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**SUBSTITUTE HOUSE BILL 2144**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** House Government Accountability & Oversight (originally sponsored by Representatives Condotta, Manweller, Buys, Blake, Springer, Shea, Holy, and Vick)

READ FIRST TIME 02/05/14.

1       AN ACT Relating to the establishment of a dedicated local  
2 jurisdiction marijuana fund and the distribution of a specified  
3 percentage of marijuana excise tax revenues to local jurisdictions;  
4 amending RCW 69.50.530, 69.50.535, 69.50.540, and 69.50.608; and  
5 providing an effective date.

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

7       **Sec. 1.** RCW 69.50.530 and 2013 c 3 s 26 (Initiative Measure No.  
8 502) are each amended to read as follows:

9       (1) ~~((There shall be))~~ (a) Except as otherwise provided in (b) of  
10 this subsection, there must be a fund, known as the dedicated marijuana  
11 fund, which ~~((shall))~~ consists of all marijuana excise taxes, license  
12 fees, penalties, forfeitures, and all other moneys, income, or revenue  
13 received by the state liquor control board from marijuana-related  
14 activities. The state treasurer ~~((shall))~~ must be custodian of the  
15 fund.

16       (b) There must be a fund, known as the dedicated local jurisdiction  
17 marijuana fund, which consists of marijuana excise taxes collected  
18 under RCW 69.50.535(3). The state treasurer must be custodian of the  
19 fund.

1 (2) All moneys received by the state liquor control board or any  
2 employee thereof from marijuana-related activities (~~shall~~) must be  
3 deposited each day in a depository approved by the state treasurer and  
4 transferred to the state treasurer to be credited to the dedicated  
5 marijuana fund or the dedicated local jurisdiction marijuana fund.

6 (3) Disbursements from the dedicated marijuana fund (~~shall~~) or  
7 the dedicated local jurisdiction marijuana fund must be on  
8 authorization of the state liquor control board or a duly authorized  
9 representative thereof.

10 **Sec. 2.** RCW 69.50.535 and 2013 c 3 s 27 (Initiative Measure No.  
11 502) are each amended to read as follows:

12 (1) There is levied and collected a marijuana excise tax equal to  
13 twenty-five percent of the selling price on each wholesale sale in this  
14 state of marijuana by a licensed marijuana producer to a licensed  
15 marijuana processor or another licensed marijuana producer. This tax  
16 is the obligation of the licensed marijuana producer.

17 (2) There is levied and collected a marijuana excise tax equal to  
18 twenty-five percent of the selling price on each wholesale sale in this  
19 state of useable marijuana or marijuana-infused product by a licensed  
20 marijuana processor to a licensed marijuana retailer. This tax is the  
21 obligation of the licensed marijuana processor.

22 (3) There is levied and collected a marijuana excise tax equal to  
23 twenty-five percent of the selling price on each retail sale in this  
24 state of useable marijuana and marijuana-infused products. This tax is  
25 the obligation of the licensed marijuana retailer, is separate and in  
26 addition to general state and local sales and use taxes that apply to  
27 retail sales of tangible personal property, and is part of the total  
28 retail price to which general state and local sales and use taxes  
29 apply.

30 (4) All revenues collected from the marijuana excise taxes imposed  
31 under subsections (1) through (3) of this section (~~shall~~) must be  
32 deposited each day in a depository approved by the state treasurer and  
33 transferred to the state treasurer (~~to be credited to the dedicated~~  
34 ~~marijuana fund~~) as follows:

35 (a) Ninety percent of the revenue collected from the marijuana  
36 excise tax imposed under subsection (1) of this section must be

1 credited to the dedicated marijuana fund, and ten percent of the  
2 revenue collected under subsection (1) of this section must be credited  
3 to the dedicated local jurisdiction marijuana fund.

4 (b) All revenue collected from the marijuana excise tax imposed  
5 under subsection (2) of this section must be credited to the dedicated  
6 marijuana fund.

7 (c) Eighty percent of the revenue collected from the marijuana  
8 excise tax imposed under subsection (3) of this section must be  
9 credited to the dedicated marijuana fund, and twenty percent of the  
10 revenue collected under subsection (3) of this section must be credited  
11 to the dedicated local jurisdiction marijuana fund.

12 (5) The state liquor control board (~~shall~~) must regularly review  
13 the tax levels established under this section and make recommendations  
14 to the legislature as appropriate regarding adjustments that would  
15 further the goal of discouraging use while undercutting illegal market  
16 prices.

17 **Sec. 3.** RCW 69.50.540 and 2013 c 3 s 28 (Initiative Measure No.  
18 502) are each amended to read as follows:

19 (1) All marijuana excise taxes collected from sales of marijuana,  
20 useable marijuana, and marijuana-infused products under RCW 69.50.535,  
21 and the license fees, penalties, and forfeitures derived under chapter  
22 3, Laws of 2013 from marijuana producer, marijuana processor, and  
23 marijuana retailer licenses (~~shall~~) deposited in the dedicated  
24 marijuana fund must every three months be disbursed by the state liquor  
25 control board as follows:

26 ~~((+1))~~ (a) One hundred twenty-five thousand dollars to the  
27 department of social and health services to design and administer the  
28 Washington state healthy youth survey, analyze the collected data, and  
29 produce reports, in collaboration with the office of the superintendent  
30 of public instruction, department of health, department of commerce,  
31 family policy council, and state liquor control board. The survey  
32 ~~((shall))~~ must be conducted at least every two years and include  
33 questions regarding, but not necessarily limited to, academic  
34 achievement, age at time of substance use initiation, antisocial  
35 behavior of friends, attitudes toward antisocial behavior, attitudes  
36 toward substance use, laws and community norms regarding antisocial  
37 behavior, family conflict, family management, parental attitudes toward

1 substance use, peer rewarding of antisocial behavior, perceived risk of  
2 substance use, and rebelliousness. Funds disbursed under this  
3 subsection may be used to expand administration of the healthy youth  
4 survey to student populations attending institutions of higher  
5 education in Washington;

6 ~~((+2))~~ (b) Fifty thousand dollars to the department of social and  
7 health services for the purpose of contracting with the Washington  
8 state institute for public policy to conduct the cost-benefit  
9 evaluation and produce the reports described in RCW 69.50.550. This  
10 appropriation ~~((shall))~~ ends after production of the final report  
11 required by RCW 69.50.550;

12 ~~((+3))~~ (c) Five thousand dollars to the University of Washington  
13 alcohol and drug abuse institute for the creation, maintenance, and  
14 timely updating of web-based public education materials providing  
15 medically and scientifically accurate information about the health and  
16 safety risks posed by marijuana use;

17 ~~((+4))~~ (d) An amount not exceeding one million two hundred fifty  
18 thousand dollars to the state liquor control board as is necessary for  
19 administration of chapter 3, Laws of 2013;

20 ~~((+5))~~ (e)(i) Of the funds remaining after the disbursements  
21 identified in subsections ~~((+1))~~ (a) through ~~((+4))~~ (d) of this  
22 ~~((section))~~ subsection:

23 ~~((+a))~~ (A) Fifteen percent to the department of social and health  
24 services division of behavioral health and recovery for implementation  
25 and maintenance of programs and practices aimed at the prevention or  
26 reduction of maladaptive substance use, substance-use disorder,  
27 substance abuse or substance dependence, as these terms are defined in  
28 the Diagnostic and Statistical Manual of Mental Disorders, among middle  
29 school and high school age students, whether as an explicit goal of a  
30 given program or practice or as a consistently corresponding effect of  
31 its implementation; PROVIDED, That:

32 ~~((+i))~~ (I) Of the funds disbursed under ~~((+a))~~ (e)(i)(A) of this  
33 subsection, at least eighty-five percent must be directed to evidence-  
34 based and cost-beneficial programs and practices that produce  
35 objectively measurable results; and

36 ~~((+ii))~~ (II) Up to fifteen percent of the funds disbursed under  
37 ~~((+a))~~ (e)(i)(A) of this subsection may be directed to research-based  
38 and emerging best practices or promising practices.

1        (ii) In deciding which programs and practices to fund, the  
2 secretary of the department of social and health services (~~shall~~)  
3 must consult, at least annually, with the University of Washington's  
4 social development research group and the University of Washington's  
5 alcohol and drug abuse institute;

6        (~~(b)~~) (B) Ten percent to the department of health for the  
7 creation, implementation, operation, and management of a marijuana  
8 education and public health program that contains the following:

9        (~~(i)~~) (I) A marijuana use public health hotline that provides  
10 referrals to substance abuse treatment providers, utilizes evidence-  
11 based or research-based public health approaches to minimizing the  
12 harms associated with marijuana use, and does not solely advocate an  
13 abstinence-only approach;

14        (~~(ii)~~) (II) A grants program for local health departments or  
15 other local community agencies that supports development and  
16 implementation of coordinated intervention strategies for the  
17 prevention and reduction of marijuana use by youth; and

18        (~~(iii)~~) (III) Media-based education campaigns across television,  
19 internet, radio, print, and out-of-home advertising, separately  
20 targeting youth and adults, that provide medically and scientifically  
21 accurate information about the health and safety risks posed by  
22 marijuana use;

23        (~~(c)~~) (C) Six-tenths of one percent to the University of  
24 Washington and four-tenths of one percent to Washington State  
25 University for research on the short and long-term effects of marijuana  
26 use, to include but not be limited to formal and informal methods for  
27 estimating and measuring intoxication and impairment, and for the  
28 dissemination of such research;

29        (~~(d)~~) (D) Fifty percent to the state basic health plan trust  
30 account to be administered by the Washington basic health plan  
31 administrator and used as provided under chapter 70.47 RCW;

32        (~~(e)~~) (E) Five percent to the Washington state health care  
33 authority to be expended exclusively through contracts with community  
34 health centers to provide primary health and dental care services,  
35 migrant health services, and maternity health care services as provided  
36 under RCW 41.05.220;

37        (~~(f)~~) (F) Three-tenths of one percent to the office of the

1 superintendent of public instruction to fund grants to building bridges  
2 programs under chapter 28A.175 RCW; and

3 ~~((+g))~~ (G) The remainder to the general fund.

4 (2) All marijuana excise taxes from sales of marijuana, useable  
5 marijuana, and marijuana-infused products that are collected and  
6 deposited under RCW 69.50.535 in the dedicated local jurisdiction  
7 marijuana fund must be disbursed every three months by the state liquor  
8 control board as follows:

9 (a) All marijuana excise taxes collected and deposited under RCW  
10 69.50.535(1) in the dedicated local jurisdiction marijuana fund must be  
11 disbursed to the local jurisdiction where the marijuana producer is  
12 physically located. Each local jurisdiction must receive revenue  
13 distributions based on the proportional share of the total revenues in  
14 the dedicated local jurisdiction marijuana fund from the taxes  
15 collected under RCW 69.50.535(1) from producers physically located in  
16 each local jurisdiction; and

17 (b) All marijuana excise taxes collected and deposited under RCW  
18 69.50.535(3) in the dedicated local jurisdiction marijuana fund must be  
19 disbursed to the local jurisdiction where the retail sale originated.  
20 Each local jurisdiction with retail sales must receive revenue  
21 distributions based on its proportional amount of the total revenues  
22 from the excise tax imposed under RCW 69.50.535(3) in the dedicated  
23 local jurisdiction marijuana fund from retail sales in its  
24 jurisdiction.

25 **Sec. 4.** RCW 69.50.608 and 1989 c 271 s 601 are each amended to  
26 read as follows:

27 (1) The state of Washington fully occupies and preempts the entire  
28 field of the regulation of controlled substances under this chapter and  
29 setting penalties for violations of the controlled substances act.  
30 This preemption also includes, but is not limited to, statutory  
31 provisions pertaining to licensing, marketing, taxation, production,  
32 processing, and retail sale of marijuana.

33 (2) Cities, towns, and counties or other municipalities may enact  
34 only those laws and ordinances relating to controlled substances that  
35 are consistent with this chapter. Such local ordinances shall have the  
36 same penalties, rules, and requirements as provided for by state law.  
37 Local laws and ordinances that are inconsistent with the requirements

1 of state law, or that in any way have the effect of interfering with  
2 the development, implementation, or maintenance of a state regulated  
3 market regarding the production, processing, possession, or use of  
4 legal marijuana, shall not be enacted and are preempted and  
5 ((repealed)) unenforceable, regardless of the nature of the code,  
6 charter, or home rule status of the city, town, county, or  
7 municipality.

8 NEW SECTION. **Sec. 5.** This act takes effect July 1, 2014.

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