

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 5403

69th Legislature
2025 Regular Session

Passed by the Senate April 18, 2025
Yeas 39 Nays 9

President of the Senate

Passed by the House April 11, 2025
Yeas 57 Nays 37

**Speaker of the House of
Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5403** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5403

AS AMENDED BY THE HOUSE

Passed Legislature - 2025 Regular Session

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; creating a new
3 section; and providing an 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 management agreement under RCW 69.50.331(1)(b)(iv) or any agreement
13 as referenced in RCW 69.50.395, whether or not in exchange for
14 payment, that confers a financial interest across more than five
15 retail cannabis licenses. For the purposes of this subsection,
16 "financial interest" includes, but is not limited to:

17 (A) Any sharing of profits or revenue;

18 (B) Any assistance, coordination, or recommendation for the
19 purchase of cannabis products whereupon pricing is coordinated or
20 discounted;

21 (C) The common use of intellectual property assets such as
22 branding, trade names, logos, social media accounts, or websites;

23 (D) Any operational control over the business or operational
24 support for typical day-to-day business operations, including core
25 business or executive functions of the retail cannabis license;

26 (E) Any sharing or coordination of marketing and advertising
27 efforts or expenses; and

28 (F) Any coordinated sharing of employment or hiring decisions,
29 including the shared employment of individuals.

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

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

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

39 (B) The board must require license forfeiture on or before
40 twenty-four calendar months of license issuance if a cannabis

1 retailer is not fully operational and open to the public, unless the
2 board determines that circumstances out of the licensee's control are
3 preventing the licensee from becoming fully operational and that, in
4 the board's discretion, the circumstances warrant extending the
5 forfeiture period beyond twenty-four calendar months.

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

8 (iv) This subsection (3)(c) applies to cannabis retailer's
9 licenses issued before and after July 23, 2017. However, no license
10 of a cannabis retailer that otherwise meets the conditions for
11 license forfeiture established pursuant to this subsection (3)(c) may
12 be subject to forfeiture within the first nine calendar months of
13 July 23, 2017.

14 (v) The board may not require license forfeiture if the licensee
15 has been incapable of opening a fully operational retail cannabis
16 business due to actions by the city, town, or county with
17 jurisdiction over the licensee that include any of the following:

18 (A) The adoption of a ban or moratorium that prohibits the
19 opening of a retail cannabis business; or

20 (B) The adoption of an ordinance or regulation related to zoning,
21 business licensing, land use, or other regulatory measure that has
22 the effect of preventing a licensee from receiving an occupancy
23 permit from the jurisdiction or which otherwise prevents a licensed
24 cannabis retailer from becoming operational.

25 (d) The board may issue cannabis retailer licenses pursuant to
26 this chapter and RCW 69.50.335.

27 NEW SECTION. **Sec. 2.** This act applies:

28 (1) Retroactively to agreements entered before the effective date
29 of this section; and

30 (2) Prospectively to agreements entered or renewed on or after
31 the effective date of this section.

32 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2026.

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