H - 0684	1	
11 0001	· -	

HOUSE BILL 1098

State of Washington 65th Legislature 2017 Regular Session

By Representatives Sawyer, Kirby, and Condotta

AN ACT Relating to establishing a process for qualifying patients 1 2 age eighteen and over and designated providers to purchase their 3 lawful marijuana plants and seeds from marijuana retailers with a 4 medical marijuana endorsement; amending RCW 69.50.375, 69.50.325, 5 69.50.331, 69.50.342, 69.50.345, 69.50.348, 69.50.351, 69.50.354, 69.50.357, 43.06.490, 69.50.366, 69.50.369, 69.50.378, 69.50.380, 6 69.50.382, 69.50.385, 69.51A.030, 69.51A.040, 69.51A.045, 69.51A.060, 7 69.51A.210, 69.51A.220, 69.51A.230, 69.51A.250, and 8 69.51A.290; reenacting and amending RCW 69.50.101 and 69.50.360; creating a new 9 section; prescribing penalties; and providing an effective date. 10

- 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 12 **Sec. 1.** RCW 69.50.375 and 2015 c 70 s 10 are each amended to 13 read as follows:
- 14 (1) A medical marijuana endorsement to a marijuana retail license 15 is hereby established to permit a marijuana retailer to sell 16 marijuana, and marijuana plants and seeds, for medical use to 17 qualifying patients and designated providers. This endorsement also 18 permits such retailers to provide marijuana, and marijuana plants and 19 seeds, at no charge, at their discretion, to qualifying patients and 20 designated providers.

p. 1 HB 1098

- 1 (2) An applicant may apply for a medical marijuana endorsement 2 concurrently with an application for a marijuana retail license.
 - (3) To be issued an endorsement, a marijuana retailer must:

- (a) Not authorize the medical use of marijuana for qualifying patients at the retail outlet or permit health care professionals to authorize the medical use of marijuana for qualifying patients at the retail outlet;
- (b) Carry marijuana concentrates and marijuana-infused products identified by the department under subsection (4) of this section;
- (c) Not use labels or market <u>marijuana plants and seeds</u>, marijuana concentrates, useable marijuana, or marijuana-infused products in a way that make them intentionally attractive to minors;
- (d) Demonstrate the ability to enter qualifying patients and designated providers in the medical marijuana authorization database established in RCW 69.51A.230 and issue recognition cards and agree to enter qualifying patients and designated providers into the database and issue recognition cards in compliance with department standards;
- (e) Keep copies of the qualifying patient's or designated provider's recognition card, or keep equivalent records as required by rule of the state liquor and cannabis board or the department of revenue to document the validity of tax exempt sales; and
- 23 (f) Meet other requirements as adopted by rule of the department 24 or the state liquor and cannabis board.
 - (4) The department, in conjunction with the state liquor and cannabis board, must adopt rules on requirements for marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds that may be sold, or provided at no charge, to qualifying patients or designated providers at a retail outlet holding a medical marijuana endorsement. These rules must include:
 - (a) THC concentration, CBD concentration, or low THC, high CBD ratios appropriate for marijuana concentrates, useable marijuana, ((ex)) marijuana-infused products, and marijuana plants and seeds sold to qualifying patients or designated providers;
 - (b) Labeling requirements including that the labels attached to marijuana concentrates, useable marijuana, $((\Theta r))$ marijuana-infused products, and marijuana plants and seeds contain THC concentration, CBD concentration, and THC to CBD ratios, except only for marijuana

p. 2 HB 1098

plants and seeds as the state liquor and cannabis board determines is
appropriate;

- (c) Other product requirements, including any additional mold, fungus, or pesticide testing requirements, or limitations to the types of solvents that may be used in marijuana processing that the department deems necessary to address the medical needs of qualifying patients;
- 8 (d) Safe handling requirements for marijuana concentrates,
 9 useable marijuana, ((ox)) marijuana-infused products, and marijuana
 10 plants and seeds; and
 - (e) Training requirements for employees.

- (5) A marijuana retailer holding an endorsement to sell marijuana to qualifying patients or designated providers must train its employees on:
- (a) Procedures regarding the recognition of valid authorizations and the use of equipment to enter qualifying patients and designated providers into the medical marijuana authorization database;
 - (b) Recognition of valid recognition cards; and
- (c) Recognition of strains, varieties, THC concentration, CBD concentration, and THC to CBD ratios of marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds available for sale when assisting qualifying patients and designated providers at the retail outlet.
- (6)(a) A marijuana retail outlet with a medical marijuana endorsement that sells marijuana plants or seeds to a qualifying patient age eighteen or older or to a designated provider pursuant to this chapter and chapter 69.51A RCW must conduct the sales consistent with this section and rules adopted by the state liquor and cannabis board to implement this section.
- 30 <u>(b) A marijuana retail outlet with a medical marijuana</u>
 31 endorsement may:
 - (i) Accept orders, in person at the retail outlet or as authorized by rules adopted by the state liquor and cannabis board, for future purchases of marijuana plants and seeds submitted by a qualifying patient age eighteen or over or a designated provider with a valid recognition card or authorization; and
 - (ii) Sell marijuana plants and seeds to the qualifying patient age eighteen or over or the designated provider who ordered marijuana plants or seeds from the retail outlet in accordance with this section and who purchases and takes possession of the marijuana

p. 3 HB 1098

plants or seeds previously ordered while physically at the retail
outlet.

- (c) Before accepting an order for the future purchase of marijuana plants or seeds in accordance with this section, the retail outlet or its employee shall verify the validity of the recognition card or authorization belonging to the qualifying patient age eighteen or over or the designated provider submitting the order.
- (d) Before accepting payment from and transferring possession of marijuana plants or seeds to a qualifying patient age eighteen or over or a designated provider who ordered the future purchase of such marijuana plants or seeds, the retail outlet or its employee shall again verify the validity of the recognition card or authorization belonging to the qualifying patient age eighteen or over or designated provider who submitted the order. The retail outlet shall ensure that the person who placed the order for the future purchase of marijuana plants or seeds is the same person who purchases and takes possession of the marijuana plants or seeds at the retail outlet.
- (e) The only marijuana plants and seeds that a marijuana retail outlet with a medical marijuana endorsement may possess and hold at premises of the retail outlet are marijuana plants and seeds that a qualifying patient age eighteen or over or a designated provider ordered in accordance with this subsection, unless rules adopted by state liquor and cannabis board provide otherwise. The retail outlet may possess such plants at the premises of the retail outlet for not longer than as provided pursuant to rules adopted by the state liquor and cannabis board.
- (f) A retail outlet with a medical marijuana endorsement may sell or donate no more marijuana plants or seeds to a qualifying patient age eighteen or over or designated provider, per day, than the qualifying patient age eighteen or over or designated provider is authorized to possess pursuant to RCW 69.51A.210.
- (g) Nothing in this subsection authorizes a qualifying patient or designated provider to possess more marijuana plants, seeds, or marijuana products than as provided in RCW 69.51A.210.
 - NEW SECTION. Sec. 2. (1) By January 1, 2018, the state liquor and cannabis board shall adopt rules to implement this act and to establish criteria regarding the sale of marijuana plants and seeds from licensed marijuana producers to marijuana retailers with a

p. 4 HB 1098

- 1 medical marijuana endorsement and from marijuana retailers with a medical marijuana endorsement to qualifying patients age eighteen and 2 over and designated providers. The state liquor and cannabis board 3 may adopt any rule consistent with this act that the state liquor and 4 cannabis board determines is necessary and appropriate to implement 5 6 this act and to establish an effective process for qualifying 7 patients age eighteen and over and designated providers to obtain marijuana plants or seeds to grow the marijuana plants that such 8 qualifying patients and designated providers may lawfully possess and 9 grow pursuant to RCW 69.51A.210. The state liquor and cannabis board 10 11 must consult with the department of health in adopting the rules to 12 implement this act.
 - (2) The rules adopted pursuant to this act must:

14

15 16

17

18

24

25

2627

28 29

- (a) Establish limits on the time that marijuana plants or seeds ordered for future purchase by a qualifying patient age eighteen or over or designated provider with a valid recognition card or authorization may be held at the premises of the retail outlet before the marijuana plants and seeds must be:
- 19 (i) Purchased and taken into possession by the qualifying patient 20 age eighteen or over or designated provider who submitted the order; 21 or
- 22 (ii) Returned to the marijuana producer that provided the 23 marijuana plants or seeds to the retail outlet; and
 - (b) Require that marijuana plants and seeds possessed by a retail outlet be separated physically from the retail outlet's point of sale area and not be in view of or accessible to customers at the retail outlet, except for a customer who is the qualifying patient age eighteen or over or designated provider who ordered the future purchase of the marijuana plants and seeds.
- 30 Sec. 3. RCW 69.50.101 and 2015 2nd sp.s. c 4 s 901 are each reenacted and amended to read as follows:
- The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
- 34 (a) "Administer" means to apply a controlled substance, whether 35 by injection, inhalation, ingestion, or any other means, directly to 36 the body of a patient or research subject by:
- 37 (1) a practitioner authorized to prescribe (or, by the 38 practitioner's authorized agent); or

p. 5 HB 1098

- 1 (2) the patient or research subject at the direction and in the 2 presence of the practitioner.
 - (b) "Agent" means an authorized person who acts on behalf of or at the direction of a manufacturer, distributor, or dispenser. It does not include a common or contract carrier, public warehouseperson, or employee of the carrier or warehouseperson.
- 7 (c) "CBD concentration" has the meaning provided in RCW 8 69.51A.010.
 - (d) "Commission" means the pharmacy quality assurance commission.
- 10 (e) "Controlled substance" means a drug, substance, or immediate 11 precursor included in Schedules I through V as set forth in federal 12 or state laws, or federal or commission rules.
 - (f)(1) "Controlled substance analog" means a substance the chemical structure of which is substantially similar to the chemical structure of a controlled substance in Schedule I or II and:
 - (i) that has a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II; or
 - (ii) with respect to a particular individual, that the individual represents or intends to have a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II.
 - (2) The term does not include:
 - (i) a controlled substance;

4

5

6

9

13 14

15

16 17

18

19

2021

22

2324

25

26

27

- 28 (ii) a substance for which there is an approved new drug 29 application;
- (iii) a substance with respect to which an exemption is in effect for investigational use by a particular person under Section 505 of the federal Food, Drug and Cosmetic Act, 21 U.S.C. Sec. 355, to the extent conduct with respect to the substance is pursuant to the exemption; or
- 35 (iv) any substance to the extent not intended for human 36 consumption before an exemption takes effect with respect to the 37 substance.
- 38 (g) "Deliver" or "delivery((τ))" means the actual or constructive 39 transfer from one person to another of a substance, whether or not 40 there is an agency relationship.

p. 6 HB 1098

- 1 (h) "Department" means the department of health.
- 2 (i) "Designated provider" has the meaning provided in RCW 3 69.51A.010.
- 4 (j) "Dispense" means the interpretation of a prescription or order for a controlled substance and, pursuant to that prescription or order, the proper selection, measuring, compounding, labeling, or packaging necessary to prepare that prescription or order for delivery.
 - (k) "Dispenser" means a practitioner who dispenses.
- 10 (1) "Distribute" means to deliver other than by administering or 11 dispensing a controlled substance.
 - (m) "Distributor" means a person who distributes.

12

13 14

15 16

17

18

19

20

21

22

23

2425

26

27

2829

30 31

32

33

34

35

- (n) "Drug" means (1) a controlled substance recognized as a drug in the official United States pharmacopoeia/national formulary or the official homeopathic pharmacopoeia of the United States, or any supplement to them; (2) controlled substances intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in individuals or animals; (3) controlled substances (other than food) intended to affect the structure or any function of the body of individuals or animals; and (4) controlled substances intended for use as a component of any article specified in (1), (2), or (3) of this subsection. The term does not include devices or their components, parts, or accessories.
- (o) "Drug enforcement administration" means the drug enforcement administration in the United States Department of Justice, or its successor agency.
- (p) "Electronic communication of prescription information" means the transmission of a prescription or refill authorization for a drug of a practitioner using computer systems. The term does not include a prescription or refill authorization verbally transmitted by telephone nor a facsimile manually signed by the practitioner.
 - (q) "Immediate precursor" means a substance:
- (1) that the commission has found to be and by rule designates as being the principal compound commonly used, or produced primarily for use, in the manufacture of a controlled substance;
- 36 (2) that is an immediate chemical intermediary used or likely to 37 be used in the manufacture of a controlled substance; and
- 38 (3) the control of which is necessary to prevent, curtail, or 39 limit the manufacture of the controlled substance.

p. 7 HB 1098

(r) "Isomer" means an optical isomer, but in subsection (dd)(5) of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b)(4), the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and 69.50.208(a) the term includes any positional or geometric isomer.

- (s) "Lot" means a definite quantity of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product identified by a lot number, every portion or package of which is uniform within recognized tolerances for the factors that appear in the labeling.
- (t) "Lot number" must identify the licensee by business or trade name and Washington state unified business identifier number, and the date of harvest or processing for each lot of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product.
- (u) "Manufacture" means the production, preparation, propagation, compounding, conversion, or processing of a controlled substance, either directly or indirectly or by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and includes any packaging or repackaging of the substance or labeling or relabeling of its container. The term does not include the preparation, compounding, packaging, repackaging, labeling, or relabeling of a controlled substance:
- (1) by a practitioner as an incident to the practitioner's administering or dispensing of a controlled substance in the course of the practitioner's professional practice; or
- (2) by a practitioner, or by the practitioner's authorized agent under the practitioner's supervision, for the purpose of, or as an incident to, research, teaching, or chemical analysis and not for sale.
- (v) "Marijuana" or "marihuana" means all parts of the plant Cannabis, whether growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. The term does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the

p. 8 HB 1098

resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination.

- (w) "Marijuana concentrates" means products consisting wholly or in part of the resin extracted from any part of the plant *Cannabis* and having a THC concentration greater than ten percent.
- (x) "Marijuana processor" means a person licensed by the state liquor and cannabis board to process marijuana into marijuana concentrates, useable marijuana, and marijuana-infused products, package and label marijuana concentrates, useable marijuana, and marijuana-infused products for sale in retail outlets, and sell marijuana concentrates, useable marijuana, and marijuana-infused products at wholesale to marijuana retailers.
- (y) "Marijuana producer" means a person licensed by the state liquor and cannabis board to produce and sell marijuana at wholesale to marijuana processors and other marijuana producers, and to produce and sell marijuana plants and seeds at wholesale to marijuana retailers with a medical marijuana endorsement.
- (z) "Marijuana products" means useable marijuana, marijuana concentrates, and marijuana-infused products as defined in this section.
- (aa) "Marijuana researcher" means a person licensed by the state liquor and cannabis board to produce, process, and possess marijuana for the purposes of conducting research on marijuana and marijuanaderived drug products.
- (bb) "Marijuana retailer" means a person licensed by the state liquor and cannabis board to sell marijuana concentrates, useable marijuana, and marijuana-infused products in a retail outlet.
- (cc) "Marijuana-infused products" means products that contain marijuana or marijuana extracts, are intended for human use, are derived from marijuana as defined in subsection (v) of this section, and have a THC concentration no greater than ten percent. The term "marijuana-infused products" does not include either useable marijuana or marijuana concentrates.
- (dd) "Narcotic drug" means any of the following, whether produced directly or indirectly by extraction from substances of vegetable origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:
- (1) Opium, opium derivative, and any derivative of opium or opium derivative, including their salts, isomers, and salts of isomers, whenever the existence of the salts, isomers, and salts of isomers is

p. 9 HB 1098

- possible within the specific chemical designation. The term does not include the isoquinoline alkaloids of opium.
 - (2) Synthetic opiate and any derivative of synthetic opiate, including their isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, and salts is possible within the specific chemical designation.
- 8 (3) Poppy straw and concentrate of poppy straw.
- 9 (4) Coca leaves, except coca leaves and extracts of coca leaves 10 from which cocaine, ecgonine, and derivatives or ecgonine or their 11 salts have been removed.
 - (5) Cocaine, or any salt, isomer, or salt of isomer thereof.
- 13 (6) Cocaine base.

2

3

4

5 6

7

12

18

19

20

21

22

23

2425

26

27

28

33

36

- 14 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer 15 thereof.
- 16 (8) Any compound, mixture, or preparation containing any quantity 17 of any substance referred to in subparagraphs (1) through (7).
 - (ee) "Opiate" means any substance having an addiction-forming or addiction-sustaining liability similar to morphine or being capable of conversion into a drug having addiction-forming or addiction-sustaining liability. The term includes opium, substances derived from opium (opium derivatives), and synthetic opiates. The term does not include, unless specifically designated as controlled under RCW 69.50.201, the dextrorotatory isomer of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan). The term includes the racemic and levorotatory forms of dextromethorphan.
 - (ff) "Opium poppy" means the plant of the species Papaver somniferum L., except its seeds.
- (gg) "Person" means individual, corporation, business trust, so estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.
 - (hh) "Plant" has the meaning provided in RCW 69.51A.010.
- 34 (ii) "Poppy straw" means all parts, except the seeds, of the 35 opium poppy, after mowing.
 - (jj) "Practitioner" means:
- (1) A physician under chapter 18.71 RCW; a physician assistant under chapter 18.71A RCW; an osteopathic physician and surgeon under chapter 18.57 RCW; an osteopathic physician assistant under chapter 18.57A RCW who is licensed under RCW 18.57A.020 subject to any

p. 10 HB 1098

- 1 limitations in RCW 18.57A.040; an optometrist licensed under chapter 18.53 RCW who is certified by the optometry board under RCW 18.53.010 2 subject to any limitations in RCW 18.53.010; a dentist under chapter 3 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW; 4 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced 5 6 registered nurse practitioner, or licensed practical nurse under 7 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW who is licensed under RCW 18.36A.030 subject to any limitations in 8 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific 9 investigator under this chapter, licensed, registered or otherwise 10 11 permitted insofar as is consistent with those licensing laws to 12 distribute, dispense, conduct research with respect to or administer a controlled substance in the course of their professional practice 13 14 or research in this state.
 - (2) A pharmacy, hospital or other institution licensed, registered, or otherwise permitted to distribute, dispense, conduct research with respect to or to administer a controlled substance in the course of professional practice or research in this state.

17

18

19

2021

22

23

2425

26

2728

29

- (3) A physician licensed to practice medicine and surgery, a physician licensed to practice osteopathic medicine and surgery, a dentist licensed to practice dentistry, a podiatric physician and surgeon licensed to practice podiatric medicine and surgery, a licensed physician assistant or a licensed osteopathic physician assistant specifically approved to prescribe controlled substances by his or her state's medical quality assurance commission or equivalent and his or her supervising physician, an advanced registered nurse practitioner licensed to prescribe controlled substances, or a veterinarian licensed to practice veterinary medicine in any state of the United States.
- 30 (kk) "Prescription" means an order for controlled substances 31 issued by a practitioner duly authorized by law or rule in the state 32 of Washington to prescribe controlled substances within the scope of 33 his or her professional practice for a legitimate medical purpose.
- 34 (11) "Production" includes the manufacturing, planting,
 35 cultivating, growing, or harvesting of a controlled substance.
- 36 (mm) "Qualifying patient" has the meaning provided in RCW 37 69.51A.010.
- 38 (nn) "Recognition card" has the meaning provided in RCW 39 69.51A.010.

p. 11 HB 1098

- 1 (oo) "Retail outlet" means a location licensed by the state 2 liquor and cannabis board for the retail sale of marijuana 3 concentrates, useable marijuana, and marijuana-infused products, and 4 <u>for a location with a medical marijuana endorsement, marijuana plants</u> 5 and seeds.
- 6 (pp) "Secretary" means the secretary of health or the secretary's designee.
- 8 (qq) "State," unless the context otherwise requires, means a 9 state of the United States, the District of Columbia, the 10 Commonwealth of Puerto Rico, or a territory or insular possession 11 subject to the jurisdiction of the United States.
- 12 "THC concentration" means (rr) percent of delta-9 tetrahydrocannabinol content per dry weight of any part of the plant 13 14 Cannabis, or per volume or weight of marijuana product, or the percent of delta-9 tetrahydrocannabinol 15 combined 16 tetrahydrocannabinolic acid in any part of the plant Cannabis 17 regardless of moisture content.
- 18 (ss) "Ultimate user" means an individual who lawfully possesses a 19 controlled substance for the individual's own use or for the use of a 20 member of the individual's household or for administering to an 21 animal owned by the individual or by a member of the individual's 22 household.
- (tt) "Useable marijuana" means dried marijuana flowers. The term
 "useable marijuana" does not include either marijuana-infused
 products or marijuana concentrates.
- 26 **Sec. 4.** RCW 69.50.325 and 2016 c 170 s 1 are each amended to 27 read as follows:

2930

31

32

33

3435

36

3738

39

(1) There shall be a marijuana producer's license to produce marijuana for sale at wholesale to marijuana processors and other marijuana producers ((and)), to produce marijuana plants for sale to cooperatives as described under RCW 69.51A.250, and to produce marijuana plants and seeds for sale to marijuana retail outlets with a medical marijuana endorsement, regulated by the state liquor and cannabis board and subject to annual renewal. The production, possession, delivery, distribution, and sale of marijuana and marijuana plants and seeds in accordance with the provisions of this chapter and the rules adopted to implement and enforce it, by a validly licensed marijuana producer, shall not be a criminal or civil offense under Washington state law. Every marijuana producer's

p. 12 HB 1098

1 license shall be issued in the name of the applicant, shall specify the location at which the marijuana producer intends to operate, 2 which must be within the state of Washington, and the holder thereof 3 shall not allow any other person to use the license. The application 4 fee for a marijuana producer's license shall be two hundred fifty 5 6 dollars. The annual fee for issuance and renewal of a marijuana producer's license shall be one thousand dollars. A separate license 7 shall be required for each location at which a marijuana producer 8 intends to produce marijuana. 9

10

11 12

1314

15 16

17

18

19

20

21

22

23

2425

26

2728

29

30 31

32

33

34

35

36

37

3839

40

- (2) There shall be a marijuana processor's license to process, package, and label marijuana concentrates, useable marijuana, and marijuana-infused products for sale at wholesale to marijuana processors and marijuana retailers, regulated by the state liquor and cannabis board and subject to annual renewal. The processing, packaging, possession, delivery, distribution, and sale of marijuana, useable marijuana, marijuana-infused products, and concentrates in accordance with the provisions of this chapter and chapter 69.51A RCW and the rules adopted to implement and enforce these chapters, by a validly licensed marijuana processor, shall not be a criminal or civil offense under Washington state law. Every marijuana processor's license shall be issued in the name of the applicant, shall specify the location at which the licensee intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a marijuana processor's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana processor's license shall be one thousand dollars. A separate license shall be required for each location at which a marijuana processor intends to process marijuana.
- (3) There shall be a marijuana retailer's license to sell marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and for those locations with a medical marijuana endorsement, marijuana plants and seeds at retail in retail outlets, regulated by the state liquor and cannabis board and subject to annual renewal. The possession, delivery, distribution, and sale of marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and for those locations with a medical marijuana endorsement, marijuana plants and seeds in accordance with the provisions of this chapter and the rules adopted to implement and enforce it, by a validly licensed marijuana retailer, shall not be a

p. 13 HB 1098

criminal or civil offense under Washington state law. Every marijuana retailer's license shall be issued in the name of the applicant, shall specify the location of the retail outlet the licensee intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a marijuana retailer's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana retailer's license shall be one thousand dollars. A separate license shall be required for each location at which a marijuana retailer intends to sell marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and for those locations with a medical marijuana endorsement, marijuana plants and seeds.

Sec. 5. RCW 69.50.331 and 2015 2nd sp.s. c 4 s 301 are each 15 amended to read as follows:

- (1) For the purpose of considering any application for a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, ((ex)) marijuana-infused products, or as applicable, marijuana plants and seeds, subject to the regulations established under RCW 69.50.385, or sell marijuana, or for the renewal of a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, ((ex)) marijuana-infused products, or as applicable, marijuana plants and seeds, subject to the regulations established under RCW 69.50.385, or sell marijuana, the state liquor and cannabis board must conduct a comprehensive, fair, and impartial evaluation of the applications timely received.
- (a) The state liquor and cannabis board must develop a competitive, merit-based application process that includes, at a minimum, the opportunity for an applicant to demonstrate experience and qualifications in the marijuana industry. The state liquor and cannabis board must give preference between competing applications in the licensing process to applicants that have the following experience and qualifications, in the following order of priority:
 - (i) First priority is given to applicants who:
- 36 (A) Applied to the state liquor and cannabis board for a 37 marijuana retailer license prior to July 1, 2014;
- 38 (B) Operated or were employed by a collective garden before 39 January 1, 2013;

p. 14 HB 1098

- 1 (C) Have maintained a state business license and a municipal business license, as applicable in the relevant jurisdiction; and
- 3 (D) Have had a history of paying all applicable state taxes and 4 fees;
 - (ii) Second priority must be given to applicants who:

15 16

17

18

19 20

21

22

23

2425

26

27

2829

30 31

32

33

34

3536

3738

39

- 6 (A) Operated or were employed by a collective garden before 7 January 1, 2013;
- 8 (B) Have maintained a state business license and a municipal business license, as applicable in the relevant jurisdiction; and
- 10 (C) Have had a history of paying all applicable state taxes and 11 fees; and
- (iii) Third priority must be given to all other applicants who do not have the experience and qualifications identified in (a)(i) and (ii) of this subsection.
 - (b) The state liquor and cannabis board may cause an inspection of the premises to be made, and may inquire into all matters in connection with the construction and operation of the premises. For the purpose of reviewing any application for a license and for considering the denial, suspension, revocation, or renewal or denial thereof, of any license, the state liquor and cannabis board may consider any prior criminal conduct of the applicant including an administrative violation history record with the state liquor and cannabis board and a criminal history record information check. The state liquor and cannabis board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the The liquor and cannabis board state must fingerprinting of any applicant whose criminal history record information check is submitted to the federal investigation. The provisions of RCW 9.95.240 and of chapter 9.96A RCW do not apply to these cases. Subject to the provisions of this section, the state liquor and cannabis board may, in its discretion, grant or deny the renewal or license applied for. Denial may be based on, without limitation, the existence of chronic illegal activity documented in objections submitted pursuant to subsections (7)(c) and (10) of this section. Authority to approve an uncontested or unopposed license may be granted by the state liquor and cannabis

p. 15 HB 1098

- board to any staff member the board designates in writing. Conditions
 for granting this authority must be adopted by rule.
 - (c) No license of any kind may be issued to:

- (i) A person under the age of twenty-one years;
- 5 (ii) A person doing business as a sole proprietor who has not 6 lawfully resided in the state for at least six months prior to 7 applying to receive a license;
- 8 (iii) A partnership, employee cooperative, association, nonprofit 9 corporation, or corporation unless formed under the laws of this 10 state, and unless all of the members thereof are qualified to obtain 11 a license as provided in this section; or
 - (iv) A person whose place of business is conducted by a manager or agent, unless the manager or agent possesses the same qualifications required of the licensee.
 - (2)(a) The state liquor and cannabis board may, in its discretion, subject to the provisions of RCW 69.50.334, suspend or cancel any license; and all protections of the licensee from criminal or civil sanctions under state law for producing, processing, researching, or selling marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products thereunder must be suspended or terminated, as the case may be.
 - (b) The state liquor and cannabis board must immediately suspend the license of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license is automatic upon the state liquor and cannabis board's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.
 - (c) The state liquor and cannabis board may request the appointment of administrative law judges under chapter 34.12 RCW who shall have power to administer oaths, issue subpoenas for the attendance of witnesses and the production of papers, books, accounts, documents, and testimony, examine witnesses, and to receive testimony in any inquiry, investigation, hearing, or proceeding in any part of the state, under rules and regulations the state liquor and cannabis board may adopt.
- 39 (d) Witnesses must be allowed fees and mileage each way to and 40 from any inquiry, investigation, hearing, or proceeding at the rate

p. 16 HB 1098

authorized by RCW 34.05.446. Fees need not be paid in advance of appearance of witnesses to testify or to produce books, records, or other legal evidence.

- (e) In case of disobedience of any person to comply with the order of the state liquor and cannabis board or a subpoena issued by the state liquor and cannabis board, or any of its members, or administrative law judges, or on the refusal of a witness to testify to any matter regarding which he or she may be lawfully interrogated, the judge of the superior court of the county in which the person resides, on application of any member of the board or administrative law judge, compels obedience by contempt proceedings, as in the case of disobedience of the requirements of a subpoena issued from said court or a refusal to testify therein.
- (3) Upon receipt of notice of the suspension or cancellation of a license, the licensee must forthwith deliver up the license to the state liquor and cannabis board. Where the license has been suspended only, the state liquor and cannabis board must return the license to the licensee at the expiration or termination of the period of suspension. The state liquor and cannabis board must notify all other licensees in the county where the subject licensee has its premises of the suspension or cancellation of the license; and no other licensee or employee of another licensee may allow or cause any marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products to be delivered to or for any person at the premises of the subject licensee.
- (4) Every license issued under this chapter is subject to all conditions and restrictions imposed by this chapter or by rules adopted by the state liquor and cannabis board to implement and enforce this chapter. All conditions and restrictions imposed by the state liquor and cannabis board in the issuance of an individual license must be listed on the face of the individual license along with the trade name, address, and expiration date.
- (5) Every licensee must post and keep posted its license, or licenses, in a conspicuous place on the premises.
- 35 (6) No licensee may employ any person under the age of twenty-one years.
 - (7)(a) Before the state liquor and cannabis board issues a new or renewed license to an applicant it must give notice of the application to the chief executive officer of the incorporated city or town, if the application is for a license within an incorporated

p. 17 HB 1098

1 city or town, or to the county legislative authority, if the 2 application is for a license outside the boundaries of incorporated 3 cities or towns.

- (b) The incorporated city or town through the official or employee selected by it, or the county legislative authority or the official or employee selected by it, has the right to file with the state liquor and cannabis board within twenty days after the date of transmittal of the notice for applications, or at least thirty days prior to the expiration date for renewals, written objections against the applicant or against the premises for which the new or renewed license is asked. The state liquor and cannabis board may extend the time period for submitting written objections.
- (c) The written objections must include a statement of all facts upon which the objections are based, and in case written objections are filed, the city or town or county legislative authority may request, and the state liquor and cannabis board may in its discretion hold, a hearing subject to the applicable provisions of Title 34 RCW. If the state liquor and cannabis board makes an initial decision to deny a license or renewal based on the written objections of an incorporated city or town or county legislative authority, the applicant may request a hearing subject to the applicable provisions of Title 34 RCW. If a hearing is held at the request of the applicant, state liquor and cannabis board representatives must present and defend the state liquor and cannabis board's initial decision to deny a license or renewal.
- (d) Upon the granting of a license under this title the state liquor and cannabis board must send written notification to the chief executive officer of the incorporated city or town in which the license is granted, or to the county legislative authority if the license is granted outside the boundaries of incorporated cities or towns.
- (8)(a) Except as provided in (b) through (d) of this subsection, the state liquor and cannabis board may not issue a license for any premises within one thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older.
- (b) A city, county, or town may permit the licensing of premises within one thousand feet but not less than one hundred feet of the

p. 18 HB 1098

facilities described in (a) of this subsection, except elementary schools, secondary schools, and playgrounds, by enacting an ordinance authorizing such distance reduction, provided that such distance reduction will not negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement interests, public safety, or public health.

- (c) A city, county, or town may permit the licensing of research premises allowed under RCW 69.50.372 within one thousand feet but not less than one hundred feet of the facilities described in (a) of this subsection by enacting an ordinance authorizing such distance reduction, provided that the ordinance will not negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement, public safety, or public health.
- (d) The state liquor and cannabis board may license premises located in compliance with the distance requirements set in an ordinance adopted under (b) or (c) of this subsection. Before issuing or renewing a research license for premises within one thousand feet but not less than one hundred feet of an elementary school, secondary school, or playground in compliance with an ordinance passed pursuant to (c) of this subsection, the board must ensure that the facility:
- 21 (i) Meets a security standard exceeding that which applies to 22 marijuana producer, processor, or retailer licensees;
- 23 (ii) Is inaccessible to the public and no part of the operation 24 of the facility is in view of the general public; and
 - (iii) Bears no advertising or signage indicating that it is a marijuana research facility.
 - (9) Subject to section 1601 of this act, a city, town, or county may adopt an ordinance prohibiting a marijuana producer or marijuana processor from operating or locating a business within areas zoned primarily for residential use or rural use with a minimum lot size of five acres or smaller.
 - of any license, the state liquor and cannabis board must give substantial weight to objections from an incorporated city or town or county legislative authority based upon chronic illegal activity associated with the applicant's operations of the premises proposed to be licensed or the applicant's operation of any other licensed premises, or the conduct of the applicant's patrons inside or outside the licensed premises. "Chronic illegal activity" means (a) a pervasive pattern of activity that threatens the public health,

p. 19 HB 1098

1 safety, and welfare of the city, town, or county including, but not limited to, open container violations, assaults, disturbances, 2 disorderly conduct, or other criminal law violations, or 3 documented in crime statistics, police reports, emergency medical 4 response data, calls for service, field data, or similar records of a 5 6 law enforcement agency for the city, town, county, or any other 7 municipal corporation or any state agency; or (b) an unreasonably high number of citations for violations of RCW 46.61.502 associated 8 with the applicant's or licensee's operation of any licensed premises 9 as indicated by the reported statements given to law enforcement upon 10 11 arrest.

12 **Sec. 6.** RCW 69.50.342 and 2015 2nd sp.s. c 4 s 1601 are each 13 amended to read as follows:

14 15

16

17

18

19 20

21

22

2324

25

2627

28

2930

31

32

33

34

- (1) For the purpose of carrying into effect the provisions of chapter 3, Laws of 2013 according to their true intent or of supplying any deficiency therein, the state liquor and cannabis board may adopt rules not inconsistent with the spirit of chapter 3, Laws of 2013 as are deemed necessary or advisable. Without limiting the generality of the preceding sentence, the state liquor and cannabis board is empowered to adopt rules regarding the following:
- (a) The equipment and management of retail outlets and premises where marijuana is produced or processed, and inspection of the retail outlets and premises where marijuana is produced or processed;
- (b) The books and records to be created and maintained by licensees, the reports to be made thereon to the state liquor and cannabis board, and inspection of the books and records;
- (c) Methods of producing, processing, and packaging marijuana, useable marijuana, marijuana concentrates, ((and)) marijuana-infused products, and marijuana plants and seeds; conditions of sanitation; safe handling requirements; approved pesticides and pesticide testing requirements; and standards of ingredients, quality, and identity of marijuana, useable marijuana, marijuana concentrates, ((and)) marijuana-infused products, and marijuana plants and seeds produced, processed, packaged, or sold by licensees;
- 35 (d) Security requirements for retail outlets and premises where 36 marijuana is produced or processed, and safety protocols for 37 licensees and their employees;
- 38 (e) Screening, hiring, training, and supervising employees of 39 licensees;

p. 20 HB 1098

(f) Retail outlet locations and hours of operation;

1

2

4

5 6

7

8

9

10 11

12

13

14

15 16

17

18

19

2021

22

23

2425

2627

28

29

30 31

32

33

34

35

36

37

3839

- (g) Labeling requirements and restrictions on advertisement of marijuana, useable marijuana, marijuana concentrates, cannabis health and beauty aids, ((and)) marijuana-infused products, and marijuana plants and seeds for sale in retail outlets;
- (h) Forms to be used for purposes of this chapter and chapter 69.51A RCW or the rules adopted to implement and enforce these chapters, the terms and conditions to be contained in licenses issued under this chapter and chapter 69.51A RCW, and the qualifications for receiving a license issued under this chapter and chapter 69.51A RCW, including a criminal history record information check. The state liquor and cannabis board may submit any criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the The state liquor and cannabis board must fingerprinting of any applicant whose criminal history record the federal information check is submitted to bureau of investigation;
 - (i) Application, reinstatement, and renewal fees for licenses issued under this chapter and chapter 69.51A RCW, and fees for anything done or permitted to be done under the rules adopted to implement and enforce this chapter and chapter 69.51A RCW;
 - (j) The manner of giving and serving notices required by this chapter and chapter 69.51A RCW or rules adopted to implement or enforce these chapters;
 - (k) Times and periods when, and the manner, methods, and means by which, licensees transport and deliver marijuana, marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds within the state;
 - (1) Identification, seizure, confiscation, destruction, or donation to law enforcement for training purposes of all marijuana, marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds produced, processed, sold, or offered for sale within this state which do not conform in all respects to the standards prescribed by this chapter or chapter 69.51A RCW or the rules adopted to implement and enforce these chapters.

p. 21 HB 1098

- 1 (2) Rules adopted on retail outlets holding medical marijuana 2 endorsements must be adopted in coordination and consultation with 3 the department.
 - Sec. 7. RCW 69.50.345 and 2015 c 70 s 8 are each amended to read as follows:

6

7

8

10 11

12

13

14 15

16

17

18

19 20

21

22

2324

25

2627

28

2930

31

32

33

34

35

36

3738

39

The state liquor and cannabis board, subject to the provisions of this chapter, must adopt rules that establish the procedures and criteria necessary to implement the following:

- (1) Licensing of marijuana producers, marijuana processors, and marijuana retailers, including prescribing forms and establishing application, reinstatement, and renewal fees.
- (a) Application forms for marijuana producers must request the applicant to state whether the applicant intends to produce marijuana and marijuana plants and seeds for sale by marijuana retailers holding medical marijuana endorsements and the amount of or percentage of canopy the applicant intends to commit to growing plants determined by the department under RCW 69.50.375 to be of a THC concentration, CBD concentration, or THC to CBD ratio appropriate for marijuana concentrates, useable marijuana, $((\Theta \pm))$ marijuana-infused products, or marijuana plants and seeds sold to qualifying patients.
- (b) The state liquor and cannabis board must reconsider and increase limits on the amount of square feet permitted to be in production on July 24, 2015, and increase the percentage production space for those marijuana producers who intend to grow plants for marijuana retailers holding medical marijuana endorsements if the marijuana producer designates the increased production space to plants determined by the department under RCW 69.50.375 to be of a THC concentration, CBD concentration, or THC to CBD ratio appropriate for marijuana concentrates, useable marijuana, ((or)) marijuanainfused products, or marijuana plants and seeds to be sold to qualifying patients. If current marijuana producers do not use all the increased production space, the state liquor and cannabis board may reopen the license period for new marijuana producer license applicants but only to those marijuana producers who agree to grow for marijuana retailers holding medical endorsements. Priority in licensing must be given to marijuana producer license applicants who have an application pending on July 24, 2015, but who are not yet licensed and then to new marijuana

p. 22 HB 1098

- producer license applicants. After January 1, 2017, any reconsideration of the limits on the amount of square feet permitted to be in production to meet the medical needs of qualifying patients must consider information contained in the medical marijuana authorization database established in RCW 69.51A.230;
 - (2) Determining, in consultation with the office of financial management, the maximum number of retail outlets that may be licensed in each county, taking into consideration:
 - (a) Population distribution;

- (b) Security and safety issues;
- (c) The provision of adequate access to licensed sources of marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds to discourage purchases from the illegal market; and
- (d) The number of retail outlets holding medical marijuana endorsements necessary to meet the medical needs of qualifying patients. The state liquor and cannabis board must reconsider and increase the maximum number of retail outlets it established before July 24, 2015, and allow for a new license application period and a greater number of retail outlets to be permitted in order to accommodate the medical needs of qualifying patients and designated providers. After January 1, 2017, any reconsideration of the maximum number of retail outlets needed to meet the medical needs of qualifying patients must consider information contained in the medical marijuana authorization database established in RCW 69.51A.230;
- (3) Determining the maximum quantity of marijuana a marijuana producer may have on the premises of a licensed location at any time without violating Washington state law;
- (4) Determining the maximum quantities of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products a marijuana processor may have on the premises of a licensed location at any time without violating Washington state law;
- (5) Determining the maximum quantities of marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and for marijuana retailers with a medical marijuana endorsement, marijuana plants and seeds that a marijuana retailer may have on the premises of a retail outlet at any time without violating Washington state law;

p. 23 HB 1098

- 1 (6) In making the determinations required by this section, the 2 state liquor and cannabis board shall take into consideration:
 - (a) Security and safety issues;

26

27

2829

30 31

32

33

34

3536

37

38 39

40

- 4 (b) The provision of adequate access to licensed sources of 5 marijuana, marijuana concentrates, useable marijuana, ((and)) 6 marijuana-infused products, and marijuana plants and seeds to discourage purchases from the illegal market; and
- 8 (c) Economies of scale, and their impact on licensees' ability to 9 both comply with regulatory requirements and undercut illegal market 10 prices;
- 11 (7) Determining the nature, form, and capacity of all containers 12 to be used by licensees to contain marijuana, marijuana concentrates, 13 useable marijuana, ((and)) marijuana-infused products, marijuana 14 plants and seeds intended for sale to qualifying patients and 15 designated providers, and their labeling requirements, to include but 16 not be limited to:
- 17 (a) The business or trade name and Washington state unified 18 business identifier number of the licensees that processed and sold 19 the marijuana, marijuana concentrates, useable marijuana, or 20 marijuana-infused product;
- 21 (b) Lot numbers of the marijuana, marijuana concentrates, useable 22 marijuana, or marijuana-infused product;
- (c) THC concentration and CBD concentration of the marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product;
 - (d) Medically and scientifically accurate information about the health and safety risks posed by marijuana use; and
 - (e) Language required by RCW 69.04.480;
 - (8) In consultation with the department of agriculture and the department, establishing classes of marijuana, marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds intended for sale to qualifying patients and designated providers according to grade, condition, cannabinoid profile, THC concentration, CBD concentration, or other qualitative measurements deemed appropriate by the state liquor and cannabis board;
 - (9) Establishing reasonable time, place, and manner restrictions and requirements regarding advertising of <u>marijuana plants and seeds</u> intended for sale to qualifying patients age eighteen and over and <u>designated providers</u>, marijuana, marijuana concentrates, useable

p. 24 HB 1098

- marijuana, and marijuana-infused products that are not inconsistent with the provisions of this chapter, taking into consideration:
- (a) Federal laws relating to marijuana that are applicable within Washington state;
 - (b) Minimizing exposure of people under twenty-one years of age to the advertising;
 - (c) The inclusion of medically and scientifically accurate information about the health and safety risks posed by marijuana use in the advertising; and
- 10 (d) Ensuring that retail outlets with medical marijuana 11 endorsements may advertise themselves as medical retail outlets;
 - (10) Specifying and regulating the time and periods when, and the manner, methods, and means by which, licensees shall transport and deliver marijuana, marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds within the state;
- 17 (11) In consultation with the department and the department of agriculture((τ)):
 - (a) Establishing accreditation requirements for testing laboratories used by licensees to demonstrate compliance with standards adopted by the state liquor and cannabis board((τ)); and
 - (b) Prescribing:

- (i) Methods of producing, processing, and packaging marijuana, marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds;
 - (ii) Conditions of sanitation; and
 - (iii) Standards of ingredients, quality, and identity of marijuana, marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds produced, processed, packaged, or sold by licensees;
 - (12) Specifying procedures for identifying, seizing, confiscating, destroying, and donating to law enforcement for training purposes all marijuana, marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and marijuana plants and seeds produced, processed, packaged, labeled, or offered for sale in this state that do not conform in all respects to the standards prescribed by this chapter or the rules of the state liquor and cannabis board.

p. 25 HB 1098

Sec. 8. RCW 69.50.348 and 2013 c 3 s 11 are each amended to read as follows:

3

4

5 6

7

8

9

10 11

12

1314

15

16 17

18

19

27

28

2930

31

32

33

3435

3637

- (1) On a schedule determined by the state liquor ((control)) and cannabis board, every licensed marijuana producer and processor must submit representative samples of marijuana, useable marijuana, or marijuana-infused products produced or processed by the licensee to independent, third-party testing laboratory meeting an the accreditation requirements established by the state ((control)) and cannabis board, for inspection and testing to certify compliance with standards adopted by the state liquor ((control)) and cannabis board. Any sample remaining after testing shall be destroyed by the laboratory or returned to the licensee.
- (2) Licensees must submit the results of this inspection and testing to the state liquor ((control)) and cannabis board on a form developed by the state liquor ((control)) and cannabis board.
- (3) If a representative sample inspected and tested under this section does not meet the applicable standards adopted by the state liquor ((control)) and cannabis board, the entire lot from which the sample was taken must be destroyed.
- 20 <u>(4) The state liquor and cannabis board may require</u>
 21 representative samples of marijuana plants and seeds produced by a
 22 marijuana producer to undergo the same, similar, or different testing
 23 as is required pursuant to this section for marijuana, useable
 24 marijuana, or marijuana-infused products.
- 25 **Sec. 9.** RCW 69.50.351 and 2013 c 3 s 12 are each amended to read as follows:

Except as provided by chapter 42.52 RCW, no member of the state liquor ((control)) and cannabis board and no employee of the state liquor ((control)) and cannabis board shall have any interest, directly or indirectly, in the producing, processing, or sale of marijuana, useable marijuana, ((ox)) marijuana-infused products, or marijuana plants and seeds, or derive any profit or remuneration from the sale of marijuana, useable marijuana, ((ox)) marijuana-infused products, or marijuana plants and seeds other than the salary or wages payable to him or her in respect of his or her office or position, and shall receive no gratuity from any person in connection with the business.

p. 26 HB 1098

Sec. 10. RCW 69.50.354 and 2015 c 70 s 9 are each amended to 2 read as follows:

There may be licensed, in no greater number in each of the counties of the state than as the state liquor and cannabis board shall deem advisable, retail outlets established for the purpose of making marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and for medical marijuana retailers with a medical marijuana endorsement, marijuana plants and seeds available for sale to adults aged twenty-one and over. Retail sale of marijuana concentrates, useable marijuana, ((and)) marijuana-infused products, and for medical marijuana retailers with a medical marijuana endorsement, marijuana plants and seeds, in accordance with the provisions of this chapter and the rules adopted to implement and enforce it, by a validly licensed marijuana retailer or retail outlet employee, shall not be a criminal or civil offense under Washington state law.

Sec. 11. RCW 69.50.357 and 2016 c 171 s 1 are each amended to 18 read as follows:

- (1) Retail outlets may not sell products or services other than marijuana concentrates, useable marijuana, marijuana-infused products, for retail outlets with a medical marijuana endorsement marijuana plants and seeds, or paraphernalia intended for the storage or use of marijuana concentrates, useable marijuana, $((\Theta r))$ marijuana-infused products, or marijuana plants and seeds.
- (2) Licensed marijuana retailers may not employ persons under twenty-one years of age or allow persons under twenty-one years of age to enter or remain on the premises of a retail outlet. However, qualifying patients between eighteen and twenty-one years of age with a recognition card may enter and remain on the premises of a retail outlet holding a medical marijuana endorsement and may purchase products for their personal medical use. Qualifying patients who are under the age of eighteen with a recognition card and who accompany their designated providers may enter and remain on the premises of a retail outlet holding a medical marijuana endorsement, but may not purchase products for their personal medical use.
- (3)(a) Licensed marijuana retailers must ensure that all employees are trained on the rules adopted to implement this chapter, identification of persons under the age of twenty-one, and other requirements adopted by the state liquor and cannabis board to ensure

p. 27 HB 1098

that persons under the age of twenty-one are not permitted to enter or remain on the premises of a retail outlet.

1

2

3

4

5 6

7

8

9

10

11 12

13

14

15

1617

18 19

2021

22

23

2425

26

27

28 29

30 31

32

33

34

3536

37

3839

- Licensed marijuana retailers with a medical marijuana endorsement must ensure that all employees are trained on the subjects required by (a) of this subsection as well as identification of authorizations and recognition cards. Employees must also be trained to permit qualifying patients who hold recognition cards and are between the ages of eighteen and twenty-one to enter the premises and purchase marijuana for their personal medical use and to permit qualifying patients who are under the age of eighteen with a recognition card to enter the premises if accompanied by their designated providers. Employees must further be trained to permit qualifying patients age eighteen or over or designated providers with a recognition card or authorization issued pursuant to chapter 69.51A RCW to enter the premises and make orders for future purchases of marijuana plants and seeds, and make purchases of marijuana plants and seeds, in accordance with RCW 69.50.375, for their personal medical use.
- (4) Licensed marijuana retailers may not display any signage outside of the licensed premises, other than two signs identifying the retail outlet by the licensee's business or trade name. Each sign must be no larger than one thousand six hundred square inches, be permanently affixed to a building or other structure, and be posted not less than one thousand feet from any elementary school, secondary school, or playground.
- (5) (a) Except as provided in (b) of this subsection and for the purposes of disposal as authorized by the <u>state liquor and cannabis</u> board, no licensed marijuana retailer or employee of a retail outlet may open or consume, or allow to be opened or consumed, any marijuana concentrates, useable marijuana, $((\Theta_{\mathbf{r}}))$ marijuana-infused product, or <u>marijuana plants and seeds</u> on the outlet premises.
- (b) A marijuana retailer with a medical marijuana endorsement may open a package or container that holds a marijuana plant or seeds on the outlet premises in accordance with rules adopted by the state liquor and cannabis board.
- (6) The state liquor and cannabis board must fine a licensee one thousand dollars for each violation of any subsection of this section. Fines collected under this section must be deposited into the dedicated marijuana account created under RCW 69.50.530.

p. 28 HB 1098

1 Sec. 12. RCW 69.50.360 and 2015 c 207 s 6 and 2015 c 70 s 13 are each reenacted and amended to read as follows:

The following acts, when performed by a validly licensed marijuana retailer or employee of a validly licensed retail outlet in compliance with rules adopted by the state liquor and cannabis board to implement and enforce chapter 3, Laws of 2013, do not constitute criminal or civil offenses under Washington state law:

- (1)(a) Purchase and receipt of marijuana concentrates, useable marijuana, or marijuana-infused products that have been properly packaged and labeled from a marijuana processor validly licensed under this chapter; and
- (b) If the retail outlet holds a medical marijuana endorsement, purchase and receipt of marijuana plants and seeds produced by a marijuana producer validly licensed under this chapter and in accordance with state liquor and cannabis board rules;
 - (2) Possession of quantities of marijuana concentrates, useable marijuana, $((\Theta r))$ marijuana-infused products, or if the retail outlet holds a medical marijuana endorsement, marijuana plants and seeds, that do not exceed the maximum amounts established by the state liquor and cannabis board under RCW 69.50.345(5);
 - (3) Delivery, distribution, and sale, on the premises of the retail outlet, of any combination of the following amounts of marijuana concentrates, useable marijuana, or marijuana-infused product to any person twenty-one years of age or older:
 - (a) One ounce of useable marijuana;

3

4

5 6

7

8

9

10 11

12

13

14

15 16

17

18 19

2021

22

2324

25

26

29

40

- (b) Sixteen ounces of marijuana-infused product in solid form;
- 27 (c) Seventy-two ounces of marijuana-infused product in liquid 28 form; or
 - (d) Seven grams of marijuana concentrate; ((and))
- 30 (4) Delivery, distribution, and sale, on the premises of a retail
 31 outlet with a medical marijuana endorsement, to a qualifying patient
 32 age eighteen or over or a designated provider with a valid
 33 recognition card or authorization who submitted an order for the
 34 future purchase of marijuana plants or seeds in accordance with RCW
 35 69.50.375, of any combination of the following amounts of marijuana
 36 plants and seeds:
- 37 <u>(a) The amount of marijuana plants the qualifying patient or</u> 38 <u>designated provider is authorized to possess and grow pursuant to RCW</u> 39 69.51A.210; and
 - (b) An unlimited number of marijuana seeds; and

p. 29 HB 1098

- (5)(a) Purchase and receipt of marijuana concentrates, useable marijuana, or marijuana-infused products that have been properly packaged and labeled from a federally recognized Indian tribe as permitted under an agreement between the state and the tribe entered into under RCW 43.06.490.
- (b) Purchase and receipt of marijuana plants and seeds that have been properly packaged and labeled from a federally recognized Indian tribe as permitted under an agreement between the state and tribe entered into under RCW 43.06.490.
- **Sec. 13.** RCW 43.06.490 and 2015 c 207 s 2 are each amended to 11 read as follows:
 - (1) The governor may enter into agreements with federally recognized Indian tribes concerning marijuana. Marijuana agreements may address any marijuana-related issue that involves both state and tribal interests or otherwise has an impact on tribal-state relations. Such agreements may include, but are not limited to, the following provisions and subject matter:
 - (a) Criminal and civil law enforcement;

- (b) Regulatory issues related to the commercial production, processing, sale, and possession of marijuana, and processed marijuana products, for both recreational and medical purposes;
 - (c) Medical and pharmaceutical research involving marijuana;
 - (d) Taxation in accordance with subsection (2) of this section;
- (e) Any tribal immunities or preemption of state law regarding the production, processing, or marketing of marijuana; and
- 26 (f) Dispute resolution, including the use of mediation or other 27 nonjudicial process.
 - (2)(a) Each marijuana agreement adopted under this section must provide for a tribal marijuana tax that is at least one hundred percent of the state marijuana excise tax imposed under RCW 69.50.535 and state and local sales and use taxes on sales of marijuana. Marijuana agreements apply to sales in which tribes, tribal enterprises, or tribal member-owned businesses (i) deliver or cause delivery to be made to or receive delivery from a marijuana producer, processor, or retailer licensed under chapter 69.50 RCW or (ii) physically transfer possession of the marijuana from the seller to the buyer within Indian country.
- 38 (b) The tribe may allow an exemption from tax for sales to the 39 tribe, tribal enterprises, tribal member-owned businesses, or tribal

p. 30 HB 1098

- 1 $members((\frac{1}{1}))_{\perp}$ on marijuana grown, produced, or processed within its 2 Indian country, or for activities to the extent they are exempt under state or federal law from the state marijuana excise tax imposed 3 under RCW 69.50.535 or state and local sales or use taxes on sales of 4 marijuana. Medical marijuana products used in the course of medical 5 6 treatments by a clinic, hospital, or similar facility owned and 7 operated by a federally recognized Indian tribe within its Indian country may be exempted from tax under the terms of an agreement 8 9 entered into under this section.
- 10 (3) Any marijuana agreement relating to the production, 11 processing, and sale of marijuana in Indian country, whether for 12 recreational or medical purposes, must address the following issues:
 - (a) Preservation of public health and safety;
 - (b) Ensuring the security of production, processing, retail, and research facilities; and
 - (c) Cross-border commerce in marijuana.
- 17 (4) The governor may delegate the power to negotiate marijuana agreements to the state liquor ((control)) and cannabis board. In conducting such negotiations, the state liquor ((control)) and cannabis board must, when necessary, consult with the governor and/or the department of revenue.
- 22 (5) The definitions in this subsection apply throughout this 23 section unless the context clearly requires otherwise.
 - (a) "Indian country" has the same meaning as in RCW 82.24.010.
- (b) "Indian tribe" or "tribe" means a federally recognized Indian tribe located within the geographical boundaries of the state of Washington.
- (c) "Marijuana" means "marijuana," "marijuana concentrates,"
 marijuana-infused products," ((and)) "useable marijuana," and
 <u>"plant"</u> as those terms are defined in RCW 69.50.101.
- 31 **Sec. 14.** RCW 69.50.366 and 2015 c 207 s 8 are each amended to 32 read as follows:
- The following acts, when performed by a validly licensed marijuana producer or employee of a validly licensed marijuana producer in compliance with rules adopted by the state liquor ((control)) and cannabis board to implement and enforce chapter 3, Laws of 2013, do not constitute criminal or civil offenses under

38 Washington state law:

1314

15 16

24

p. 31 HB 1098

(1) Production or possession of quantities of marijuana that do not exceed the maximum amounts established by the state liquor ((control)) and cannabis board under RCW 69.50.345(3);

1

2

3

4

5

7

8

9

10

17

18 19

20

21

28

- (2) Delivery, distribution, and sale of marijuana to a marijuana processor or another marijuana producer validly licensed under chapter 3, Laws of 2013; ((and))
- (3) Delivery, distribution, and sale of marijuana or useable marijuana to a federally recognized Indian tribe as permitted under an agreement between the state and the tribe entered into under RCW 43.06.490; and
- (4) Production, possession, delivery, distribution, and sale of marijuana plants and seeds to marijuana retailers with a medical marijuana endorsement, subject to rules adopted by the state liquor and cannabis board.
- 15 **Sec. 15.** RCW 69.50.369 and 2015 2nd sp.s. c 4 s 204 are each 16 amended to read as follows:
 - (1) No licensed marijuana producer, processor, researcher, or retailer may place or maintain, or cause to be placed or maintained, an advertisement of marijuana, useable marijuana, marijuana concentrates, ((0+)) a marijuana-infused product, or marijuana plants and seeds in any form or through any medium whatsoever:
- (a) Within one thousand feet of the perimeter of a school grounds, playground, recreation center or facility, child care center, public park, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older;
- 26 (b) On or in a public transit vehicle or public transit shelter; 27 or
 - (c) On or in a publicly owned or operated property.
- 29 (2) Merchandising within a retail outlet is not advertising for 30 the purposes of this section.
- 31 (3) This section does not apply to a noncommercial message.
- 32 (4) The state liquor and cannabis board must fine a licensee one 33 thousand dollars for each violation of subsection (1) of this 34 section. Fines collected under this subsection must be deposited into 35 the dedicated marijuana account created under RCW 69.50.530.
- 36 **Sec. 16.** RCW 69.50.378 and 2015 c 70 s 11 are each amended to read as follows:

p. 32 HB 1098

- 1 (1) A marijuana retailer or a marijuana retailer holding a 2 medical marijuana endorsement may sell products with a THC 3 concentration of 0.3 percent or less. Marijuana retailers holding a 4 medical marijuana endorsement may also provide these products at no 5 charge to qualifying patients or designated providers.
- 6 (2) Marijuana retailers holding a medical marijuana endorsement
 7 may provide marijuana plants and seeds, in accordance with RCW
 8 69.50.375, at no charge to qualifying patients age eighteen or over
 9 and designated providers.
- 10 **Sec. 17.** RCW 69.50.380 and 2015 2nd sp.s. c 4 s 211 are each 11 amended to read as follows:

14 15

16

17

18

27

32

3334

35

36

37

38

- (1) Marijuana producers, processors, and retailers are prohibited from making sales of any marijuana or marijuana product, if the sale of the marijuana or marijuana product is conditioned upon the buyer's purchase of any service or nonmarijuana product. This subsection applies whether the buyer purchases such service or nonmarijuana product at the time of sale of the marijuana or marijuana product, or in a separate transaction.
- 19 (2) The definitions in this subsection apply throughout this 20 section unless the context clearly requires otherwise.
- 21 (a) "Marijuana product" means "useable marijuana," "marijuana 22 concentrates," ((and)) "marijuana-infused products," and "plant" as 23 those terms are defined in RCW 69.50.101.
- (b) "Nonmarijuana product" includes paraphernalia, promotional items, lighters, bags, boxes, containers, and such other items as may be identified by the state liquor and cannabis board.
 - (c) "Selling price" has the same meaning as in RCW 69.50.535.
- 28 (d) "Service" includes memberships and any other services 29 identified by the state liquor and cannabis board.
- 30 **Sec. 18.** RCW 69.50.382 and 2015 2nd sp.s. c 4 s 501 are each 31 amended to read as follows:
 - (1) A licensed marijuana producer, marijuana processor, marijuana researcher, or marijuana retailer, or their employees, in accordance with the requirements of this chapter and the administrative rules adopted thereunder, may use the services of a common carrier subject to regulation under chapters 81.28 and 81.29 RCW and licensed in compliance with the regulations established under RCW 69.50.385, to physically transport or deliver marijuana, useable marijuana,

p. 33 HB 1098

1 marijuana concentrates, ((and)) marijuana-infused products, and
2 marijuana plants and seeds between licensed marijuana businesses
3 located within the state.

4

5 6

7

8

9

10 11

12

16

17

18

19 20

21

22

23

2425

26

2728

36

- (2) An employee of a common carrier engaged in marijuana-related transportation or delivery services authorized under subsection (1) of this section is prohibited from carrying or using a firearm during the course of providing such services, unless:
- (a) Pursuant to RCW 69.50.385, the state liquor and cannabis board explicitly authorizes the carrying or use of firearms by such employee while engaged in the transportation or delivery services;
- (b) The employee has an armed private security guard license issued pursuant to RCW 18.170.040; and
- 13 (c) The employee is in full compliance with the regulations 14 established by the state liquor and cannabis board under RCW 15 69.50.385.
 - (3) A common carrier licensed under RCW 69.50.385 may, for the purpose of transporting and delivering marijuana, useable marijuana, marijuana concentrates, ((and)) marijuana-infused products, and marijuana plants and seeds, utilize Washington state ferry routes for such transportation and delivery.
 - (4) The possession of marijuana, useable marijuana, marijuana concentrates, ((and)) marijuana-infused products, and marijuana plants and seeds being physically transported or delivered within the state, in amounts not exceeding those that may be established under RCW 69.50.385(3), by a licensed employee of a common carrier when performing the duties authorized under, and in accordance with, this section and RCW 69.50.385, is not a violation of this section, this chapter, or any other provision of Washington state law.
- 29 **Sec. 19.** RCW 69.50.385 and 2015 2nd sp.s. c 4 s 502 are each 30 amended to read as follows:
- 31 (1) The state liquor and cannabis board must adopt rules 32 providing for an annual licensing procedure of a common carrier who 33 seeks to transport or deliver marijuana, useable marijuana, marijuana 34 concentrates, ((and)) marijuana-infused products, and marijuana 35 plants and seeds within the state.
 - (2) The rules for licensing must:
- 37 (a) Establish criteria for considering the approval or denial of 38 a common carrier's original application or renewal application;

p. 34 HB 1098

(b) Provide minimum qualifications for any employee authorized to drive or operate the transportation or delivery vehicle, including a minimum age of at least twenty-one years;

- (c) Address the safety of the employees transporting or delivering the products, including issues relating to the carrying of firearms by such employees;
- (d) Address the security of the products being transported, including a system of electronically tracking all products at both the point of pickup and the point of delivery; and
- 10 (e) Set reasonable fees for the application and licensing 11 process.
- 12 (3) The state liquor and cannabis board may adopt rules
 13 establishing the maximum amounts of marijuana, useable marijuana,
 14 marijuana concentrates, ((and)) marijuana-infused products, and
 15 marijuana plants and seeds that may be physically transported or
 16 delivered at one time by a common carrier as provided under RCW
 17 69.50.382.
- **Sec. 20.** RCW 69.51A.030 and 2015 c 70 s 18 are each amended to 19 read as follows:
 - (1) The following acts do not constitute crimes under state law or unprofessional conduct under chapter 18.130 RCW, and a health care professional may not be arrested, searched, prosecuted, disciplined, or subject to other criminal sanctions or civil consequences or liability under state law, or have real or personal property searched, seized, or forfeited pursuant to state law, notwithstanding any other provision of law as long as the health care professional complies with subsection (2) of this section:
 - (a) Advising a patient about the risks and benefits of medical use of marijuana or that the patient may benefit from the medical use of marijuana; or
 - (b) Providing a patient or designated provider meeting the criteria established under RCW 69.51A.010 with an authorization, based upon the health care professional's assessment of the patient's medical history and current medical condition, if the health care professional has complied with this chapter and he or she determines within a professional standard of care or in the individual health care professional's medical judgment the qualifying patient may benefit from the medical use of marijuana.

p. 35 HB 1098

1 (2)(a) A health care professional may provide a qualifying 2 patient or that patient's designated provider with an authorization 3 for the medical use of marijuana in accordance with this section.

4

5

6 7

8

9

10 11

12

1314

19

2021

24

2526

27

28 29

30

34

3536

- (b) In order to authorize for the medical use of marijuana under(a) of this subsection, the health care professional must:
- (i) Have a documented relationship with the patient, as a principal care provider or a specialist, relating to the diagnosis and ongoing treatment or monitoring of the patient's terminal or debilitating medical condition;
 - (ii) Complete an in-person physical examination of the patient;
- (iii) Document the terminal or debilitating medical condition of the patient in the patient's medical record and that the patient may benefit from treatment of this condition or its symptoms with medical use of marijuana;
- 15 (iv) Inform the patient of other options for treating the 16 terminal or debilitating medical condition and documenting in the 17 patient's medical record that the patient has received this 18 information;
 - (v) Document in the patient's medical record other measures attempted to treat the terminal or debilitating medical condition that do not involve the medical use of marijuana; and
- (vi) Complete an authorization on forms developed by the department, in accordance with subsection (3) of this section.
 - (c) For a qualifying patient eighteen years of age or older, an authorization expires one year after its issuance. For a qualifying patient less than eighteen years of age, an authorization expires six months after its issuance. An authorization may be renewed upon completion of an in-person physical examination and compliance with the other requirements of (b) of this subsection.
 - (d) A health care professional shall not:
- 31 (i) Accept, solicit, or offer any form of pecuniary remuneration 32 from or to a marijuana retailer, marijuana processor, or marijuana 33 producer;
 - (ii) Offer a discount or any other thing of value to a qualifying patient who is a customer of, or agrees to be a customer of, a particular marijuana retailer;
- (iii) Examine or offer to examine a patient for purposes of diagnosing a terminal or debilitating medical condition at a location where marijuana is produced, processed, or sold;

p. 36 HB 1098

(iv) Have a business or practice which consists primarily of authorizing the medical use of marijuana or authorize the medical use of marijuana at any location other than his or her practice's permanent physical location;

- (v) Except as provided in RCW 69.51A.280, sell, or provide at no charge, marijuana concentrates, marijuana-infused products, $((\Theta r))$ useable marijuana, or marijuana plants and seeds to a qualifying patient or designated provider; or
- (vi) Hold an economic interest in an enterprise that produces, processes, or sells marijuana if the health care professional authorizes the medical use of marijuana.
 - (3) The department shall develop the form for the health care professional to use as an authorization for qualifying patients and designated providers. The form shall include the qualifying patient's or designated provider's name, address, and date of birth; the health care professional's name, address, and license number; the amount of marijuana recommended for the qualifying patient; a telephone number where the authorization can be verified during normal business hours; the dates of issuance and expiration; and a statement that an authorization does not provide protection from arrest unless the qualifying patient or designated provider is also entered in the medical marijuana authorization database and holds a recognition card.
 - (4) Until July 1, 2016, a health care professional who, within a single calendar month, authorizes the medical use of marijuana to more than thirty patients must report the number of authorizations issued.
 - (5) The appropriate health professions disciplining authority may inspect or request patient records to confirm compliance with this section. The health care professional must provide access to or produce documents, records, or other items that are within his or her possession or control within twenty-one calendar days of service of a request by the health professions disciplining authority. If the twenty-one calendar day limit results in a hardship upon the health care professional, he or she may request, for good cause, an extension not to exceed thirty additional calendar days. Failure to produce the documents, records, or other items shall result in citations and fines issued consistent with RCW 18.130.230. Failure to otherwise comply with the requirements of this section shall be

p. 37 HB 1098

1 considered unprofessional conduct and subject to sanctions under 2 chapter 18.130 RCW.

(6) After a health care professional authorizes a qualifying patient for the medical use of marijuana, he or she may discuss with the qualifying patient how to use marijuana and the types of products the qualifying patient should seek from a retail outlet.

Sec. 21. RCW 69.51A.040 and 2015 c 70 s 24 are each amended to 8 read as follows:

The medical use of marijuana in accordance with the terms and conditions of this chapter does not constitute a crime and a qualifying patient or designated provider in compliance with the terms and conditions of this chapter may not be arrested, prosecuted, or subject to other criminal sanctions or civil consequences for possession, manufacture, or delivery of, or for possession with intent to manufacture or deliver, marijuana under state law, or have real or personal property seized or forfeited for possession, manufacture, or delivery of, or for possession with intent to manufacture or deliver, marijuana under state law, and investigating law enforcement officers and agencies may not be held civilly liable for failure to seize marijuana in this circumstance, if:

(1)(a) The qualifying patient or designated provider has been entered into the medical marijuana authorization database and holds a valid recognition card and possesses no more than the amount of marijuana concentrates, useable marijuana, ((plants, or)) marijuana-infused products, or marijuana plants and seeds authorized under RCW 69.51A.210.

If a person is both a qualifying patient and a designated provider for another qualifying patient, the person may possess no more than twice the amounts described in RCW 69.51A.210 for the qualifying patient and designated provider, whether the ((plants,)) marijuana concentrates, useable marijuana, ((or)) marijuana-infused products, or marijuana plants and seeds are possessed individually or in combination between the qualifying patient and his or her designated provider;

- (b) The qualifying patient or designated provider presents his or her recognition card to any law enforcement officer who questions the patient or provider regarding his or her medical use of marijuana;
- (c) The qualifying patient or designated provider keeps a copy of his or her recognition card and the qualifying patient or designated

p. 38 HB 1098

- provider's contact information posted prominently next to any ((plants,)) marijuana concentrates, marijuana-infused products, ((or)) useable marijuana, or marijuana plants and seeds located at
- 5 (d) The investigating law enforcement officer does not possess 6 evidence that:

his or her residence;

4

19

20

21

22

2324

25

2627

- 7 (i) The designated provider has converted marijuana produced or 8 obtained for the qualifying patient for his or her own personal use 9 or benefit; or
- 10 (ii) The qualifying patient sold, donated, or supplied marijuana 11 to another person; and
- 12 (e) The designated provider has not served as a designated 13 provider to more than one qualifying patient within a fifteen-day 14 period; or
- 15 (2) The qualifying patient or designated provider participates in 16 a cooperative as provided in RCW 69.51A.250.
- 17 **Sec. 22.** RCW 69.51A.045 and 2015 c 70 s 29 are each amended to 18 read as follows:
 - (1) A qualifying patient or designated provider in possession of plants, marijuana concentrates, useable marijuana, ((ex)) marijuana-infused products, or marijuana plants and seeds exceeding the limits set forth in this chapter but otherwise in compliance with all other terms and conditions of this chapter may establish an affirmative defense to charges of violations of state law relating to marijuana through proof at trial, by a preponderance of the evidence, that the qualifying patient's necessary medical use exceeds the amounts set forth in RCW 69.51A.040.
- (2) An investigating law enforcement officer 28 seize may ((plants,)) marijuana concentrates, useable marijuana, 29 marijuana-infused products, or marijuana plants and seeds exceeding 30 the amounts set forth in this chapter. In the case of marijuana 31 plants and seeds, the qualifying patient or designated provider shall 32 be allowed to select the marijuana plants and seeds that will remain 33 at the location. The officer and his or her law enforcement agency 34 35 may not be held civilly liable for failure to seize marijuana in this 36 circumstance.
- 37 **Sec. 23.** RCW 69.51A.060 and 2015 c 70 s 31 are each amended to 38 read as follows:

p. 39 HB 1098

1 (1) It shall be a class 3 civil infraction to use or display 2 medical marijuana in a manner or place which is open to the view of 3 the general public.

- (2) Nothing in this chapter establishes a right of care as a covered benefit or requires any state purchased health care as defined in RCW 41.05.011 or other health carrier or health plan as defined in Title 48 RCW to be liable for any claim for reimbursement for the medical use of marijuana. Such entities may enact coverage or noncoverage criteria or related policies for payment or nonpayment of medical marijuana in their sole discretion.
- (3) Nothing in this chapter requires any health care professional to authorize the medical use of marijuana for a patient.
- (4) Nothing in this chapter requires any accommodation of any onsite medical use of marijuana in any place of employment, in any school bus or on any school grounds, in any youth center, in any correctional facility, or smoking marijuana in any public place or hotel or motel. However, a school may permit a minor who meets the requirements of RCW 69.51A.220 to consume marijuana on school grounds. Such use must be in accordance with school policy relating to medication use on school grounds.
- (5) Nothing in this chapter authorizes the possession or use of marijuana, marijuana concentrates, useable marijuana, $((\Theta r))$ marijuana-infused products, or marijuana plants and seeds on federal property.
- 25 (6) Nothing in this chapter authorizes the use of medical 26 marijuana by any person who is subject to the Washington code of 27 military justice in chapter 38.38 RCW.
 - (7) Employers may establish drug-free work policies. Nothing in this chapter requires an accommodation for the medical use of marijuana if an employer has a drug-free workplace.
 - (8) No person shall be entitled to claim the protection from arrest and prosecution under RCW 69.51A.040 or the affirmative defense under RCW 69.51A.043 for engaging in the medical use of marijuana in a way that endangers the health or well-being of any person through the use of a motorized vehicle on a street, road, or highway, including violations of RCW 46.61.502 or 46.61.504, or equivalent local ordinances.
- **Sec. 24.** RCW 69.51A.210 and 2015 c 70 s 19 are each amended to read as follows:

p. 40 HB 1098

As part of authorizing a qualifying patient or designated provider, the health care professional may include recommendations on the amount of marijuana that is likely needed by the qualifying patient for his or her medical needs and in accordance with this section.

1

2

3

4 5

6

7

8

9

10 11

12

13

14

15 16

17

18

19

2021

22

23

2425

26

2728

29

30 31

32

33

34

3536

3738

39

40

- (1)Ιf the health care professional does not include recommendations on the qualifying patient's or designated provider's authorization, the marijuana retailer with a medical marijuana endorsement, when adding the qualifying patient or designated provider to the medical marijuana authorization database, shall enter into the database that the qualifying patient or designated provider may purchase or obtain at a retail outlet holding a medical marijuana endorsement a combination of the following: Forty-eight ounces of marijuana-infused product in solid form; three ounces of useable marijuana; two hundred sixteen ounces of marijuana-infused product in liquid form; or twenty-one grams of marijuana concentrates. The qualifying patient or designated provider may also grow, in his or her domicile, up to six plants for the personal medical use of the qualifying patient and possess an unlimited number of marijuana seeds and up to eight ounces of useable marijuana produced from his or her plants. These amounts shall be specified on the recognition card that is issued to the qualifying patient or designated provider.
- (2) If the health care professional determines that the medical needs of a qualifying patient exceed the amounts provided for in subsection (1) of this section, the health care professional must specify on the authorization that it is recommended that the patient be allowed to grow, in his or her domicile, up to fifteen plants for the personal medical use of the patient. A patient so authorized may possess up to sixteen ounces of useable marijuana in his or her domicile. The number of plants must be entered into the medical marijuana authorization database by the marijuana retailer with a medical marijuana endorsement and specified on the recognition card that is issued to the qualifying patient or designated provider.
- (3) If a qualifying patient or designated provider with an authorization from a health care professional has not been entered into the medical marijuana authorization database, he or she may not receive a recognition card and may only purchase at a retail outlet, whether it holds a medical marijuana endorsement or not, the amounts established in RCW 69.50.360. In addition the qualifying patient or the designated provider may grow, in his or her domicile, up to four

p. 41 HB 1098

- 1 plants for the personal medical use of the qualifying patient and
- 2 possess an unlimited number of marijuana seeds and up to six ounces
- 3 of useable marijuana in his or her domicile.

19 20

21

2223

24

25

26 27

28

- 4 **Sec. 25.** RCW 69.51A.220 and 2015 c 70 s 20 are each amended to read as follows:
- 6 (1) Health care professionals may authorize the medical use of 7 marijuana for qualifying patients who are under the age of eighteen 8 if:
- 9 (a) The minor's parent or guardian participates in the minor's 10 treatment and agrees to the medical use of marijuana by the minor; 11 and
- 12 (b) The parent or guardian acts as the designated provider for 13 the minor and has sole control over the minor's marijuana.
- (2) The minor may not grow plants or purchase marijuana-infused products, useable marijuana, ((or)) marijuana concentrates, or marijuana plants and seeds from a marijuana retailer with a medical marijuana endorsement.
 - (3) Both the minor and the minor's parent or guardian who is acting as the designated provider must be entered in the medical marijuana authorization database and hold a recognition card.
 - (4) A health care professional who authorizes the medical use of marijuana by a minor must do so as part of the course of treatment of the minor's terminal or debilitating medical condition. If authorizing a minor for the medical use of marijuana, the health care professional must:
 - (a) Consult with other health care providers involved in the minor's treatment, as medically indicated, before authorization or reauthorization of the medical use of marijuana; and
- 29 (b) Reexamine the minor at least once every six months or more 30 frequently as medically indicated. The reexamination must:
- 31 (i) Determine that the minor continues to have a terminal or 32 debilitating medical condition and that the condition benefits from 33 the medical use of marijuana; and
- 34 (ii) Include a follow-up discussion with the minor's parent or 35 guardian to ensure the parent or guardian continues to participate in 36 the treatment of the minor.
- 37 **Sec. 26.** RCW 69.51A.230 and 2015 c 70 s 21 are each amended to 38 read as follows:

p. 42 HB 1098

(1) The department must contract with an entity to create, administer, and maintain a secure and confidential medical marijuana authorization database that, beginning July 1, 2016, allows:

- (a) A marijuana retailer with a medical marijuana endorsement to add a qualifying patient or designated provider and include the amount of marijuana concentrates, useable marijuana, marijuana-infused products, or <u>marijuana</u> plants for which the qualifying patient is authorized under RCW 69.51A.210;
- 9 (b) Persons authorized to prescribe or dispense controlled 10 substances to access health care information on their patients for 11 the purpose of providing medical or pharmaceutical care for their 12 patients;
 - (c) A qualifying patient or designated provider to request and receive his or her own health care information or information on any person or entity that has queried their name or information;
 - (d) Appropriate local, state, tribal, and federal law enforcement or prosecutorial officials who are engaged in a bona fide specific investigation of suspected marijuana-related activity that may be illegal under Washington state law to confirm the validity of the recognition card of a qualifying patient or designated provider;
 - (e) A marijuana retailer holding a medical marijuana endorsement to confirm the validity of the recognition card of a qualifying patient or designated provider;
- 24 (f) The department of revenue to verify tax exemptions under 25 chapters 82.08 and 82.12 RCW;
 - (g) The department and the health care professional's disciplining authorities to monitor authorizations and ensure compliance with this chapter and chapter 18.130 RCW by their licensees; and
 - (h) Authorizations to expire six months or one year after entry into the medical marijuana authorization database, depending on whether the authorization is for a minor or an adult.
 - (2) A qualifying patient and his or her designated provider, if any, may be placed in the medical marijuana authorization database at a marijuana retailer with a medical marijuana endorsement. After a qualifying patient or designated provider is placed in the medical marijuana authorization database, he or she must be provided with a recognition card that contains identifiers required in subsection (3) of this section.

p. 43 HB 1098

- 1 (3) The recognition card requirements must be developed by the 2 department in rule and include:
 - (a) A randomly generated and unique identifying number;

- (b) For designated providers, the unique identifying number of the qualifying patient whom the provider is assisting;
- (c) A photograph of the qualifying patient's or designated provider's face taken by an employee of the marijuana retailer with a medical marijuana endorsement at the same time that the qualifying patient or designated provider is being placed in the medical marijuana authorization database in accordance with rules adopted by the department;
- (d) The amount of marijuana concentrates, useable marijuana, marijuana-infused products, or plants for which the qualifying patient is authorized under RCW 69.51A.210;
- 15 (e) The effective date and expiration date of the recognition 16 card;
 - (f) The name of the health care professional who authorized the qualifying patient or designated provider; and
 - (g) For the recognition card, additional security features as necessary to ensure its validity.
 - (4) For qualifying patients who are eighteen years of age or older and their designated providers, recognition cards are valid for one year from the date the health care professional issued the authorization. For qualifying patients who are under the age of eighteen and their designated providers, recognition cards are valid for six months from the date the health care professional issued the authorization. Qualifying patients may not be reentered into the medical marijuana authorization database until they have been reexamined by a health care professional and determined to meet the definition of qualifying patient. After reexamination, a marijuana retailer with a medical marijuana endorsement must reenter the qualifying patient or designated provider into the medical marijuana authorization database and a new recognition card will then be issued in accordance with department rules.
 - (5) If a recognition card is lost or stolen, a marijuana retailer with a medical marijuana endorsement, in conjunction with the database administrator, may issue a new card that will be valid for six months to one year if the patient is reexamined by a health care professional and determined to meet the definition of qualifying patient and depending on whether the patient is under the age of

p. 44 HB 1098

eighteen or eighteen years of age or older as provided in subsection (4) of this section. If a reexamination is not performed, the expiration date of the replacement recognition card must be the same as the lost or stolen recognition card.

1

2

4

5 6

7

8

9

10 11

12

13

14

15 16

17

18 19

2021

22

23

2425

26

27

28

29

30 31

32

33

34

35

36

- (6) The database administrator must remove qualifying patients and designated providers from the medical marijuana authorization database upon expiration of the recognition card. Qualifying patients and designated providers may request to remove themselves from the medical marijuana authorization database before expiration of a recognition card and health care professionals may request to remove qualifying patients and designated providers from the medical marijuana authorization database if the patient or provider no longer medical use of marijuana. qualifies for the The administrator must retain database records for at least five calendar years to permit the state liquor and cannabis board and the department of revenue to verify eligibility for tax exemptions.
 - (7) During development of the medical marijuana authorization database, the database administrator must consult with the department, stakeholders, and persons with relevant expertise to include, but not be limited to, qualifying patients, designated providers, health care professionals, state and local law enforcement agencies, and the University of Washington computer science and engineering security and privacy research lab or a certified cybersecurity firm, vendor, or service.
- (8) The medical marijuana authorization database must meet the following requirements:
- (a) Any personally identifiable information included in the database must be nonreversible, pursuant to definitions and standards set forth by the national institute of standards and technology;
- (b) Any personally identifiable information included in the database must not be susceptible to linkage by use of data external to the database;
- (c) The database must incorporate current best differential privacy practices, allowing for maximum accuracy of database queries while minimizing the chances of identifying the personally identifiable information included therein; and
- 37 (d) The database must be upgradable and updated in a timely 38 fashion to keep current with state of the art privacy and security 39 standards and practices.

p. 45 HB 1098

(9)(a) Personally identifiable information of qualifying patients and designated providers included in the medical marijuana authorization database is confidential and exempt from public disclosure, inspection, or copying under chapter 42.56 RCW.

- (b) Information contained in the medical marijuana authorization database may be released in aggregate form, with all personally ((identifying [identifiable])) identifiable information redacted, for the purpose of statistical analysis and oversight of agency performance and actions.
- (c) Information contained in the medical marijuana authorization database shall not be shared with the federal government or its agents unless the particular (([qualifying])) qualifying patient or designated provider is convicted in state court for violating this chapter or chapter 69.50 RCW.
- (10)(a) The department must charge a one dollar fee for each initial and renewal recognition card issued by a marijuana retailer with a medical marijuana endorsement. The marijuana retailer with a medical marijuana endorsement shall collect the fee from the qualifying patient or designated provider at the time that he or she is entered into the database and issued a recognition card. The department shall establish a schedule for marijuana retailers with a medical marijuana endorsement to remit the fees collected. Fees collected under this subsection shall be deposited into the health professions account created under RCW 43.70.320.
- (b) By November 1, 2016, the department shall report to the the fiscal committees of governor and both the representatives and the senate regarding the cost of implementation and administration of the medical marijuana authorization database. The report must specify amounts from the health professions account used to finance the establishment and administration of the medical marijuana authorization database as well as estimates of the continuing costs associated with operating the medical marijuana (([authorization])) authorization database. The report must also provide initial enrollment figures in the medical marijuana authorization database and estimates of expected future enrollment.
- (11) If the database administrator fails to comply with this section, the department may cancel any contracts with the database administrator and contract with another database administrator to continue administration of the database. A database administrator who fails to comply with this section is subject to a fine of up to five

p. 46 HB 1098

- 1 thousand dollars in addition to any penalties established in the
- 2 contract. Fines collected under this section must be deposited into
- 3 the health professions account created under RCW 43.70.320.

7

8

9

11

12

13

14 15

16

17

18

19 20

21

2223

24

25

2627

28

2930

31

- (12) The department may adopt rules to implement this section.
- 5 **Sec. 27.** RCW 69.51A.250 and 2016 c 170 s 2 are each amended to 6 read as follows:
 - (1) Qualifying patients or designated providers may form a cooperative and share responsibility for acquiring and supplying the resources needed to produce and process marijuana only for the medical use of members of the cooperative. No more than four qualifying patients or designated providers may become members of a cooperative under this section and all members must hold valid recognition cards. All members of the cooperative must be at least twenty-one years old. The designated provider of a qualifying patient who is under twenty-one years old may be a member of a cooperative on the qualifying patient's behalf. All plants grown in the cooperative must be purchased or cloned from a plant purchased from a licensed marijuana producer as defined in RCW 69.50.101.
 - (2) Qualifying patients and designated providers who wish to form a cooperative must register the location with the state liquor and cannabis board and this is the only location where cooperative members may grow or process marijuana. This registration must include the names of all participating members and copies of each participant's recognition card. Only qualifying patients or designated providers registered with the state liquor and cannabis board in association with the location may participate in growing or receive useable marijuana or marijuana-infused products grown at that location.
 - (3) No cooperative may be located in any of the following areas:
 - (a) Within one mile of a marijuana retailer;
 - (b) Within the smaller of either:
- (i) One thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, library, or any game arcade that admission to which is not restricted to persons aged twenty-one years or older; or
- (ii) The area restricted by ordinance, if the cooperative is located in a city, county, or town that has passed an ordinance pursuant to RCW 69.50.331(8); or

p. 47 HB 1098

1 (c) Where prohibited by a city, town, or county zoning provision.

- (4) The state liquor and cannabis board must deny the registration of any cooperative if the location does not comply with the requirements set forth in subsection (3) of this section.
- (5) If a qualifying patient or designated provider no longer participates in growing at the location, he or she must notify the state liquor and cannabis board within fifteen days of the date the qualifying patient or designated provider ceases participation. The state liquor and cannabis board must remove his or her name from connection to the cooperative. Additional qualifying patients or designated providers may not join the cooperative until sixty days have passed since the date on which the last qualifying patient or designated provider notifies the state liquor and cannabis board that he or she no longer participates in that cooperative.
- 15 (6) Qualifying patients or designated providers who participate 16 in a cooperative under this section:
 - (a) May grow up to the total amount of plants for which each participating member is authorized on their recognition cards, up to a maximum of sixty plants. At the location, the qualifying patients or designated providers may possess an unlimited number of marijuana seeds and the amount of useable marijuana that can be produced with the number of plants permitted under this subsection, but no more than seventy-two ounces;
 - (b) May only participate in one cooperative;
 - (c) May only grow plants in the cooperative and if he or she grows plants in the cooperative may not grow plants elsewhere;
 - (d) Must provide assistance in growing plants. A monetary contribution or donation is not to be considered assistance under this section. Participants must provide nonmonetary resources and labor in order to participate; and
 - (e) May not sell, donate, or otherwise provide marijuana, marijuana concentrates, useable marijuana, ((or)) marijuana-infused products, or marijuana plants and seeds to a person who is not participating under this section.
 - (7) The location of the cooperative must be the domicile of one of the participants. Only one cooperative may be located per property tax parcel. A copy of each participant's recognition card must be kept at the location at all times.
- 39 (8) The state liquor and cannabis board may adopt rules to 40 implement this section including:

p. 48 HB 1098

1 (a) Any security requirements necessary to ensure the safety of 2 the cooperative and to reduce the risk of diversion from the 3 cooperative;

4

5

7

8

9

10 11

12

24

25

2627

28

2930

31

32

33

3435

3637

- (b) A seed to sale traceability model that is similar to the seed to sale traceability model used by licensees that will allow the state liquor and cannabis board to track all marijuana grown in a cooperative.
- (9) The state liquor and cannabis board or law enforcement may inspect a cooperative registered under this section to ensure members are in compliance with this section. The state liquor and cannabis board must adopt rules on reasonable inspection hours and reasons for inspections.
- 13 **Sec. 28.** RCW 69.51A.290 and 2015 c 70 s 37 are each amended to 14 read as follows:
- 15 A medical marijuana consultant certificate is hereby established.
- 16 (1) In addition to any other authority provided by law, the 17 secretary of the department may:
- 18 (a) Adopt rules, in accordance with chapter 34.05 RCW, necessary 19 to implement this chapter;
- 20 (b) Establish forms and procedures necessary to administer this 21 chapter;
- (c) Approve training or education programs that meet the requirements of this section and any rules adopted to implement it;
 - (d) Receive criminal history record information that includes nonconviction information data for any purpose associated with initial certification or renewal of certification. The secretary shall require each applicant for initial certification to obtain a state or federal criminal history record information background check through the state patrol or the state patrol and the identification division of the federal bureau of investigation prior to the issuance of any certificate. The secretary shall specify those situations where a state background check is inadequate and an applicant must obtain an electronic fingerprint-based national background check through the state patrol and federal bureau of investigation. Situations where a background check is inadequate may include instances where an applicant has recently lived out-of-state or where the applicant has a criminal record in Washington;

p. 49 HB 1098

- 1 (e) Establish administrative procedures, administrative 2 requirements, and fees in accordance with RCW 43.70.110 and 43.70.250; and
 - (f) Maintain the official department record of all applicants and certificate holders.
- 6 (2) A training or education program approved by the secretary 7 must include the following topics:
- 8 (a) The medical conditions that constitute terminal or debilitating conditions, and the symptoms of those conditions;
 - (b) Short and long-term effects of cannabinoids;

5

10 11

12

13

17

18

19

2021

22

26

27

28

- (c) Products that may benefit qualifying patients based on the patient's terminal or debilitating medical condition;
 - (d) Risks and benefits of various routes of administration;
- (e) Safe handling and storage of useable marijuana, marijuanainfused products, ((and)) marijuana concentrates, and marijuana plants and seeds, including strategies to reduce access by minors;
 - (f) Demonstrated knowledge of this chapter and the rules adopted to implement it; and
 - (g) Other subjects deemed necessary and appropriate by the secretary to ensure medical marijuana consultant certificate holders are able to provide evidence-based and medically accurate advice on the medical use of marijuana.
- 23 (3) Medical marijuana consultant certificates are subject to 24 annual renewals and continuing education requirements established by 25 the secretary.
 - (4) The secretary shall have the power to refuse, suspend, or revoke the certificate of any medical marijuana consultant upon proof that:
- 29 (a) The certificate was procured through fraud, 30 misrepresentation, or deceit;
- 31 (b) The certificate holder has committed acts in violation of 32 subsection (6) of this section; or
- 33 (c) The certificate holder has violated or has permitted any 34 employee or volunteer to violate any of the laws of this state 35 relating to drugs or controlled substances or has been convicted of a 36 felony.
- In any case of the refusal, suspension, or revocation of a certificate by the secretary under the provisions of this chapter, appeal may be taken in accordance with chapter 34.05 RCW, the administrative procedure act.

p. 50 HB 1098

(5) A medical marijuana consultant may provide the following services when acting as an owner, employee, or volunteer of a retail outlet licensed under RCW 69.50.354 and holding a medical marijuana endorsement under RCW 69.50.375:

- (a) Assisting a customer with the selection of products sold at the retail outlet that may benefit the qualifying patient's terminal or debilitating medical condition;
- 8 (b) Describing the risks and benefits of products sold at the 9 retail outlet;
- 10 (c) Describing the risks and benefits of methods of 11 administration of products sold at the retail outlet;
 - (d) Advising a customer about the safe handling and storage of useable marijuana, marijuana-infused products, ((and)) marijuana concentrates, and marijuana plants and seeds, including strategies to reduce access by minors; and
- (e) Providing instruction and demonstrations to customers about proper use and application of useable marijuana, marijuana-infused products, ((and)) marijuana concentrates, and marijuana plants and seeds.
- 20 (6) Nothing in this section authorizes a medical marijuana 21 consultant to:
 - (a) Offer or undertake to diagnose or cure any human disease, ailment, injury, infirmity, deformity, pain, or other condition, physical or mental, real or imaginary, by use of marijuana or any other means or instrumentality; or
 - (b) Recommend or suggest modification or elimination of any course of treatment that does not involve the medical use of marijuana.
 - (7) Nothing in this section requires an owner, employee, or volunteer of a retail outlet licensed under RCW 69.50.354 and holding a medical marijuana endorsement under RCW 69.50.375 to obtain a medical marijuana consultant certification.
 - (8) Nothing in this section applies to the practice of a health care profession by individuals who are licensed, certified, or registered in a profession listed in RCW 18.130.040(2) and who are performing services within their authorized scope of practice.

p. 51 HB 1098

- 1 <u>NEW SECTION.</u> **Sec. 29.** Sections 1 and 3 through 28 of this act
- 2 take effect April 1, 2018.

--- END ---

p. 52 HB 1098