moratorium on cannabis retail businesses may apply  
25 for a license under this section.

26 (3)(a) In determining the priority for issuance of a license among  
27 applicants, the board must select a third-party contractor to identify  
28 and score social equity applicants, using a scoring rubric developed  
29 by the board. The board must rely on the score provided by the third-  
30 party contractor in issuing licenses.

31 (b) The board may deny any application submitted under this  
32 subsection if:

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1 (i) The board determines that, upon the advice of the third-party  
2 contractor, the application does not meet the social equity licensing  
3 requirements of this chapter; or

4 (ii) The board determines the application does not otherwise meet  
5 licensing requirements.

6 (4) The board must adopt rules to implement this section. Prior to  
7 adopting any rule implementing this section, the board must consider  
8 advice on the social equity program from individuals the program is  
9 intended to benefit. Rules may also require that licenses awarded  
10 under this section only be transferred to or assumed by individuals or  
11 groups of individuals who comply with the requirements for initial  
12 licensure as a social equity applicant for a period of at least five  
13 years from the date of initial licensure.

14 (5) The annual fee for issuance, reissuance, or renewal for any  
15 license under this section must be waived through July 1, 2032.

16 (6) By November 7, 2025, and within existing resources, the board,  
17 in consultation with the department of commerce, shall summarize any  
18 findings related to evaluating the cannabis social equity program as  
19 provided in this subsection and submit a report to the governor and  
20 appropriate committees of the legislature. The evaluation must include  
21 the following components:

22 (a) A summary of any surveys related to the social equity in  
23 cannabis program conducted by the board's research program;

24 (b) An examination of the issuance and reissuance of cannabis  
25 retailer licenses that began before January 1, 2025, under the  
26 provisions of chapter 236, Laws of 2020, including a review of the  
27 applicants who successfully secured a location and were issued a  
28 cannabis retailer license relative to applicants who remain pending  
29 but were issued a preliminary letter of approval by the board;

30 (c) The demographic information about owners of licensed cannabis  
31 businesses who became licensed under the cannabis social equity  
32 program to the extent such information is available or obtainable by  
33 the board;

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1 (d) The identification of any provisions of law or rule that  
2 effectively prevent or hinder the successful opening or operation of  
3 cannabis businesses licensed under the cannabis social equity program;  
4 and

5 (e) An overview of the impact identified by the board of  
6 provisions in laws and rules on cannabis licensees in the cannabis  
7 social equity program with respect to: (i) Permissible locations for  
8 the siting of licensed cannabis businesses including distance  
9 restrictions in RCW 69.50.331(8), zoning or other location  
10 restrictions in local government ordinances, and local written  
11 objections under RCW 69.50.331(11); (ii) the mobility of cannabis  
12 licenses to or between jurisdictions; (iii) the ability of persons  
13 holding an existing cannabis retailer license or title certificate for  
14 a cannabis retailer business in a local jurisdiction subject to a ban  
15 or moratorium on cannabis retail businesses to apply for a cannabis  
16 license under this section; (iv) prioritizing license applications  
17 through use of a third-party contractor using a scoring rubric  
18 developed by the board; and (v) the definition of a "social equity  
19 applicant."

20 (7) The definitions in this subsection apply throughout this  
21 section unless the context clearly requires otherwise.

22 (a) "Disproportionately impacted area" means a census tract or  
23 comparable geographic area within Washington state where community  
24 members were more likely to be impacted by the war on drugs. These  
25 areas must be determined in rule by the board, in consultation with  
26 the office of equity, using a standardized statistical equation to  
27 identify areas with demographic indicators consistent with populations  
28 most impacted by the war on drugs. These areas must be assessed to  
29 account for demographic changes in the composition of the population  
30 over time. Disproportionately impacted areas must include census  
31 tracts or comparable geographic areas in the top 15th percentile in at  
32 least two of the following demographic indicators of populations most  
33 impacted by the war on drugs:

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1 (i) The area has a high rate of people living under the federal  
2 poverty level;

3 (ii) The area has a high rate of people who did not graduate from  
4 high school;

5 (iii) The area has a high rate of unemployment; or

6 (iv) The area has a high rate of people receiving public  
7 assistance.

8 (b) "Social equity applicant" means an applicant who has at least  
9 51 percent ownership and control by one or more individuals who meet  
10 at least two of the following qualifications:

11 (i) Lived in a disproportionately impacted area in Washington  
12 state for a minimum of five years between 1980 and 2010;

13 (ii) Has been arrested or convicted of a cannabis offense or has a  
14 family member who has been arrested or convicted of a cannabis  
15 offense;

16 (iii) Had a household income in the year prior to submitting an  
17 application under this section that was less than the median household  
18 income within the state of Washington as calculated by the United  
19 States census bureau; or

20 (iv) Is both a socially and economically disadvantaged individual  
21 as defined by the office of minority and women's business enterprises  
22 under chapter 39.19 RCW.

23 (c) "Social equity goals" means:

24 (i) Increasing the number of cannabis retailer, producer, and  
25 processor licenses held by social equity applicants from  
26 disproportionately impacted areas; and

27 (ii) Reducing accumulated harm suffered by individuals, families,  
28 and local areas subject to severe impacts from the historical  
29 application and enforcement of cannabis prohibition laws.

30 ~~((7))~~(8) Except for the process detailed in subsection (1) of  
31 this section, the process for creating new cannabis retail licenses  
32 under this chapter remains unaltered.

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1       **Sec. 3.** RCW 43.330.540 and 2023 c 220 s 1 are each amended to read  
2 as follows:

3       (1) The cannabis social equity technical assistance grant program  
4 is established and is to be administered by the department.

5       (2)(a) The cannabis social equity technical assistance grant  
6 program must award grants to:

7       (i) Cannabis license applicants who are social equity applicants  
8 as defined in RCW 69.50.335 submitting social equity plans as defined  
9 in RCW 69.50.101; and

10       (ii) Cannabis licensees (~~(holding a license issued after April 1,~~  
11 ~~2023, and before July 1, 2024,)~~) who meet the social equity applicant  
12 criteria under RCW 69.50.335.

13       (b) Grant recipients under this subsection (2) must demonstrate  
14 completion of their project within 12 months of receiving a grant,  
15 unless a grant recipient requests, and the department approves,  
16 additional time to complete the project.

17       (3) The department must award grants primarily based on the  
18 strength of the social equity plans submitted by cannabis license  
19 applicants and cannabis licensees (~~(holding a license issued after~~  
20 ~~April 1, 2023, and before July 1, 2024)~~) identified in subsection (2)  
21 (a) of this section, but may also consider additional criteria if  
22 deemed necessary or appropriate by the department. Technical  
23 assistance activities eligible for funding include, but are not  
24 limited to:

25       (a) Assistance navigating the cannabis licensure process;

26       (b) Cannabis-business specific education and business plan  
27 development;

28       (c) Regulatory compliance training;

29       (d) Financial management training and assistance in seeking  
30 financing;

31       (e) Strengthening a social equity plan as defined in RCW  
32 69.50.101; and

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1 (f) Connecting social equity applicants with established industry  
2 members and tribal cannabis enterprises and programs for mentoring and  
3 other forms of support.

4 (4) The department may contract to establish a roster of mentors  
5 who are available to support and advise social equity applicants and  
6 current licensees who meet the social equity applicant criteria under  
7 RCW 69.50.335. Contractors under this section must:

8 (a) Have knowledge and experience demonstrating their ability to  
9 effectively advise eligible applicants and licensees in navigating the  
10 state's licensing and regulatory framework or on producing and  
11 processing cannabis;

12 (b) Be a business that is at least 51 percent minority or woman-  
13 owned; and

14 (c) Meet department reporting and invoicing requirements.

15 (5) Funding for the cannabis social equity technical assistance  
16 grant program must be provided under RCW 69.50.540. Additionally, the  
17 department may solicit, receive, and expend private contributions to  
18 support the grant program.

19 (6) The department may adopt rules to implement this section.

20 (7) For the purposes of this section, "cannabis" has the meaning  
21 provided under RCW 69.50.101.

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23 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
24 preservation of the public peace, health, or safety, or support of the  
25 state government and its existing public institutions, and takes  
26 effect immediately."

EFFECT:

- Removes the extension of the expiration date for the cannabis social equity program from July 1, 2032, to July 1, 2034.
- Requires LCB to, by November 7, 2025, summarize findings relating to evaluating the cannabis social equity program, rather than evaluating the program by December 1, 2025.
- Strikes the requirement for LCB to provide opportunities for public comment on the program.
- Requires the evaluation to include a summary of any surveys related to the social equity in cannabis program conducted by



LCB's research program, rather than a review of feedback received by LCB in public comments.

- Strikes the requirement for the evaluation to include an examination of the awarding of grants and provision of mentorship under specified law.
- Strikes the requirement for the evaluation to include the identification of any economic, market, or practical factors that effectively prevent or hinder the successful opening, operation, and business success of businesses licensed under the program.
- Strikes the requirement for the evaluation to include an examination of the impact of laws and rules on cannabis licensees in the program with respect to restrictions on the transfer or assumption of a license issued through the program other than to individuals or groups who comply with the requirements for initial licensure as a social equity applicant for a period of at least five years from the date of initial licensure.

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