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**SUBSTITUTE HOUSE BILL 2022**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** House Commerce & Gaming (originally sponsored by Representatives Wicks, J. Johnson, Berry, Taylor, Riccelli, Ryu, Sells, Macri, Bateman, Orwall, Ormsby, Lekanoff, and Pollet)

READ FIRST TIME 02/03/22.

1 AN ACT Relating to social equity in the cannabis industry;  
2 amending RCW 69.50.335, 69.50.345, 69.50.540, and 43.330.540;  
3 reenacting and amending RCW 69.50.345; adding a new section to  
4 chapter 69.50 RCW; providing an effective date; and providing an  
5 expiration date.

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

7 **Sec. 1.** RCW 69.50.335 and 2021 c 169 s 2 are each amended to  
8 read as follows:

9 (1)(a) Beginning December 1, 2020, and until July 1, 2029,  
10 cannabis retailer licenses that have been subject to forfeiture,  
11 revocation, or cancellation by the board, or cannabis retailer  
12 licenses that were not previously issued by the board but could have  
13 been issued (~~((without exceeding the limit on the statewide number of~~  
14 ~~cannabis retailer licenses established before January 1, 2020,))~~) by  
15 the board, may be issued or reissued to an applicant who meets the  
16 cannabis retailer license requirements of this chapter.

17 (b) Beginning in calendar year 2022 and each calendar year  
18 through 2029, the board shall make available 38 new cannabis retailer  
19 licenses per calendar year to applicants who qualify as social equity  
20 applicants.

1 (c) Beginning in calendar year 2022 and each calendar year  
2 through 2029, the board shall make available 25 new marijuana  
3 producer and/or processor licenses per calendar year to applicants  
4 who qualify as social equity applicants. Applicants for licenses  
5 authorized in this subsection (1)(c) may choose to apply for a  
6 producer license, a processor license, or both a producer and  
7 processor license. Nothing in this subsection prevents each of the 25  
8 persons licensed pursuant to this section per calendar year from  
9 being issued both a producer and processor license if they so choose  
10 and qualify.

11 (d) All licenses issued under the social equity program in this  
12 section may be for premises located within any city, county, or town  
13 in the state that permits the cannabis business activity at the  
14 proposed location, regardless of:

15 (i) Whether a license was originally allocated to or issued in  
16 another county, city, or town; and

17 (ii) The maximum number of retail outlets established by the  
18 board for each county under RCW 69.50.345.

19 (2) (a) In order to be considered for a retail license, a producer  
20 license, or a processor license under subsection (1) of this section,  
21 an applicant must be a social equity applicant and submit (~~(a social~~  
22 ~~equity plan)) documentation to verify qualification status along with  
23 other cannabis (~~(retailer))~~ license application requirements to the  
24 board. If the application proposes ownership by more than one person,  
25 then at least fifty-one percent of the proposed ownership structure  
26 must reflect the qualifications of a social equity applicant.~~

27 (b) Persons holding an existing cannabis retailer license or  
28 title certificate for a cannabis retailer business in a local  
29 jurisdiction subject to a ban or moratorium on cannabis retail  
30 businesses may apply for a retail license under this section.

31 (3) (a) In determining the issuance of a license among applicants,  
32 the board (~~(may prioritize applicants based on the extent to which~~  
33 ~~the application addresses the components of the social equity plan)),  
34 in consultation with the office of equity and community  
35 organizations, shall select a third-party contractor to prioritize  
36 applicants and the board shall review applications based on the  
37 priority set by the third-party contractor. The third-party  
38 contractor shall prioritize applicants based on a scoring rubric  
39 developed by the board with input from the social equity in cannabis  
40 task force and approved by the office of equity.~~

1 (b) The board may deny any application submitted under this  
2 subsection if the board determines that(~~+~~

3 ~~(i) The application does not meet social equity goals or does not~~  
4 ~~meet social equity plan requirements; or~~

5 ~~(ii) The~~) the application does not (~~otherwise~~) meet the  
6 licensing requirements of this section or chapter.

7 (4) The board may adopt rules to implement this section. Rules  
8 may include strategies for receiving advice on the social equity  
9 program from individuals the program is intended to benefit. Rules  
10 (~~may~~) shall also require that licenses awarded under this section  
11 be transferred or sold only to individuals or groups of individuals  
12 who comply with the requirements for initial licensure as a social  
13 equity applicant (~~with a social equity plan under this section~~) for  
14 a period of at least five years from the date of transfer or sale.

15 (5) The annual fee for issuance, reissuance, or renewal for any  
16 license under this section must be (~~equal to the fee established in~~  
17 ~~RCW 69.50.325~~) waived.

18 (6) For the purposes of this section:

19 (a) "Cannabis" has the meaning provided for "marijuana" under  
20 this chapter.

21 (b) "Disproportionately impacted area" means a census tract or  
22 comparable geographic area that satisfies the following criteria,  
23 which may be further defined in rule by the board after consultation  
24 with the (~~commission on African American affairs~~) office of equity  
25 and other agencies, commissions, and community members as determined  
26 by the board:

27 (i) The area has a high poverty rate;

28 (ii) The area has a high rate of participation in income-based  
29 federal or state programs;

30 (iii) The area has a high rate of unemployment; and

31 (iv) The area has a high rate of arrest, conviction, or  
32 incarceration related to the sale, possession, use, cultivation,  
33 manufacture, or transport of cannabis.

34 (c) "Social equity applicant" means:

35 (i) An applicant who has at least fifty-one percent ownership and  
36 control by one or more individuals who have resided in a  
37 disproportionately impacted area for (~~a period of time defined in~~  
38 ~~rule by the board after consultation with the commission on African~~  
39 ~~American affairs and other commissions, agencies, and community~~  
40 ~~members as determined by the board;~~

1 ~~(ii))~~ at least six months out of the last 60 years;

2 (ii) An applicant who has at least 51 percent ownership and  
3 control by at least one individual who was disproportionately harmed  
4 by the war on drugs as evidenced by rates of arrest for marijuana  
5 possession offenses;

6 (iii) An applicant who has at least fifty-one percent ownership  
7 and control by at least one individual who has been convicted of a  
8 cannabis offense, a drug offense, or is a family member of such an  
9 individual; or

10 ~~((iii))~~ (iv) An applicant who meets criteria defined in rule by  
11 the board after consultation with the ~~(commission on African~~  
12 ~~American affairs and other commissions)) office of equity, agencies,~~  
13 and community members as determined by the board.

14 (d) "Social equity goals" means:

15 (i) Increasing the number of cannabis ~~(retailer))~~ licenses held  
16 by social equity applicants from disproportionately impacted areas;  
17 and

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

21 ~~((e) "Social equity plan" means a plan that addresses at least~~  
22 ~~some of the elements outlined in this subsection (6) (e), along with~~  
23 ~~any additional plan components or requirements approved by the board~~  
24 ~~following consultation with the task force created in RCW 69.50.336.~~  
25 ~~The plan may include:~~

26 ~~(i) A statement that the social equity applicant qualifies as a~~  
27 ~~social equity applicant and intends to own at least fifty-one percent~~  
28 ~~of the proposed cannabis retail business or applicants representing~~  
29 ~~at least fifty-one percent of the ownership of the proposed business~~  
30 ~~qualify as social equity applicants;~~

31 ~~(ii) A description of how issuing a cannabis retail license to~~  
32 ~~the social equity applicant will meet social equity goals;~~

33 ~~(iii) The social equity applicant's personal or family history~~  
34 ~~with the criminal justice system including any offenses involving~~  
35 ~~cannabis;~~

36 ~~(iv) The composition of the workforce the social equity applicant~~  
37 ~~intends to hire;~~

38 ~~(v) Neighborhood characteristics of the location where the social~~  
39 ~~equity applicant intends to operate, focusing especially on~~  
40 ~~disproportionately impacted areas; and~~

1       ~~(vi) Business plans involving partnerships or assistance to~~  
2 ~~organizations or residents with connection to populations with a~~  
3 ~~history of high rates of enforcement of cannabis prohibition.))~~

4       NEW SECTION.   **Sec. 2.**   A new section is added to chapter 69.50  
5 RCW to read as follows:

6       (1) Except as provided in RCW 69.50.335, beginning on the  
7 effective date of this section through December 31, 2029, the board  
8 may not issue any new cannabis producer, processor, or retailer  
9 licenses.

10       (2) Beginning on the effective date of this section through  
11 December 31, 2029, new cannabis licenses under this chapter may be  
12 issued only to social equity applicants as described in RCW  
13 69.50.335.

14       (3) Beginning January 1, 2030, at least 50 percent of the total  
15 number of new cannabis licenses issued under this chapter must be  
16 issued to applicants who qualify as social equity applicants as  
17 described in RCW 69.50.335.

18       **Sec. 3.**   RCW 69.50.345 and 2019 c 393 s 2 are each amended to  
19 read as follows:

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

23       (1) Licensing of marijuana producers, marijuana processors, and  
24 marijuana retailers, including prescribing forms and establishing  
25 application, reinstatement, and renewal fees.

26       (a) Application forms for marijuana producers must request the  
27 applicant to state whether the applicant intends to produce marijuana  
28 for sale by marijuana retailers holding medical marijuana  
29 endorsements and the amount of or percentage of canopy the applicant  
30 intends to commit to growing plants determined by the department  
31 under RCW 69.50.375 to be of a THC concentration, CBD concentration,  
32 or THC to CBD ratio appropriate for marijuana concentrates, useable  
33 marijuana, or marijuana-infused products sold to qualifying patients.

34       (b) The state liquor and cannabis board must reconsider and  
35 increase limits on the amount of square feet permitted to be in  
36 production on July 24, 2015, and increase the percentage of  
37 production space for those marijuana producers who intend to grow  
38 plants for marijuana retailers holding medical marijuana endorsements

1 if the marijuana producer designates the increased production space  
2 to plants determined by the department under RCW 69.50.375 to be of a  
3 THC concentration, CBD concentration, or THC to CBD ratio appropriate  
4 for marijuana concentrates, useable marijuana, or marijuana-infused  
5 products to be sold to qualifying patients. If current marijuana  
6 producers do not use all the increased production space, the state  
7 liquor and cannabis board may reopen the license period for new  
8 marijuana producer license applicants but only to those marijuana  
9 producers who agree to grow plants for marijuana retailers holding  
10 medical marijuana endorsements. Priority in licensing must be given  
11 to marijuana producer license applicants who have an application  
12 pending on July 24, 2015, but who are not yet licensed and then to  
13 new marijuana producer license applicants. After January 1, 2017, any  
14 reconsideration of the limits on the amount of square feet permitted  
15 to be in production to meet the medical needs of qualifying patients  
16 must consider information contained in the medical marijuana  
17 authorization database established in RCW 69.51A.230;

18 (2) (~~Determining~~) Except as provided in RCW 69.50.335,  
19 determining, in consultation with the office of financial management,  
20 the maximum number of retail outlets that may be licensed in each  
21 county, taking into consideration:

22 (a) Population distribution;

23 (b) Security and safety issues;

24 (c) The provision of adequate access to licensed sources of  
25 marijuana concentrates, useable marijuana, and marijuana-infused  
26 products to discourage purchases from the illegal market; and

27 (d) The number of retail outlets holding medical marijuana  
28 endorsements necessary to meet the medical needs of qualifying  
29 patients. The state liquor and cannabis board must reconsider and  
30 increase the maximum number of retail outlets it established before  
31 July 24, 2015, and allow for a new license application period and a  
32 greater number of retail outlets to be permitted in order to  
33 accommodate the medical needs of qualifying patients and designated  
34 providers. After January 1, 2017, any reconsideration of the maximum  
35 number of retail outlets needed to meet the medical needs of  
36 qualifying patients must consider information contained in the  
37 medical marijuana authorization database established in RCW  
38 69.51A.230;

1 (3) Determining the maximum quantity of marijuana a marijuana  
2 producer may have on the premises of a licensed location at any time  
3 without violating Washington state law;

4 (4) Determining the maximum quantities of marijuana, marijuana  
5 concentrates, useable marijuana, and marijuana-infused products a  
6 marijuana processor may have on the premises of a licensed location  
7 at any time without violating Washington state law;

8 (5) Determining the maximum quantities of marijuana concentrates,  
9 useable marijuana, and marijuana-infused products a marijuana  
10 retailer may have on the premises of a retail outlet at any time  
11 without violating Washington state law;

12 (6) In making the determinations required by this section, the  
13 state liquor and cannabis board shall take into consideration:

14 (a) Security and safety issues;

15 (b) The provision of adequate access to licensed sources of  
16 marijuana, marijuana concentrates, useable marijuana, and marijuana-  
17 infused products to discourage purchases from the illegal market; and

18 (c) Economies of scale, and their impact on licensees' ability to  
19 both comply with regulatory requirements and undercut illegal market  
20 prices;

21 (7) Determining the nature, form, and capacity of all containers  
22 to be used by licensees to contain marijuana, marijuana concentrates,  
23 useable marijuana, and marijuana-infused products, and their labeling  
24 requirements;

25 (8) In consultation with the department of agriculture and the  
26 department, establishing classes of marijuana, marijuana  
27 concentrates, useable marijuana, and marijuana-infused products  
28 according to grade, condition, cannabinoid profile, THC  
29 concentration, CBD concentration, or other qualitative measurements  
30 deemed appropriate by the state liquor and cannabis board;

31 (9) Establishing reasonable time, place, and manner restrictions  
32 and requirements regarding advertising of marijuana, marijuana  
33 concentrates, useable marijuana, and marijuana-infused products that  
34 are not inconsistent with the provisions of this chapter, taking into  
35 consideration:

36 (a) Federal laws relating to marijuana that are applicable within  
37 Washington state;

38 (b) Minimizing exposure of people under twenty-one years of age  
39 to the advertising;

1 (c) The inclusion of medically and scientifically accurate  
2 information about the health and safety risks posed by marijuana use  
3 in the advertising; and

4 (d) Ensuring that retail outlets with medical marijuana  
5 endorsements may advertise themselves as medical retail outlets;

6 (10) Specifying and regulating the time and periods when, and the  
7 manner, methods, and means by which, licensees shall transport and  
8 deliver marijuana, marijuana concentrates, useable marijuana, and  
9 marijuana-infused products within the state;

10 (11) In consultation with the department and the department of  
11 agriculture, establishing accreditation requirements for testing  
12 laboratories used by licensees to demonstrate compliance with  
13 standards adopted by the state liquor and cannabis board, and  
14 prescribing methods of producing, processing, and packaging  
15 marijuana, marijuana concentrates, useable marijuana, and marijuana-  
16 infused products; conditions of sanitation; and standards of  
17 ingredients, quality, and identity of marijuana, marijuana  
18 concentrates, useable marijuana, and marijuana-infused products  
19 produced, processed, packaged, or sold by licensees;

20 (12) Specifying procedures for identifying, seizing,  
21 confiscating, destroying, and donating to law enforcement for  
22 training purposes all marijuana, marijuana concentrates, useable  
23 marijuana, and marijuana-infused products produced, processed,  
24 packaged, labeled, or offered for sale in this state that do not  
25 conform in all respects to the standards prescribed by this chapter  
26 or the rules of the state liquor and cannabis board.

27 **Sec. 4.** RCW 69.50.345 and 2019 c 393 s 2 and 2019 c 277 s 6 are  
28 each reenacted and amended to read as follows:

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

32 (1) Licensing of marijuana producers, marijuana processors, and  
33 marijuana retailers, including prescribing forms and establishing  
34 application, reinstatement, and renewal fees.

35 (a) Application forms for marijuana producers must request the  
36 applicant to state whether the applicant intends to produce marijuana  
37 for sale by marijuana retailers holding medical marijuana  
38 endorsements and the amount of or percentage of canopy the applicant  
39 intends to commit to growing plants determined by the department



1 under RCW 69.50.375 to be of a THC concentration, CBD concentration,  
2 or THC to CBD ratio appropriate for marijuana concentrates, useable  
3 marijuana, or marijuana-infused products sold to qualifying patients.

4 (b) The state liquor and cannabis board must reconsider and  
5 increase limits on the amount of square feet permitted to be in  
6 production on July 24, 2015, and increase the percentage of  
7 production space for those marijuana producers who intend to grow  
8 plants for marijuana retailers holding medical marijuana endorsements  
9 if the marijuana producer designates the increased production space  
10 to plants determined by the department under RCW 69.50.375 to be of a  
11 THC concentration, CBD concentration, or THC to CBD ratio appropriate  
12 for marijuana concentrates, useable marijuana, or marijuana-infused  
13 products to be sold to qualifying patients. If current marijuana  
14 producers do not use all the increased production space, the state  
15 liquor and cannabis board may reopen the license period for new  
16 marijuana producer license applicants but only to those marijuana  
17 producers who agree to grow plants for marijuana retailers holding  
18 medical marijuana endorsements. Priority in licensing must be given  
19 to marijuana producer license applicants who have an application  
20 pending on July 24, 2015, but who are not yet licensed and then to  
21 new marijuana producer license applicants. After January 1, 2017, any  
22 reconsideration of the limits on the amount of square feet permitted  
23 to be in production to meet the medical needs of qualifying patients  
24 must consider information contained in the medical marijuana  
25 authorization database established in RCW 69.51A.230;

26 (2) (~~Determining~~) Except as provided in RCW 69.50.335,  
27 determining, in consultation with the office of financial management,  
28 the maximum number of retail outlets that may be licensed in each  
29 county, taking into consideration:

30 (a) Population distribution;

31 (b) Security and safety issues;

32 (c) The provision of adequate access to licensed sources of  
33 marijuana concentrates, useable marijuana, and marijuana-infused  
34 products to discourage purchases from the illegal market; and

35 (d) The number of retail outlets holding medical marijuana  
36 endorsements necessary to meet the medical needs of qualifying  
37 patients. The state liquor and cannabis board must reconsider and  
38 increase the maximum number of retail outlets it established before  
39 July 24, 2015, and allow for a new license application period and a  
40 greater number of retail outlets to be permitted in order to

1 accommodate the medical needs of qualifying patients and designated  
2 providers. After January 1, 2017, any reconsideration of the maximum  
3 number of retail outlets needed to meet the medical needs of  
4 qualifying patients must consider information contained in the  
5 medical marijuana authorization database established in RCW  
6 69.51A.230;

7 (3) Determining the maximum quantity of marijuana a marijuana  
8 producer may have on the premises of a licensed location at any time  
9 without violating Washington state law;

10 (4) Determining the maximum quantities of marijuana, marijuana  
11 concentrates, useable marijuana, and marijuana-infused products a  
12 marijuana processor may have on the premises of a licensed location  
13 at any time without violating Washington state law;

14 (5) Determining the maximum quantities of marijuana concentrates,  
15 useable marijuana, and marijuana-infused products a marijuana  
16 retailer may have on the premises of a retail outlet at any time  
17 without violating Washington state law;

18 (6) In making the determinations required by this section, the  
19 state liquor and cannabis board shall take into consideration:

20 (a) Security and safety issues;

21 (b) The provision of adequate access to licensed sources of  
22 marijuana, marijuana concentrates, useable marijuana, and marijuana-  
23 infused products to discourage purchases from the illegal market; and

24 (c) Economies of scale, and their impact on licensees' ability to  
25 both comply with regulatory requirements and undercut illegal market  
26 prices;

27 (7) Determining the nature, form, and capacity of all containers  
28 to be used by licensees to contain marijuana, marijuana concentrates,  
29 useable marijuana, and marijuana-infused products, and their labeling  
30 requirements;

31 (8) In consultation with the department of agriculture and the  
32 department, establishing classes of marijuana, marijuana  
33 concentrates, useable marijuana, and marijuana-infused products  
34 according to grade, condition, cannabinoid profile, THC  
35 concentration, CBD concentration, or other qualitative measurements  
36 deemed appropriate by the state liquor and cannabis board;

37 (9) Establishing reasonable time, place, and manner restrictions  
38 and requirements regarding advertising of marijuana, marijuana  
39 concentrates, useable marijuana, and marijuana-infused products that

1 are not inconsistent with the provisions of this chapter, taking into  
2 consideration:

3 (a) Federal laws relating to marijuana that are applicable within  
4 Washington state;

5 (b) Minimizing exposure of people under twenty-one years of age  
6 to the advertising;

7 (c) The inclusion of medically and scientifically accurate  
8 information about the health and safety risks posed by marijuana use  
9 in the advertising; and

10 (d) Ensuring that retail outlets with medical marijuana  
11 endorsements may advertise themselves as medical retail outlets;

12 (10) Specifying and regulating the time and periods when, and the  
13 manner, methods, and means by which, licensees shall transport and  
14 deliver marijuana, marijuana concentrates, useable marijuana, and  
15 marijuana-infused products within the state;

16 (11) In consultation with the department and the department of  
17 agriculture, prescribing methods of producing, processing, and  
18 packaging marijuana, marijuana concentrates, useable marijuana, and  
19 marijuana-infused products; conditions of sanitation; and standards  
20 of ingredients, quality, and identity of marijuana, marijuana  
21 concentrates, useable marijuana, and marijuana-infused products  
22 produced, processed, packaged, or sold by licensees;

23 (12) Specifying procedures for identifying, seizing,  
24 confiscating, destroying, and donating to law enforcement for  
25 training purposes all marijuana, marijuana concentrates, useable  
26 marijuana, and marijuana-infused products produced, processed,  
27 packaged, labeled, or offered for sale in this state that do not  
28 conform in all respects to the standards prescribed by this chapter  
29 or the rules of the state liquor and cannabis board.

30 **Sec. 5.** RCW 69.50.540 and 2021 c 334 s 986 are each amended to  
31 read as follows:

32 The legislature must annually appropriate moneys in the dedicated  
33 marijuana account created in RCW 69.50.530 as follows:

34 (1) For the purposes listed in this subsection (1), the  
35 legislature must appropriate to the respective agencies amounts  
36 sufficient to make the following expenditures on a quarterly basis or  
37 as provided in this subsection:

38 (a) One hundred twenty-five thousand dollars to the health care  
39 authority to design and administer the Washington state healthy youth

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

15 (b) Fifty thousand dollars to the health care authority for the  
16 purpose of contracting with the Washington state institute for public  
17 policy to conduct the cost-benefit evaluation and produce the reports  
18 described in RCW 69.50.550. This appropriation ends after production  
19 of the final report required by RCW 69.50.550;

20 (c) Five thousand dollars to the University of Washington alcohol  
21 and drug abuse institute for the creation, maintenance, and timely  
22 updating of web-based public education materials providing medically  
23 and scientifically accurate information about the health and safety  
24 risks posed by marijuana use;

25 (d) (i) An amount not less than one million two hundred fifty  
26 thousand dollars to the board for administration of this chapter as  
27 appropriated in the omnibus appropriations act;

28 (ii) One million three hundred twenty-three thousand dollars for  
29 fiscal year 2020 to the health professions account established under  
30 RCW 43.70.320 for the development and administration of the marijuana  
31 authorization database by the department of health;

32 (iii) Two million four hundred fifty-three thousand dollars for  
33 fiscal year 2020 and two million four hundred twenty-three thousand  
34 dollars for fiscal years 2021, 2022, and 2023 to the Washington state  
35 patrol for a drug enforcement task force. It is the intent of the  
36 legislature that this policy will be continued in the 2021-2023  
37 fiscal biennium; and

38 (iv) Ninety-eight thousand dollars for fiscal year 2019 to the  
39 department of ecology for research on accreditation of marijuana  
40 product testing laboratories;

1 (e) Four hundred sixty-five thousand dollars for fiscal year  
2 2020, four hundred sixty-four thousand dollars for fiscal year 2021,  
3 two hundred seventy thousand dollars in fiscal year 2022, and two  
4 hundred seventy-six thousand dollars in fiscal year 2023 to the  
5 department of ecology for implementation of accreditation of  
6 marijuana product testing laboratories;

7 (f) One hundred eighty-nine thousand dollars for fiscal year 2020  
8 to the department of health for rule making regarding compassionate  
9 care renewals;

10 (g) Eight hundred eight thousand dollars for each of fiscal years  
11 2020 through 2023 to the department of health for the administration  
12 of the marijuana authorization database;

13 (h) Six hundred thirty-five thousand dollars for fiscal year  
14 2020, six hundred thirty-five thousand dollars for fiscal year 2021,  
15 six hundred twenty-one thousand dollars for fiscal year 2022, and six  
16 hundred twenty-seven thousand dollars for fiscal year 2023 to the  
17 department of agriculture for compliance-based laboratory analysis of  
18 pesticides in marijuana;

19 (i) (~~One million six hundred fifty thousand dollars for fiscal~~  
20 ~~year 2022 and one million six hundred fifty thousand dollars for~~  
21 ~~fiscal year 2023~~) Twenty-two million five hundred thousand dollars  
22 annually to the department of commerce to fund (~~the marijuana social~~  
23 ~~equity technical assistance competitive grant program~~) cannabis  
24 social equity grants and low-interest loans under RCW 43.330.540; and

25 (j) One (~~hundred sixty-three thousand dollars for fiscal year~~  
26 ~~2022 and one hundred fifty-nine thousand dollars for fiscal year 2023~~  
27 ~~to the department of commerce to establish a roster of mentors as~~  
28 ~~part of the cannabis social equity technical assistance grant program~~  
29 ~~under Engrossed Substitute House Bill No. 1443 (cannabis industry/~~  
30 ~~equity) [chapter 169, Laws of 2021]~~) million one hundred thousand  
31 dollars annually to the department of commerce to make available  
32 technical assistance to cannabis license applicants and licensees  
33 within the cannabis social equity program, including establishing a  
34 roster of mentors to provide technical assistance; and

35 (2) From the amounts in the dedicated marijuana account after  
36 appropriation of the amounts identified in subsection (1) of this  
37 section, the legislature must appropriate for the purposes listed in  
38 this subsection (2) as follows:

39 (a) (i) Up to fifteen percent to the health care authority for the  
40 development, implementation, maintenance, and evaluation of programs

1 and practices aimed at the prevention or reduction of maladaptive  
2 substance use, substance use disorder, substance abuse or substance  
3 dependence, as these terms are defined in the Diagnostic and  
4 Statistical Manual of Mental Disorders, among middle school and high  
5 school-age students, whether as an explicit goal of a given program  
6 or practice or as a consistently corresponding effect of its  
7 implementation, mental health services for children and youth, and  
8 services for pregnant and parenting women; PROVIDED, That:

9 (A) Of the funds appropriated under (a)(i) of this subsection for  
10 new programs and new services, at least eighty-five percent must be  
11 directed to evidence-based or research-based programs and practices  
12 that produce objectively measurable results and, by September 1,  
13 2020, are cost-beneficial; and

14 (B) Up to fifteen percent of the funds appropriated under (a)(i)  
15 of this subsection for new programs and new services may be directed  
16 to proven and tested practices, emerging best practices, or promising  
17 practices.

18 (ii) In deciding which programs and practices to fund, the  
19 director of the health care authority must consult, at least  
20 annually, with the University of Washington's social development  
21 research group and the University of Washington's alcohol and drug  
22 abuse institute.

23 (iii) For each fiscal year, the legislature must appropriate a  
24 minimum of twenty-five million five hundred thirty-six thousand  
25 dollars under this subsection (2)(a);

26 (b)(i) Up to ten percent to the department of health for the  
27 following, subject to (b)(ii) of this subsection (2):

28 (A) Creation, implementation, operation, and management of a  
29 marijuana education and public health program that contains the  
30 following:

31 (I) A marijuana use public health hotline that provides referrals  
32 to substance abuse treatment providers, utilizes evidence-based or  
33 research-based public health approaches to minimizing the harms  
34 associated with marijuana use, and does not solely advocate an  
35 abstinence-only approach;

36 (II) A grants program for local health departments or other local  
37 community agencies that supports development and implementation of  
38 coordinated intervention strategies for the prevention and reduction  
39 of marijuana use by youth; and

1 (III) Media-based education campaigns across television,  
2 internet, radio, print, and out-of-home advertising, separately  
3 targeting youth and adults, that provide medically and scientifically  
4 accurate information about the health and safety risks posed by  
5 marijuana use; and

6 (B) The Washington poison control center.

7 (ii) For each fiscal year, the legislature must appropriate a  
8 minimum of nine million seven hundred fifty thousand dollars under  
9 this subsection (2)(b);

10 (c)(i) Up to six-tenths of one percent to the University of  
11 Washington and four-tenths of one percent to Washington State  
12 University for research on the short and long-term effects of  
13 marijuana use, to include but not be limited to formal and informal  
14 methods for estimating and measuring intoxication and impairment, and  
15 for the dissemination of such research.

16 (ii) For each fiscal year, except for the 2019-2021 and 2021-2023  
17 fiscal biennia, the legislature must appropriate a minimum of one  
18 million twenty-one thousand dollars to the University of Washington.  
19 For each fiscal year, except for the 2019-2021 and 2021-2023 fiscal  
20 biennia, the legislature must appropriate a minimum of six hundred  
21 eighty-one thousand dollars to Washington State University under this  
22 subsection (2)(c). It is the intent of the legislature that this  
23 policy will be continued in the 2023-2025 fiscal biennium;

24 (d) Fifty percent to the state basic health plan trust account to  
25 be administered by the Washington basic health plan administrator and  
26 used as provided under chapter 70.47 RCW;

27 (e) Five percent to the Washington state health care authority to  
28 be expended exclusively through contracts with community health  
29 centers to provide primary health and dental care services, migrant  
30 health services, and maternity health care services as provided under  
31 RCW 41.05.220;

32 (f)(i) Up to three-tenths of one percent to the office of the  
33 superintendent of public instruction to fund grants to building  
34 bridges programs under chapter 28A.175 RCW.

35 (ii) For each fiscal year, the legislature must appropriate a  
36 minimum of five hundred eleven thousand dollars to the office of the  
37 superintendent of public instruction under this subsection (2)(f);  
38 and

39 (g) At the end of each fiscal year, the treasurer must transfer  
40 any amounts in the dedicated marijuana account that are not

1 appropriated pursuant to subsection (1) of this section and this  
2 subsection (2) into the general fund, except as provided in (g)(i) of  
3 this subsection (2).

4 (i) Beginning in fiscal year 2018, if marijuana excise tax  
5 collections deposited into the general fund in the prior fiscal year  
6 exceed twenty-five million dollars, then each fiscal year the  
7 legislature must appropriate an amount equal to thirty percent of all  
8 marijuana excise taxes deposited into the general fund the prior  
9 fiscal year to the treasurer for distribution to counties, cities,  
10 and towns as follows:

11 (A) Thirty percent must be distributed to counties, cities, and  
12 towns where licensed marijuana retailers are physically located. Each  
13 jurisdiction must receive a share of the revenue distribution under  
14 this subsection (2)(g)(i)(A) based on the proportional share of the  
15 total revenues generated in the individual jurisdiction from the  
16 taxes collected under RCW 69.50.535, from licensed marijuana  
17 retailers physically located in each jurisdiction. For purposes of  
18 this subsection (2)(g)(i)(A), one hundred percent of the proportional  
19 amount attributed to a retailer physically located in a city or town  
20 must be distributed to the city or town.

21 (B) Seventy percent must be distributed to counties, cities, and  
22 towns ratably on a per capita basis. Counties must receive sixty  
23 percent of the distribution, which must be disbursed based on each  
24 county's total proportional population. Funds may only be distributed  
25 to jurisdictions that do not prohibit the siting of any state  
26 licensed marijuana producer, processor, or retailer.

27 (ii) Distribution amounts allocated to each county, city, and  
28 town must be distributed in four installments by the last day of each  
29 fiscal quarter.

30 (iii) By September 15th of each year, the board must provide the  
31 state treasurer the annual distribution amount, if any, for each  
32 county and city as determined in (g)(i) of this subsection (2).

33 (iv) The total share of marijuana excise tax revenues distributed  
34 to counties and cities in (g)(i) of this subsection (2) may not  
35 exceed fifteen million dollars in fiscal years 2018, 2019, 2020, and  
36 2021, and twenty million dollars per fiscal year thereafter.

37 **Sec. 6.** RCW 43.330.540 and 2021 c 169 s 1 are each amended to  
38 read as follows:



1 (1) The cannabis social equity (~~technical assistance~~) grant,  
2 low-interest loan, and technical assistance program is established  
3 and is to be administered by the department.

4 (2) (a) The (~~cannabis social equity technical assistance grant~~)  
5 program (~~must~~) may award grants to:

6 (i) (~~Cannabis license applicants who are social equity~~  
7 ~~applicants submitting social equity plans under RCW 69.50.335; and~~  
8 ~~(ii)~~) Cannabis licensees holding a license issued after June 30,  
9 2020, and before July 25, 2021, who meet the social equity applicant  
10 criteria under RCW 69.50.335; and

11 (ii) Cannabis producers, processors, and retailers licensed under  
12 the cannabis social equity program in RCW 69.50.335.

13 (b) Eligible activities for grants under this subsection (2)  
14 include, but are not limited to:

15 (i) Fees associated with a loan;

16 (ii) Costs associated with complying with a state or local  
17 licensing requirement; and

18 (iii) Capital and equipment costs.

19 (c) Grant recipients under this subsection (2) must demonstrate  
20 completion of their project within 12 months of receiving a grant,  
21 unless a grant recipient requests, and the department approves,  
22 additional time to complete the project.

23 (d) Subject to available funding, the department may issue grant  
24 awards of up to \$100,000 per eligible applicant.

25 (e) Eligible applicants may apply for one grant annually, not to  
26 exceed a total of three grant awards.

27 (3) (~~The department must award grants primarily based on the~~  
28 ~~strength of the social equity plans submitted by cannabis license~~  
29 ~~applicants and cannabis licensees holding a license issued after June~~  
30 ~~30, 2020, and before July 25, 2021, but may also consider additional~~  
31 ~~criteria if deemed necessary or appropriate by the department.)  
32 Technical assistance activities eligible for funding include, but are  
33 not limited to:~~

34 (a) Assistance navigating the cannabis licensure process;

35 (b) Cannabis-business specific education and business plan  
36 development;

37 (c) Regulatory compliance training;

38 (d) Financial management training and assistance in seeking  
39 financing; and

40 (e) (~~Strengthening a social equity plan; and~~

1 ~~(f))~~ Connecting social equity applicants with established  
2 industry members and tribal cannabis enterprises and programs for  
3 mentoring and other forms of support.

4 (4) The department may contract to establish a roster of mentors  
5 who are available to support and advise social equity applicants and  
6 current licensees who meet the social equity applicant criteria under  
7 RCW 69.50.335. Contractors under this section must:

8 (a) Have knowledge and experience demonstrating their ability to  
9 effectively advise eligible applicants and licensees in navigating  
10 the state's licensing and regulatory framework or on producing and  
11 processing cannabis;

12 (b) Be a business that is at least 51(~~(%—[percent])~~) percent  
13 minority or woman-owned; (~~and~~)

14 (c) Meet department reporting and invoicing requirements(~~(—~~  
15 ~~5))~~); and

16 (d) Be approved through the office of equity.

17 (5) (a) The department may work with participating lenders to make  
18 low-interest loans available for licensees who are issued a license  
19 under the cannabis social equity program.

20 (b) The department may reserve a portion of funds allocated under  
21 RCW 69.50.540 or received under this section to support loan loss  
22 reserves, collateral supports, or other efforts to reduce  
23 underwriting risk for participating lenders.

24 (c) Eligible business-related expenses for applicants under this  
25 subsection (5) include:

26 (i) Capital and equipment costs;

27 (ii) Commercial property including, but not limited to, purchases  
28 and improvements; and

29 (iii) Operating lines of credit and other costs associated with  
30 industry accepted lending practices.

31 (6) Funding for the cannabis social equity (~~(technical~~  
32 assistance)) grant, low-interest loan, and technical assistance  
33 program must be provided through the dedicated marijuana account  
34 under RCW 69.50.540. Additionally, the department may solicit,  
35 receive, and expend private contributions to support the (~~(grant))~~  
36 program.

37 ~~((6))~~ (7) The department may adopt rules to implement this  
38 section.

39 ~~((7))~~ (8) For the purposes of this section, "cannabis" has the  
40 meaning provided for "marijuana" under RCW 69.50.101.

1        NEW SECTION.    **Sec. 7.**    If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        NEW SECTION.    **Sec. 8.**    Section 3 of this act expires July 1,  
6 2024.

7        NEW SECTION.    **Sec. 9.**    Section 4 of this act takes effect July 1,  
8 2024.

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