
HOUSE BILL 2566

State of Washington 63rd Legislature 2014 Regular Session

By Representatives Kretz, Blake, Short, Condotta, and Freeman

Read first time 01/21/14. Referred to Committee on Government
Accountability & Oversight.

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 cities and counties;
4 amending RCW 69.50.530, 69.50.535, and 69.50.540; and providing an
5 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 (1) and (3). The state treasurer must be custodian
19 of the 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)(i) Except as otherwise provided, all revenue collected from the
36 marijuana excise tax imposed under subsection (2) of this section,
37 eighty-five percent of revenue collected from the marijuana excise tax

1 imposed under subsection (1) of this section, and eighty-five percent
2 of revenue collected from the marijuana excise tax imposed under
3 subsection (3) of this section must be credited to the dedicated
4 marijuana fund.

5 (ii) If a producer under subsection (1) of this section is exempt
6 from paying the marijuana excise tax in subsection (1) of this section
7 then eighty-five percent of revenue collected from the marijuana excise
8 tax imposed under subsection (2) of this section and eighty-five
9 percent of revenue collected from the marijuana excise tax imposed
10 under subsection (3) of this section must be credited to the dedicated
11 marijuana fund.

12 (b)(i) Except as otherwise provided, fifteen percent of revenue
13 collected from the marijuana excise tax imposed under subsection (1) of
14 this section and fifteen percent of revenue collected from the
15 marijuana excise tax imposed under subsection (3) of this section must
16 be credited to the dedicated local jurisdiction marijuana fund.

17 (ii) If a producer under subsection (1) of this section is exempt
18 from paying the marijuana excise tax in subsection (1) of this section
19 then fifteen percent of revenue collected from the marijuana excise tax
20 imposed under subsection (2) of this section and fifteen percent of the
21 marijuana excise tax imposed under subsection (3) of this section must
22 be credited to the dedicated local jurisdiction marijuana fund.

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

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

30 (1) All marijuana excise taxes collected from sales of marijuana,
31 useable marijuana, and marijuana-infused products under RCW 69.50.535,
32 and the license fees, penalties, and forfeitures derived under chapter
33 3, Laws of 2013 from marijuana producer, marijuana processor, and
34 marijuana retailer licenses (~~(shall)~~) deposited in the dedicated
35 marijuana fund must every three months be disbursed by the state liquor
36 control board as follows:

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

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

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

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

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

35 ~~((+a))~~ (A) Fifteen percent to the department of social and health
36 services division of behavioral health and recovery for implementation
37 and maintenance of programs and practices aimed at the prevention or
38 reduction of maladaptive substance use, substance-use disorder,

1 substance abuse or substance dependence, as these terms are defined in
2 the Diagnostic and Statistical Manual of Mental Disorders, among middle
3 school and high school age students, whether as an explicit goal of a
4 given program or practice or as a consistently corresponding effect of
5 its implementation; PROVIDED, That:

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

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

13 (ii) In deciding which programs and practices to fund, the
14 secretary of the department of social and health services ((shall))
15 must consult, at least annually, with the University of Washington's
16 social development research group and the University of Washington's
17 alcohol and drug abuse institute;

18 ((+b)) (B) Ten percent to the department of health for the
19 creation, implementation, operation, and management of a marijuana
20 education and public health program that contains the following:

21 ((+i)) (I) A marijuana use public health hotline that provides
22 referrals to substance abuse treatment providers, utilizes evidence-
23 based or research-based public health approaches to minimizing the
24 harms associated with marijuana use, and does not solely advocate an
25 abstinence-only approach;

26 ((+ii)) (II) A grants program for local health departments or
27 other local community agencies that supports development and
28 implementation of coordinated intervention strategies for the
29 prevention and reduction of marijuana use by youth; and

30 ((+iii)) (III) Media-based education campaigns across television,
31 internet, radio, print, and out-of-home advertising, separately
32 targeting youth and adults, that provide medically and scientifically
33 accurate information about the health and safety risks posed by
34 marijuana use;

35 ((+e)) (C) Six-tenths of one percent to the University of
36 Washington and four-tenths of one percent to Washington State
37 University for research on the short and long-term effects of marijuana

1 use, to include but not be limited to formal and informal methods for
2 estimating and measuring intoxication and impairment, and for the
3 dissemination of such research;

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

7 ~~((e))~~ (E) Five percent to the Washington state health care
8 authority to be expended exclusively through contracts with community
9 health centers to provide primary health and dental care services,
10 migrant health services, and maternity health care services as provided
11 under RCW 41.05.220;

12 ~~((f))~~ (F) Three-tenths of one percent to the office of the
13 superintendent of public instruction to fund grants to building bridges
14 programs under chapter 28A.175 RCW; and

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

16 (2)(a) All marijuana excise taxes from retail sales of marijuana,
17 useable marijuana, and marijuana-infused products that are collected
18 and deposited under RCW 69.50.535(3) in the dedicated local
19 jurisdiction marijuana fund must be disbursed every three months by the
20 state liquor control board to the local jurisdiction where the retail
21 sale originated. Each local jurisdiction with retail sales must
22 receive revenue distributions based on their proportional amount of the
23 total revenues from the excise tax imposed under section 2(3) of this
24 act in the dedicated local jurisdiction marijuana fund from sales
25 within their jurisdiction.

26 (b) All marijuana excise taxes that are collected and deposited
27 under RCW 69.50.535 (1) or (2) in the dedicated local jurisdiction
28 marijuana fund must be disbursed every three months by the state liquor
29 control board to the local jurisdiction where the marijuana producer or
30 processor is physically located. Each local jurisdiction must receive
31 revenue distributions based on the proportional share of the total
32 revenues in the dedicated local jurisdiction marijuana fund from the
33 taxes collected under RCW 69.50.535 (1) or (2) from producers or
34 processors physically located in each local jurisdiction.

35 NEW SECTION. Sec. 4. This act takes effect July 1, 2014.

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