
SUBSTITUTE HOUSE BILL 1551

State of Washington

69th Legislature

2025 Regular Session

By House Consumer Protection & Business (originally sponsored by Representatives Reeves, Entenman, Morgan, Kloba, Ormsby, Santos, Doglio, and Hill)

READ FIRST TIME 02/21/25.

1 AN ACT Relating to extending the cannabis social equity program
2 to evaluate the program and implement efficiencies; amending RCW
3 69.50.335; creating a new section; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature intends to extend and
6 evaluate the cannabis social equity program, and conduct a review and
7 analysis of the first round of licensing and grant awards that was
8 recently conducted before 2025, to support the successful
9 implementation of the cannabis social equity program. By requiring
10 the liquor and cannabis board, in consultation with the department of
11 commerce when appropriate, to evaluate the cannabis social equity
12 program as provided in this act and submit a report with findings and
13 policy options to the governor and legislature by December 1, 2025,
14 the legislature will have an opportunity in the 2026 legislative
15 session to make any policy changes the legislature deems appropriate,
16 before a second and subsequent rounds of licensing opening in the
17 cannabis social equity program. The legislature also intends to
18 extend the cannabis social equity program an additional two years
19 until July 1, 2034. The evaluation required by this act must include
20 opportunities for public feedback, and the identification of any
21 provisions of law or rule and any economic, market, or practical

1 factors that effectively prevent or hinder the successful opening,
2 operation, and business success of cannabis businesses licensed under
3 the cannabis social equity program. This will provide the legislature
4 with information to ensure policies are in place to support
5 successful and efficient implementation of the program.

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

8 (1) (a) (~~Beginning December 1, 2020, and~~) Subject to subsection
9 (6) of this section, until July 1, (~~(2032)~~) 2034, cannabis retailer
10 licenses, cannabis processor licenses, and cannabis producer licenses
11 that have been subject to forfeiture, revocation, or cancellation by
12 the board, or cannabis retailer licenses that were not previously
13 issued by the board but could have been issued without exceeding the
14 limit on the statewide number of cannabis retailer licenses
15 established before January 1, 2020, by the board, may be issued or
16 reissued to an applicant who meets the cannabis retailer license,
17 cannabis processor license, or cannabis producer license requirements
18 of this chapter.

19 (b) In accordance with (a) of this subsection, but subject to
20 subsection (6) of this section, the board may issue or reissue:

21 (i) Up to 100 cannabis processor licenses immediately; and
22 (ii) Beginning January 1, 2025, up to 10 cannabis producer
23 licenses, which must be issued in conjunction with a cannabis
24 processor license.

25 (c) In addition to the cannabis retailer licenses and cannabis
26 producer licenses that may be issued under (a) and (b) of this
27 subsection, beginning January 1, 2023, and continuing every three
28 years until July 1, (~~(2032)~~) 2034, the board may, with the approval
29 of the legislature through the passage of a bill, increase the number
30 of cannabis retailer licenses and cannabis producer licenses for the
31 social equity program based on:

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

34 (ii) The annual population estimates published by the office of
35 financial management.

36 (d) In addition to the cannabis retailer licenses that may be
37 issued under (a) of this subsection, beginning January 1, 2024, and
38 until July 1, (~~(2032)~~) 2034, the board may issue up to 52 cannabis
39 retailer licenses for the social equity program.

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

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

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

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

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

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

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

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

34 (b) The board may deny any application submitted under this
35 subsection if:

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

39 (ii) The board determines the application does not otherwise meet
40 licensing requirements.

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

9 (5) The annual fee for issuance, reissuance, or renewal for any
10 license under this section must be waived through July 1, ((2032))
11 2034.

12 (6) (a) Beginning on the effective date of this section through
13 June 30, 2026, the board may not open a new license application
14 window through the cannabis social equity program, in order for an
15 evaluation of the program to be conducted as provided in this
16 subsection, to ensure successful implementation of the cannabis
17 social equity program.

18 (b) By December 1, 2025, and within existing resources, the
19 board, in consultation with the department of commerce when specified
20 in this subsection, shall evaluate the cannabis social equity program
21 as provided in this subsection and submit a report to the governor
22 and appropriate committees of the legislature with findings and
23 policy options. In conducting the evaluation, the board shall provide
24 opportunities for public comment on the cannabis social equity
25 program from communities throughout Washington. The evaluation must
26 include the following components:

27 (i) A review of feedback received by the board in public comments
28 while the board implements this subsection from individuals the
29 program is intended to benefit, the public, and the cannabis
30 industry;

31 (ii) An examination of the issuance and reissuance of cannabis
32 retailer licenses that began before January 1, 2025, under the
33 provisions of chapter 236, Laws of 2020, including a comparative
34 analysis of the applicants who successfully secured a location and
35 were issued a cannabis retailer license relative to applicants who
36 remain pending but were issued a preliminary letter of approval by
37 the board;

38 (iii) An examination, in consultation with the department of
39 commerce, of the awarding of grants and the provision of mentorship
40 under RCW 43.330.540 and opportunities for the alignment of the

1 board's implementation of this section with the department of
2 commerce's implementation of RCW 43.330.540;

3 (iv) The demographic information about owners of licensed
4 cannabis businesses who became licensed under the cannabis social
5 equity program to the extent such information is available or
6 obtainable by the board;

7 (v) The identification of any provisions of law or rule and any
8 economic, market, or practical factors that effectively prevent or
9 hinder the successful opening, operation, and business success of
10 cannabis businesses licensed under the cannabis social equity
11 program; and

12 (vi) An examination of the impact of provisions in laws and rules
13 on cannabis licensees in the cannabis social equity program with
14 respect to: (A) Permissible locations for the siting of licensed
15 cannabis businesses including distance restrictions in RCW
16 69.50.331(8), zoning or other location restrictions in local
17 government ordinances, and local written objections under RCW
18 69.50.331(11); (B) the mobility of cannabis licenses to or between
19 jurisdictions; (C) the ability of persons holding an existing
20 cannabis retailer license or title certificate for a cannabis
21 retailer business in a local jurisdiction subject to a ban or
22 moratorium on cannabis retail businesses to apply for a cannabis
23 license under this section; (D) prioritizing license applications
24 through use of a third-party contractor using a scoring rubric
25 developed by the board; (E) restrictions on the transfer or
26 assumption of a cannabis license issued through the cannabis social
27 equity program other than to individuals or groups of individuals who
28 comply with the requirements for initial licensure as a social equity
29 applicant for a period of at least five years from the date of
30 initial licensure; and (F) the definition of a "social equity
31 applicant."

32 (c) On July 1, 2026, the restriction on the board opening a new
33 license application window under the cannabis social equity program
34 ends.

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

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

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

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

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

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

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

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

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

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

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

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

31 (c) "Social equity goals" means:

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

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

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

1 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of
3 the state government and its existing public institutions, and takes
4 effect immediately.

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