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**HOUSE BILL 2731**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** Representatives Walen, Macri, Morgan, and Scott

Read first time 02/05/26. Referred to Committee on Local Government.

1 AN ACT Relating to prohibiting local jurisdictions from enacting  
2 regulations to preclude cannabis producers, processors, and retailers  
3 from their jurisdictions; amending RCW 69.50.335 and 69.50.540; and  
4 adding a new section to chapter 69.50 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 69.50  
7 RCW to read as follows:

8 A local political subdivision may not enact any local ordinance,  
9 regulation, or land use plan, or implement any other restriction,  
10 that has the effect of precluding the siting or operation of licensed  
11 cannabis producers, processors, or retailers within their  
12 jurisdictional boundaries.

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

15 (1)(a) Beginning December 1, 2020, and until July 1, 2032,  
16 cannabis retailer licenses, cannabis processor licenses, and cannabis  
17 producer licenses that have been subject to forfeiture, revocation,  
18 or cancellation by the board, or cannabis retailer licenses that were  
19 not previously issued by the board but could have been issued without  
20 exceeding the limit on the statewide number of cannabis retailer

1 licenses established before January 1, 2020, by the board, may be  
2 issued or reissued to an applicant who meets the cannabis retailer  
3 license, cannabis processor license, or cannabis producer license  
4 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  
4 license, cannabis processor license, or cannabis producer license  
5 under subsection (1) of this section, an applicant must be a social  
6 equity applicant and submit required cannabis license materials to  
7 the board. If the application proposes ownership by more than one  
8 person, then at least 51 percent of the proposed ownership structure  
9 must 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) The definitions in this subsection apply throughout this  
37 section unless the context clearly requires otherwise.

38 (a) "Disproportionately impacted area" means a census tract or  
39 comparable geographic area within Washington state where community  
40 members were more likely to be impacted by the war on drugs. These

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

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

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

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

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

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

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

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

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

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

32 (c) "Social equity goals" means:

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

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

1 (7) Except for the process detailed in subsection (1) of this  
2 section, the process for creating new cannabis retail licenses under  
3 this chapter remains unaltered.

4 **Sec. 3.** RCW 69.50.540 and 2023 c 470 s 1015 are each amended to  
5 read as follows:

6 (1) For the purposes of this subsection (1), the legislature must  
7 appropriate the amounts provided in this subsection:

8 (a) \$12,500,000 annually to the board for administration of this  
9 chapter as appropriated in the omnibus appropriations act;

10 (b) \$11,000,000 annually to the department of health for the  
11 following:

12 (i) Creation, implementation, operation, and management of a  
13 cannabis, vapor product, and commercial tobacco education and public  
14 health program that contains the following:

15 (A) A cannabis use public health hotline that provides referrals  
16 to substance abuse treatment providers, uses evidence-based or  
17 research-based public health approaches to minimizing the harms  
18 associated with cannabis use, and does not solely advocate an  
19 abstinence-only approach;

20 (B) Programs that support development and implementation of  
21 coordinated intervention strategies for the prevention and reduction  
22 of commercial tobacco, vapor product, and cannabis use by youth and  
23 cannabis cessation treatment services, including grant programs to  
24 local health departments or other local community agencies;

25 (C) Media-based education campaigns across television, internet,  
26 radio, print, and out-of-home advertising, separately targeting youth  
27 and adults, that provide medically and scientifically accurate  
28 information about the health and safety risks posed by cannabis use;  
29 and

30 (D) Outreach to priority populations regarding commercial  
31 tobacco, vapor product, and cannabis use, prevention, and cessation;  
32 and

33 (ii) The Washington poison control center;

34 (c) (i) \$3,000,000 annually to the department of commerce to fund  
35 cannabis social equity grants under RCW 43.330.540; and

36 (ii) \$200,000 annually to the department of commerce to fund  
37 technical assistance through a roster of mentors under RCW  
38 43.330.540;

1 (d) \$200,000 annually, until June 30, 2032, to the health care  
2 authority to contract with the Washington state institute for public  
3 policy to conduct the cost-benefit evaluations and produce the  
4 reports described in RCW 69.50.550;

5 (e) \$25,000 annually to the University of Washington alcohol and  
6 drug abuse institute for the creation, maintenance, and timely  
7 updating of web-based public education materials providing medically  
8 and scientifically accurate information about the health and safety  
9 risks posed by cannabis use;

10 (f) \$300,000 annually to the University of Washington and  
11 \$175,000 annually to the Washington State University for research on  
12 the short-term and long-term effects of cannabis use to include, but  
13 not be limited to, formal and informal methods for estimating and  
14 measuring intoxication and impairments, and for the dissemination of  
15 such research;

16 (g) \$550,000 annually to the office of the superintendent of  
17 public instruction to fund grants to building bridges programs under  
18 chapter 28A.175 RCW;

19 (h) \$2,423,000 for fiscal year 2022 and \$2,423,000 for fiscal  
20 year 2023 to the Washington state patrol for a drug enforcement task  
21 force;

22 (i) \$270,000 for fiscal year 2022 and \$290,000 for fiscal year  
23 2023 to the department of ecology for implementation of accreditation  
24 of cannabis product testing laboratories;

25 (j) \$800,000 for each of fiscal years 2020 through 2023 to the  
26 department of health for the administration of the cannabis  
27 authorization database; and

28 (k) \$621,000 for fiscal year 2022 and \$635,000 for fiscal year  
29 2023 to the department of agriculture for compliance-based laboratory  
30 analysis of pesticides in cannabis.

31 (2) (~~Subsections [Subsection]~~) Subsection (1)(a) through (g) of  
32 this section must be adjusted annually based on the United States  
33 bureau of labor statistics' consumer price index for the Seattle  
34 area.

35 (3) After appropriation of the amounts identified in subsection  
36 (1) of this section, the legislature must annually appropriate such  
37 remaining amounts for the purposes listed in this subsection (3) as  
38 follows:

1 (a) Fifty-two percent to the state basic health plan trust  
2 account to be administered by the Washington basic health plan  
3 administrator and used as provided under chapter 70.47 RCW;

4 (b) Eleven percent to the health care authority to:

5 (i) Design and administer the Washington state healthy youth  
6 survey, analyze the collected data, and produce reports, in  
7 collaboration with the office of the superintendent of public  
8 instruction, department of health, department of commerce, family  
9 policy council, and board. The survey must be conducted at least  
10 every two years and include questions regarding, but not necessarily  
11 limited to, academic achievement, age at time of substance use  
12 initiation, antisocial behavior of friends, attitudes toward  
13 antisocial behavior, attitudes toward substance use, laws and  
14 community norms regarding antisocial behavior, family conflict,  
15 family management, parental attitudes toward substance use, peer  
16 rewarding of antisocial behavior, perceived risk of substance use,  
17 and rebelliousness. Funds disbursed under this subsection may be used  
18 to expand administration of the healthy youth survey to student  
19 populations attending institutions of higher education in Washington;

20 (ii) Develop, implement, maintain, and evaluate programs and  
21 practices aimed at the prevention or reduction of maladaptive  
22 substance use, substance use disorder, substance abuse or substance  
23 dependence, as these terms are defined in the diagnostic and  
24 statistical manual of mental disorders, among middle school and high  
25 school-age students, whether as an explicit goal of a given program  
26 or practice or as a consistently corresponding effect of its  
27 implementation, mental health services for children and youth, and  
28 services for pregnant and parenting women. In deciding which programs  
29 and practices to fund under this subsection (3)(b)(ii), the director  
30 of the health care authority must consult, at least annually, with  
31 the University of Washington's social development research group and  
32 the University of Washington's alcohol and drug abuse institute; and

33 (iii) Contract with community health centers to provide primary  
34 health and dental care services, migrant health services, and  
35 maternity health care services as provided under RCW 41.05.220;

36 (c)(i) One and one-half percent to counties, cities, and towns  
37 where licensed cannabis retailers are physically located. Each  
38 jurisdiction must receive a share of the revenue distribution under  
39 this subsection (3)(c)(i) based on the proportional share of the  
40 total revenues generated in the individual jurisdiction from the

1 taxes collected under RCW 69.50.535, from licensed cannabis retailers  
2 physically located in each jurisdiction. For purposes of this  
3 subsection (3)(c), 100 percent of the proportional amount attributed  
4 to a retailer physically located in a city or town must be  
5 distributed to the city or town;

6 (ii) Three and one-half percent to counties, cities, and towns  
7 ratably on a per capita basis. Counties must receive 60 percent of  
8 the distribution based on each county's total proportional  
9 population(~~(. Funds may only be distributed to jurisdictions that do~~  
10 ~~not prohibit the siting of any state licensed cannabis producer,~~  
11 ~~processor, or retailer));~~

12 (iii) By September 15th of each year, the board must provide the  
13 state treasurer the annual distribution amount made under this  
14 subsection (3)(c), if any, for each county and city as determined in  
15 (c)(i) and (ii) of this subsection; and

16 (iv) Distribution amounts allocated to each county, city, and  
17 town in (c)(i) and (ii) of this subsection must be distributed in  
18 four installments by the last day of each fiscal quarter; and

19 (d) Thirty-two percent must be deposited in the state general  
20 fund.

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