
SECOND SUBSTITUTE SENATE BILL 5080

State of Washington

68th Legislature

2023 Regular Session

By Senate Ways & Means (originally sponsored by Senators Saldaña, Conway, Frame, Hasegawa, Kuderer, Lovelett, Nguyen, Nobles, and Stanford; by request of Liquor and Cannabis Board)

1 AN ACT Relating to expanding and improving the social equity in
2 cannabis program; amending RCW 43.330.540, 69.50.331, 69.50.335,
3 69.50.345, and 69.50.345; providing an effective date; and providing
4 an expiration date.

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

6 **Sec. 1.** RCW 43.330.540 and 2022 c 16 s 36 are each amended to
7 read as follows:

8 (1) The cannabis social equity technical assistance grant program
9 is established and is to be administered by the department.

10 (2)(a) The cannabis social equity technical assistance grant
11 program must award grants to:

12 (i) Cannabis license applicants who are social equity applicants
13 submitting social equity plans under RCW 69.50.335; and

14 (ii) Cannabis licensees holding a license issued after June 30,
15 2020, and before July 25, 2021, who meet the social equity applicant
16 criteria under RCW 69.50.335.

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

1 (3) The department must award grants primarily based on the
2 strength of the social equity plans submitted by cannabis license
3 applicants and cannabis licensees holding a license issued after
4 (~~June 30, 2020~~) April 1, 2023, and before (~~July 25, 2021~~) July 1,
5 2024, but may also consider additional criteria if deemed necessary
6 or appropriate by the department. Technical assistance activities
7 eligible for funding include, but are not limited to:

8 (a) Assistance navigating the cannabis licensure process;

9 (b) Cannabis-business specific education and business plan
10 development;

11 (c) Regulatory compliance training;

12 (d) Financial management training and assistance in seeking
13 financing;

14 (e) Strengthening a social equity plan; and

15 (f) Connecting social equity applicants with established industry
16 members and tribal cannabis enterprises and programs for mentoring
17 and other forms of support.

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

22 (a) Have knowledge and experience demonstrating their ability to
23 effectively advise eligible applicants and licensees in navigating
24 the state's licensing and regulatory framework or on producing and
25 processing cannabis;

26 (b) Be a business that is at least 51 percent minority or woman-
27 owned; and

28 (c) Meet department reporting and invoicing requirements.

29 (5) Funding for the cannabis social equity technical assistance
30 grant program must be provided (~~through the dedicated cannabis~~
31 ~~account~~) under RCW 69.50.540. Additionally, the department may
32 solicit, receive, and expend private contributions to support the
33 grant program.

34 (6) The department may adopt rules to implement this section.

35 (7) For the purposes of this section, "cannabis" has the meaning
36 provided under RCW 69.50.101.

37 **Sec. 2.** RCW 69.50.331 and 2022 c 16 s 58 are each amended to
38 read as follows:

1 (1) For the purpose of considering any application for a license
2 to produce, process, research, transport, or deliver cannabis,
3 useable cannabis, cannabis concentrates, or cannabis-infused products
4 subject to the regulations established under RCW 69.50.385, or sell
5 cannabis, or for the renewal of a license to produce, process,
6 research, transport, or deliver cannabis, useable cannabis, cannabis
7 concentrates, or cannabis-infused products subject to the regulations
8 established under RCW 69.50.385, or sell cannabis, the board must
9 conduct a comprehensive, fair, and impartial evaluation of the
10 applications timely received.

11 (a) The board may cause an inspection of the premises to be made,
12 and may inquire into all matters in connection with the construction
13 and operation of the premises. For the purpose of reviewing any
14 application for a license and for considering the denial, suspension,
15 revocation, cancellation, or renewal or denial thereof, of any
16 license, the board may consider any prior criminal arrests or
17 convictions of the applicant, any public safety administrative
18 violation history record with the board, and a criminal history
19 record information check. The board may submit the criminal history
20 record information check to the Washington state patrol and to the
21 identification division of the federal bureau of investigation in
22 order that these agencies may search their records for prior arrests
23 and convictions of the individual or individuals who filled out the
24 forms. The board must require fingerprinting of any applicant whose
25 criminal history record information check is submitted to the federal
26 bureau of investigation. The provisions of RCW 9.95.240 and of
27 chapter 9.96A RCW do not apply to these cases. Subject to the
28 provisions of this section, the board may, in its discretion, grant
29 or deny the renewal or license applied for. Denial may be based on,
30 without limitation, the existence of chronic illegal activity
31 documented in objections submitted pursuant to subsections (7)(c) and
32 (10) of this section. Authority to approve an uncontested or
33 unopposed license may be granted by the board to any staff member the
34 board designates in writing. Conditions for granting this authority
35 must be adopted by rule.

36 (b) No license of any kind may be issued to:

37 (i) A person under the age of (~~twenty-one~~) 21 years;

38 (ii) A person doing business as a sole proprietor who has not
39 lawfully resided in the state for at least six months prior to
40 applying to receive a license;

1 (iii) A partnership, employee cooperative, association, nonprofit
2 corporation, or corporation unless formed under the laws of this
3 state, and unless all of the members thereof are qualified to obtain
4 a license as provided in this section; or

5 (iv) A person whose place of business is conducted by a manager
6 or agent, unless the manager or agent possesses the same
7 qualifications required of the licensee.

8 (2)(a) The board may, in its discretion, subject to RCW
9 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend
10 or cancel any license; and all protections of the licensee from
11 criminal or civil sanctions under state law for producing,
12 processing, researching, or selling cannabis, cannabis concentrates,
13 useable cannabis, or cannabis-infused products thereunder must be
14 suspended or terminated, as the case may be.

15 (b) The board must immediately suspend the license of a person
16 who has been certified pursuant to RCW 74.20A.320 by the department
17 of social and health services as a person who is not in compliance
18 with a support order. If the person has continued to meet all other
19 requirements for reinstatement during the suspension, reissuance of
20 the license is automatic upon the board's receipt of a release issued
21 by the department of social and health services stating that the
22 licensee is in compliance with the order.

23 (c) The board may request the appointment of administrative law
24 judges under chapter 34.12 RCW who shall have power to administer
25 oaths, issue subpoenas for the attendance of witnesses and the
26 production of papers, books, accounts, documents, and testimony,
27 examine witnesses, receive testimony in any inquiry, investigation,
28 hearing, or proceeding in any part of the state, and consider
29 mitigating and aggravating circumstances in any case and deviate from
30 any prescribed penalty, under rules the board may adopt.

31 (d) Witnesses must be allowed fees and mileage each way to and
32 from any inquiry, investigation, hearing, or proceeding at the rate
33 authorized by RCW 34.05.446. Fees need not be paid in advance of
34 appearance of witnesses to testify or to produce books, records, or
35 other legal evidence.

36 (e) In case of disobedience of any person to comply with the
37 order of the board or a subpoena issued by the board, or any of its
38 members, or administrative law judges, or on the refusal of a witness
39 to testify to any matter regarding which he or she may be lawfully
40 interrogated, the judge of the superior court of the county in which

1 the person resides, on application of any member of the board or
2 administrative law judge, compels obedience by contempt proceedings,
3 as in the case of disobedience of the requirements of a subpoena
4 issued from said court or a refusal to testify therein.

5 (3) Upon receipt of notice of the suspension or cancellation of a
6 license, the licensee must forthwith deliver up the license to the
7 board. Where the license has been suspended only, the board must
8 return the license to the licensee at the expiration or termination
9 of the period of suspension. The board must notify all other
10 licensees in the county where the subject licensee has its premises
11 of the suspension or cancellation of the license; and no other
12 licensee or employee of another licensee may allow or cause any
13 cannabis, cannabis concentrates, useable cannabis, or cannabis-
14 infused products to be delivered to or for any person at the premises
15 of the subject licensee.

16 (4) Every license issued under this chapter is subject to all
17 conditions and restrictions imposed by this chapter or by rules
18 adopted by the board to implement and enforce this chapter. All
19 conditions and restrictions imposed by the board in the issuance of
20 an individual license must be listed on the face of the individual
21 license along with the trade name, address, and expiration date.

22 (5) Every licensee must post and keep posted its license, or
23 licenses, in a conspicuous place on the premises.

24 (6) No licensee may employ any person under the age of (~~twenty-~~
25 ~~one~~) 21 years.

26 (7)(a) Before the board issues a new or renewed license to an
27 applicant it must give notice of the application to the chief
28 executive officer of the incorporated city or town, if the
29 application is for a license within an incorporated city or town, or
30 to the county legislative authority, if the application is for a
31 license outside the boundaries of incorporated cities or towns, or to
32 the tribal government if the application is for a license within
33 Indian country, or to the port authority if the application for a
34 license is located on property owned by a port authority.

35 (b) The incorporated city or town through the official or
36 employee selected by it, the county legislative authority or the
37 official or employee selected by it, the tribal government, or port
38 authority has the right to file with the board within twenty days
39 after the date of transmittal of the notice for applications, or at
40 least thirty days prior to the expiration date for renewals, written

1 objections against the applicant or against the premises for which
2 the new or renewed license is asked. The board may extend the time
3 period for submitting written objections upon request from the
4 authority notified by the board.

5 (c) The written objections must include a statement of all facts
6 upon which the objections are based, and in case written objections
7 are filed, the city or town or county legislative authority may
8 request, and the board may in its discretion hold, a hearing subject
9 to the applicable provisions of Title 34 RCW. If the board makes an
10 initial decision to deny a license or renewal based on the written
11 objections of an incorporated city or town or county legislative
12 authority, the applicant may request a hearing subject to the
13 applicable provisions of Title 34 RCW. If a hearing is held at the
14 request of the applicant, board representatives must present and
15 defend the board's initial decision to deny a license or renewal.

16 (d) Upon the granting of a license under this title the board
17 must send written notification to the chief executive officer of the
18 incorporated city or town in which the license is granted, or to the
19 county legislative authority if the license is granted outside the
20 boundaries of incorporated cities or towns.

21 (8) (a) Except as provided in (b) through (e) of this subsection,
22 the board may not issue a license for any premises within (~~one~~
23 ~~thousand~~) 1,000 feet of the perimeter of the grounds of any
24 elementary or secondary school, playground, recreation center or
25 facility, child care center, public park, public transit center, or
26 library, or any game arcade admission to which is not restricted to
27 persons aged (~~twenty-one~~) 21 years or older.

28 (b) A city, county, or town may permit the licensing of premises
29 within (~~one-thousand~~) 1,000 feet but not less than (~~one-hundred~~)
30 100 feet of the facilities described in (a) of this subsection,
31 except elementary schools, secondary schools, and playgrounds, by
32 enacting an ordinance authorizing such distance reduction, provided
33 that such distance reduction will not negatively impact the
34 jurisdiction's civil regulatory enforcement, criminal law enforcement
35 interests, public safety, or public health.

36 (c) A city, county, or town may permit the licensing of research
37 premises allowed under RCW 69.50.372 within (~~one-thousand~~) 1,000
38 feet but not less than (~~one-hundred~~) 100 feet of the facilities
39 described in (a) of this subsection by enacting an ordinance
40 authorizing such distance reduction, provided that the ordinance will

1 not negatively impact the jurisdiction's civil regulatory
2 enforcement, criminal law enforcement, public safety, or public
3 health.

4 (d) The board may license premises located in compliance with the
5 distance requirements set in an ordinance adopted under (b) or (c) of
6 this subsection. Before issuing or renewing a research license for
7 premises within (~~one thousand~~) 1,000 feet but not less than (~~one~~
8 ~~hundred~~) 100 feet of an elementary school, secondary school, or
9 playground in compliance with an ordinance passed pursuant to (c) of
10 this subsection, the board must ensure that the facility:

11 (i) Meets a security standard exceeding that which applies to
12 cannabis producer, processor, or retailer licensees;

13 (ii) Is inaccessible to the public and no part of the operation
14 of the facility is in view of the general public; and

15 (iii) Bears no advertising or signage indicating that it is a
16 cannabis research facility.

17 (e) The board must issue a certificate of compliance if the
18 premises met the requirements under (a), (b), (c), or (d) of this
19 subsection on the date of the application. The certificate allows the
20 licensee to operate the business at the proposed location
21 notwithstanding a later occurring, otherwise disqualifying factor.

22 (f) The board may not issue a license for any premises within
23 Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee
24 patent lands within the exterior boundaries of a reservation, without
25 the consent of the federally recognized tribe associated with the
26 reservation or Indian country.

27 (9) A city, town, or county may adopt an ordinance prohibiting a
28 cannabis producer or cannabis processor from operating or locating a
29 business within areas zoned primarily for residential use or rural
30 use with a minimum lot size of five acres or smaller.

31 (10) In determining whether to grant or deny a license or renewal
32 of any license, the board must give substantial weight to objections
33 from an incorporated city or town or county legislative authority
34 based upon chronic illegal activity associated with the applicant's
35 operations of the premises proposed to be licensed or the applicant's
36 operation of any other licensed premises, or the conduct of the
37 applicant's patrons inside or outside the licensed premises. "Chronic
38 illegal activity" means (a) a pervasive pattern of activity that
39 threatens the public health, safety, and welfare of the city, town,
40 or county including, but not limited to, open container violations,

1 assaults, disturbances, disorderly conduct, or other criminal law
2 violations, or as documented in crime statistics, police reports,
3 emergency medical response data, calls for service, field data, or
4 similar records of a law enforcement agency for the city, town,
5 county, or any other municipal corporation or any state agency; or
6 (b) an unreasonably high number of citations for violations of RCW
7 46.61.502 associated with the applicant's or licensee's operation of
8 any licensed premises as indicated by the reported statements given
9 to law enforcement upon arrest.

10 (11) After January 1, 2024, all cannabis licensees are encouraged
11 but are not required to submit a social equity plan to the board.
12 Upon confirmation by the board that a cannabis licensee who is not a
13 social equity applicant, and who does not hold a social equity
14 license issued under RCW 69.50.335, has submitted a social equity
15 plan, the board must within 30 days reimburse such a licensee an
16 amount equal to the cost of the licensee's annual cannabis license
17 renewal fee. The license renewal fee reimbursement authorized under
18 this subsection is subject to the following limitations:

19 (a) The board may provide reimbursement one time only to any
20 licensed entity; and

21 (b) Any licensed entity holding more than one cannabis license is
22 eligible for reimbursement of the license renewal fee on only one
23 license.

24 **Sec. 3.** RCW 69.50.335 and 2022 c 16 s 60 are each amended to
25 read as follows:

26 (1)(a) Beginning December 1, 2020, and until July 1, ((2029))
27 2032, cannabis retailer licenses, cannabis processor licenses, and
28 cannabis producer licenses that have been subject to forfeiture,
29 revocation, or cancellation by the board, or cannabis retailer
30 licenses that were not previously issued by the board but could have
31 been issued without exceeding the limit on the statewide number of
32 cannabis retailer licenses established before January 1, 2020, by the
33 board, may be issued or reissued to an applicant who meets the
34 cannabis retailer license, cannabis processor license, or cannabis
35 producer license requirements of this chapter. The board may not
36 issue or reissue more than 100 cannabis producer licenses or 100
37 cannabis processor licenses under this subsection.

38 (b) In addition to the cannabis retailer licenses that may be
39 issued under (a) of this subsection, beginning January 1, 2023, and

1 continuing every three years until July 1, 2032, the board may, with
2 the approval of the legislature through the passage of a bill,
3 increase the number of cannabis retailer licenses for the social
4 equity program based on:

5 (i) The most recent census data available as of January 1, 2023;
6 and

7 (ii) The annual population estimates published by the office of
8 financial management.

9 (c) In addition to the cannabis retailer licenses that may be
10 issued under (a) of this subsection, beginning January 1, 2024, and
11 until July 1, 2032, the board may issue up to 52 cannabis retailer
12 licenses for the social equity program.

13 (d) At the time of licensure, all licenses issued under the
14 social equity program under this section may be located in any city,
15 town, or county in the state that allows cannabis retail or cannabis
16 processing business activity at the proposed location, regardless of:

17 (i) Whether a cannabis retailer license or cannabis processor
18 license was originally allocated to or issued in another city, town,
19 or county; and

20 (ii) The maximum number of retail cannabis licenses established
21 by the board for each county under RCW 69.50.345.

22 (e) After a social equity license has been issued under this
23 section for a specific location, the location of the licensed
24 business may not be moved to a city, town, or county different from
25 the city, town, or county for which it was initially licensed.

26 (2) (a) In order to be considered for a (~~retail~~) cannabis
27 retailer license, cannabis processor license, or cannabis producer
28 license under subsection (1) of this section, an applicant must be a
29 social equity applicant and submit (~~a social equity plan along with~~
30 ~~other cannabis retailer license application requirements~~) required
31 cannabis license materials to the board. If the application proposes
32 ownership by more than one person, then at least (~~fifty-one~~) 51
33 percent of the proposed ownership structure must reflect the
34 qualifications of a social equity applicant.

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

39 (3) (a) In determining the priority for issuance of a license
40 among applicants, the board (~~may prioritize applicants based on the~~

1 ~~extent to which the application addresses the components of the~~
2 ~~social equity plan)) must select a third-party contractor to identify~~
3 ~~and score social equity applicants, using a scoring rubric developed~~
4 ~~by the board. The board must rely on the score provided by the third-~~
5 ~~party contractor in issuing licenses.~~

6 (b) The board may deny any application submitted under this
7 subsection if ~~((the))~~:

8 (i) The board determines that ~~((~~

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

11 ~~(ii) The application does not otherwise meet the licensing~~
12 ~~requirements of this chapter)), upon the advice of the third-party~~
13 ~~contractor, the application does not meet the social equity licensing~~
14 ~~requirements of this chapter; or~~

15 (ii) The board determines the application does not otherwise meet
16 licensing requirements.

17 (4) The board ~~((may))~~ must adopt rules to implement this section.
18 ~~((Rules may include strategies for receiving)) Prior to adopting any~~
19 ~~rule implementing this section, the board must consider~~ advice on the
20 social equity program from individuals the program is intended to
21 benefit. Rules may also require that licenses awarded under this
22 section only be transferred to or ~~((sold only to))~~ assumed by
23 individuals or groups of individuals who comply with the requirements
24 for initial licensure as a social equity applicant ~~((with a social~~
25 ~~equity plan under this section)) for a period of at least five years~~
26 ~~from the date of initial licensure.~~

27 (5) The annual fee for issuance, reissuance, or renewal for any
28 license under this section must be ~~((equal to the fee established in~~
29 ~~RCW 69.50.325)) waived through July 1, 2032.~~

30 (6) ~~((For the purposes of this section:))~~ The definitions in this
31 subsection apply throughout this section unless the context clearly
32 requires otherwise.

33 (a) "Disproportionately impacted area" means a census tract or
34 comparable geographic area ~~((that satisfies the following criteria,~~
35 ~~which may be further defined in rule by the board after consultation~~
36 ~~with the commission on African American affairs and other agencies,~~
37 ~~commissions, and community members as determined by the board:~~

38 ~~(i) The area has a high poverty rate;~~

39 ~~(ii) The area has a high rate of participation in income-based~~
40 ~~federal or state programs)) within Washington state where community~~

1 members were more likely to be impacted by the war on drugs. These
2 areas must be determined in rule by the board, in consultation with
3 the office of equity, using a standardized statistical equation to
4 identify areas with demographic indicators consistent with
5 populations most impacted by the war on drugs. These areas must be
6 assessed to account for demographic changes in the composition of the
7 population over time. Disproportionately impacted areas must include
8 census tracts or comparable geographic areas in the top 15th
9 percentile in at least two of the following demographic indicators of
10 populations most impacted by the war on drugs:

11 (i) The area has a high rate of people living under the federal
12 poverty level;

13 (ii) The area has a high rate of people who did not graduate from
14 high school;

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

16 (iv) The area has a high rate of ((arrest, conviction, or
17 incarceration related to the sale, possession, use, cultivation,
18 manufacture, or transport of cannabis)) people receiving public
19 assistance.

20 (b) "Social equity applicant" means an applicant:

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

27 (ii) An applicant who has at least fifty-one percent ownership
28 and control by at least one individual who has been convicted of a
29 cannabis offense, a drug offense, or is a family member of such an
30 individual; or

31 (iii) An applicant who meets criteria defined in rule by the
32 board after consultation with the commission on African American
33 affairs and other commissions, agencies, and community members as
34 determined by the board)) who has at least 51 percent ownership and
35 control by one or more individuals who meet at least two of the
36 following qualifications:

37 (i) Lived in a disproportionately impacted area in Washington
38 state for a minimum of five years between 1980 and 2010;

1 (ii) Has been arrested or convicted of a cannabis offense or has
2 a family member who has been arrested or convicted of a cannabis
3 offense;

4 (iii) Had a household income in the year prior to submitting an
5 application under this section that was less than the median
6 household income within the state of Washington as calculated by the
7 United States census bureau; or

8 (iv) Is both a socially and economically disadvantaged individual
9 as defined by the office of minority and women's business enterprises
10 under chapter 39.19 RCW.

11 (c) "Social equity goals" means:

12 (i) Increasing the number of cannabis retailer licenses held by
13 social equity applicants from disproportionately impacted areas; and

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

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

22 (i) A statement that ~~((the social equity applicant qualifies as a~~
23 ~~social equity applicant and intends to own at least fifty-one percent~~
24 ~~of the proposed cannabis retail business or applicants representing~~
25 ~~at least fifty-one percent of the ownership of the proposed business~~
26 ~~qualify as social equity applicants))~~ indicates how the cannabis
27 licensee will work to promote social equity goals in their community;

28 (ii) A description of how ~~((issuing a))~~ the cannabis ~~((retail~~
29 ~~license to the social equity applicant))~~ licensee will meet social
30 equity goals;

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

34 ~~(iv))~~ The composition of the workforce the ~~((social equity~~
35 ~~applicant))~~ licensee has employed or intends to hire;

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

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

4 (7) Except for the process detailed in subsection (1) of this
5 section, the process for creating new cannabis retail licenses under
6 this chapter remains unaltered.

7 **Sec. 4.** RCW 69.50.345 and 2022 c 16 s 64 are each amended to
8 read as follows:

9 The board, subject to the provisions of this chapter, must adopt
10 rules that establish the procedures and criteria necessary to
11 implement the following:

12 (1) Licensing of cannabis producers, cannabis processors, and
13 cannabis retailers, including prescribing forms and establishing
14 application, reinstatement, and renewal fees.

15 (a) Application forms for cannabis producers must request the
16 applicant to state whether the applicant intends to produce cannabis
17 for sale by cannabis retailers holding medical cannabis endorsements
18 and the amount of or percentage of canopy the applicant intends to
19 commit to growing plants determined by the department under RCW
20 69.50.375 to be of a THC concentration, CBD concentration, or THC to
21 CBD ratio appropriate for cannabis concentrates, useable cannabis, or
22 cannabis-infused products sold to qualifying patients.

23 (b) The board must reconsider and increase limits on the amount
24 of square feet permitted to be in production on July 24, 2015, and
25 increase the percentage of production space for those cannabis
26 producers who intend to grow plants for cannabis retailers holding
27 medical cannabis endorsements if the cannabis producer designates the
28 increased production space to plants determined by the department
29 under RCW 69.50.375 to be of a THC concentration, CBD concentration,
30 or THC to CBD ratio appropriate for cannabis concentrates, useable
31 cannabis, or cannabis-infused products to be sold to qualifying
32 patients. If current cannabis producers do not use all the increased
33 production space, the board may reopen the license period for new
34 cannabis producer license applicants but only to those cannabis
35 producers who agree to grow plants for cannabis retailers holding
36 medical cannabis endorsements. Priority in licensing must be given to
37 cannabis producer license applicants who have an application pending
38 on July 24, 2015, but who are not yet licensed and then to new
39 cannabis producer license applicants. After January 1, 2017, any

1 reconsideration of the limits on the amount of square feet permitted
2 to be in production to meet the medical needs of qualifying patients
3 must consider information contained in the medical cannabis
4 authorization database established in RCW 69.51A.230;

5 (2) (~~Determining~~) (a) Except as provided in RCW 69.50.335,
6 determining, in consultation with the office of financial management,
7 the maximum number of retail outlets that may be licensed in each
8 county, taking into consideration:

9 (~~(a)~~) (i) Population distribution;

10 (~~(b)~~) (ii) Security and safety issues;

11 (~~(c)~~) (iii) The provision of adequate access to licensed
12 sources of cannabis concentrates, useable cannabis, and cannabis-
13 infused products to discourage purchases from the illegal market; and

14 (~~(d)~~) (iv) The number of retail outlets holding medical
15 cannabis endorsements necessary to meet the medical needs of
16 qualifying patients. The board must reconsider and increase the
17 maximum number of retail outlets it established before July 24, 2015,
18 and allow for a new license application period and a greater number
19 of retail outlets to be permitted in order to accommodate the medical
20 needs of qualifying patients and designated providers. After January
21 1, 2017, any reconsideration of the maximum number of retail outlets
22 needed to meet the medical needs of qualifying patients must consider
23 information contained in the medical cannabis authorization database
24 established in RCW 69.51A.230.

25 (b) (i) In making the determination under (a) of this subsection,
26 the board must consider written input from an incorporated city or
27 town, or county legislative authority when evaluating concerns
28 related to outlet density.

29 (ii) Nothing in this chapter limits an incorporated city or town,
30 or county legislative authority from enacting an ordinance
31 prescribing outlet density limitations.

32 (iii) The board may adopt rules to identify how local
33 jurisdiction input will be evaluated;

34 (3) Determining the maximum quantity of cannabis a cannabis
35 producer may have on the premises of a licensed location at any time
36 without violating Washington state law;

37 (4) Determining the maximum quantities of cannabis, cannabis
38 concentrates, useable cannabis, and cannabis-infused products a
39 cannabis processor may have on the premises of a licensed location at
40 any time without violating Washington state law;

1 (5) Determining the maximum quantities of cannabis concentrates,
2 useable cannabis, and cannabis-infused products a cannabis retailer
3 may have on the premises of a retail outlet at any time without
4 violating Washington state law;

5 (6) In making the determinations required by this section, the
6 board shall take into consideration:

7 (a) Security and safety issues;

8 (b) The provision of adequate access to licensed sources of
9 cannabis, cannabis concentrates, useable cannabis, and cannabis-
10 infused products to discourage purchases from the illegal market; and

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

14 (7) Determining the nature, form, and capacity of all containers
15 to be used by licensees to contain cannabis, cannabis concentrates,
16 useable cannabis, and cannabis-infused products, and their labeling
17 requirements;

18 (8) In consultation with the department of agriculture and the
19 department, establishing classes of cannabis, cannabis concentrates,
20 useable cannabis, and cannabis infused products according to grade,
21 condition, cannabinoid profile, THC concentration, CBD concentration,
22 or other qualitative measurements deemed appropriate by the board;

23 (9) Establishing reasonable time, place, and manner restrictions
24 and requirements regarding advertising of cannabis, cannabis
25 concentrates, useable cannabis, and cannabis-infused products that
26 are not inconsistent with the provisions of this chapter, taking into
27 consideration:

28 (a) Federal laws relating to cannabis that are applicable within
29 Washington state;

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

32 (c) The inclusion of medically and scientifically accurate
33 information about the health and safety risks posed by cannabis use
34 in the advertising; and

35 (d) Ensuring that retail outlets with medical cannabis
36 endorsements may advertise themselves as medical retail outlets;

37 (10) Specifying and regulating the time and periods when, and the
38 manner, methods, and means by which, licensees shall transport and
39 deliver cannabis, cannabis concentrates, useable cannabis, and
40 cannabis-infused products within the state;

1 (11) In consultation with the department and the department of
2 agriculture, establishing accreditation requirements for testing
3 laboratories used by licensees to demonstrate compliance with
4 standards adopted by the board, and prescribing methods of producing,
5 processing, and packaging cannabis, cannabis concentrates, useable
6 cannabis, and cannabis-infused products; conditions of sanitation;
7 and standards of ingredients, quality, and identity of cannabis,
8 cannabis concentrates, useable cannabis, and cannabis-infused
9 products produced, processed, packaged, or sold by licensees;

10 (12) Specifying procedures for identifying, seizing,
11 confiscating, destroying, and donating to law enforcement for
12 training purposes all cannabis, cannabis concentrates, useable
13 cannabis, and cannabis-infused products produced, processed,
14 packaged, labeled, or offered for sale in this state that do not
15 conform in all respects to the standards prescribed by this chapter
16 or the rules of the board.

17 **Sec. 5.** RCW 69.50.345 and 2022 c 16 s 65 are each amended to
18 read as follows:

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

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

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

33 (b) The board must reconsider and increase limits on the amount
34 of square feet permitted to be in production on July 24, 2015, and
35 increase the percentage of production space for those cannabis
36 producers who intend to grow plants for cannabis retailers holding
37 medical cannabis endorsements if the cannabis producer designates the
38 increased production space to plants determined by the department
39 under RCW 69.50.375 to be of a THC concentration, CBD concentration,

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

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

19 (~~(a)~~) (i) Population distribution;

20 (~~(b)~~) (ii) Security and safety issues;

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

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

35 (b) (i) In making the determination under (a) of this subsection,
36 the board must consider written input from an incorporated city or
37 town, or county legislative authority when evaluating concerns
38 related to outlet density.

1 (ii) Nothing in this chapter limits an incorporated city or town,
2 or county legislative authority from enacting an ordinance
3 prescribing outlet density limitations.

4 (iii) The board may adopt rules to identify how local
5 jurisdiction input will be evaluated;

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

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

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

17 (6) In making the determinations required by this section, the
18 board shall take into consideration:

19 (a) Security and safety issues;

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

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

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

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

35 (9) Establishing reasonable time, place, and manner restrictions
36 and requirements regarding advertising of cannabis, cannabis
37 concentrates, useable cannabis, and cannabis-infused products that
38 are not inconsistent with the provisions of this chapter, taking into
39 consideration:

1 (a) Federal laws relating to cannabis that are applicable within
2 Washington state;

3 (b) Minimizing exposure of people under (~~twenty-one~~) 21 years
4 of age to the advertising;

5 (c) The inclusion of medically and scientifically accurate
6 information about the health and safety risks posed by cannabis use
7 in the advertising; and

8 (d) Ensuring that retail outlets with medical cannabis
9 endorsements may advertise themselves as medical retail outlets;

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

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

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

28 NEW SECTION. **Sec. 6.** Section 4 of this act expires July 1,
29 2024.

30 NEW SECTION. **Sec. 7.** Section 5 of this act takes effect July 1,
31 2024.

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