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**ENGROSSED SUBSTITUTE SENATE BILL 5403**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senate Labor & Commerce (originally sponsored by Senators Saldaña, Krishnadasan, and Nobles)

READ FIRST TIME 02/21/25.

1       AN ACT Relating to limiting financial interest agreements for  
2 licensed cannabis retailers; amending RCW 69.50.325; and providing an  
3 effective date.

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

5       **Sec. 1.** RCW 69.50.325 and 2022 c 16 s 54 are each amended to  
6 read as follows:

7       (1) There shall be a cannabis producer's license regulated by the  
8 board and subject to annual renewal. The licensee is authorized to  
9 produce: (a) Cannabis for sale at wholesale to cannabis processors  
10 and other cannabis producers; (b) immature plants or clones and seeds  
11 for sale to cooperatives as described under RCW 69.51A.250; and (c)  
12 immature plants or clones and seeds for sale to qualifying patients  
13 and designated providers as provided under RCW 69.51A.310. The  
14 production, possession, delivery, distribution, and sale of cannabis  
15 in accordance with the provisions of this chapter and the rules  
16 adopted to implement and enforce it, by a validly licensed cannabis  
17 producer, shall not be a criminal or civil offense under Washington  
18 state law. Every cannabis producer's license shall be issued in the  
19 name of the applicant, shall specify the location at which the  
20 cannabis producer intends to operate, which must be within the state  
21 of Washington, and the holder thereof shall not allow any other

1 person to use the license. The application fee for a cannabis  
2 producer's license shall be two hundred fifty dollars. The annual fee  
3 for issuance and renewal of a cannabis producer's license shall be  
4 one thousand three hundred eighty-one dollars. A separate license  
5 shall be required for each location at which a cannabis producer  
6 intends to produce cannabis.

7 (2) There shall be a cannabis processor's license to process,  
8 package, and label cannabis concentrates, useable cannabis, and  
9 cannabis-infused products for sale at wholesale to cannabis  
10 processors and cannabis retailers, regulated by the board and subject  
11 to annual renewal. The processing, packaging, possession, delivery,  
12 distribution, and sale of cannabis, useable cannabis, cannabis-  
13 infused products, and cannabis concentrates in accordance with the  
14 provisions of this chapter and chapter 69.51A RCW and the rules  
15 adopted to implement and enforce these chapters, by a validly  
16 licensed cannabis processor, shall not be a criminal or civil offense  
17 under Washington state law. Every cannabis processor's license shall  
18 be issued in the name of the applicant, shall specify the location at  
19 which the licensee intends to operate, which must be within the state  
20 of Washington, and the holder thereof shall not allow any other  
21 person to use the license. The application fee for a cannabis  
22 processor's license shall be two hundred fifty dollars. The annual  
23 fee for issuance and renewal of a cannabis processor's license shall  
24 be one thousand three hundred eighty-one dollars. A separate license  
25 shall be required for each location at which a cannabis processor  
26 intends to process cannabis.

27 (3)(a) There shall be a cannabis retailer's license to sell  
28 cannabis concentrates, useable cannabis, and cannabis-infused  
29 products at retail in retail outlets, regulated by the board and  
30 subject to annual renewal. The possession, delivery, distribution,  
31 and sale of cannabis concentrates, useable cannabis, and cannabis-  
32 infused products in accordance with the provisions of this chapter  
33 and the rules adopted to implement and enforce it, by a validly  
34 licensed cannabis retailer, shall not be a criminal or civil offense  
35 under Washington state law. Every cannabis retailer's license shall  
36 be issued in the name of the applicant, shall specify the location of  
37 the retail outlet the licensee intends to operate, which must be  
38 within the state of Washington, and the holder thereof shall not  
39 allow any other person to use the license. The application fee for a  
40 cannabis retailer's license shall be two hundred fifty dollars. The

1 annual fee for issuance and renewal of a cannabis retailer's license  
2 shall be one thousand three hundred eighty-one dollars. A separate  
3 license shall be required for each location at which a cannabis  
4 retailer intends to sell cannabis concentrates, useable cannabis, and  
5 cannabis-infused products.

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

10 (ii) A retail licensee and all other persons or entities with a  
11 financial or other ownership interest may not enter into any  
12 agreement as referenced in RCW 69.50.395 that confers a financial  
13 interest across more than five retail cannabis licenses. For the  
14 purposes of this subsection, "financial interest" includes, but is  
15 not limited to, negotiating or coordinating purchases of cannabis  
16 products, any operational control over the business, sharing profits  
17 or revenue, sharing marketing and advertising costs, or sharing  
18 employment and hiring decisions.

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

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

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

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

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

37 (iv) This subsection (3) (c) applies to cannabis retailer's  
38 licenses issued before and after July 23, 2017. However, no license  
39 of a cannabis retailer that otherwise meets the conditions for  
40 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 takes effect January 1, 2026.

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