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ENGROSSED HOUSE BILL 1858

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State of Washington

65th Legislature

2017 Regular Session

By Representatives Sawyer, Appleton, and Kloba; by request of Liquor and Cannabis Board

Read first time 02/01/17. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to increasing marijuana license fees and adding a  
2 temporary additional fee on marijuana licenses issued by the  
3 Washington state liquor and cannabis board; amending RCW 69.50.325  
4 and 69.50.372; creating a new section; providing an effective date;  
5 and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** (1) Beginning on the effective date of  
8 this section, a nonrefundable additional fee is imposed on all  
9 applications and renewals of licenses relating to marijuana required  
10 under chapter 69.50 RCW. The fee applies to all applications and  
11 license modifications received on or after the effective date of this  
12 section and renewals where the date of the license expiration is on  
13 or after June 30, 2017. The fees established in this section are to  
14 be used for the replacement of the state liquor and cannabis board's  
15 traceability system. Except for licensed marijuana producers, the  
16 additional fee for all marijuana licensees licensed under chapter  
17 69.50 RCW is four hundred eighty dollars. The fee structure for  
18 licensed marijuana producers is as follows:

- 19 (a) One hundred eighty-five dollars for tier one producers;  
20 (b) Three hundred sixty-five dollars for tier two producers; and  
21 (c) Seven hundred fifty dollars for tier three producers.

1 (2) This section expires June 30, 2018.

2 **Sec. 2.** RCW 69.50.325 and 2016 c 170 s 1 are each amended to  
3 read as follows:

4 (1) There shall be a marijuana producer's license to produce  
5 marijuana for sale at wholesale to marijuana processors and other  
6 marijuana producers and to produce marijuana plants for sale to  
7 cooperatives as described under RCW 69.51A.250, regulated by the  
8 state liquor and cannabis board and subject to annual renewal. The  
9 production, possession, delivery, distribution, and sale of marijuana  
10 in accordance with the provisions of this chapter and the rules  
11 adopted to implement and enforce it, by a validly licensed marijuana  
12 producer, shall not be a criminal or civil offense under Washington  
13 state law. Every marijuana producer's license shall be issued in the  
14 name of the applicant, shall specify the location at which the  
15 marijuana producer intends to operate, which must be within the state  
16 of Washington, and the holder thereof shall not allow any other  
17 person to use the license. The application fee for a marijuana  
18 producer's license shall be two hundred fifty dollars. The annual fee  
19 for issuance and renewal of a marijuana producer's license shall be  
20 one thousand one hundred fifteen dollars for tier one producers, one  
21 thousand two hundred thirty dollars for tier two producers, and one  
22 thousand four hundred seventy dollars for tier three producers. A  
23 separate license shall be required for each location at which a  
24 marijuana producer intends to produce marijuana.

25 (2) There shall be a marijuana processor's license to process,  
26 package, and label marijuana concentrates, useable marijuana, and  
27 marijuana-infused products for sale at wholesale to marijuana  
28 processors and marijuana retailers, regulated by the state liquor and  
29 cannabis board and subject to annual renewal. The processing,  
30 packaging, possession, delivery, distribution, and sale of marijuana,  
31 useable marijuana, marijuana-infused products, and marijuana  
32 concentrates in accordance with the provisions of this chapter and  
33 chapter 69.51A RCW and the rules adopted to implement and enforce  
34 these chapters, by a validly licensed marijuana processor, shall not  
35 be a criminal or civil offense under Washington state law. Every  
36 marijuana processor's license shall be issued in the name of the  
37 applicant, shall specify the location at which the licensee intends  
38 to operate, which must be within the state of Washington, and the  
39 holder thereof shall not allow any other person to use the license.

1 The application fee for a marijuana processor's license shall be two  
2 hundred fifty dollars. The annual fee for issuance and renewal of a  
3 marijuana processor's license shall be one thousand three hundred  
4 dollars. A separate license shall be required for each location at  
5 which a marijuana processor intends to process marijuana.

6 (3) There shall be a marijuana retailer's license to sell  
7 marijuana concentrates, useable marijuana, and marijuana-infused  
8 products at retail in retail outlets, regulated by the state liquor  
9 and cannabis board and subject to annual renewal. The possession,  
10 delivery, distribution, and sale of marijuana concentrates, useable  
11 marijuana, and marijuana-infused products in accordance with the  
12 provisions of this chapter and the rules adopted to implement and  
13 enforce it, by a validly licensed marijuana retailer, shall not be a  
14 criminal or civil offense under Washington state law. Every marijuana  
15 retailer's license shall be issued in the name of the applicant,  
16 shall specify the location of the retail outlet the licensee intends  
17 to operate, which must be within the state of Washington, and the  
18 holder thereof shall not allow any other person to use the license.  
19 The application fee for a marijuana retailer's license shall be two  
20 hundred fifty dollars. The annual fee for issuance and renewal of a  
21 marijuana retailer's license shall be one thousand three hundred  
22 dollars. A separate license shall be required for each location at  
23 which a marijuana retailer intends to sell marijuana concentrates,  
24 useable marijuana, and marijuana-infused products.

25 **Sec. 3.** RCW 69.50.372 and 2016 sp.s. c 9 s 1 are each amended to  
26 read as follows:

27 (1) A marijuana research license is established that permits a  
28 licensee to produce, process, and possess marijuana for the following  
29 limited research purposes:

30 (a) To test chemical potency and composition levels;

31 (b) To conduct clinical investigations of marijuana-derived drug  
32 products;

33 (c) To conduct research on the efficacy and safety of  
34 administering marijuana as part of medical treatment; and

35 (d) To conduct genomic or agricultural research.

36 (2) As part of the application process for a marijuana research  
37 license, an applicant must submit to the liquor and cannabis board's  
38 designated scientific reviewer a description of the research that is  
39 intended to be conducted. The liquor and cannabis board must select a

1 scientific reviewer to review an applicant's research project and  
2 determine that it meets the requirements of subsection (1) of this  
3 section, as well as assess the following:

4 (a) Project quality, study design, value, or impact;

5 (b) Whether applicants have the appropriate personnel, expertise,  
6 facilities/infrastructure, funding, and human/animal/other federal  
7 approvals in place to successfully conduct the project; and

8 (c) Whether the amount of marijuana to be grown by the applicant  
9 is consistent with the project's scope and goals.

10 If the scientific reviewer determines that the research project  
11 does not meet the requirements of subsection (1) of this section, the  
12 application must be denied.

13 (3) A marijuana research licensee may only sell marijuana grown  
14 or within its operation to other marijuana research licensees. The  
15 liquor and cannabis board may revoke a marijuana research license for  
16 violations of this subsection.

17 (4) A marijuana research licensee may contract with the  
18 University of Washington or Washington State University to perform  
19 research in conjunction with the university. All research projects,  
20 not including those projects conducted pursuant to a contract entered  
21 into under RCW 28B.20.502(3), must be approved by the scientific  
22 reviewer and meet the requirements of subsection (1) of this section.

23 (5) In establishing a marijuana research license, the liquor and  
24 cannabis board may adopt rules on the following:

25 (a) Application requirements;

26 (b) Marijuana research license renewal requirements, including  
27 whether additional research projects may be added or considered;

28 (c) Conditions for license revocation;

29 (d) Security measures to ensure marijuana is not diverted to  
30 purposes other than research;

31 (e) Amount of plants, useable marijuana, marijuana concentrates,  
32 or marijuana-infused products a licensee may have on its premises;

33 (f) Licensee reporting requirements;

34 (g) Conditions under which marijuana grown by marijuana  
35 processors may be donated to marijuana research licensees; and

36 (h) Additional requirements deemed necessary by the liquor and  
37 cannabis board.

38 (6) The production, processing, possession, delivery, donation,  
39 and sale of marijuana in accordance with this section and the rules  
40 adopted to implement and enforce it, by a validly licensed marijuana

1 researcher, shall not be a criminal or civil offense under Washington  
2 state law. Every marijuana research license must be issued in the  
3 name of the applicant, must specify the location at which the  
4 marijuana researcher intends to operate, which must be within the  
5 state of Washington, and the holder thereof may not allow any other  
6 person to use the license.

7 (7) The application fee for a marijuana research license is two  
8 hundred fifty dollars. The annual fee for issuance and renewal of a  
9 marijuana research license is one thousand three hundred dollars. The  
10 applicant must pay the cost of the review process directly to the  
11 scientific reviewer as designated by the liquor and cannabis board.

12 (8) The scientific reviewer shall review any reports made by  
13 marijuana research licensees under liquor and cannabis board rule and  
14 provide the liquor and cannabis board with its determination on  
15 whether the research project continues to meet research  
16 qualifications under this section.

17 (9) For the purposes of this section, "scientific reviewer" means  
18 an organization that convenes or contracts with persons who have the  
19 training and experience in research practice and research methodology  
20 to determine whether a project meets the criteria for a marijuana  
21 research license under this section and to review any reports  
22 submitted by marijuana research licensees under liquor and cannabis  
23 board rule. "Scientific reviewers" include, but are not limited to,  
24 educational institutions, research institutions, peer review bodies,  
25 or such other organizations that are focused on science or research  
26 in its day-to-day activities.

27 NEW SECTION. **Sec. 4.** Sections 2 and 3 of this act take effect  
28 July 1, 2018.

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