

ESHB 1551 - S AMD 428  
By Senator Saldaña

NOT CONSIDERED 04/27/2025

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

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

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

26 (1) (a) (~~(Beginning December 1, 2020, and until)~~) Until July 1,  
27 2032, cannabis retailer licenses, cannabis processor licenses, and  
28 cannabis producer licenses that have been subject to forfeiture,  
29 revocation, or cancellation by the board, or cannabis retailer  
30 licenses that were not previously issued by the board but could have  
31 been issued without exceeding the limit on the statewide number of

1 cannabis retailer licenses established before January 1, 2020, by the  
2 board, may be issued or reissued to an applicant who meets the  
3 cannabis retailer license, cannabis processor license, or cannabis  
4 producer license requirements of this chapter.

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

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

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

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

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

20 (ii) The annual population estimates published by the office of  
21 financial management.

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

26 (e)(i) At the time of licensure, all licenses issued under the  
27 social equity program under this section may be located in any city,  
28 town, or county in the state that allows cannabis retail, cannabis  
29 production, or cannabis processing business activities, as  
30 applicable, at the proposed location, regardless of:

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

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

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

39 (f) After a social equity license has been issued under this  
40 section for a specific location, the location of the licensed

1 business may not be moved to a city, town, or county different from  
2 the city, town, or county for which it was initially licensed.

3 (2) (a) In order to be considered for a cannabis retailer license,  
4 cannabis processor license, or cannabis producer license under  
5 subsection (1) of this section, an applicant must be a social equity  
6 applicant and submit required cannabis license materials to the  
7 board. If the application proposes ownership by more than one person,  
8 then at least 51 percent of the proposed ownership structure must  
9 reflect the qualifications of a social equity applicant.

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

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

19 (b) The board may deny any application submitted under this  
20 subsection if:

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

24 (ii) The board determines the application does not otherwise meet  
25 licensing requirements.

26 (4) The board must adopt rules to implement this section. Prior  
27 to adopting any rule implementing this section, the board must  
28 consider advice on the social equity program from individuals the  
29 program is intended to benefit. Rules may also require that licenses  
30 awarded under this section only be transferred to or assumed by  
31 individuals or groups of individuals who comply with the requirements  
32 for initial licensure as a social equity applicant for a period of at  
33 least five years from the date of initial licensure.

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

36 (6) By November 7, 2025, and within existing resources, the  
37 board, in consultation with the department of commerce, shall  
38 summarize any findings related to evaluating the cannabis social  
39 equity program as provided in this subsection and submit a report to

1 the governor and appropriate committees of the legislature. The  
2 evaluation must include the following components:

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

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

11 (c) The demographic information about owners of licensed cannabis  
12 businesses who became licensed under the cannabis social equity  
13 program to the extent such information is available or obtainable by  
14 the board;

15 (d) The identification of any provisions of law or rule that  
16 effectively prevent or hinder the successful opening or operation of  
17 cannabis businesses licensed under the cannabis social equity  
18 program; and

19 (e) An overview of the impact identified by the board of  
20 provisions in laws and rules on cannabis licensees in the cannabis  
21 social equity program with respect to: (i) Permissible locations for  
22 the siting of licensed cannabis businesses including distance  
23 restrictions in RCW 69.50.331(8), zoning or other location  
24 restrictions in local government ordinances, and local written  
25 objections under RCW 69.50.331(11); (ii) the mobility of cannabis  
26 licenses to or between jurisdictions; (iii) the ability of persons  
27 holding an existing cannabis retailer license or title certificate  
28 for a cannabis retailer business in a local jurisdiction subject to a  
29 ban or moratorium on cannabis retail businesses to apply for a  
30 cannabis license under this section; (iv) the prioritization of  
31 license applications through use of a third-party contractor using a  
32 scoring rubric developed by the board; and (v) the definition of a  
33 "social equity applicant."

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

36 (a) "Disproportionately impacted area" means a census tract or  
37 comparable geographic area within Washington state where community  
38 members were more likely to be impacted by the war on drugs. These  
39 areas must be determined in rule by the board, in consultation with  
40 the office of equity, using a standardized statistical equation to

1 identify areas with demographic indicators consistent with  
2 populations most impacted by the war on drugs. These areas must be  
3 assessed to account for demographic changes in the composition of the  
4 population over time. Disproportionately impacted areas must include  
5 census tracts or comparable geographic areas in the top 15th  
6 percentile in at least two of the following demographic indicators of  
7 populations most impacted by the war on drugs:

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

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

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

13 (iv) The area has a high rate of people receiving public  
14 assistance.

15 (b) "Social equity applicant" means an applicant who has at least  
16 51 percent ownership and control by one or more individuals who meet  
17 at least two of the following qualifications:

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

20 (ii) Has been arrested or convicted of a cannabis offense or has  
21 a family member who has been arrested or convicted of a cannabis  
22 offense;

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

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

30 (c) "Social equity goals" means:

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

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

37 ((+7)) (8) Except for the process detailed in subsection (1) of  
38 this section, the process for creating new cannabis retail licenses  
39 under this chapter remains unaltered.

1       **Sec. 3.** RCW 43.330.540 and 2023 c 220 s 1 are each amended to  
2 read 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  
21 (2)(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

33       (f) Connecting social equity applicants with established industry  
34 members and tribal cannabis enterprises and programs for mentoring  
35 and other forms of support.

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

1 (a) Have knowledge and experience demonstrating their ability to  
2 effectively advise eligible applicants and licensees in navigating  
3 the state's licensing and regulatory framework or on producing and  
4 processing cannabis;

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

7 (c) Meet department reporting and invoicing requirements.

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

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

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

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

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19 On page 1, line 2 of the title, after "efficiencies;" strike the  
20 remainder of the title and insert "amending RCW 69.50.335 and  
21 43.330.540; creating a new section; and declaring an emergency."

**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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