

SB 5121 - H COMM AMD

By Committee on Commerce & Gaming

NOT ADOPTED 4/10/2015

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

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 69.50
4 RCW to read as follows:

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

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

9 (b) To conduct clinical investigations of marijuana-derived drug
10 products;

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

13 (d) To conduct genomic or agricultural research.

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

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

26 (4) A marijuana research licensee may contract with the
27 University of Washington or Washington State University to perform
28 research in conjunction with the university. All research projects
29 must be approved by the life sciences discovery fund authority and
30 meet the requirements of subsection (1) of this section.

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

33 (a) Application requirements;

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

3 (c) Conditions for license revocation;

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

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

8 (f) Licensee reporting requirements;

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

11 (h) Additional requirements deemed necessary by the state liquor
12 control board.

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

22 (7) The application fee for a marijuana research license is two
23 hundred fifty dollars. The annual fee for issuance and renewal of a
24 marijuana research license is one thousand dollars. Fifty percent of
25 the application fee, the issuance fee and the renewal fee must be
26 deposited to the life sciences discovery fund under RCW 43.350.070.

27 **Sec. 2.** RCW 69.50.331 and 2013 c 3 s 6 are each amended to read
28 as follows:

29 (1) For the purpose of considering any application for a license
30 to produce, process, research, or sell marijuana, or for the renewal
31 of a license to produce, process, research, or sell marijuana, the
32 state liquor control board may cause an inspection of the premises to
33 be made, and may inquire into all matters in connection with the
34 construction and operation of the premises. For the purpose of
35 reviewing any application for a license and for considering the
36 denial, suspension, revocation, or renewal or denial thereof, of any
37 license, the state liquor control board may consider any prior
38 criminal conduct of the applicant including an administrative
39 violation history record with the state liquor control board and a

1 criminal history record information check. The state liquor control
2 board may submit the criminal history record information check to the
3 Washington state patrol and to the identification division of the
4 federal bureau of investigation in order that these agencies may
5 search their records for prior arrests and convictions of the
6 individual or individuals who filled out the forms. The state liquor
7 control board shall require fingerprinting of any applicant whose
8 criminal history record information check is submitted to the federal
9 bureau of investigation. The provisions of RCW 9.95.240 and of
10 chapter 9.96A RCW shall not apply to these cases. Subject to the
11 provisions of this section, the state liquor control board may, in
12 its discretion, grant or deny the renewal or license applied for.
13 Denial may be based on, without limitation, the existence of chronic
14 illegal activity documented in objections submitted pursuant to
15 subsections (7)(c) and (9) of this section. Authority to approve an
16 uncontested or unopposed license may be granted by the state liquor
17 control board to any staff member the board designates in writing.
18 Conditions for granting this authority shall be adopted by rule. No
19 license of any kind may be issued to:

20 (a) A person under the age of twenty-one years;

21 (b) A person doing business as a sole proprietor who has not
22 lawfully resided in the state for at least three months prior to
23 applying to receive a license;

24 (c) A partnership, employee cooperative, association, nonprofit
25 corporation, or corporation unless formed under the laws of this
26 state, and unless all of the members thereof are qualified to obtain
27 a license as provided in this section; or

28 (d) A person whose place of business is conducted by a manager or
29 agent, unless the manager or agent possesses the same qualifications
30 required of the licensee.

31 (2)(a) The state liquor control board may, in its discretion,
32 subject to the provisions of RCW 69.50.334, suspend or cancel any
33 license; and all protections of the licensee from criminal or civil
34 sanctions under state law for producing, processing, researching or
35 selling marijuana, useable marijuana, marijuana concentrates or
36 marijuana-infused products thereunder shall be suspended or
37 terminated, as the case may be.

38 (b) The state liquor control board shall immediately suspend the
39 license of a person who has been certified pursuant to RCW 74.20A.320
40 by the department of social and health services as a person who is

1 not in compliance with a support order. If the person has continued
2 to meet all other requirements for reinstatement during the
3 suspension, reissuance of the license shall be automatic upon the
4 state liquor control board's receipt of a release issued by the
5 department of social and health services stating that the licensee is
6 in compliance with the order.

7 (c) The state liquor control board may request the appointment of
8 administrative law judges under chapter 34.12 RCW who shall have
9 power to administer oaths, issue subpoenas for the attendance of
10 witnesses and the production of papers, books, accounts, documents,
11 and testimony, examine witnesses, and to receive testimony in any
12 inquiry, investigation, hearing, or proceeding in any part of the
13 state, under rules and regulations the state liquor control board may
14 adopt.

15 (d) Witnesses shall be allowed fees and mileage each way to and
16 from any inquiry, investigation, hearing, or proceeding at the rate
17 authorized by RCW 34.05.446. Fees need not be paid in advance of
18 appearance of witnesses to testify or to produce books, records, or
19 other legal evidence.

20 (e) In case of disobedience of any person to comply with the
21 order of the state liquor control board or a subpoena issued by the
22 state liquor control board, or any of its members, or administrative
23 law judges, or on the refusal of a witness to testify to any matter
24 regarding which he or she may be lawfully interrogated, the judge of
25 the superior court of the county in which the person resides, on
26 application of any member of the board or administrative law judge,
27 shall compel obedience by contempt proceedings, as in the case of
28 disobedience of the requirements of a subpoena issued from said court
29 or a refusal to testify therein.

30 (3) Upon receipt of notice of the suspension or cancellation of a
31 license, the licensee shall forthwith deliver up the license to the
32 state liquor control board. Where the license has been suspended
33 only, the state liquor control board shall return the license to the
34 licensee at the expiration or termination of the period of
35 suspension. The state liquor control board shall notify all other
36 licensees in the county where the subject licensee has its premises
37 of the suspension or cancellation of the license; and no other
38 licensee or employee of another licensee may allow or cause any
39 marijuana, marijuana concentrates, useable marijuana, or marijuana-

1 infused products to be delivered to or for any person at the premises
2 of the subject licensee.

3 (4) Every license issued under this chapter (~~(3, Laws of 2013)~~)
4 shall be subject to all conditions and restrictions imposed by this
5 chapter (~~(3, Laws of 2013)~~) or by rules adopted by the state liquor
6 control board to implement and enforce this chapter (~~(3, Laws of~~
7 ~~2013)~~). All conditions and restrictions imposed by the state liquor
8 control board in the issuance of an individual license shall be
9 listed on the face of the individual license along with the trade
10 name, address, and expiration date.

11 (5) Every licensee shall post and keep posted its license, or
12 licenses, in a conspicuous place on the premises.

13 (6) No licensee shall employ any person under the age of twenty-
14 one years.

15 (7)(a) Before the state liquor control board issues a new or
16 renewed license to an applicant it shall give notice of the
17 application to the chief executive officer of the incorporated city
18 or town, if the application is for a license within an incorporated
19 city or town, or to the county legislative authority, if the
20 application is for a license outside the boundaries of incorporated
21 cities or towns.

22 (b) The incorporated city or town through the official or
23 employee selected by it, or the county legislative authority or the
24 official or employee selected by it, shall have the right to file
25 with the state liquor control board within twenty days after the date
26 of transmittal of the notice for applications, or at least thirty
27 days prior to the expiration date for renewals, written objections
28 against the applicant or against the premises for which the new or
29 renewed license is asked. The state liquor control board may extend
30 the time period for submitting written objections.

31 (c) The written objections shall include a statement of all facts
32 upon which the objections are based, and in case written objections
33 are filed, the city or town or county legislative authority may
34 request, and the state liquor control board may in its discretion
35 hold, a hearing subject to the applicable provisions of Title 34 RCW.
36 If the state liquor control board makes an initial decision to deny a
37 license or renewal based on the written objections of an incorporated
38 city or town or county legislative authority, the applicant may
39 request a hearing subject to the applicable provisions of Title 34
40 RCW. If a hearing is held at the request of the applicant, state

1 liquor control board representatives shall present and defend the
2 state liquor control board's initial decision to deny a license or
3 renewal.

4 (d) Upon the granting of a license under this title the state
5 liquor control board shall send written notification to the chief
6 executive officer of the incorporated city or town in which the
7 license is granted, or to the county legislative authority if the
8 license is granted outside the boundaries of incorporated cities or
9 towns.

10 (8) The state liquor control board shall not issue a license for
11 any premises within one thousand feet of the perimeter of the grounds
12 of any elementary or secondary school, playground, recreation center
13 or facility, child care center, public park, public transit center,
14 or library, or any game arcade admission to which is not restricted
15 to persons aged twenty-one years or older.

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

35 **Sec. 3.** RCW 28B.20.502 and 2011 c 181 s 1002 are each amended to
36 read as follows:

37 (1) The University of Washington and Washington State University
38 may conduct scientific research on the efficacy and safety of
39 administering (~~canabis~~) marijuana as part of medical treatment. As

1 part of this research, the University of Washington and Washington
2 State University may develop and conduct studies to ascertain the
3 general medical safety and efficacy of ((cannabis)) marijuana, and
4 may develop medical guidelines for the appropriate administration and
5 use of ((cannabis)) marijuana.

6 (2) The University of Washington and Washington State University
7 may, in accordance with section 1 of this act, contract with
8 marijuana research licensees to conduct research permitted under this
9 section and section 1 of this act.

10 **Sec. 4.** RCW 43.350.030 and 2005 c 424 s 4 are each amended to
11 read as follows:

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

14 (1) Use public moneys in the life sciences discovery fund,
15 leveraging those moneys with amounts received from other public and
16 private sources in accordance with contribution agreements, to
17 promote life sciences research;

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

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

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

32 (5) Make grants to entities pursuant to contract for the
33 promotion of life sciences research to be conducted in the state.
34 Grant agreements shall specify deliverables to be provided by the
35 recipient pursuant to the grant. The authority shall solicit requests
36 for funding and evaluate the requests by reference to factors such
37 as: (a) The quality of the proposed research; (b) its potential to
38 improve health outcomes, with particular attention to the likelihood
39 that it will also lower health care costs, substitute for a more

1 costly diagnostic or treatment modality, or offer a breakthrough
2 treatment for a particular disease or condition; (c) its potential
3 for leveraging additional funding; (d) its potential to provide
4 health care benefits or benefit human learning and development; (e)
5 its potential to stimulate the health care delivery, biomedical
6 manufacturing, and life sciences related employment in the state; (f)
7 the geographic diversity of the grantees within Washington; (g)
8 evidence of potential royalty income and contractual means to
9 recapture such income for purposes of this chapter; and (h) evidence
10 of public and private collaboration;

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

14 (7) Review and approve or disapprove marijuana research license
15 applications under section 1 of this act;

16 (8) Review any reports made by marijuana research licensees under
17 state liquor control board rule and provide the state liquor control
18 board with its determination on whether the research project
19 continues to meet research qualifications under section 1(1) of this
20 act; and

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

23 NEW SECTION. Sec. 5. A new section is added to chapter 42.56
24 RCW to read as follows:

25 Reports submitted by marijuana research licensees in accordance
26 with rules adopted by the state liquor control board under section 1
27 of this act that contain proprietary information are exempt from
28 disclosure under this chapter."

29 Correct the title.

EFFECT: Subjects marijuana research licenses to the same
regulatory provisions applicable to marijuana producer, processor,
and retailer licenses. Provides that the Life Sciences Discovery Fund
Authority receives 50 percent of the marijuana research license
issuance fee.

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