

E2SHB 2136 - H AMD 532

By Representative Carlyle

ADOPTED 6/26/2015

1 Strike everything after the enacting clause and insert the
2 following:

3 **"PART I**

4 **Intent and Tax Preference Performance Statement**

5 NEW SECTION. **Sec. 101.** (1)(a) The legislature finds the
6 implementation of Initiative Measure No. 502 has established a
7 clearly disadvantaged regulated legal market with respect to prices
8 and the ability to compete with the unregulated medical dispensary
9 market and the illicit market. The legislature further finds that it
10 is crucial that the state continues to ensure a safe, highly
11 regulated system in Washington that protects valuable state revenues
12 while continuing efforts towards disbanding the unregulated marijuana
13 markets. The legislature further finds that ongoing evaluation on the
14 impact of meaningful marijuana tax reform for the purpose of
15 stabilizing revenues is crucial to the overall effort of protecting
16 the citizens and resources of this state. The legislature further
17 finds that a partnership with local jurisdictions in this effort is
18 imperative to the success of the legislature's policy objective. The
19 legislature further finds that sharing revenues to promote a
20 successful partnership in achieving the legislature's intent should
21 be transparent and hold local jurisdictions accountable for their use
22 of state shared revenues. Therefore, the legislature intends to
23 reform the current tax structure for the regulated legal marijuana
24 system to create price parity with the large medical and illicit
25 markets with the specific objective of increasing the market share of
26 the legal and highly regulated marijuana market. The legislature
27 further intends to share marijuana tax revenues with local
28 jurisdictions for public safety purposes and to facilitate the
29 ongoing process of ensuring a safe regulated marijuana market in all
30 communities across the state.

1 (b) The legislature further finds marijuana use for qualifying
2 patients is a valid and necessary option health care professionals
3 may recommend for their patients. The legislature further finds that
4 while recognizing the difference between recreational and medical use
5 of marijuana, it is also imperative to distinguish that the
6 authorization for medical use of marijuana is different from a valid
7 prescription provided by a doctor to a patient. The legislature
8 further finds the authorization for medical use of marijuana is
9 unlike over-the-counter medications that require no oversight by a
10 health care professional. The legislature further finds that due to
11 the unique characterization of authorizations for the medical use of
12 marijuana, the policy of providing a tax preference benefit for
13 patients using an authorization should in no way be construed as
14 precedent for changes in the treatment of prescription medications or
15 over-the-counter medications. Therefore, the legislature intends to
16 provide qualifying patients and their designated providers a retail
17 sales and use tax exemption on marijuana purchased or obtained for
18 medical use when authorized by a health care professional.

19 (2)(a) This subsection is the tax preference performance
20 statement for the retail sales and use tax exemption for marijuana
21 purchased or obtained by qualifying patients or their designated
22 providers provided in sections 207(1) and 208(1) of this act. The
23 performance statement is only intended to be used for subsequent
24 evaluation of the tax preference. It is not intended to create a
25 private right of action by any party or be used to determine
26 eligibility for preferential tax treatment.

27 (b) The legislature categorizes the tax preference as one
28 intended to accomplish the general purposes indicated in RCW
29 82.32.808(2)(e).

30 (c) It is the legislature's specific public policy objective to
31 provide qualifying patients and their designated providers a retail
32 sales and use tax exemption on marijuana purchased or obtained for
33 medical use when authorized by a health care professional.

34 (d) To measure the effectiveness of the exemption provided in
35 this act in achieving the specific public policy objective described
36 in (c) of this subsection, the department of revenue must provide the
37 necessary data and assistance to the state liquor and cannabis board
38 for the report required in RCW 69.50.535.

1 **Marijuana Excise Tax, Exemptions, and Distribution of Revenues**

2 **Sec. 201.** RCW 69.50.334 and 2013 c 3 s 7 are each amended to
3 read as follows:

4 (1) The action, order, or decision of the state liquor
5 ~~((control))~~ and cannabis board as to any denial of an application for
6 the reissuance of a license to produce, process, or sell marijuana,
7 or as to any revocation, suspension, or modification of any license
8 to produce, process, or sell marijuana, ~~((shall))~~ or as to the
9 administrative review of a notice of unpaid trust fund taxes under
10 section 202 of this act, must be an adjudicative proceeding and
11 subject to the applicable provisions of chapter 34.05 RCW.

12 ~~((1))~~ (2) An opportunity for a hearing may be provided to an
13 applicant for the reissuance of a license prior to the disposition of
14 the application, and if no opportunity for a prior hearing is
15 provided then an opportunity for a hearing to reconsider the
16 application must be provided the applicant.

17 ~~((2))~~ (3) An opportunity for a hearing must be provided to a
18 licensee prior to a revocation or modification of any license and,
19 except as provided in subsection ~~((4))~~ (6) of this section, prior
20 to the suspension of any license.

21 ~~((3))~~ (4) An opportunity for a hearing must be provided to any
22 person issued a notice of unpaid trust fund taxes under section 202
23 of this act.

24 (5) No hearing ~~((shall))~~ may be required under this section until
25 demanded by the applicant ~~((or))~~ licensee, or person issued a notice
26 of unpaid trust fund taxes under section 202 of this act.

27 ~~((4))~~ (6) The state liquor ~~((control))~~ and cannabis board may
28 summarily suspend a license for a period of up to one hundred eighty
29 days without a prior hearing if it finds that public health, safety,
30 or welfare imperatively require emergency action, and it incorporates
31 a finding to that effect in its order. Proceedings for revocation or
32 other action must be promptly instituted and determined. An
33 administrative law judge may extend the summary suspension period for
34 up to one calendar year from the first day of the initial summary
35 suspension in the event the proceedings for revocation or other
36 action cannot be completed during the initial one hundred eighty-day
37 period due to actions by the licensee. The state liquor ~~((control))~~
38 and cannabis board's enforcement division shall complete a
39 preliminary staff investigation of the violation before requesting an

1 emergency suspension by the state liquor (~~control~~) and cannabis
2 board.

3 NEW SECTION. **Sec. 202.** A new section is added to chapter 69.50
4 RCW under the subchapter heading "article V" to read as follows:

5 (1) Whenever the board determines that a limited liability
6 business entity has collected trust fund taxes and has failed to
7 remit those taxes to the board and that business entity has been
8 terminated, dissolved, or abandoned, or is insolvent, the board may
9 pursue collection of the entity's unpaid trust fund taxes, including
10 penalties on those taxes, against any or all of the responsible
11 individuals. For purposes of this subsection, "insolvent" means the
12 condition that results when the sum of the entity's debts exceeds the
13 fair market value of its assets. The board may presume that an entity
14 is insolvent if the entity refuses to disclose to the board the
15 nature of its assets and liabilities.

16 (2)(a) For a responsible individual who is the current or a
17 former chief executive or chief financial officer, liability under
18 this section applies regardless of fault or whether the individual
19 was or should have been aware of the unpaid trust fund tax liability
20 of the limited liability business entity.

21 (b) For any other responsible individual, liability under this
22 section applies only if he or she willfully failed to pay or to cause
23 to be paid to the board the trust fund taxes due from the limited
24 liability business entity.

25 (3)(a) Except as provided in this subsection (3)(a), a
26 responsible individual who is the current or a former chief executive
27 or chief financial officer is liable under this section only for
28 trust fund tax liability accrued during the period that he or she was
29 the chief executive or chief financial officer. However, if the
30 responsible individual had the responsibility or duty to remit
31 payment of the limited liability business entity's trust fund taxes
32 to the board during any period of time that the person was not the
33 chief executive or chief financial officer, that individual is also
34 liable for trust fund tax liability that became due during the period
35 that he or she had the duty to remit payment of the limited liability
36 business entity's taxes to the board but was not the chief executive
37 or chief financial officer.

38 (b) All other responsible individuals are liable under this
39 section only for trust fund tax liability that became due during the

1 period he or she had the responsibility or duty to remit payment of
2 the limited liability business entity's taxes to the board.

3 (4) Persons described in subsection (3)(b) of this section are
4 exempt from liability under this section in situations where
5 nonpayment of the limited liability business entity's trust fund
6 taxes was due to reasons beyond their control as determined by the
7 board by rule.

8 (5) Any person having been issued a notice of unpaid trust fund
9 taxes under this section is entitled to an administrative hearing
10 under RCW 69.50.334 and any such rules the board may adopt.

11 (6) This section does not relieve the limited liability business
12 entity of its trust fund tax liability or otherwise impair other tax
13 collection remedies afforded by law.

14 (7) The definitions in this subsection apply throughout this
15 section unless the context clearly requires otherwise.

16 (a) "Board" means the state liquor and cannabis board.

17 (b) "Chief executive" means: The president of a corporation or
18 for other entities or organizations other than corporations or if the
19 corporation does not have a president as one of its officers, the
20 highest ranking executive manager or administrator in charge of the
21 management of the company or organization.

22 (c) "Chief financial officer" means: The treasurer of a
23 corporation or for entities or organizations other than corporations
24 or if a corporation does not have a treasurer as one of its officers,
25 the highest senior manager who is responsible for overseeing the
26 financial activities of the entire company or organization.

27 (d) "Limited liability business entity" means a type of business
28 entity that generally shields its owners from personal liability for
29 the debts, obligations, and liabilities of the entity, or a business
30 entity that is managed or owned in whole or in part by an entity that
31 generally shields its owners from personal liability for the debts,
32 obligations, and liabilities of the entity. Limited liability
33 business entities include corporations, limited liability companies,
34 limited liability partnerships, trusts, general partnerships and
35 joint ventures in which one or more of the partners or parties are
36 also limited liability business entities, and limited partnerships in
37 which one or more of the general partners are also limited liability
38 business entities.

39 (e) "Manager" has the same meaning as in RCW 25.15.005.

1 (f) "Member" has the same meaning as in RCW 25.15.005, except
2 that the term only includes members of member-managed limited
3 liability companies.

4 (g) "Officer" means any officer or assistant officer of a
5 corporation, including the president, vice president, secretary, and
6 treasurer.

7 (h)(i) "Responsible individual" includes any current or former
8 officer, manager, member, partner, or trustee of a limited liability
9 business entity with unpaid trust fund tax liability.

10 (ii) "Responsible individual" also includes any current or former
11 employee or other individual, but only if the individual had the
12 responsibility or duty to remit payment of the limited liability
13 business entity's unpaid trust fund tax liability.

14 (iii) Whenever any taxpayer has one or more limited liability
15 business entities as a member, manager, or partner, "responsible
16 individual" also includes any current and former officers, members,
17 or managers of the limited liability business entity or entities or
18 of any other limited liability business entity involved directly in
19 the management of the taxpayer. For purposes of this subsection
20 (7)(h)(iii), "taxpayer" means a limited liability business entity
21 with unpaid trust fund taxes.

22 (i) "Trust fund taxes" means taxes collected from buyers and
23 deemed held in trust under RCW 69.50.535.

24 (j) "Willfully failed to pay or to cause to be paid" means that
25 the failure was the result of an intentional, conscious, and
26 voluntary course of action.

27 **Sec. 203.** RCW 69.50.357 and 2015 c 70 s 12 are each amended to
28 read as follows:

29 (1) Retail outlets (~~(shall sell no)~~) may not sell products or
30 services other than marijuana concentrates, useable marijuana,
31 marijuana-infused products, or paraphernalia intended for the storage
32 or use of marijuana concentrates, useable marijuana, or marijuana-
33 infused products.

34 (2) Licensed marijuana retailers (~~(shall)~~) may not employ persons
35 under twenty-one years of age or allow persons under twenty-one years
36 of age to enter or remain on the premises of a retail outlet.
37 However, qualifying patients between eighteen and twenty-one years of
38 age with a recognition card may enter and remain on the premises of a
39 retail outlet holding a medical marijuana endorsement and may

1 purchase products for their personal medical use. Qualifying patients
2 who are under the age of eighteen with a recognition card and who
3 accompany their designated providers may enter and remain on the
4 premises of a retail outlet holding a medical marijuana endorsement,
5 but may not purchase products for their personal medical use.

6 (3)(a) Licensed marijuana retailers must ensure that all
7 employees are trained on the rules adopted to implement this chapter,
8 identification of persons under the age of twenty-one, and other
9 requirements adopted by the state liquor and cannabis board to ensure
10 that persons under the age of twenty-one are not permitted to enter
11 or remain on the premises of a retail outlet.

12 (b) Licensed marijuana retailers with a medical marijuana
13 endorsement must ensure that all employees are trained on the
14 subjects required by (a) of this subsection as well as identification
15 of authorizations and recognition cards. Employees must also be
16 trained to permit qualifying patients who hold recognition cards and
17 are between the ages of eighteen and twenty-one to enter the premises
18 and purchase marijuana for their personal medical use and to permit
19 qualifying patients who are under the age of eighteen with a
20 recognition card to enter the premises if accompanied by their
21 designated providers.

22 (4) Licensed marijuana retailers (~~shall~~) may not display any
23 signage (~~in a window, on a door, or on the outside of the premises~~
24 ~~of a retail outlet that is visible to the general public from a~~
25 ~~public right-of-way, other than a single sign no larger than one~~
26 ~~thousand six hundred square inches identifying the retail outlet by~~
27 ~~the licensee's business or trade name. Retail outlets that hold~~
28 ~~medical marijuana endorsements may include this information on~~
29 ~~signage.~~

30 ~~(5) Licensed marijuana retailers shall not display marijuana~~
31 ~~concentrates, useable marijuana, or marijuana-infused products in a~~
32 ~~manner that is visible to the general public from a public right-of-~~
33 ~~way.~~

34 ~~(6))~~ outside of the licensed premises, other than two signs
35 identifying the retail outlet by the licensee's business or trade
36 name. Each sign must be no larger than one thousand six hundred
37 square inches, be permanently affixed to a building or other
38 structure, and be posted not less than one thousand feet from any
39 elementary school, secondary school, or playground.

1 (5) No licensed marijuana retailer or employee of a retail outlet
2 (~~shall~~) may open or consume, or allow to be opened or consumed, any
3 marijuana concentrates, useable marijuana, or marijuana-infused
4 product on the outlet premises.

5 (~~(7)~~) (6) The state liquor and cannabis board (~~shall~~) must
6 fine a licensee one thousand dollars for each violation of any
7 subsection of this section. Fines collected under this section must
8 be deposited into the dedicated marijuana (~~fund~~) account created
9 under RCW 69.50.530.

10 **Sec. 204.** RCW 69.50.369 and 2013 c 3 s 18 are each amended to
11 read as follows:

12 (1) No licensed marijuana producer, processor, researcher, or
13 retailer (~~shall~~) may place or maintain, or cause to be placed or
14 maintained, an advertisement of marijuana, useable marijuana,
15 marijuana concentrates, or a marijuana-infused product in any form or
16 through any medium whatsoever:

17 (a) Within one thousand feet of the perimeter of a school
18 grounds, playground, recreation center or facility, child care
19 center, public park, or library, or any game arcade admission to
20 which is not restricted to persons aged twenty-one years or older;

21 (b) On or in a public transit vehicle or public transit shelter;
22 or

23 (c) On or in a publicly owned or operated property.

24 (2) Merchandising within a retail outlet is not advertising for
25 the purposes of this section.

26 (3) This section does not apply to a noncommercial message.

27 (4) The state liquor (~~control~~) and cannabis board (~~shall~~)
28 must fine a licensee one thousand dollars for each violation of
29 subsection (1) of this section. Fines collected under this subsection
30 must be deposited into the dedicated marijuana (~~fund~~) account
31 created under RCW 69.50.530.

32 **Sec. 205.** RCW 69.50.535 and 2014 c 192 s 7 are each amended to
33 read as follows:

34 (1) (~~There is levied and collected a marijuana excise tax equal~~
35 ~~to twenty five percent of the selling price on each wholesale sale in~~
36 ~~this state of marijuana by a licensed marijuana producer to a~~
37 ~~licensed marijuana processor or another licensed marijuana producer.~~
38 ~~This tax is the obligation of the licensed marijuana producer.~~

1 ~~(2) There is levied and collected a marijuana excise tax equal to~~
2 ~~twenty five percent of the selling price on each wholesale sale in~~
3 ~~this state of marijuana concentrates, useable marijuana, and~~
4 ~~marijuana-infused products by a licensed marijuana processor to a~~
5 ~~licensed marijuana retailer. This tax is the obligation of the~~
6 ~~licensed marijuana processor.~~

7 ~~(3)) (a)~~ There is levied and collected a marijuana excise tax
8 equal to ~~((twenty five))~~ thirty-seven percent of the selling price on
9 each retail sale in this state of marijuana concentrates, useable
10 marijuana, and marijuana-infused products. This tax is ~~((the~~
11 ~~obligation of the licensed marijuana retailer, is))~~ separate and in
12 addition to general state and local sales and use taxes that apply to
13 retail sales of tangible personal property, and is not part of the
14 total retail price to which general state and local sales and use
15 taxes apply. The tax must be separately itemized from the state and
16 local retail sales tax on the sales receipt provided to the buyer.

17 (b) The tax levied in this section must be reflected in the price
18 list or quoted shelf price in the licensed marijuana retail store and
19 in any advertising that includes prices for all useable marijuana,
20 marijuana concentrates, or marijuana-infused products.

21 ~~((4)) (2)~~ All revenues collected from the marijuana excise
22 ~~((taxes))~~ tax imposed under ~~((subsections (1) through (3) of))~~ this
23 section ~~((shall))~~ must be deposited each day in ~~((a depository~~
24 ~~approved by the state treasurer and transferred to the state~~
25 ~~treasurer to be credited to))~~ the dedicated marijuana ~~((fund))~~
26 account.

27 ~~((5)) (3)~~ The ~~((state liquor control board shall))~~ tax imposed
28 in this section must be paid by the buyer to the seller. Each seller
29 must collect from the buyer the full amount of the tax payable on
30 each taxable sale. The tax collected as required by this section is
31 deemed to be held in trust by the seller until paid to the board. If
32 any seller fails to collect the tax imposed in this section or,
33 having collected the tax, fails to pay it as prescribed by the board,
34 whether such failure is the result of the seller's own acts or the
35 result of acts or conditions beyond the seller's control, the seller
36 is, nevertheless, personally liable to the state for the amount of
37 the tax.

38 (4) The definitions in this subsection apply throughout this
39 section unless the context clearly requires otherwise.

40 (a) "Board" means the state liquor and cannabis board.

1 (b) "Retail sale" has the same meaning as in RCW 82.08.010.

2 (c) "Selling price" has the same meaning as in RCW 82.08.010,
3 except that when product is sold under circumstances where the total
4 amount of consideration paid for the product is not indicative of its
5 true value, "selling price" means the true value of the product sold.

6 (d) "Product" means marijuana, marijuana concentrates, useable
7 marijuana, and marijuana-infused products.

8 (e) "True value" means market value based on sales at comparable
9 locations in this state of the same or similar product of like
10 quality and character sold under comparable conditions of sale to
11 comparable purchasers. However, in the absence of such sales of the
12 same or similar product, true value means the value of the product
13 sold as determined by all of the seller's direct and indirect costs
14 attributable to the product.

15 (5)(a) The board must regularly review the tax level((s))
16 established under this section and make recommendations, in
17 consultation with the department of revenue, to the legislature as
18 appropriate regarding adjustments that would further the goal of
19 discouraging use while undercutting illegal market prices.

20 (b) The state liquor and cannabis board must report, in
21 compliance with RCW 43.01.036, to the appropriate committees of the
22 legislature every two years. The report at a minimum must include the
23 following:

24 (i) The specific recommendations required under (a) of this
25 subsection;

26 (ii) A comparison of gross sales and tax collections prior to and
27 after any marijuana tax change;

28 (iii) The increase or decrease in the volume of legal marijuana
29 sold prior to and after any marijuana tax change;

30 (iv) Increases or decreases in the number of licensed marijuana
31 producers, processors, and retailers;

32 (v) The number of illegal and noncompliant marijuana outlets the
33 board requires to be closed;

34 (vi) Gross marijuana sales and tax collections in Oregon; and

35 (vii) The total amount of reported sales and use taxes exempted
36 for qualifying patients. The department of revenue must provide the
37 data of exempt amounts to the board.

38 (c) The board is not required to report to the legislature as
39 required in (b) of this subsection after January 1, 2025.

1 (6) The legislature does not intend and does not authorize any
2 person or entity to engage in activities or to conspire to engage in
3 activities that would constitute per se violations of state and
4 federal antitrust laws including, but not limited to, agreements
5 among retailers as to the selling price of any goods sold.

6 **Sec. 206.** RCW 69.50.540 and 2013 c 3 s 28 are each amended to
7 read as follows:

8 ~~((All marijuana excise taxes collected from sales of marijuana,~~
9 ~~useable marijuana, and marijuana infused products under RCW~~
10 ~~69.50.535, and the license fees, penalties, and forfeitures derived~~
11 ~~under chapter 3, Laws of 2013 from marijuana producer, marijuana~~
12 ~~processor, and marijuana retailer licenses shall every three months~~
13 ~~be disbursed by the state liquor control board as follows:~~

14 ~~(1))~~ The legislature must annually appropriate moneys in the
15 dedicated marijuana account created in RCW 69.50.530 as follows:

16 (1) For the purposes listed in this subsection (1), the
17 legislature must appropriate to the respective agencies amounts
18 sufficient to make the following expenditures on a quarterly basis:

19 (a) Beginning July 1, 2015, one hundred twenty-five thousand
20 dollars to the department of social and health services to design and
21 administer the Washington state healthy youth survey, analyze the
22 collected data, and produce reports, in collaboration with the office
23 of the superintendent of public instruction, department of health,
24 department of commerce, family policy council, and state liquor
25 ~~((control))~~ and cannabis board. The survey ((shall)) must be
26 conducted at least every two years and include questions regarding,
27 but not necessarily limited to, academic achievement, age at time of
28 substance use initiation, antisocial behavior of friends, attitudes
29 toward antisocial behavior, attitudes toward substance use, laws and
30 community norms regarding antisocial behavior, family conflict,
31 family management, parental attitudes toward substance use, peer
32 rewarding of antisocial behavior, perceived risk of substance use,
33 and rebelliousness. Funds disbursed under this subsection may be used
34 to expand administration of the healthy youth survey to student
35 populations attending institutions of higher education in Washington;

36 ~~((2))~~ (b) Beginning July 1, 2015, fifty thousand dollars to the
37 department of social and health services for the purpose of
38 contracting with the Washington state institute for public policy to
39 conduct the cost-benefit evaluation and produce the reports described

1 in RCW 69.50.550. This appropriation (~~shall~~) ends after production
2 of the final report required by RCW 69.50.550;

3 ~~((3))~~ (c) Beginning July 1, 2015, five thousand dollars to the
4 University of Washington alcohol and drug abuse institute for the
5 creation, maintenance, and timely updating of web-based public
6 education materials providing medically and scientifically accurate
7 information about the health and safety risks posed by marijuana use;

8 ~~((4))~~ (d) An amount not (~~exceeding~~) less than one million two
9 hundred fifty thousand dollars to the state liquor (~~control board as~~
10 is necessary for administration of chapter 3, Laws of 2013;

11 ~~(5) Of the funds remaining after the disbursements identified in~~
12 ~~subsections (1) through (4) of this section))~~ and cannabis board for
13 administration of this chapter as appropriated in the omnibus
14 appropriations act;

15 (e) Twenty-three thousand seven hundred fifty dollars to the
16 department of enterprise services provided solely for the state
17 building code council established under RCW 19.27.070, to develop and
18 adopt fire and building code provisions related to marijuana
19 processing and extraction facilities. The distribution under this
20 subsection (1)(e) is for fiscal year 2016 only;

21 (2) From the amounts in the dedicated marijuana account after
22 appropriation of the amounts identified in subsection (1) of this
23 section, the legislature must appropriate for the purposes listed in
24 this subsection (2) as follows:

25 ~~((Fifteen percent))~~ (i) Up to fifteen percent to the
26 department of social and health services division of behavioral
27 health and recovery for (~~implementation and maintenance~~) the
28 development, implementation, maintenance, and evaluation of programs
29 and practices aimed at the prevention or reduction of maladaptive
30 substance use, substance-use disorder, substance abuse or substance
31 dependence, as these terms are defined in the Diagnostic and
32 Statistical Manual of Mental Disorders, among middle school and high
33 school age students, whether as an explicit goal of a given program
34 or practice or as a consistently corresponding effect of its
35 implementation, mental health services for children and youth, and
36 services for pregnant and parenting women; PROVIDED, That:

37 ~~((i))~~ (A) Of the funds (~~disbursed~~) appropriated under (a)(i)
38 of this subsection for new programs and new services, at least
39 eighty-five percent must be directed to evidence-based (~~and cost-~~
40 beneficial)) or research-based programs and practices that produce

1 objectively measurable results and, by September 1, 2020, are cost-
2 beneficial; and

3 ~~((+ii))~~ (B) Up to fifteen percent of the funds ~~((disbursed))~~
4 appropriated under (a)(i) of this subsection for new programs and new
5 services may be directed to ~~((research-based and))~~ proven and tested
6 practices, emerging best practices, or promising practices.

7 (ii) In deciding which programs and practices to fund, the
8 secretary of the department of social and health services ~~((shall))~~
9 must consult, at least annually, with the University of Washington's
10 social development research group and the University of Washington's
11 alcohol and drug abuse institute.

12 (iii) For the fiscal year beginning July 1, 2016, and each
13 subsequent fiscal year, the legislature must appropriate a minimum of
14 twenty-five million five hundred thirty-six thousand dollars under
15 this subsection (2)(a);

16 (b) ~~((Ten percent))~~ (i) Up to ten percent to the department of
17 health for the following, subject to (b)(ii) of this subsection (2):

18 (A) Creation, implementation, operation, and management of a
19 marijuana education and public health program that contains the
20 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
31 television, internet, radio, print, and out-of-home advertising,
32 separately targeting youth and adults, that provide medically and
33 scientifically accurate information about the health and safety risks
34 posed by marijuana use; and

35 (B) The Washington poison control center.

36 (ii) For the fiscal year beginning July 1, 2016, and each
37 subsequent fiscal year, the legislature must appropriate a minimum of
38 nine million seven hundred fifty thousand dollars under this
39 subsection (2)(b);

1 (c)(i) Up to six-tenths of one percent to the University of
2 Washington and four-tenths of one percent to Washington State
3 University for research on the short and long-term effects of
4 marijuana use, to include but not be limited to formal and informal
5 methods for estimating and measuring intoxication and impairment, and
6 for the dissemination of such research.

7 (ii) For the fiscal year beginning July 1, 2016, and each
8 subsequent fiscal year, the legislature must appropriate a minimum of
9 one million twenty-one thousand dollars to the University of
10 Washington and a minimum of six hundred eighty-one thousand dollars
11 to Washington State University under this subsection (2)(c);

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

15 (e) Five percent to the Washington state health care authority to
16 be expended exclusively through contracts with community health
17 centers to provide primary health and dental care services, migrant
18 health services, and maternity health care services as provided under
19 RCW 41.05.220;

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

23 (ii) For the fiscal year beginning July 1, 2016, and each
24 subsequent fiscal year, the legislature must appropriate a minimum of
25 five hundred eleven thousand dollars to the office of the
26 superintendent of public instruction under this subsection (2)(f);
27 and

28 (g) ~~((The remainder to the general fund.))~~ At the end of each
29 fiscal year, the treasurer must transfer any amounts in the dedicated
30 marijuana account that are not appropriated pursuant to subsection
31 (1) of this section and this subsection (2) into the general fund,
32 except as provided in (g)(i) of this subsection (2).

33 (i) Beginning in fiscal year 2018, if marijuana excise tax
34 collections deposited into the general fund in the prior fiscal year
35 exceed twenty-five million dollars, then each fiscal year the
36 legislature must appropriate an amount equal to thirty percent of all
37 marijuana excise taxes deposited into the general fund the prior
38 fiscal year to the treasurer for distribution to counties, cities,
39 and towns as follows:

1 (A) Thirty percent must be distributed to counties, cities, and
2 towns where licensed marijuana retailers are physically located. Each
3 jurisdiction must receive a share of the revenue distribution under
4 this subsection (2)(g)(i)(A) based on the proportional share of the
5 total revenues generated in the individual jurisdiction from the
6 taxes collected under RCW 69.50.535, from licensed marijuana
7 retailers physically located in each jurisdiction. For purposes of
8 this subsection (2)(g)(i)(A), one hundred percent of the proportional
9 amount attributed to a retailer physically located in a city or town
10 must be distributed to the city or town.

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

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

20 (iii) By September 15th of each year, the state liquor and
21 cannabis board must provide the state treasurer the annual
22 distribution amount, if any, for each county and city as determined
23 in (g)(i) of this subsection (2).

24 (iv) The total share of marijuana excise tax revenues distributed
25 to counties and cities in (g)(i) of this subsection (2) may not
26 exceed fifteen million dollars in fiscal years 2018 and 2019 and
27 twenty million dollars per fiscal year thereafter.

28 For the purposes of this section, "marijuana products" means
29 "useable marijuana," "marijuana concentrates," and "marijuana-infused
30 products" as those terms are defined in RCW 69.50.101.

31 NEW SECTION. Sec. 207. A new section is added to chapter 82.08
32 RCW to read as follows:

33 (1) Beginning July 1, 2016, the tax levied by RCW 82.08.020 does
34 not apply to:

35 (a) Sales of marijuana concentrates, useable marijuana, or
36 marijuana-infused products, identified by the department of health
37 under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to be
38 beneficial for medical use, by marijuana retailers with medical

1 marijuana endorsements to qualifying patients or designated providers
2 who have been issued recognition cards;

3 (b) Sales of products containing THC with a THC concentration of
4 0.3 percent or less to qualifying patients or designated providers
5 who have been issued recognition cards by marijuana retailers with
6 medical marijuana endorsements;

7 (c) Sales of marijuana concentrates, useable marijuana, or
8 marijuana-infused products, identified by the department of health
9 under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to have a
10 low THC, high CBD ratio, and to be beneficial for medical use, by
11 marijuana retailers with medical marijuana endorsements, to any
12 person;

13 (d) Sales of topical, noningestible products containing THC with
14 a THC concentration of 0.3 percent or less by health care
15 professionals under RCW 69.51A.--- (section 35, chapter 70, Laws of
16 2015);

17 (e)(i) Marijuana, marijuana concentrates, useable marijuana,
18 marijuana-infused products, or products containing THC with a THC
19 concentration of 0.3 percent or less produced by a cooperative and
20 provided to its members; and

21 (ii) Any nonmonetary resources and labor contributed by an
22 individual member of the cooperative in which the individual is a
23 member. However, nothing in this subsection (1)(e) may be construed
24 to exempt the individual members of a cooperative from the tax
25 imposed in RCW 82.08.020 on any purchase of property or services
26 contributed to the cooperative.

27 (2) From the effective date of this section until July 1, 2016,
28 the tax levied by RCW 82.08.020 does not apply to sales of marijuana,
29 marijuana concentrates, useable marijuana, marijuana-infused
30 products, or products containing THC with a THC concentration of 0.3
31 percent or less, by collective gardens under RCW 69.51A.085 to
32 qualifying patients or designated providers, if such sales are in
33 compliance with chapter 69.51A RCW.

34 (3) Each seller making exempt sales under subsection (1) or (2)
35 of this section must maintain information establishing eligibility
36 for the exemption in the form and manner required by the department.

37 (4) The department must provide a separate tax reporting line for
38 exemption amounts claimed under this section.

39 (5) The definitions in this subsection apply throughout this
40 section unless the context clearly requires otherwise.

1 (a) "Cooperative" means a cooperative authorized by and operating
2 in compliance with RCW 69.51A.--- (section 26, chapter 70, Laws of
3 2015).

4 (b) "Marijuana retailer with a medical marijuana endorsement"
5 means a marijuana retailer permitted under RCW 69.50.--- (section 10,
6 chapter 70, Laws of 2015) to sell marijuana for medical use to
7 qualifying patients and designated providers.

8 (c) "Products containing THC with a THC concentration of 0.3
9 percent or less" means all products containing THC with a THC
10 concentration not exceeding 0.3 percent and that, when used as
11 intended, are inhalable, ingestible, or absorbable.

12 (d) "THC concentration," "marijuana," "marijuana concentrates,"
13 "useable marijuana," "marijuana retailer," and "marijuana-infused
14 products" have the same meanings as provided in RCW 69.50.101 and the
15 terms "qualifying patients," "designated providers," and "recognition
16 card" have the same meaning as provided in RCW 69.51A.010.

17 NEW SECTION. **Sec. 208.** A new section is added to chapter 82.12
18 RCW to read as follows:

19 (1) From the effective date of this section until July 1, 2016,
20 the provisions of this chapter do not apply to the use of marijuana,
21 marijuana concentrates, useable marijuana, marijuana-infused
22 products, or products containing THC with a THC concentration of 0.3
23 percent or less, by a collective garden under RCW 69.51A.085, and the
24 qualifying patients or designated providers participating in the
25 collective garden, if such use is in compliance with chapter 69.51A
26 RCW.

27 (2) Beginning July 1, 2016, the provisions of this chapter do not
28 apply to:

29 (a) The use of marijuana concentrates, useable marijuana, or
30 marijuana-infused products, identified by the department of health
31 under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to be
32 beneficial for medical use, by qualifying patients or designated
33 providers who have been issued recognition cards and have obtained
34 such products from a marijuana retailer with a medical marijuana
35 endorsement.

36 (b) The use of products containing THC with a THC concentration
37 of 0.3 percent or less by qualifying patients or designated providers
38 who have been issued recognition cards and have obtained such

1 products from a marijuana retailer with a medical marijuana
2 endorsement.

3 (c)(i) Marijuana retailers with a medical marijuana endorsement
4 with respect to:

5 (A) Marijuana concentrates, useable marijuana, or marijuana-
6 infused products; or

7 (B) Products containing THC with a THC concentration of 0.3
8 percent or less;

9 (ii) The exemption in this subsection (2)(c) applies only if such
10 products are provided at no charge to a qualifying patient or
11 designated provider who has been issued a recognition card. Each such
12 retailer providing such products at no charge must maintain
13 information establishing eligibility for this exemption in the form
14 and manner required by the department.

15 (d) The use of marijuana concentrates, useable marijuana, or
16 marijuana-infused products, identified by the department of health
17 under RCW 69.50.--- (section 10, chapter 70, Laws of 2015) to have a
18 low THC, high CBD ratio, and to be beneficial for medical use,
19 purchased from marijuana retailers with a medical marijuana
20 endorsement.

21 (e) Health care professionals with respect to the use of products
22 containing THC with a THC concentration of 0.3 percent or less
23 provided at no charge by the health care professionals under RCW
24 69.51A.--- (section 35, chapter 70, Laws of 2015). Each health care
25 professional providing such products at no charge must maintain
26 information establishing eligibility for this exemption in the form
27 and manner required by the department.

28 (f) The use of topical, noningestible products containing THC
29 with a THC concentration of 0.3 percent or less by qualifying
30 patients when purchased from or provided at no charge by a health
31 care professional under RCW 69.51A.--- (section 35, chapter 70, Laws
32 of 2015).

33 (g) The use of:

34 (i) Marijuana, marijuana concentrates, useable marijuana,
35 marijuana-infused products, or products containing THC with a THC
36 concentration of 0.3 percent or less, by a cooperative and its
37 members, when produced by the cooperative; and

38 (ii) Any nonmonetary resources and labor by a cooperative when
39 contributed by its members. However, nothing in this subsection
40 (2)(g) may be construed to exempt the individual members of a

1 cooperative from the tax imposed in RCW 82.12.020 on the use of any
2 property or services purchased by the member and contributed to the
3 cooperative.

4 (3) The definitions in section 207 of this act apply to this
5 section.

6 NEW SECTION. **Sec. 209.** The provisions of RCW 82.32.805 and
7 82.32.808(8) do not apply to the exemptions in sections 207 and 208
8 of this act.

9 NEW SECTION. **Sec. 210.** A new section is added to chapter 69.50
10 RCW to read as follows:

11 (1)(a) Except as provided in (b) of this subsection, a retail
12 sale of a bundled transaction that includes marijuana product is
13 subject to the tax imposed under RCW 69.50.535 on the entire selling
14 price of the bundled transaction.

15 (b) If the selling price is attributable to products that are
16 taxable and products that are not taxable under RCW 69.50.535, the
17 portion of the price attributable to the nontaxable products are
18 subject to the tax imposed by RCW 69.50.535 unless the seller can
19 identify by reasonable and verifiable standards the portion that is
20 not subject to tax from its books and records that are kept in the
21 regular course of business for other purposes including, but not
22 limited to, nontax purposes.

23 (2) The definitions in this subsection apply throughout this
24 section unless the context clearly requires otherwise.

25 (a) "Bundled transaction" means:

26 (i) The retail sale of two or more products where the products
27 are otherwise distinct and identifiable, are sold for one nonitemized
28 price, and at least one product is a marijuana product subject to the
29 tax under RCW 69.50.535; and

30 (ii) A marijuana product provided free of charge with the
31 required purchase of another product. A marijuana product is provided
32 free of charge if the sales price of the product purchased does not
33 vary depending on the inclusion of the marijuana product provided
34 free of charge.

35 (b) "Distinct and identifiable products" does not include
36 packaging such as containers, boxes, sacks, bags, and bottles, or
37 materials such as wrapping, labels, tags, and instruction guides,
38 that accompany the retail sale of the products and are incidental or

1 immaterial to the retail sale thereof. Examples of packaging that are
2 incidental or immaterial include grocery sacks, shoeboxes, and dry
3 cleaning garment bags.

4 (c) "Marijuana product" means "useable marijuana," "marijuana
5 concentrates," and "marijuana-infused products" as defined in RCW
6 69.50.101.

7 (d) "Selling price" has the same meaning as in RCW 82.08.010,
8 except that when product is sold under circumstances where the total
9 amount of consideration paid for the product is not indicative of its
10 true value, "selling price" means the true value of the product sold.

11 (e) "True value" means market value based on sales at comparable
12 locations in this state of the same or similar product of like
13 quality and character sold under comparable conditions of sale to
14 comparable purchasers. However, in the absence of such sales of the
15 same or similar product, "true value" means the value of the product
16 sold as determined by all of the seller's direct and indirect costs
17 attributable to the product.

18 NEW SECTION. **Sec. 211.** A new section is added to chapter 69.50
19 RCW to read as follows:

20 (1) Marijuana producers, processors, and retailers are prohibited
21 from making sales of any marijuana or marijuana product, if the sale
22 of the marijuana or marijuana product is conditioned upon the buyer's
23 purchase of any service or nonmarijuana product. This subsection
24 applies whether the buyer purchases such service or nonmarijuana
25 product at the time of sale of the marijuana or marijuana product, or
26 in a separate transaction.

27 (2) The definitions in this subsection apply throughout this
28 section unless the context clearly requires otherwise.

29 (a) "Marijuana product" means "useable marijuana," "marijuana
30 concentrates," and "marijuana-infused products," as those terms are
31 defined in RCW 69.50.101.

32 (b) "Nonmarijuana product" includes paraphernalia, promotional
33 items, lighters, bags, boxes, containers, and such other items as may
34 be identified by the state liquor and cannabis board.

35 (c) "Selling price" has the same meaning as in RCW 69.50.535.

36 (d) "Service" includes memberships and any other services
37 identified by the state liquor and cannabis board.

38 **PART III**

1 **Marijuana Business: Buffers and Licensee Residency**

2 **Sec. 301.** RCW 69.50.331 and 2015 c 70 s 6 are each amended to
3 read as follows:

4 (1) For the purpose of considering any application for a license
5 to produce, process, research, transport, or deliver marijuana,
6 useable marijuana, marijuana concentrates, or marijuana-infused
7 products subject to the regulations established under section 502 of
8 this act, or sell marijuana, or for the renewal of a license to
9 produce, process, research, transport, or deliver marijuana, useable
10 marijuana, marijuana concentrates, or marijuana-infused products
11 subject to the regulations established under section 502 of this act,
12 or sell marijuana, the state liquor and cannabis board must conduct a
13 comprehensive, fair, and impartial evaluation of the applications
14 timely received.

15 (a) The state liquor and cannabis board must develop a
16 competitive, merit-based application process that includes, at a
17 minimum, the opportunity for an applicant to demonstrate experience
18 and qualifications in the marijuana industry. The state liquor and
19 cannabis board (~~shall~~) must give preference between competing
20 applications in the licensing process to applicants that have the
21 following experience and qualifications, in the following order of
22 priority:

23 (i) First priority is given to applicants who:

24 (A) Applied to the state liquor and cannabis board for a
25 marijuana retailer license prior to July 1, 2014;

26 (B) Operated or were employed by a collective garden before
27 January 1, 2013;

28 (C) Have maintained a state business license and a municipal
29 business license, as applicable in the relevant jurisdiction; and

30 (D) Have had a history of paying all applicable state taxes and
31 fees;

32 (ii) Second priority (~~shall~~) must be given to applicants who:

33 (A) Operated or were employed by a collective garden before
34 January 1, 2013;

35 (B) Have maintained a state business license and a municipal
36 business license, as applicable in the relevant jurisdiction; and

37 (C) Have had a history of paying all applicable state taxes and
38 fees; and

1 (iii) Third priority (~~shall~~) must be given to all other
2 applicants who do not have the experience and qualifications
3 identified in (a)(i) and (ii) of this subsection.

4 (b) The state liquor and cannabis board may cause an inspection
5 of the premises to be made, and may inquire into all matters in
6 connection with the construction and operation of the premises. For
7 the purpose of reviewing any application for a license and for
8 considering the denial, suspension, revocation, or renewal or denial
9 thereof, of any license, the state liquor and cannabis board may
10 consider any prior criminal conduct of the applicant including an
11 administrative violation history record with the state liquor and
12 cannabis board and a criminal history record information check. The
13 state liquor and cannabis board may submit the criminal history
14 record information check to the Washington state patrol and to the
15 identification division of the federal bureau of investigation in
16 order that these agencies may search their records for prior arrests
17 and convictions of the individual or individuals who filled out the
18 forms. The state liquor and cannabis board (~~shall~~) must require
19 fingerprinting of any applicant whose criminal history record
20 information check is submitted to the federal bureau of
21 investigation. The provisions of RCW 9.95.240 and of chapter 9.96A
22 RCW (~~shall~~) do not apply to these cases. Subject to the provisions
23 of this section, the state liquor and cannabis board may, in its
24 discretion, grant or deny the renewal or license applied for. Denial
25 may be based on, without limitation, the existence of chronic illegal
26 activity documented in objections submitted pursuant to subsections
27 (7)(c) and (9) of this section. Authority to approve an uncontested
28 or unopposed license may be granted by the state liquor and cannabis
29 board to any staff member the board designates in writing. Conditions
30 for granting this authority (~~shall~~) must be adopted by rule.

31 (c) No license of any kind may be issued to:

32 (i) A person under the age of twenty-one years;

33 (ii) A person doing business as a sole proprietor who has not
34 lawfully resided in the state for at least (~~three~~) six months prior
35 to applying to receive a license;

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

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

4 (2)(a) The state liquor and cannabis board may, in its
5 discretion, subject to the provisions of RCW 69.50.334, suspend or
6 cancel any license; and all protections of the licensee from criminal
7 or civil sanctions under state law for producing, processing,
8 researching, or selling marijuana, marijuana concentrates, useable
9 marijuana, or marijuana-infused products thereunder (~~shall~~) must be
10 suspended or terminated, as the case may be.

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

20 (c) The state liquor and cannabis board may request the
21 appointment of administrative law judges under chapter 34.12 RCW who
22 shall have power to administer oaths, issue subpoenas for the
23 attendance of witnesses and the production of papers, books,
24 accounts, documents, and testimony, examine witnesses, and to receive
25 testimony in any inquiry, investigation, hearing, or proceeding in
26 any part of the state, under rules and regulations the state liquor
27 and cannabis board may adopt.

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

33 (e) In case of disobedience of any person to comply with the
34 order of the state liquor and cannabis board or a subpoena issued by
35 the state liquor and cannabis board, or any of its members, or
36 administrative law judges, or on the refusal of a witness to testify
37 to any matter regarding which he or she may be lawfully interrogated,
38 the judge of the superior court of the county in which the person
39 resides, on application of any member of the board or administrative
40 law judge, (~~shall~~) compels obedience by contempt proceedings, as in

1 the case of disobedience of the requirements of a subpoena issued
2 from said court or a refusal to testify therein.

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

15 (4) Every license issued under this chapter (~~(3, Laws of 2013~~
16 ~~shall be)~~) is subject to all conditions and restrictions imposed by
17 this chapter (~~(3, Laws of 2013)~~) or by rules adopted by the state
18 liquor and cannabis board to implement and enforce this chapter (~~(3,~~
19 ~~Laws of 2013)~~). All conditions and restrictions imposed by the state
20 liquor and cannabis board in the issuance of an individual license
21 (~~shall~~) must be listed on the face of the individual license along
22 with the trade name, address, and expiration date.

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

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

27 (7)(a) Before the state liquor and cannabis board issues a new or
28 renewed license to an applicant it (~~shall~~) must give notice of the
29 application to the chief executive officer of the incorporated city
30 or town, if the application is for a license within an incorporated
31 city or town, or to the county legislative authority, if the
32 application is for a license outside the boundaries of incorporated
33 cities or towns.

34 (b) The incorporated city or town through the official or
35 employee selected by it, or the county legislative authority or the
36 official or employee selected by it, (~~shall have~~) has the right to
37 file with the state liquor and cannabis board within twenty days
38 after the date of transmittal of the notice for applications, or at
39 least thirty days prior to the expiration date for renewals, written
40 objections against the applicant or against the premises for which

1 the new or renewed license is asked. The state liquor and cannabis
2 board may extend the time period for submitting written objections.

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

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

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

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

37 (c) A city, county, or town may permit the licensing of research
38 premises allowed under RCW 69.50.--- (section 1, chapter 71, Laws of
39 2015) within one thousand feet but not less than one hundred feet of
40 the facilities described in (a) of this subsection by enacting an

1 ordinance authorizing such distance reduction, provided that the
2 ordinance will not negatively impact the jurisdiction's civil
3 regulatory enforcement, criminal law enforcement, public safety, or
4 public health.

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

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

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

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

18 (9) In determining whether to grant or deny a license or renewal
19 of any license, the state liquor and cannabis board (~~shall~~) must
20 give substantial weight to objections from an incorporated city or
21 town or county legislative authority based upon chronic illegal
22 activity associated with the applicant's operations of the premises
23 proposed to be licensed or the applicant's operation of any other
24 licensed premises, or the conduct of the applicant's patrons inside
25 or outside the licensed premises. "Chronic illegal activity" means
26 (a) a pervasive pattern of activity that threatens the public health,
27 safety, and welfare of the city, town, or county including, but not
28 limited to, open container violations, assaults, disturbances,
29 disorderly conduct, or other criminal law violations, or as
30 documented in crime statistics, police reports, emergency medical
31 response data, calls for service, field data, or similar records of a
32 law enforcement agency for the city, town, county, or any other
33 municipal corporation or any state agency; or (b) an unreasonably
34 high number of citations for violations of RCW 46.61.502 associated
35 with the applicant's or licensee's operation of any licensed premises
36 as indicated by the reported statements given to law enforcement upon
37 arrest.

38 **PART IV**

39 **Consumption of Marijuana in a Public Place**

1 (3) A common carrier licensed under section 502 of this act may,
2 for the purpose of transporting and delivering marijuana, useable
3 marijuana, marijuana concentrates, and marijuana-infused products,
4 utilize Washington state ferry routes for such transportation and
5 delivery.

6 (4) The possession of marijuana, useable marijuana, marijuana
7 concentrates, and marijuana-infused products being physically
8 transported or delivered within the state, in amounts not exceeding
9 those that may be established under section 502(3) of this act, by a
10 licensed employee of a common carrier when performing the duties
11 authorized under, and in accordance with, this section and section
12 502 of this act, is not a violation of this section, this chapter, or
13 any other provision of Washington state law.

14 NEW SECTION. **Sec. 502.** A new section is added to chapter 69.50
15 RCW to read as follows:

16 (1) The state liquor and cannabis board must adopt rules
17 providing for an annual licensing procedure of a common carrier who
18 seeks to transport or deliver marijuana, useable marijuana, marijuana
19 concentrates, and marijuana-infused products within the state.

20 (2) The rules for licensing must:

21 (a) Establish criteria for considering the approval or denial of
22 a common carrier's original application or renewal application;

23 (b) Provide minimum qualifications for any employee authorized to
24 drive or operate the transportation or delivery vehicle, including a
25 minimum age of at least twenty-one years;

26 (c) Address the safety of the employees transporting or
27 delivering the products, including issues relating to the carrying of
28 firearms by such employees;

29 (d) Address the security of the products being transported,
30 including a system of electronically tracking all products at both
31 the point of pickup and the point of delivery; and

32 (e) Set reasonable fees for the application and licensing
33 process.

34 (3) The state liquor and cannabis board may adopt rules
35 establishing the maximum amounts of marijuana, useable marijuana,
36 marijuana concentrates, and marijuana-infused products that may be
37 physically transported or delivered at one time by a common carrier
38 as provided under section 501 of this act.

1 **Sec. 503.** RCW 69.50.4013 and 2015 c 70 s 14 are each amended to
2 read as follows:

3 (1) It is unlawful for any person to possess a controlled
4 substance unless the substance was obtained directly from, or
5 pursuant to, a valid prescription or order of a practitioner while
6 acting in the course of his or her professional practice, or except
7 as otherwise authorized by this chapter.

8 (2) Except as provided in RCW 69.50.4014, any person who violates
9 this section is guilty of a class C felony punishable under chapter
10 9A.20 RCW.

11 (3)(a) The possession, by a person twenty-one years of age or
12 older, of useable marijuana, marijuana concentrates, or marijuana-
13 infused products in amounts that do not exceed those set forth in RCW
14 69.50.360(3) is not a violation of this section, this chapter, or any
15 other provision of Washington state law.

16 **(b)** The possession of marijuana, useable marijuana, marijuana
17 concentrates, and marijuana-infused products being physically
18 transported or delivered within the state, in amounts not exceeding
19 those that may be established under section 502(3) of this act, by a
20 licensed employee of a common carrier when performing the duties
21 authorized in accordance with sections 501 and 502 of this act, is
22 not a violation of this section, this chapter, or any other provision
23 of Washington state law.

24 (4) No person under twenty-one years of age may possess,
25 manufacture, sell, or distribute marijuana, marijuana-infused
26 products, or marijuana concentrates, regardless of THC concentration.
27 This does not include qualifying patients with a valid authorization.

28 (5) The possession by a qualifying patient or designated provider
29 of marijuana concentrates, useable marijuana, marijuana-infused
30 products, or plants in accordance with chapter 69.51A RCW is not a
31 violation of this section, this chapter, or any other provision of
32 Washington state law.

33 **Sec. 504.** RCW 18.170.020 and 2007 c 154 s 2 are each amended to
34 read as follows:

35 The requirements of this chapter do not apply to:

36 (1) A person who is employed exclusively or regularly by one
37 employer and performs the functions of a private security guard
38 solely in connection with the affairs of that employer, if the
39 employer is not a private security company. However, in accordance

1 with section 501 of this act, an employee engaged in marijuana-
2 related transportation or delivery services on behalf of a common
3 carrier must be licensed as an armed private security guard under
4 this chapter in order to be authorized to carry or use a firearm
5 while providing such services;

6 (2) A sworn peace officer while engaged in the performance of the
7 officer's official duties;

8 (3) A sworn peace officer while employed by any person to engage
9 in off-duty employment as a private security guard, but only if the
10 employment is approved by the chief law enforcement officer of the
11 jurisdiction where the employment takes place and the sworn peace
12 officer does not employ, contract with, or broker for profit other
13 persons to assist him or her in performing the duties related to his
14 or her private employer; or

15 (4)(a) A person performing crowd management or guest services
16 including, but not limited to, a person described as a ticket taker,
17 usher, door attendant, parking attendant, crowd monitor, or event
18 staff who:

19 ((+a)) (i) Does not carry a firearm or other dangerous weapon
20 including, but not limited to, a stun gun, taser, pepper mace, or
21 nightstick;

22 ((+b)) (ii) Does not wear a uniform or clothing readily
23 identifiable by a member of the public as that worn by a private
24 security officer or law enforcement officer; and

25 ((+e)) (iii) Does not have as his or her primary responsibility
26 the detainment of persons or placement of persons under arrest.

27 (b) The exemption provided in this subsection applies only when a
28 crowd has assembled for the purpose of attending or taking part in an
29 organized event, including preevent assembly, event operation hours,
30 and postevent departure activities.

31 **Sec. 505.** RCW 69.50.4014 and 2003 c 53 s 335 are each amended to
32 read as follows:

33 Except as provided in RCW 69.50.401(2)(c) or as otherwise
34 authorized by this chapter, any person found guilty of possession of
35 forty grams or less of ((marihuana)) marijuana is guilty of a
36 misdemeanor.

37 **PART VI**

38 **Funding for Marijuana Health Awareness Program**

1 **Sec. 601.** RCW 66.08.050 and 2014 c 63 s 3 are each amended to
2 read as follows:

3 The board, subject to the provisions of this title and the rules,
4 must:

5 (1) Determine the nature, form and capacity of all packages to be
6 used for containing liquor kept for sale under this title;

7 (2) Execute or cause to be executed, all contracts, papers, and
8 documents in the name of the board, under such regulations as the
9 board may fix;

10 (3) Pay all customs, duties, excises, charges and obligations
11 whatsoever relating to the business of the board;

12 (4) Require bonds from all employees in the discretion of the
13 board, and to determine the amount of fidelity bond of each such
14 employee;

15 (5) Perform services for the state lottery commission to such
16 extent, and for such compensation, as may be mutually agreed upon
17 between the board and the commission;

18 (6) Accept and deposit into the general fund-local account and
19 disburse, subject to appropriation, federal grants or other funds or
20 donations from any source for the purpose of improving public
21 awareness of the health risks associated with alcohol and marijuana
22 consumption by youth and the abuse of alcohol and marijuana by adults
23 in Washington state. The board's alcohol awareness program must
24 cooperate with federal and state agencies, interested organizations,
25 and individuals to effect an active public beverage alcohol awareness
26 program;

27 (7) Monitor and regulate the practices of licensees as necessary
28 in order to prevent the theft and illegal trafficking of liquor
29 pursuant to RCW 66.28.350;

30 (8) Perform all other matters and things, whether similar to the
31 foregoing or not, to carry out the provisions of this title, and has
32 full power to do each and every act necessary to the conduct of its
33 regulatory functions, including all supplies procurement, preparation
34 and approval of forms, and every other undertaking necessary to
35 perform its regulatory functions whatsoever, subject only to audit by
36 the state auditor. However, the board has no authority to regulate
37 the content of spoken language on licensed premises where wine and
38 other liquors are served and where there is not a clear and present
39 danger of disorderly conduct being provoked by such language or to
40 restrict advertising of lawful prices.

1 **PART VII**

2 **Cannabis Health and Beauty Aid Exemption**

3 NEW SECTION. **Sec. 701.** A new section is added to chapter 69.50
4 RCW to read as follows:

5 (1) Cannabis health and beauty aids are not subject to the
6 regulations and penalties of this chapter that apply to marijuana,
7 marijuana concentrates, or marijuana-infused products.

8 (2) For purposes of this section, "cannabis health and beauty
9 aid" means a product containing parts of the cannabis plant and
10 which:

11 (a) Is intended for use only as a topical application to provide
12 therapeutic benefit or to enhance appearance;

13 (b) Contains a THC concentration of not more than 0.3 percent;

14 (c) Does not cross the blood-brain barrier; and

15 (d) Is not intended for ingestion by humans or animals.

16 **PART VIII**

17 **Signage and Public Notice Requirements**

18 NEW SECTION. **Sec. 801.** A new section is added to chapter 69.50
19 RCW to read as follows:

20 (1) Applicants for a marijuana producer's, marijuana processor's,
21 marijuana researcher's or marijuana retailer's license under this
22 chapter must display a sign provided by the state liquor and cannabis
23 board on the outside of the premises to be licensed notifying the
24 public that the premises are subject to an application for such
25 license. The sign must:

26 (a) Contain text with content sufficient to notify the public of
27 the nature of the pending license application, the date of the
28 application, the name of the applicant, and contact information for
29 the state liquor and cannabis board;

30 (b) Be conspicuously displayed on, or immediately adjacent to,
31 the premises subject to the application and in the location that is
32 most likely to be seen by the public;

33 (c) Be of a size sufficient to ensure that it will be readily
34 seen by the public; and

35 (d) Be posted within seven business days of the submission of the
36 application to the state liquor and cannabis board.

1 (2) The state liquor and cannabis board must adopt such rules as
2 are necessary for the implementation of this section, including rules
3 pertaining to the size of the sign and the text thereon, the textual
4 content of the sign, the fee for providing the sign, and any other
5 requirements necessary to ensure that the sign provides adequate
6 notice to the public.

7 (3)(a) A city, town, or county may adopt an ordinance requiring
8 individual notice by an applicant for a marijuana producer's,
9 marijuana processor's, marijuana researcher's, or marijuana
10 retailer's license under this chapter, sixty days prior to issuance
11 of the license, to any elementary or secondary school, playground,
12 recreation center or facility, child care center, church, public
13 park, public transit center, library, or any game arcade admission to
14 which is not restricted to persons aged twenty-one years or older,
15 that is within one thousand feet of the perimeter of the grounds of
16 the establishment seeking licensure. The notice must provide the
17 contact information for the liquor and cannabis board where any of
18 the owners or operators of these entities may submit comments or
19 concerns about the proposed business location.

20 (b) For the purposes of this subsection, "church" means a
21 building erected for and used exclusively for religious worship and
22 schooling or other activity in connection therewith.

23 PART IX

24 Marijuana-Infused Products and Concentrates

25 **Sec. 901.** RCW 69.50.101 and 2015 c 70 s 4 are each amended to
26 read as follows:

27 ~~((Unless the context clearly requires otherwise, definitions of~~
28 ~~terms shall be as indicated where used in this chapter:))~~ The
29 definitions in this section apply throughout this chapter unless the
30 context clearly requires otherwise.

31 (a) "Administer" means to apply a controlled substance, whether
32 by injection, inhalation, ingestion, or any other means, directly to
33 the body of a patient or research subject by:

34 (1) a practitioner authorized to prescribe (or, by the
35 practitioner's authorized agent); or

36 (2) the patient or research subject at the direction and in the
37 presence of the practitioner.

1 (b) "Agent" means an authorized person who acts on behalf of or
2 at the direction of a manufacturer, distributor, or dispenser. It
3 does not include a common or contract carrier, public
4 warehouseperson, or employee of the carrier or warehouseperson.

5 (c) "Commission" means the pharmacy quality assurance commission.

6 (d) "Controlled substance" means a drug, substance, or immediate
7 precursor included in Schedules I through V as set forth in federal
8 or state laws, or federal or commission rules.

9 (e)(1) "Controlled substance analog" means a substance the
10 chemical structure of which is substantially similar to the chemical
11 structure of a controlled substance in Schedule I or II and:

12 (i) that has a stimulant, depressant, or hallucinogenic effect on
13 the central nervous system substantially similar to the stimulant,
14 depressant, or hallucinogenic effect on the central nervous system of
15 a controlled substance included in Schedule I or II; or

16 (ii) with respect to a particular individual, that the individual
17 represents or intends to have a stimulant, depressant, or
18 hallucinogenic effect on the central nervous system substantially
19 similar to the stimulant, depressant, or hallucinogenic effect on the
20 central nervous system of a controlled substance included in Schedule
21 I or II.

22 (2) The term does not include:

23 (i) a controlled substance;

24 (ii) a substance for which there is an approved new drug
25 application;

26 (iii) a substance with respect to which an exemption is in effect
27 for investigational use by a particular person under Section 505 of
28 the federal Food, Drug and Cosmetic Act, 21 U.S.C. Sec. 355, to the
29 extent conduct with respect to the substance is pursuant to the
30 exemption; or

31 (iv) any substance to the extent not intended for human
32 consumption before an exemption takes effect with respect to the
33 substance.

34 (f) "Deliver" or "delivery," means the actual or constructive
35 transfer from one person to another of a substance, whether or not
36 there is an agency relationship.

37 (g) "Department" means the department of health.

38 (h) "Dispense" means the interpretation of a prescription or
39 order for a controlled substance and, pursuant to that prescription
40 or order, the proper selection, measuring, compounding, labeling, or

1 packaging necessary to prepare that prescription or order for
2 delivery.

3 (i) "Dispenser" means a practitioner who dispenses.

4 (j) "Distribute" means to deliver other than by administering or
5 dispensing a controlled substance.

6 (k) "Distributor" means a person who distributes.

7 (l) "Drug" means (1) a controlled substance recognized as a drug
8 in the official United States pharmacopoeia/national formulary or the
9 official homeopathic pharmacopoeia of the United States, or any
10 supplement to them; (2) controlled substances intended for use in the
11 diagnosis, cure, mitigation, treatment, or prevention of disease in
12 individuals or animals; (3) controlled substances (other than food)
13 intended to affect the structure or any function of the body of
14 individuals or animals; and (4) controlled substances intended for
15 use as a component of any article specified in (1), (2), or (3) of
16 this subsection. The term does not include devices or their
17 components, parts, or accessories.

18 (m) "Drug enforcement administration" means the drug enforcement
19 administration in the United States Department of Justice, or its
20 successor agency.

21 (n) "Electronic communication of prescription information" means
22 the transmission of a prescription or refill authorization for a drug
23 of a practitioner using computer systems. The term does not include a
24 prescription or refill authorization verbally transmitted by
25 telephone nor a facsimile manually signed by the practitioner.

26 (o) "Immediate precursor" means a substance:

27 (1) that the commission has found to be and by rule designates as
28 being the principal compound commonly used, or produced primarily for
29 use, in the manufacture of a controlled substance;

30 (2) that is an immediate chemical intermediary used or likely to
31 be used in the manufacture of a controlled substance; and

32 (3) the control of which is necessary to prevent, curtail, or
33 limit the manufacture of the controlled substance.

34 (p) "Isomer" means an optical isomer, but in subsection ((+z+))
35 (bb)(5) of this section, RCW 69.50.204(a) (12) and (34), and
36 69.50.206(b)(4), the term includes any geometrical isomer; in RCW
37 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any
38 positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and
39 69.50.208(a) the term includes any positional or geometric isomer.

1 (q) "Lot" means a definite quantity of marijuana, marijuana
2 concentrates, useable marijuana, or marijuana-infused product
3 identified by a lot number, every portion or package of which is
4 uniform within recognized tolerances for the factors that appear in
5 the labeling.

6 (r) "Lot number" (~~shall~~) must identify the licensee by business
7 or trade name and Washington state unified business identifier
8 number, and the date of harvest or processing for each lot of
9 marijuana, marijuana concentrates, useable marijuana, or marijuana-
10 infused product.

11 (s) "Manufacture" means the production, preparation, propagation,
12 compounding, conversion, or processing of a controlled substance,
13 either directly or indirectly or by extraction from substances of
14 natural origin, or independently by means of chemical synthesis, or
15 by a combination of extraction and chemical synthesis, and includes
16 any packaging or repackaging of the substance or labeling or
17 relabeling of its container. The term does not include the
18 preparation, compounding, packaging, repackaging, labeling, or
19 relabeling of a controlled substance:

20 (1) by a practitioner as an incident to the practitioner's
21 administering or dispensing of a controlled substance in the course
22 of the practitioner's professional practice; or

23 (2) by a practitioner, or by the practitioner's authorized agent
24 under the practitioner's supervision, for the purpose of, or as an
25 incident to, research, teaching, or chemical analysis and not for
26 sale.

27 (t) "Marijuana" or "marihuana" means all parts of the plant
28 *Cannabis*, whether growing or not, with a THC concentration greater
29 than 0.3 percent on a dry weight basis; the seeds thereof; the resin
30 extracted from any part of the plant; and every compound,
31 manufacture, salt, derivative, mixture, or preparation of the plant,
32 its seeds or resin. The term does not include the mature stalks of
33 the plant, fiber produced from the stalks, oil or cake made from the
34 seeds of the plant, any other compound, manufacture, salt,
35 derivative, mixture, or preparation of the mature stalks (except the
36 resin extracted therefrom), fiber, oil, or cake, or the sterilized
37 seed of the plant which is incapable of germination.

38 (u) "Marijuana concentrates" means products consisting wholly or
39 in part of the resin extracted from any part of the plant *Cannabis*
40 and having a THC concentration greater than (~~sixty~~) ten percent.

1 (v) "Marijuana processor" means a person licensed by the state
2 liquor and cannabis board to process marijuana into marijuana
3 concentrates, useable marijuana, and marijuana-infused products,
4 package and label marijuana concentrates, useable marijuana, and
5 marijuana-infused products for sale in retail outlets, and sell
6 marijuana concentrates, useable marijuana, and marijuana-infused
7 products at wholesale to marijuana retailers.

8 (w) "Marijuana producer" means a person licensed by the state
9 liquor and cannabis board to produce and sell marijuana at wholesale
10 to marijuana processors and other marijuana producers.

11 (x) "Marijuana products" means useable marijuana, marijuana
12 concentrates, and marijuana-infused products as defined in this
13 section.

14 (y) "Marijuana-infused products" means products that contain
15 marijuana or marijuana extracts, are intended for human use, are
16 derived from marijuana as defined in subsection (t) of this section,
17 and have a THC concentration no greater than ((0.3)) ten percent
18 ((and no greater than sixty percent)). The term "marijuana-infused
19 products" does not include either useable marijuana or marijuana
20 concentrates.

21 ((+y)) (z) "Marijuana researcher" means a person licensed by the
22 state liquor and cannabis board to produce, process, and possess
23 marijuana for the purposes of conducting research on marijuana and
24 marijuana-derived drug products.

25 (aa) "Marijuana retailer" means a person licensed by the state
26 liquor and cannabis board to sell marijuana concentrates, useable
27 marijuana, and marijuana-infused products in a retail outlet.

28 ((+z)) (bb) "Narcotic drug" means any of the following, whether
29 produced directly or indirectly by extraction from substances of
30 vegetable origin, or independently by means of chemical synthesis, or
31 by a combination of extraction and chemical synthesis:

32 (1) Opium, opium derivative, and any derivative of opium or opium
33 derivative, including their salts, isomers, and salts of isomers,
34 whenever the existence of the salts, isomers, and salts of isomers is
35 possible within the specific chemical designation. The term does not
36 include the isoquinoline alkaloids of opium.

37 (2) Synthetic opiate and any derivative of synthetic opiate,
38 including their isomers, esters, ethers, salts, and salts of isomers,
39 esters, and ethers, whenever the existence of the isomers, esters,

1 ethers, and salts is possible within the specific chemical
2 designation.

3 (3) Poppy straw and concentrate of poppy straw.

4 (4) Coca leaves, except coca leaves and extracts of coca leaves
5 from which cocaine, ecgonine, and derivatives or ecgonine or their
6 salts have been removed.

7 (5) Cocaine, or any salt, isomer, or salt of isomer thereof.

8 (6) Cocaine base.

9 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer
10 thereof.

11 (8) Any compound, mixture, or preparation containing any quantity
12 of any substance referred to in subparagraphs (1) through (7).

13 ~~((aa))~~ (cc) "Opiate" means any substance having an addiction-
14 forming or addiction-sustaining liability similar to morphine or
15 being capable of conversion into a drug having addiction-forming or
16 addiction-sustaining liability. The term includes opium, substances
17 derived from opium (opium derivatives), and synthetic opiates. The
18 term does not include, unless specifically designated as controlled
19 under RCW 69.50.201, the dextrorotatory isomer of 3-methoxy-n-
20 methylmorphinan and its salts (dextromethorphan). The term includes
21 the racemic and levorotatory forms of dextromethorphan.

22 ~~((bb))~~ (dd) "Opium poppy" means the plant of the species
23 *Papaver somniferum* L., except its seeds.

24 ~~((ee))~~ (ee) "Person" means individual, corporation, business
25 trust, estate, trust, partnership, association, joint venture,
26 government, governmental subdivision or agency, or any other legal or
27 commercial entity.

28 ~~((dd))~~ (ff) "Poppy straw" means all parts, except the seeds, of
29 the opium poppy, after mowing.

30 ~~((ee))~~ (gg) "Practitioner" means:

31 (1) A physician under chapter 18.71 RCW; a physician assistant
32 under chapter 18.71A RCW; an osteopathic physician and surgeon under
33 chapter 18.57 RCW; an osteopathic physician assistant under chapter
34 18.57A RCW who is licensed under RCW 18.57A.020 subject to any
35 limitations in RCW 18.57A.040; an optometrist licensed under chapter
36 18.53 RCW who is certified by the optometry board under RCW 18.53.010
37 subject to any limitations in RCW 18.53.010; a dentist under chapter
38 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW;
39 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced
40 registered nurse practitioner, or licensed practical nurse under

1 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW
2 who is licensed under RCW 18.36A.030 subject to any limitations in
3 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific
4 investigator under this chapter, licensed, registered or otherwise
5 permitted insofar as is consistent with those licensing laws to
6 distribute, dispense, conduct research with respect to or administer
7 a controlled substance in the course of their professional practice
8 or research in this state.

9 (2) A pharmacy, hospital or other institution licensed,
10 registered, or otherwise permitted to distribute, dispense, conduct
11 research with respect to or to administer a controlled substance in
12 the course of professional practice or research in this state.

13 (3) A physician licensed to practice medicine and surgery, a
14 physician licensed to practice osteopathic medicine and surgery, a
15 dentist licensed to practice dentistry, a podiatric physician and
16 surgeon licensed to practice podiatric medicine and surgery, a
17 licensed physician assistant or a licensed osteopathic physician
18 assistant specifically approved to prescribe controlled substances by
19 his or her state's medical quality assurance commission or equivalent
20 and his or her supervising physician, an advanced registered nurse
21 practitioner licensed to prescribe controlled substances, or a
22 veterinarian licensed to practice veterinary medicine in any state of
23 the United States.

24 ~~((ff))~~ (hh) "Prescription" means an order for controlled
25 substances issued by a practitioner duly authorized by law or rule in
26 the state of Washington to prescribe controlled substances within the
27 scope of his or her professional practice for a legitimate medical
28 purpose.

29 ~~((gg))~~ (ii) "Production" includes the manufacturing, planting,
30 cultivating, growing, or harvesting of a controlled substance.

31 ~~((hh))~~ (jj) "Retail outlet" means a location licensed by the
32 state liquor and cannabis board for the retail sale of marijuana
33 concentrates, useable marijuana, and marijuana-infused products.

34 ~~((ii))~~ (kk) "Secretary" means the secretary of health or the
35 secretary's designee.

36 ~~((jj))~~ (ll) "State," unless the context otherwise requires,
37 means a state of the United States, the District of Columbia, the
38 Commonwealth of Puerto Rico, or a territory or insular possession
39 subject to the jurisdiction of the United States.

1 (~~(kk)~~) (mm) "THC concentration" means percent of delta-9
2 tetrahydrocannabinol content per dry weight of any part of the plant
3 *Cannabis*, or per volume or weight of marijuana product, or the
4 combined percent of delta-9 tetrahydrocannabinol and
5 tetrahydrocannabinolic acid in any part of the plant *Cannabis*
6 regardless of moisture content.

7 (~~(ll)~~) (nn) "Ultimate user" means an individual who lawfully
8 possesses a controlled substance for the individual's own use or for
9 the use of a member of the individual's household or for
10 administering to an animal owned by the individual or by a member of
11 the individual's household.

12 (~~(mm)~~) (oo) "Useable marijuana" means dried marijuana flowers.
13 The term "useable marijuana" does not include either marijuana-
14 infused products or marijuana concentrates.

15 (~~(nn)~~) (pp) "Designated provider" has the meaning provided in
16 RCW 69.51A.010.

17 (~~(oo)~~) (qq) "Qualifying patient" has the meaning provided in
18 RCW 69.51A.010.

19 (~~(pp)~~) (rr) "CBD concentration" has the meaning provided in RCW
20 69.51A.010.

21 (~~(qq)~~) (ss) "Plant" has the meaning provided in RCW 69.51A.010.

22 (~~(rr)~~) (tt) "Recognition card" has the meaning provided in RCW
23 69.51A.010.

24

PART X

25

Medical Use of Marijuana

26 **Sec. 1001.** RCW 69.51A.--- and 2015 c 70 s 26 are each amended to
27 read as follows:

28 (1) Qualifying patients or designated providers may form a
29 cooperative and share responsibility for acquiring and supplying the
30 resources needed to produce and process marijuana only for the
31 medical use of members of the cooperative. No more than four
32 qualifying patients or designated providers may become members of a
33 cooperative under this section and all members must hold valid
34 recognition cards. All members of the cooperative must be at least
35 twenty-one years old. The designated provider of a qualifying patient
36 who is under twenty-one years old may be a member of a cooperative on
37 the qualifying patient's behalf.

1 (2) (~~Cooperatives may not be located within one mile of a~~
2 ~~marijuana retailer. People~~) Qualifying patients and designated
3 providers who wish to form a cooperative must register the location
4 with the state liquor and cannabis board and this is the only
5 location where cooperative members may grow or process marijuana.
6 This registration must include the names of all participating members
7 and copies of each participant's recognition card. Only qualifying
8 patients or designated providers registered with the state liquor and
9 cannabis board in association with the location may participate in
10 growing or receive useable marijuana or marijuana-infused products
11 grown at that location.

12 (3) No cooperative may be located in any of the following areas:

13 (a) Within one mile of a marijuana retailer;

14 (b) Within the smaller of either:

15 (i) One thousand feet of the perimeter of the grounds of any
16 elementary or secondary school, playground, recreation center or
17 facility, child care center, public park, public transit center,
18 library, or any game arcade that admission to which is not restricted
19 to persons aged twenty-one years or older; or

20 (ii) The area restricted by ordinance, if the cooperative is
21 located in a city, county, or town that has passed an ordinance
22 pursuant to RCW 69.50.331(8); or

23 (c) Where prohibited by a city, town, or county zoning provision.

24 (4) The state liquor and cannabis board must deny the
25 registration of any cooperative if the location (~~is within one mile~~
26 ~~of a marijuana retailer~~) does not comply with the requirements set
27 forth in subsection (3) of this section.

28 (~~(3)~~) (5) If a qualifying patient or designated provider no
29 longer participates in growing at the location, he or she must notify
30 the state liquor and cannabis board within fifteen days of the date
31 the qualifying patient or designated provider ceases participation.
32 The state liquor and cannabis board must remove his or her name from
33 connection to the cooperative. Additional qualifying patients or
34 designated providers may not join the cooperative until sixty days
35 have passed since the date on which the last qualifying patient or
36 designated provider notifies the state liquor and cannabis board that
37 he or she no longer participates in that cooperative.

38 (~~(4)~~) (6) Qualifying patients or designated providers who
39 participate in a cooperative under this section:

1 (a) May grow up to the total amount of plants for which each
2 participating member is authorized on their recognition cards, up to
3 a maximum of sixty plants. At the location, the qualifying patients
4 or designated providers may possess the amount of useable marijuana
5 that can be produced with the number of plants permitted under this
6 subsection, but no more than seventy-two ounces;

7 (b) May only participate in one cooperative;

8 (c) May only grow plants in the cooperative and if he or she
9 grows plants in the cooperative may not grow plants elsewhere;

10 (d) Must provide assistance in growing plants. A monetary
11 contribution or donation is not to be considered assistance under
12 this section. Participants must provide nonmonetary resources and
13 labor in order to participate; and

14 (e) May not sell, donate, or otherwise provide marijuana,
15 marijuana concentrates, useable marijuana, or marijuana-infused
16 products to a person who is not participating under this section.

17 ~~((+5))~~ (7) The location of the cooperative must be the domicile
18 of one of the participants. Only one cooperative may be located per
19 property tax parcel. A copy of each participant's recognition card
20 must be kept at the location at all times.

21 ~~((+6))~~ (8) The state liquor and cannabis board may adopt rules
22 to implement this section including:

23 (a) Any security requirements necessary to ensure the safety of
24 the cooperative and to reduce the risk of diversion from the
25 cooperative;

26 (b) A seed to sale traceability model that is similar to the seed
27 to sale traceability model used by licensees that will allow the
28 state liquor and cannabis board to track all marijuana grown in a
29 cooperative.

30 ~~((+7))~~ (9) The state liquor and cannabis board or law
31 enforcement may inspect a cooperative registered under this section
32 to ensure members are in compliance with this section. The state
33 liquor and cannabis board must adopt rules on reasonable inspection
34 hours and reasons for inspections.

35 NEW SECTION. **Sec. 1002.** A new section is added to chapter 42.56
36 RCW to read as follows:

37 (1) Registration information submitted to the state liquor and
38 cannabis board under RCW 69.51A.--- (section 26, chapter 70, Laws of
39 2015) including the names of all participating members of a

1 cooperative, copies of each member's recognition card, location of
2 the cooperative, and other information required for registration by
3 the state liquor and cannabis board is exempt from disclosure under
4 this chapter.

5 (2) The definitions in this section apply throughout this section
6 unless the context clearly requires otherwise.

7 (a) "Cooperative" means a cooperative established under RCW
8 69.51A.--- (section 26, chapter 70, Laws of 2015) to produce and
9 process marijuana only for the medical use of members of the
10 cooperative.

11 (b) "Recognition card" has the same meaning as provided in RCW
12 69.51A.010.

13 PART XI

14 Dedicated Marijuana Account

15 **Sec. 1101.** RCW 69.50.530 and 2013 c 3 s 26 are each amended to
16 read as follows:

17 ~~((1) There shall be a fund, known as the dedicated marijuana
18 fund, which shall consist of all marijuana excise taxes, license
19 fees, penalties, forfeitures, and all other moneys, income, or
20 revenue received by the state liquor control board from marijuana-
21 related activities. The state treasurer shall be custodian of the
22 fund.~~

23 ((2)) The dedicated marijuana account is created in the state
24 treasury. All moneys received by the state liquor ((control)) and
25 cannabis board, or any employee thereof, from marijuana-related
26 activities ((shall)) must be deposited ((each day in a depository
27 approved by the state treasurer and transferred to the state
28 treasurer to be credited to the dedicated marijuana fund.

29 ~~((3) Disbursements from the dedicated marijuana fund shall be on
30 authorization of the state liquor control board or a duly authorized
31 representative thereof)) in the account. Unless otherwise provided in
32 this act, all marijuana excise taxes collected from sales of
33 marijuana, useable marijuana, marijuana concentrates, and marijuana-
34 infused products under RCW 69.50.535, and the license fees,
35 penalties, and forfeitures derived under this chapter from marijuana
36 producer, marijuana processor, marijuana researcher, and marijuana
37 retailer licenses, must be deposited in the account. Moneys in the
38 account may only be spent after appropriation.~~

1 **PART XII**

2 **Synthetic Cannabinoids and Bath Salts**

3 NEW SECTION. **Sec. 1201.** A new section is added to chapter 69.50
4 RCW to read as follows:

5 (1) It is an unfair or deceptive practice under RCW 19.86.020 for
6 any person or entity to distribute, dispense, manufacture, display
7 for sale, offer for sale, attempt to sell, or sell to a purchaser any
8 product that contains any amount of any synthetic cannabinoid. The
9 legislature finds that practices covered by this section are matters
10 vitally affecting the public interest for the purpose of applying the
11 consumer protection act, chapter 19.86 RCW. Violations of this
12 section are not reasonable in relation to the development and
13 preservation of business.

14 (2) "Synthetic cannabinoid" includes any chemical compound
15 identified in RCW 69.50.204(c)(30) or by the pharmacy quality
16 assurance commission under RCW 69.50.201.

17 NEW SECTION. **Sec. 1202.** A new section is added to chapter 69.50
18 RCW to read as follows:

19 It is an unfair or deceptive practice under RCW 19.86.020 for any
20 person or entity to distribute, dispense, manufacture, display for
21 sale, offer for sale, attempt to sell, or sell to a purchaser any
22 product that contains any amount of any cathinone or methcathinone as
23 identified in RCW 69.50.204(e) (3) and (5). The legislature finds
24 that practices covered by this section are matters vitally affecting
25 the public interest for the purpose of applying the consumer
26 protection act, chapter 19.86 RCW. Violations of this section are not
27 reasonable in relation to the development and preservation of
28 business.

29 **Sec. 1203.** RCW 69.50.204 and 2010 c 177 s 2 are each amended to
30 read as follows:

31 Unless specifically excepted by state or federal law or
32 regulation or more specifically included in another schedule, the
33 following controlled substances are listed in Schedule I:

34 (a) Any of the following opiates, including their isomers,
35 esters, ethers, salts, and salts of isomers, esters, and ethers
36 whenever the existence of these isomers, esters, ethers, and salts is
37 possible within the specific chemical designation:

- 1 (1) Acetyl-alpha-methylfentanyl (N-[1-(1-methyl-2-phenethyl)-4-
- 2 piperidinyl]-N-phenylacetamide);
- 3 (2) Acetylmethadol;
- 4 (3) Allylprodine;
- 5 (4) Alphacetylmethadol, except levo-alphacetylmethadol, also
- 6 known as levo-alpha-acetylmethadol, levomethadyl acetate, or LAAM;
- 7 (5) Alphameprodine;
- 8 (6) Alphamethadol;
- 9 (7) Alpha-methylfentanyl (N-[1-(alpha-methyl-beta-phenyl)
- 10 ethyl-4-piperidyl] propionanilide); (1-(1-methyl-2-phenylethyl)-4-(N-
- 11 propanilido) piperidine);
- 12 (8) Alpha-methylthiofentanyl (N-[1-methyl-2-(2-thienyl)ethyl-4-
- 13 piperidinyl]-N-phenylpropanamide);
- 14 (9) Benzethidine;
- 15 (10) Betacetylmethadol;
- 16 (11) Beta-hydroxyfentanyl (N-[1-(2-hydroxy-2-phenethyl)-4-
- 17 piperidinyl]-N-phenylpropanamide);
- 18 (12) Beta-hydroxy-3-methylfentanyl, some trade or other names: N-
- 19 [1-(2-hydrox-2-phenethyl)-3-methyl-4-piperidinyl]-N-
- 20 phenylpropanamide;
- 21 (13) Betameprodine;
- 22 (14) Betamethadol;
- 23 (15) Betaprodine;
- 24 (16) Clonitazene;
- 25 (17) Dextromoramide;
- 26 (18) Diampromide;
- 27 (19) Diethylthiambutene;
- 28 (20) Difenoquin;
- 29 (21) Dimenoxadol;
- 30 (22) Dimepheptanol;
- 31 (23) Dimethylthiambutene;
- 32 (24) Dioxaphetyl butyrate;
- 33 (25) Dipipanone;
- 34 (26) Ethylmethylthiambutene;
- 35 (27) Etonitazene;
- 36 (28) Etoxadine;
- 37 (29) Furethidine;
- 38 (30) Hydroxypethidine;
- 39 (31) Ketobemidone;
- 40 (32) Levomoramide;

- 1 (33) Levophenacylmorphan;
- 2 (34) 3-Methylfentanyl (N-[3-methyl-1-(2-phenylethyl)-4-
3 piperidyl]-N-phenylprop anamide);
- 4 (35) 3-Methylthiofentanyl (N-[(3-methyl-1-(2-thienyl)ethyl-4-
5 piperidinyl]-N-phenylpropanamide);
- 6 (36) Morpheridine;
- 7 (37) MPPP (1-methyl-4-phenyl-4-propionoxypiperidine);
- 8 (38) Noracymethadol;
- 9 (39) Norlevorphanol;
- 10 (40) Normethadone;
- 11 (41) Norpipanone;
- 12 (42) Para-fluorofentanyl (N-(4-fluorophenyl)-N-[1-(2-
13 phenethyl)-4-piperidinyl] propanamide);
- 14 (43) PEPAP(1-(-2-phenethyl)-4-phenyl-4-acetoxypiperidine);
- 15 (44) Phenadoxone;
- 16 (45) Phenampromide;
- 17 (46) Phenomorphan;
- 18 (47) Phenoperidine;
- 19 (48) Piritramide;
- 20 (49) Proheptazine;
- 21 (50) Properidine;
- 22 (51) Propiram;
- 23 (52) Racemoramide;
- 24 (53) Thiofentanyl (N-phenyl-N-[1-(2-thienyl)ethyl-4-piperidinyl]-
25 propanaminde);
- 26 (54) Tilidine;
- 27 (55) Trimeperidine.

28 (b) Opium derivatives. Unless specifically excepted or unless
29 listed in another schedule, any of the following opium derivatives,
30 including their salts, isomers, and salts of isomers whenever the
31 existence of those salts, isomers, and salts of isomers is possible
32 within the specific chemical designation:

- 33 (1) Acetorphine;
- 34 (2) Acetyldihydrocodeine;
- 35 (3) Benzylmorphine;
- 36 (4) Codeine methylbromide;
- 37 (5) Codeine-N-Oxide;
- 38 (6) Cyprenorphine;
- 39 (7) Desomorphine;
- 40 (8) Dihydromorphine;

- 1 (9) Drotebanol;
- 2 (10) Etorphine, except hydrochloride salt;
- 3 (11) Heroin;
- 4 (12) Hydromorphenol;
- 5 (13) Methyldesorphine;
- 6 (14) Methyldihydromorphine;
- 7 (15) Morphine methylbromide;
- 8 (16) Morphine methylsulfonate;
- 9 (17) Morphine-N-Oxide;
- 10 (18) Myrophine;
- 11 (19) Nicocodeine;
- 12 (20) Nicomorphine;
- 13 (21) Normorphine;
- 14 (22) Pholcodine;
- 15 (23) Thebacon.

16 (c) Hallucinogenic substances. Unless specifically excepted or
17 unless listed in another schedule, any material, compound, mixture,
18 or preparation which contains any quantity of the following
19 hallucinogenic substances, including their salts, isomers, and salts
20 of isomers whenever the existence of those salts, isomers, and salts
21 of isomers is possible within the specific chemical designation. For
22 the purposes of this subsection only, the term "isomer" includes the
23 optical, position, and geometric isomers:

24 (1) Alpha-ethyltryptamine: Some trade or other names:
25 Etryptamine; monase; α -ethyl-1H-indole-3-ethanamine; 3-(2-aminobutyl)
26 indole; α -ET; and AET;

27 (2) 4-bromo-2,5-dimethoxy-amphetamine: Some trade or other names:
28 4-bromo-2,5-dimethoxy- α -methylphenethylamine; 4-bromo-2,5-DMA;

29 (3) 4-bromo-2,5-dimethoxyphenethylamine: Some trade or other
30 names: 2-(4-bromo-2,5-dimethoxyphenyl)-1-aminoethane; alpha-desmethyl
31 DOB; 2C-B, nexus;

32 (4) 2,5-dimethoxyamphetamine: Some trade or other names: 2,5-
33 dimethoxy- α -methylphenethylamine; 2,5-DMA;

34 (5) 2,5-dimethoxy-4-ethylamphetamine (DOET);

35 (6) 2,5-dimethoxy-4-(n)-propylthiophenethylamine: Other name:
36 2C-T-7;

37 (7) 4-methoxyamphetamine: Some trade or other names: 4-methoxy- α -
38 methylphenethylamine; paramethoxyamphetamine, PMA;

39 (8) 5-methoxy-3,4-methylenedioxy-amphetamine;

- 1 (9) 4-methyl-2,5-dimethoxy-amphetamine: Some trade and other
2 names: 4-methyl-2,5-dimethoxy- α -methylphenethylamine; "DOM"; and
3 "STP";
- 4 (10) 3,4-methylenedioxy amphetamine;
- 5 (11) 3,4-methylenedioxymethamphetamine (MDMA);
- 6 (12) 3,4-methylenedioxy-N-ethylamphetamine, also known as N-
7 ethyl- α -methyl-3,4(methylenedioxy)phenethylamine, N-ethyl MDA,
8 MDE, MDEA;
- 9 (13) N-hydroxy-3,4-methylenedioxyamphetamine also known as
10 N-hydroxy- α -methyl-3,4(methylenedioxy)phenethylamine, N-hydroxy
11 MDA;
- 12 (14) 3,4,5-trimethoxy amphetamine;
- 13 (15) Alpha-methyltryptamine: Other name: AMT;
- 14 (16) Bufotenine: Some trade or other names: 3-(beta-
15 Dimethylaminoethyl)-5-hydroxyindole; 3-(2-dimethylaminoethyl)-5-
16 indolol; N, N-dimethylserotonin; 5-hydroxy-N,N-dimethyltryptamine;
17 mappine;
- 18 (17) Diethyltryptamine: Some trade or other names: N,N-
19 Diethyltryptamine; DET;
- 20 (18) Dimethyltryptamine: Some trade or other names: DMT;
- 21 (19) 5-methoxy-N,N-diisopropyltryptamine: Other name: 5-MeO-DIPT;
- 22 (20) Ibogaine: Some trade or other names: 7-Ethyl-6,6 beta,
23 7,8,9,10,12,13,-octahydro-2-methoxy-6,9-methano-5H-pyndo (1',2' 1,2)
24 azepino (5,4-b) indole; Tabernanthe iboga;
- 25 (21) Lysergic acid diethylamide;
- 26 (22) Marihuana or marijuana;
- 27 (23) Mescaline;
- 28 (24) Parahexyl-7374: Some trade or other names: 3-Hexyl-1-
29 hydroxy-7, 8, 9, 10-tetrahydro-6, 6, 9-trimethyl-6H-
30 dibenzo[b,d]pyran; synhexyl;
- 31 (25) Peyote, meaning all parts of the plant presently classified
32 botanically as *Lophophora Williamsii* Lemaire, whether growing or not,
33 the seeds thereof, any extract from any part of such plant, and every
34 compound, manufacture, salts, derivative, mixture, or preparation of
35 such plant, its seeds, or extracts; (interprets 21 U.S.C. Sec. 812
36 (c), Schedule I (c)(12));
- 37 (26) N-ethyl-3-piperidyl benzilate;
- 38 (27) N-methyl-3-piperidyl benzilate;
- 39 (28) Psilocybin;
- 40 (29) Psilocyn;

1 (30) Tetrahydrocannabinols, meaning tetrahydrocannabinols
2 naturally contained in a plant of the genus Cannabis (cannabis
3 plant), as well as synthetic equivalents of the substances contained
4 in the plant, or in the resinous extractives of Cannabis, species,
5 and/or synthetic substances, derivatives, and their isomers with
6 similar chemical structure and pharmacological activity such as the
7 following:

8 (i) 1 - cis - or trans tetrahydrocannabinol, and their optical
9 isomers, excluding tetrahydrocannabinol in sesame oil and
10 encapsulated in a soft gelatin capsule in a drug product approved by
11 the United States Food and Drug Administration;

12 (ii) 6 - cis - or trans tetrahydrocannabinol, and their optical
13 isomers;

14 (iii) 3,4 - cis - or trans tetrahydrocannabinol, and its optical
15 isomers; or

16 (iv) That is chemically synthesized and either:

17 (a) Has been demonstrated to have binding activity at one or more
18 cannabinoid receptors; or

19 (b) Is a chemical analog or isomer of a compound that has been
20 demonstrated to have binding activity at one or more cannabinoid
21 receptors;

22 (Since nomenclature of these substances is not internationally
23 standardized, compounds of these structures, regardless of numerical
24 designation of atomic positions covered.)

25 (31) Ethylamine analog of phencyclidine: Some trade or other
26 names: N-ethyl-1-phenylcyclohexylamine, (1-phenylcyclohexyl)
27 ethylamine; N-(1-phenylcyclohexyl)ethylamine; cyclohexamine; PCE;

28 (32) Pyrrolidine analog of phencyclidine: Some trade or other
29 names: 1-(1-phenylcyclohexyl)pyrrolidine; PCPy; PHP;

30 (33) Thiophene analog of phencyclidine: Some trade or other
31 names: 1-(1-[2-thienyl]-cyclohexyl)-piperidine; 2-thienyl analog of
32 phencyclidine; TPCP; TCP;

33 (34) 1-[1-(2-thienyl)cyclohexyl]pyrrolidine: A trade or other
34 name is TCPy.

35 (d) Depressants. Unless specifically excepted or unless listed in
36 another schedule, any material, compound, mixture, or preparation
37 which contains any quantity of the following substances having a
38 depressant effect on the central nervous system, including its salts,
39 isomers, and salts of isomers whenever the existence of such salts,

1 isomers, and salts of isomers is possible within the specific
2 chemical designation.

3 (1) Gamma-hydroxybutyric acid: Some other names include GHB;
4 gamma-hydroxybutyrate; 4-hydroxybutyrate; 4-hydroxybutanoic acid;
5 sodium oxybate; sodium oxybutyrate;

6 (2) Mecloqualone;

7 (3) Methaqualone.

8 (e) Stimulants. Unless specifically excepted or unless listed in
9 another schedule, any material, compound, mixture, or preparation
10 which contains any quantity of the following substances having a
11 stimulant effect on the central nervous system, including its salts,
12 isomers, and salts of isomers:

13 (1) Aminorex: Some other names: aminoxaphen; 2-amino-5-phenyl-2-
14 oxazoline; or 4, 5-dihydro-5-phenly-2-oxazolamine;

15 (2) N-Benzylpiperazine: Some other names: BZP, 1-benzylpiperazine;

16 (3) Cathinone, also known as 2-amino-1-phenyl-1-propanone,
17 alpha-aminopropiophenone, 2-aminopropiophenone and norephedrone;

18 (4) Fenethylamine;

19 (5) Methcathinone: Some other names: 2-(methylamino)-
20 propiophenone; alpha-(methylamino)propiophenone; 2-(methylamino)-1-
21 phenylpropan-1-one; alpha-N-methylaminopropiophenone;
22 monomethylpropion; ephedrone; N-methylcathinone; methylcathinone;
23 AL-464; AL-422; AL-463 and UR1432, its salts, optical isomers, and
24 salts of optical isomers;

25 (6) (+-)-cis-4-methylaminorex ((+)-cis-4,5-dihydro-4-methyl-5-
26 phenyl-2-oxazolamine);

27 (7) N-ethylamphetamine;

28 (8) N,N-dimethylamphetamine: Some trade or other names: N,N-
29 alpha-trimethyl-benzeneethanamine; N,N-alpha-trimethylphenoethylene.

30 The controlled substances in this section may be added,
31 rescheduled, or deleted as provided for in RCW 69.50.201.

32 **Sec. 1204.** RCW 69.50.430 and 2015 c 265 s 36 are each amended to
33 read as follows:

34 (1) Every adult offender convicted of a felony violation of RCW
35 69.50.401 through 69.50.4013, 69.50.4015, 69.50.402, 69.50.403,
36 69.50.406, 69.50.407, 69.50.410, or 69.50.415 (~~shall~~) must be fined
37 one thousand dollars in addition to any other fine or penalty
38 imposed. Unless the court finds the adult offender to be indigent,

1 this additional fine (~~shall~~) may not be suspended or deferred by
2 the court.

3 (2) On a second or subsequent conviction for violation of any of
4 the laws listed in subsection (1) of this section, the adult offender
5 (~~shall~~) must be fined two thousand dollars in addition to any other
6 fine or penalty imposed. Unless the court finds the adult offender to
7 be indigent, this additional fine (~~shall~~) may not be suspended or
8 deferred by the court.

9 (3) In addition to any other civil or criminal penalty, every
10 person who violates or causes another to violate RCW 69.50.401 by
11 distributing, dispensing, manufacturing, displaying for sale,
12 offering for sale, attempting to sell, or selling to a purchaser any
13 product that contains any amount of any synthetic cannabinoid, as
14 identified in RCW 69.50.204, must be fined not less than ten thousand
15 dollars and not more than five hundred thousand dollars. If, however,
16 the person who violates or causes another to violate RCW 69.50.401 by
17 distributing, dispensing, manufacturing, displaying for sale,
18 offering for sale, attempting to sell, or selling any product that
19 contains any amount of any synthetic cannabinoid, as identified in
20 RCW 69.50.204, to a purchaser under the age of eighteen, the minimum
21 penalty is twenty-five thousand dollars if the person is at least two
22 years older than the minor. Unless the court finds the person to be
23 indigent, this additional fine may not be suspended or deferred by
24 the court.

25 NEW SECTION. Sec. 1205. A new section is added to chapter 69.50
26 RCW to read as follows:

27 In addition to any other civil or criminal penalty, every person
28 who violates or causes another to violate RCW 69.50.401 by
29 distributing, dispensing, manufacturing, displaying for sale,
30 offering for sale, attempting to sell, or selling to a purchaser any
31 product that contains any amount of any cathinone or methcathinone,
32 as identified in RCW 69.50.204, must be fined not less than ten
33 thousand dollars and not more than five hundred thousand dollars. If,
34 however, the person who violates or causes another to violate RCW
35 69.50.401 by distributing, dispensing, manufacturing, displaying for
36 sale, offering for sale, attempting to sell, or selling any product
37 that contains any amount of any cathinone or methcathinone, as
38 identified in RCW 69.50.204, to a purchaser under the age of
39 eighteen, the minimum penalty is twenty-five thousand dollars if the

1 person is at least two years older than the minor. Unless the court
2 finds the person to be indigent, this additional fine may not be
3 suspended or deferred by the court.

4 **PART XIII**

5 **Restricting Certain Methods of Selling Marijuana**

6 NEW SECTION. **Sec. 1301.** A new section is added to chapter 69.50
7 RCW to read as follows:

8 (1) A retailer licensed under this chapter may use a vending
9 machine for the retail sale of useable marijuana, marijuana
10 concentrates, and marijuana-infused products, subject to approval
11 from the board prior to the installation or use of the machine in the
12 licensed premises.

13 (2) The board is granted general authority to adopt rules
14 necessary for the implementation of this section, including, but not
15 limited to, rules governing:

16 (a) The operational characteristics of the vending machines;

17 (b) Identification and age verification processes and
18 requirements for customers who make purchases from the machines;

19 (c) The location of vending machines within the licensed premises
20 and measures to prevent access to the machines by persons under age
21 21;

22 (d) The types and quantities of marijuana-related products that
23 may be purchased from the vending machines; and

24 (e) Signs and labeling that must be affixed to vending machines
25 pertaining to public health and safety notifications, legal warnings
26 and requirements, and other disclosures and information as deemed
27 necessary by the board.

28 (3) The products sold through vending machines, and the use of
29 such machines, must comply with the pertinent provisions of this
30 chapter regarding the retail sale of useable marijuana, marijuana
31 concentrates, and marijuana-infused products.

32 (4) For the purposes of this section, "vending machine" means a
33 machine or other mechanical device that accepts payment and:

34 (a) Dispenses tangible personal property; or

35 (b) Provides a service to the buyer.

36 NEW SECTION. **Sec. 1302.** A new section is added to chapter 69.50
37 RCW to read as follows:

1 (1) A retailer licensed under this chapter is prohibited from
2 operating a drive-through purchase facility where marijuana
3 concentrates, marijuana-infused products, or useable marijuana are
4 sold at retail and dispensed through a window or door to a purchaser
5 who is either in or on a motor vehicle or otherwise located outside
6 of the licensed premises at the time of sale.

7 (2) The state liquor and cannabis board may not issue, transfer,
8 or renew a marijuana retail license for any licensee in violation of
9 the provisions of subsection (1) of this section.

10 **PART XIV**

11 **Marijuana Clubs**

12 NEW SECTION. **Sec. 1401.** A new section is added to chapter 69.50
13 RCW to read as follows:

14 (1) It is unlawful for any person to conduct or maintain a
15 marijuana club by himself or herself or by associating with others,
16 or in any manner aid, assist, or abet in conducting or maintaining a
17 marijuana club.

18 (2) It is unlawful for any person to conduct or maintain a public
19 place where marijuana is held or stored, except as provided for a
20 licensee under this chapter, or consumption of marijuana is
21 permitted.

22 (3) Any person who violates this section is guilty of a class C
23 felony punishable under chapter 9A.20 RCW.

24 (4) The following definitions apply throughout this section
25 unless the context clearly requires otherwise.

26 (a) "Marijuana club" means a club, association, or other
27 business, for profit or otherwise, that conducts or maintains a
28 premises for the primary or incidental purpose of providing a
29 location where members or other persons may keep or consume marijuana
30 on the premises.

31 (b) "Public place" means, in addition to the definition provided
32 in RCW 66.04.010, any place to which admission is charged or for
33 which any pecuniary gain is realized by the owner or operator of such
34 place.

35 **PART XV**

36 **Marijuana Research Licenses**

1 **Sec. 1501.** RCW 69.50.--- and 2015 c 71 s 1 are each amended to
2 read as follows:

3 (1) There shall be a marijuana research license that permits a
4 licensee to produce, process, and possess marijuana for the following
5 limited research purposes:

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

7 (b) To conduct clinical investigations of marijuana-derived drug
8 products;

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

11 (d) To conduct genomic or agricultural research.

12 (2) As part of the application process for a marijuana research
13 license, an applicant must submit to the life sciences discovery fund
14 authority a description of the research that is intended to be
15 conducted. The life sciences discovery fund authority must review the
16 project and determine that it meets the requirements of subsection
17 (1) of this section. If the life sciences discovery fund authority
18 determines that the research project does not meet the requirements
19 of subsection (1) of this section, the application must be denied.

20 (3) A marijuana research licensee may only sell marijuana grown
21 or within its operation to other marijuana research licensees. The
22 state liquor (~~control~~) and cannabis board may revoke a marijuana
23 research license for violations of this subsection.

24 (4) A marijuana research licensee may contract with the
25 University of Washington or Washington State University to perform
26 research in conjunction with the university. All research projects,
27 not including those projects conducted pursuant to a contract entered
28 into under RCW 28B.20.502(3), must be approved by the life sciences
29 discovery fund authority and meet the requirements of subsection (1)
30 of this section.

31 (5) In establishing a marijuana research license, the state
32 liquor (~~control~~) and cannabis board may adopt rules on the
33 following:

34 (a) Application requirements;

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

37 (c) Conditions for license revocation;

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

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

3 (f) Licensee reporting requirements;

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

6 (h) Additional requirements deemed necessary by the state liquor
7 (~~control~~) and cannabis board.

8 (6) The production, processing, possession, delivery, donation,
9 and sale of marijuana in accordance with this section and the rules
10 adopted to implement and enforce it, by a validly licensed marijuana
11 researcher, shall not be a criminal or civil offense under Washington
12 state law. Every marijuana research license (~~shall~~) must be issued
13 in the name of the applicant, (~~shall~~) must specify the location at
14 which the marijuana researcher intends to operate, which must be
15 within the state of Washington, and the holder thereof (~~shall~~) may
16 not allow any other person to use the license.

17 (7) The application fee for a marijuana research license is two
18 hundred fifty dollars. The annual fee for issuance and renewal of a
19 marijuana research license is one thousand dollars. Fifty percent of
20 the application fee, the issuance fee, and the renewal fee must be
21 deposited to the life sciences discovery fund under RCW 43.350.070,
22 or, if that fund ceases to exist, to the general fund.

23 **Sec. 1502.** RCW 28B.20.502 and 2015 c 71 s 2 are each amended to
24 read as follows:

25 (1) The University of Washington and Washington State University
26 may conduct scientific research on the efficacy and safety of
27 administering marijuana as part of medical treatment. As part of this
28 research, the University of Washington and Washington State
29 University may develop and conduct studies to ascertain the general
30 medical safety and efficacy of marijuana, and may develop medical
31 guidelines for the appropriate administration and use of marijuana.

32 (2) The University of Washington and Washington State University
33 may, in accordance with RCW 69.50.--- (section 1, chapter 71, Laws of
34 2015), contract with marijuana research licensees to conduct research
35 permitted under this section and RCW 69.50.--- (section 1, chapter
36 71, Laws of 2015).

37 (3) The University of Washington and Washington State University
38 may contract to conduct marijuana research with an entity licensed to

1 conduct such research by a federally recognized Indian tribe located
2 within the geographical boundaries of the state of Washington.

3 **Sec. 1503.** RCW 43.350.030 and 2015 c 71 s 3 are each amended to
4 read as follows:

5 In addition to other powers and duties prescribed in this
6 chapter, the authority is empowered to:

7 (1) Use public moneys in the life sciences discovery fund,
8 leveraging those moneys with amounts received from other public and
9 private sources in accordance with contribution agreements, to
10 promote life sciences research;

11 (2) Solicit and receive gifts, grants, and bequests, and enter
12 into contribution agreements with private entities and public
13 entities other than the state to receive moneys in consideration of
14 the authority's promise to leverage those moneys with amounts
15 received through appropriations from the legislature and
16 contributions from other public entities and private entities, in
17 order to use those moneys to promote life sciences research. Nonstate
18 moneys received by the authority for this purpose shall be deposited
19 in the life sciences discovery fund created in RCW 43.350.070;

20 (3) Hold funds received by the authority in trust for their use
21 pursuant to this chapter to promote life sciences research;

22 (4) Manage its funds, obligations, and investments as necessary
23 and as consistent with its purpose including the segregation of
24 revenues into separate funds and accounts;

25 (5) Make grants to entities pursuant to contract for the
26 promotion of life sciences research to be conducted in the state.
27 Grant agreements (~~shall~~) must specify deliverables to be provided
28 by the recipient pursuant to the grant. The authority shall solicit
29 requests for funding and evaluate the requests by reference to
30 factors such as: (a) The quality of the proposed research; (b) its
31 potential to improve health outcomes, with particular attention to
32 the likelihood that it will also lower health care costs, substitute
33 for a more costly diagnostic or treatment modality, or offer a
34 breakthrough treatment for a particular disease or condition; (c) its
35 potential for leveraging additional funding; (d) its potential to
36 provide health care benefits or benefit human learning and
37 development; (e) its potential to stimulate the health care delivery,
38 biomedical manufacturing, and life sciences related employment in the
39 state; (f) the geographic diversity of the grantees within

1 Washington; (g) evidence of potential royalty income and contractual
2 means to recapture such income for purposes of this chapter; and (h)
3 evidence of public and private collaboration;

4 (6) Create one or more advisory boards composed of scientists,
5 industrialists, and others familiar with life sciences research;

6 (7) Review and approve or disapprove marijuana research license
7 applications under RCW 69.50.--- (section 1, chapter 71, Laws of
8 2015);

9 (8) Review any reports made by marijuana research licensees under
10 state liquor (~~((control))~~) and cannabis board rule and provide the
11 state liquor (~~((control))~~) and cannabis board with its determination on
12 whether the research project continues to meet research
13 qualifications under RCW 69.50.---(1) (section 1, chapter 71, Laws of
14 2015); and

15 (9) Adopt policies and procedures to facilitate the orderly
16 process of grant application, review, and reward.

17 **Sec. 1504.** RCW 42.56.--- and 2015 c 71 s 4 are each amended to
18 read as follows:

19 Reports submitted by marijuana research licensees in accordance
20 with rules adopted by the state liquor (~~((control))~~) and cannabis board
21 under RCW 69.50.--- (section 1, chapter 71, Laws of 2015) that
22 contain proprietary information are exempt from disclosure under this
23 chapter.

24 PART XVI

25 Preemption and Public Vote

26 NEW SECTION. **Sec. 1601.** A new section is added to chapter 69.50
27 RCW to read as follows:

28 (1) Except as provided in subsections (2) through (6) of this
29 section, no city, town, or county may enact or enforce a moratorium
30 or prohibition on the production, processing, researching, or retail
31 sale of marijuana under this chapter.

32 (2)(a) Any registered voter of a city, town, or county may submit
33 a petition calling for the city, town, or county to prohibit the
34 siting or operation of any business or facility to be used for the
35 production, processing, researching, or retail sale of marijuana
36 under this chapter. The petition must be signed by thirty percent or
37 more of the voters of the jurisdiction and must be filed with the

1 legislative authority of the applicable city, town, or county. With
2 respect to petitions to be filed with a county under this subsection,
3 only registered voters in the unincorporated area of the county may
4 initiate and sign the petition.

5 (b) If the legislative authority determines the petition to be
6 sufficient, it must, within sixty days of determining the petition to
7 be sufficient, hold a public hearing on the petition and an
8 implementing ordinance. Following the public hearing, the legislative
9 authority of the city, town, or county must submit the question of
10 prohibiting siting or operation of any business or facility to be
11 used for the production, processing, researching, or retail sale of
12 marijuana products under this chapter to the voters of the
13 jurisdiction at a general election.

14 (c) If a majority of the voters of the city, town, or county
15 voting in the election approves the prohibition, the prohibition will
16 take effect on the date specified in the petition. If no effective
17 date is specified in the petition, the prohibition takes effect sixty
18 days after the election.

19 (3) As an alternative to the petition process established in
20 subsection (2) of this section, the legislative authority of any
21 city, town, or county may initiate an ordinance provided for in
22 subsection (2) of this section by submitting a ballot proposition at
23 a general election prohibiting the siting or operation of any
24 business or facility to be used for the production, processing,
25 researching, or retail sale of marijuana under this chapter. If a
26 majority of the voters of the county, city, or town voting in the
27 election approves the prohibition, the prohibition takes effect on
28 the date specified in the ballot proposition. If no effective date is
29 specified in the ballot proposition, the prohibition takes effect
30 sixty days after the election.

31 (4) With respect to a county enacting an ordinance under this
32 section, the ordinance may only apply to unincorporated areas of the
33 county. No voters within the boundaries of an incorporated city or
34 town may participate in a county election under this section.

35 (5) Following the passage of an ordinance under subsections (2)
36 and (3) of this section, the state liquor control board may not issue
37 or renew any license under RCW 69.50.325 or section 1501 of this act
38 for the production, processing, researching, or retail sale of
39 marijuana with respect to businesses that are either located or
40 proposed to be located within an area subject to the ordinance.

1 (6) The legislative authority of a city, town, or county may, by
2 ordinance, repeal a prohibition enacted under this section not less
3 than two years after the prohibition's effective date. After a repeal
4 under this subsection, the state liquor control board may issue and
5 renew licenses under RCW 69.50.325 or section 1501 of this act within
6 the area that had been subject to a prohibition.

7 (7) Nothing in this section may be construed to extend powers to
8 cities, towns, or counties beyond the power to prohibit the siting or
9 operation of any business or facility to be used for the production,
10 processing, researching, or retail sale of marijuana.

11 NEW SECTION. **Sec. 1602.** A new section is added to chapter 36.01
12 RCW to read as follows:

13 Notwithstanding any other provision of law, counties also have
14 the authority granted in section 1601 of this act to prohibit by
15 ordinance the siting or operation of any business or facility to be
16 used for the production, processing, researching, or retail sale of
17 marijuana under chapter 69.50 RCW.

18 NEW SECTION. **Sec. 1603.** A new section is added to chapter 35.21
19 RCW to read as follows:

20 Notwithstanding any other provision of law, cities and towns also
21 have the authority granted in section 1601 of this act to prohibit by
22 ordinance the siting or operation of any business or facility to be
23 used for the production, processing, researching, or retail sale of
24 marijuana under chapter 69.50 RCW.

25 NEW SECTION. **Sec. 1604.** A new section is added to chapter
26 35A.21 RCW to read as follows:

27 Notwithstanding any other provision of law, code cities also have
28 the authority granted in section 1601 of this act to prohibit by
29 ordinance the siting or operation of any business or facility to be
30 used for the production, processing, researching, or retail sale of
31 marijuana under chapter 69.50 RCW.

32 **PART XVII**

33 **Miscellaneous Provisions**

34 **Sec. 1701.** RCW 69.50.342 and 2015 c 70 s 7 are each amended to
35 read as follows:

1 (1) For the purpose of carrying into effect the provisions of
2 chapter 3, Laws of 2013 according to their true intent or of
3 supplying any deficiency therein, the state liquor and cannabis board
4 may adopt rules not inconsistent with the spirit of chapter 3, Laws
5 of 2013 as are deemed necessary or advisable. Without limiting the
6 generality of the preceding sentence, the state liquor and cannabis
7 board is empowered to adopt rules regarding the following:

8 (a) The equipment and management of retail outlets and premises
9 where marijuana is produced or processed, and inspection of the
10 retail outlets and premises where marijuana is produced or processed;

11 (b) The books and records to be created and maintained by
12 licensees, the reports to be made thereon to the state liquor and
13 cannabis board, and inspection of the books and records;

14 (c) Methods of producing, processing, and packaging marijuana,
15 useable marijuana, marijuana concentrates, and marijuana-infused
16 products; conditions of sanitation; safe handling requirements;
17 approved pesticides and pesticide testing requirements; and standards
18 of ingredients, quality, and identity of marijuana, useable
19 marijuana, marijuana concentrates, and marijuana-infused products
20 produced, processed, packaged, or sold by licensees;

21 (d) Security requirements for retail outlets and premises where
22 marijuana is produced or processed, and safety protocols for
23 licensees and their employees;

24 (e) Screening, hiring, training, and supervising employees of
25 licensees;

26 (f) Retail outlet locations and hours of operation;

27 (g) Labeling requirements and restrictions on advertisement of
28 marijuana, useable marijuana, marijuana concentrates, cannabis health
29 and beauty aids, and marijuana-infused products for sale in retail
30 outlets;

31 (h) Forms to be used for purposes of this chapter and chapter
32 69.51A RCW or the rules adopted to implement and enforce these
33 chapters, the terms and conditions to be contained in licenses issued
34 under this chapter and chapter 69.51A RCW, and the qualifications for
35 receiving a license issued under this chapter and chapter 69.51A RCW,
36 including a criminal history record information check. The state
37 liquor and cannabis board may submit any criminal history record
38 information check to the Washington state patrol and to the
39 identification division of the federal bureau of investigation in
40 order that these agencies may search their records for prior arrests

1 and convictions of the individual or individuals who filled out the
2 forms. The state liquor and cannabis board (~~shall~~) must require
3 fingerprinting of any applicant whose criminal history record
4 information check is submitted to the federal bureau of
5 investigation;

6 (i) Application, reinstatement, and renewal fees for licenses
7 issued under this chapter and chapter 69.51A RCW, and fees for
8 anything done or permitted to be done under the rules adopted to
9 implement and enforce this chapter and chapter 69.51A RCW;

10 (j) The manner of giving and serving notices required by this
11 chapter and chapter 69.51A RCW or rules adopted to implement or
12 enforce these chapters;

13 (k) Times and periods when, and the manner, methods, and means by
14 which, licensees (~~shall~~) transport and deliver marijuana, marijuana
15 concentrates, useable marijuana, and marijuana-infused products
16 within the state;

17 (1) Identification, seizure, confiscation, destruction, or
18 donation to law enforcement for training purposes of all marijuana,
19 marijuana concentrates, useable marijuana, and marijuana-infused
20 products produced, processed, sold, or offered for sale within this
21 state which do not conform in all respects to the standards
22 prescribed by this chapter or chapter 69.51A RCW or the rules adopted
23 to implement and enforce these chapters.

24 (2) Rules adopted on retail outlets holding medical marijuana
25 endorsements must be adopted in coordination and consultation with
26 the department.

27 NEW SECTION. **Sec. 1702.** RCW 69.50.425 (Misdemeanor violations—
28 Minimum penalties) and 2015 c 265 s 35, 2002 c 175 s 44, & 1989 c 271
29 s 105 are each repealed.

30 NEW SECTION. **Sec. 1703.** (1) Subject to appropriation, if, in
31 addition to any distributions required by section 206 of this act,
32 funding of at least six million dollars per fiscal year for fiscal
33 years 2016 and 2017 is not provided by June 30, 2015, in the omnibus
34 appropriations act for distribution to local governments for
35 marijuana enforcement, this section is null and void. The
36 appropriation in the omnibus appropriations act must reference this
37 section by bill and section number. Distributions to local

1 governments are based on the distribution formula in subsection (2)
2 of this section.

3 (2)(a) The distribution amount allocated to each county,
4 including the portion for eligible cities within the county, is
5 ratably based on the total amount of taxable sales of marijuana
6 products subject to the marijuana excise tax under RCW 69.50.535 in
7 the prior fiscal year within the county, including all taxable sales
8 attributable to the incorporated areas within the county.
9 Distribution amounts allocated to each county, and eligible cities
10 within the county, must be distributed in four installments by the
11 last day of each fiscal quarter as follows.

12 (b) Sixty percent must be distributed to each county, except
13 where there is no eligible city with taxable sales of marijuana
14 products in the prior fiscal year, in which case the county must
15 receive one hundred percent of the distribution amount allocated to
16 the county as determined in (a) of this subsection. A county in which
17 the producing, processing, or retailing of marijuana products is
18 prohibited in the unincorporated area of the county is not entitled
19 to a distribution and the distribution amount must be distributed
20 instead to the eligible cities within the county as provided in (c)
21 of this subsection.

22 (c) After making any distribution to counties as provided in (b)
23 of this subsection, the treasurer must distribute the remaining
24 amount to eligible cities within the counties. The share to each
25 eligible city within a county must be determined by a division among
26 the eligible cities within each county ratably based on total sales,
27 from the prior fiscal year, of all marijuana products subject to the
28 marijuana excise tax under RCW 69.50.535 within the boundaries of
29 each eligible city located within the county. "Eligible city" means
30 any city or town in which sales of marijuana products are
31 attributable to a marijuana retailer, as defined in RCW 69.50.101,
32 located within the boundaries of the city or town.

33 (d) By September 15th of each year, the state liquor and cannabis
34 board must provide the state treasurer the annual distribution
35 amount, if any, for each county and city as determined in subsection
36 (2) of this section.

37 NEW SECTION. **Sec. 1704.** If any provision of this act or its
38 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 1705.** (1) Except as provided otherwise in
4 this section, this act is necessary for the immediate preservation of
5 the public peace, health, or safety, or support of the state
6 government and its existing public institutions, and takes effect
7 July 1, 2015.

8 (2) Except for section 503 of this act, part V of this act takes
9 effect October 1, 2015.

10 (3) Sections 203 and 1001 of this act take effect July 1, 2016.

11 (4) Sections 302, 503, 901, 1204, and 1701 of this act and part
12 XV of this act are necessary for the immediate preservation of the
13 public peace, health, or safety, or support of the state government
14 and its existing public institutions, and take effect July 24, 2015."

15 Correct the title.

EFFECT: (1) **Taxes and Distribution:** Changes the marijuana excise tax rate from 30 percent to 37 percent. Changes the minimum appropriated amounts for DOH and DSHS and includes language that would allow a lower distribution amount for specific agency distributions. Eliminates the sunset provision for the local government distributions and reduces the maximum local government distribution cap to 15 million per fiscal year for the 2017-2019 biennium.

(2) **Minors with Medical Authorization:** Allows persons between the ages of 18-21 to enter a marijuana store with a medical endorsement so long as the person has a medical authorization.

(3) **Transportation:** Specifies that a marijuana transporter license only permits transporting marijuana between licensed entities.

(4) **Health and Beauty Aids:** Specifies that cannabis health and beauty aids must not be intended for human ingestion.

(5) **Special Notice:** Permits a city, town, or county to require applicants for marijuana licenses to notify the owners or operators of schools, playgrounds, churches, and other entities within 1,000 feet of the applicant's premises.

(6) **Medical Cooperatives:** Adds section restricting where medical marijuana cooperatives may be located similar to restrictions on recreational marijuana licensees. Exempts from public disclosure information submitted to the Liquor and Cannabis Board (LCB) about cooperatives.

(7) **Spice and Bath Salts:** Adds sections creating a Consumer Protection Act violation for the manufacture and distribution of synthetic cannabinoids and cathinones and methcathinones ("bath salts"), adding synthetic cannabinoids to Schedule I of the Controlled Substances Act, and imposing additional penalties on the manufacture and distribution of synthetic cannabinoids and bath salts.

(8) **Vending Machines and Drive-throughs:** Permits the sale of marijuana through vending machines meeting certain conditions. Prohibits the sale of marijuana in drive-through facilities.

(9) **Marijuana Clubs:** Prohibits the operation of a marijuana club for the purposes of keeping or storing marijuana and imposes a felony penalty.

(10) **Research:** Provides that if the Life Sciences Discovery Fund no longer exists, research license fees should be deposited in the General Fund.

(11) **Compacting Authority:** Strikes provision that passed in earlier legislation authorizing compacts with Indian tribes.

(12) **LCB Authority:** Expands LCB's rule-making authority to include medical marijuana endorsements, safe handling, and pesticide testing. Strikes prohibition on seizure of marijuana made or sold under chapter 69.51A RCW.

(13) **Effective Dates:** Amends effective dates to make most of the bill effective July 1, 2015, except for sections relating to transporter licenses (effective October 1, 2015), medical marijuana (July 1, 2016), and certain regulatory provisions (effective July 24, 2015).

(14) **Technical:** Adds severability clause. Updates bill to reflect changes to statutes made in legislation passed earlier this year and makes technical edits throughout.

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