

ESSB 5131 - H COMM AMD

By Committee on Appropriations

ADOPTED AS AMENDED 04/11/2017

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

3 "Sec. 1. RCW 69.50.325 and 2016 c 170 s 1 are each amended to
4 read as follows:

5 (1) There shall be a marijuana producer's license regulated by
6 the state liquor and cannabis board and subject to annual renewal.
7 The licensee is authorized to produce: (a) Marijuana for sale at
8 wholesale to marijuana processors and other marijuana producers ((and
9 to produce marijuana)); and (b) immature plants or clones and seeds
10 for sale to cooperatives as described under RCW 69.51A.250((
11 regulated by the state liquor and cannabis board and subject to
12 annual renewal)). The production, possession, delivery, distribution,
13 and sale of marijuana in accordance with the provisions of this
14 chapter and the rules adopted to implement and enforce it, by a
15 validly licensed marijuana producer, shall not be a criminal or civil
16 offense under Washington state law. Every marijuana producer's
17 license shall be issued in the name of the applicant, shall specify
18 the location at which the marijuana producer intends to operate,
19 which must be within the state of Washington, and the holder thereof
20 shall not allow any other person to use the license. The application
21 fee for a marijuana producer's license shall be two hundred fifty
22 dollars. The annual fee for issuance and renewal of a marijuana
23 producer's license shall be one thousand dollars. A separate license
24 shall be required for each location at which a marijuana producer
25 intends to produce marijuana.

26 (2) There shall be a marijuana processor's license to process,
27 package, and label marijuana concentrates, useable marijuana, and
28 marijuana-infused products for sale at wholesale to marijuana
29 processors and marijuana retailers, regulated by the state liquor and
30 cannabis board and subject to annual renewal. The processing,
31 packaging, possession, delivery, distribution, and sale of marijuana,

1 useable marijuana, marijuana-infused products, and marijuana
2 concentrates in accordance with the provisions of this chapter and
3 chapter 69.51A RCW and the rules adopted to implement and enforce
4 these chapters, by a validly licensed marijuana processor, shall not
5 be a criminal or civil offense under Washington state law. Every
6 marijuana processor's license shall be issued in the name of the
7 applicant, shall specify the location at which the licensee intends
8 to operate, which must be within the state of Washington, and the
9 holder thereof shall not allow any other person to use the license.
10 The application fee for a marijuana processor's license shall be two
11 hundred fifty dollars. The annual fee for issuance and renewal of a
12 marijuana processor's license shall be one thousand dollars. A
13 separate license shall be required for each location at which a
14 marijuana processor intends to process marijuana.

15 (3)(a) There shall be a marijuana retailer's license to sell
16 marijuana concentrates, useable marijuana, and marijuana-infused
17 products at retail in retail outlets, regulated by the state liquor
18 and cannabis board and subject to annual renewal. The possession,
19 delivery, distribution, and sale of marijuana concentrates, useable
20 marijuana, and marijuana-infused products in accordance with the
21 provisions of this chapter and the rules adopted to implement and
22 enforce it, by a validly licensed marijuana retailer, shall not be a
23 criminal or civil offense under Washington state law. Every marijuana
24 retailer's license shall be issued in the name of the applicant,
25 shall specify the location of the retail outlet the licensee intends
26 to operate, which must be within the state of Washington, and the
27 holder thereof shall not allow any other person to use the license.
28 The application fee for a marijuana retailer's license shall be two
29 hundred fifty dollars. The annual fee for issuance and renewal of a
30 marijuana retailer's license shall be one thousand dollars. A
31 separate license shall be required for each location at which a
32 marijuana retailer intends to sell marijuana concentrates, useable
33 marijuana, and marijuana-infused products.

34 (b) An individual retail licensee and all other persons or
35 entities with a financial or other ownership interest in the business
36 operating under the license are limited, in the aggregate, to holding
37 a collective total of not more than five retail marijuana licenses.

38 (c)(i) A marijuana retailer's license is subject to forfeiture in
39 accordance with rules adopted by the state liquor and cannabis board
40 pursuant to this section.

1 (ii) The state liquor and cannabis board shall adopt rules to
2 establish a license forfeiture process for a licensed marijuana
3 retailer that is not fully operational and open to the public within
4 a specified period from the date of license issuance, as established
5 by the state liquor and cannabis board, subject to the following
6 restrictions:

7 (A) No marijuana retailer's license may be subject to forfeiture
8 within the first nine months of license issuance; and

9 (B) The state liquor and cannabis board must require license
10 forfeiture on or before twenty-four calendar months of license
11 issuance if a marijuana retailer is not fully operational and open to
12 the public, unless the board determines that circumstances out of the
13 licensee's control are preventing the licensee from becoming fully
14 operational and that, in the board's discretion, the circumstances
15 warrant extending the forfeiture period beyond twenty-four calendar
16 months.

17 (iii) The state liquor and cannabis board has discretion in
18 adopting rules under this subsection (3)(c).

19 (iv) This subsection (3)(c) applies to marijuana retailer's
20 licenses issued before and after the effective date of this section.
21 However, no license of a marijuana retailer that otherwise meets the
22 conditions for license forfeiture established pursuant to this
23 subsection (3)(c) may be subject to forfeiture within the first three
24 calendar months of the effective date of this section.

25 **Sec. 2.** RCW 69.50.331 and 2015 2nd sp.s. c 4 s 301 are each
26 amended to read as follows:

27 (1) For the purpose of considering any application for a license
28 to produce, process, research, transport, or deliver marijuana,
29 useable marijuana, marijuana concentrates, or marijuana-infused
30 products subject to the regulations established under RCW 69.50.385,
31 or sell marijuana, or for the renewal of a license to produce,
32 process, research, transport, or deliver marijuana, useable
33 marijuana, marijuana concentrates, or marijuana-infused products
34 subject to the regulations established under RCW 69.50.385, or sell
35 marijuana, the state liquor and cannabis board must conduct a
36 comprehensive, fair, and impartial evaluation of the applications
37 timely received. As part of the licensing application and renewal
38 process, the board must review and report demographic data regarding

1 the race, ethnic background, and gender of the applicants for the
2 licenses authorized under this chapter.

3 ~~(a) ((The state liquor and cannabis board must develop a~~
4 ~~competitive, merit-based application process that includes, at a~~
5 ~~minimum, the opportunity for an applicant to demonstrate experience~~
6 ~~and qualifications in the marijuana industry. The state liquor and~~
7 ~~cannabis board must give preference between competing applications in~~
8 ~~the licensing process to applicants that have the following~~
9 ~~experience and qualifications, in the following order of priority:~~

10 ~~(i) First priority is given to applicants who:~~

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

13 ~~(B) Operated or were employed by a collective garden before~~
14 ~~January 1, 2013;~~

15 ~~(C) Have maintained a state business license and a municipal~~
16 ~~business license, as applicable in the relevant jurisdiction; and~~

17 ~~(D) Have had a history of paying all applicable state taxes and~~
18 ~~fees;~~

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

20 ~~(A) Operated or were employed by a collective garden before~~
21 ~~January 1, 2013;~~

22 ~~(B) Have maintained a state business license and a municipal~~
23 ~~business license, as applicable in the relevant jurisdiction; and~~

24 ~~(C) Have had a history of paying all applicable state taxes and~~
25 ~~fees; and~~

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

29 ~~(b))~~ The state liquor and cannabis board may cause an inspection
30 of the premises to be made, and may inquire into all matters in
31 connection with the construction and operation of the premises. For
32 the purpose of reviewing any application for a license and for
33 considering the denial, suspension, revocation, or renewal or denial
34 thereof, of any license, the state liquor and cannabis board may
35 consider any prior criminal conduct of the applicant including an
36 administrative violation history record with the state liquor and
37 cannabis board and a criminal history record information check. The
38 state liquor and cannabis board may submit the criminal history
39 record information check to the Washington state patrol and to the
40 identification division of the federal bureau of investigation in

1 order that these agencies may search their records for prior arrests
2 and convictions of the individual or individuals who filled out the
3 forms. The state liquor and cannabis board must require
4 fingerprinting of any applicant whose criminal history record
5 information check is submitted to the federal bureau of
6 investigation. The provisions of RCW 9.95.240 and of chapter 9.96A
7 RCW do not apply to these cases. Subject to the provisions of this
8 section, the state liquor and cannabis board may, in its discretion,
9 grant or deny the renewal or license applied for. Denial may be based
10 on, without limitation, the existence of chronic illegal activity
11 documented in objections submitted pursuant to subsections (7)(c) and
12 (10) of this section. Authority to approve an uncontested or
13 unopposed license may be granted by the state liquor and cannabis
14 board to any staff member the board designates in writing. Conditions
15 for granting this authority must be adopted by rule.

16 ((~~e~~)) (b) No license of any kind may be issued to:

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

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

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

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

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

35 (b) The state liquor and cannabis board must immediately suspend
36 the license of a person who has been certified pursuant to RCW
37 74.20A.320 by the department of social and health services as a
38 person who is not in compliance with a support order. If the person
39 has continued to meet all other requirements for reinstatement during
40 the suspension, reissuance of the license is automatic upon the state

1 liquor and cannabis board's receipt of a release issued by the
2 department of social and health services stating that the licensee is
3 in compliance with the order.

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

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

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

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

39 (4) Every license issued under this chapter is subject to all
40 conditions and restrictions imposed by this chapter or by rules

1 adopted by the state liquor and cannabis board to implement and
2 enforce this chapter. All conditions and restrictions imposed by the
3 state liquor and cannabis board in the issuance of an individual
4 license must be listed on the face of the individual license along
5 with the trade name, address, and expiration date.

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

8 (6) No licensee may employ any person under the age of twenty-one
9 years.

10 (7)(a) Before the state liquor and cannabis board issues a new or
11 renewed license to an applicant it must give notice of the
12 application to the chief executive officer of the incorporated city
13 or town, if the application is for a license within an incorporated
14 city or town, or to the county legislative authority, if the
15 application is for a license outside the boundaries of incorporated
16 cities or towns, or to the tribal government if the application is
17 for a license within Indian country, or to the port authority if the
18 application for a license is located on property owned by a port
19 authority.

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

31 (c) The written objections must 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 and cannabis board may in its
35 discretion hold, a hearing subject to the applicable provisions of
36 Title 34 RCW. If the state liquor and cannabis board makes an initial
37 decision to deny a license or renewal based on the written objections
38 of an incorporated city or town or county legislative authority, the
39 applicant may request a hearing subject to the applicable provisions
40 of Title 34 RCW. If a hearing is held at the request of the

1 applicant, state liquor and cannabis board representatives must
2 present and defend the state liquor and cannabis board's initial
3 decision to deny a license or renewal.

4 (d) Upon the granting of a license under this title the state
5 liquor and cannabis board must 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)(a) Except as provided in (b) through (d) of this subsection,
11 the state liquor and cannabis board may not issue a license for any
12 premises within one thousand feet of the perimeter of the grounds of
13 any elementary or secondary school, playground, recreation center or
14 facility, child care center, public park, public transit center, or
15 library, or any game arcade admission to which is not restricted to
16 persons aged twenty-one years or older.

17 (b) A city, county, or town may permit the licensing of premises
18 within one thousand feet but not less than one hundred feet of the
19 facilities described in (a) of this subsection, except elementary
20 schools, secondary schools, and playgrounds, by enacting an ordinance
21 authorizing such distance reduction, provided that such distance
22 reduction will not negatively impact the jurisdiction's civil
23 regulatory enforcement, criminal law enforcement interests, public
24 safety, or public health.

25 (c) A city, county, or town may permit the licensing of research
26 premises allowed under RCW 69.50.372 within one thousand feet but not
27 less than one hundred feet of the facilities described in (a) of this
28 subsection by enacting an ordinance authorizing such distance
29 reduction, provided that the ordinance will not negatively impact the
30 jurisdiction's civil regulatory enforcement, criminal law
31 enforcement, public safety, or public health.

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

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

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

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

5 (e) The state liquor and cannabis board may not issue a license
6 for any premises within Indian country, as defined in 18 U.S.C. Sec.
7 1151, including any fee patent lands within the exterior boundaries
8 of a reservation, without the consent of the federally recognized
9 tribe associated with the reservation or Indian country.

10 (9) (~~Subject to section 1601 of this act,~~) A city, town, or
11 county may adopt an ordinance prohibiting a marijuana producer or
12 marijuana processor from operating or locating a business within
13 areas zoned primarily for residential use or rural use with a minimum
14 lot size of five acres or smaller.

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

35 **Sec. 3.** RCW 69.50.372 and 2016 sp.s. c 9 s 1 are each amended to
36 read as follows:

37 (1) A marijuana research license is established that permits a
38 licensee to produce, process, and possess marijuana for the following
39 limited research purposes:

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

2 (b) To conduct clinical investigations of marijuana-derived drug
3 products;

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

6 (d) To conduct genomic or agricultural research.

7 (2) As part of the application process for a marijuana research
8 license, an applicant must submit to the liquor and cannabis board's
9 designated scientific reviewer a description of the research that is
10 intended to be conducted. The liquor and cannabis board must select a
11 scientific reviewer to review an applicant's research project and
12 determine that it meets the requirements of subsection (1) of this
13 section, as well as assess the following:

14 (a) Project quality, study design, value, or impact;

15 (b) Whether applicants have the appropriate personnel, expertise,
16 facilities/infrastructure, funding, and human/animal/other federal
17 approvals in place to successfully conduct the project; and

18 (c) Whether the amount of marijuana to be grown by the applicant
19 is consistent with the project's scope and goals.

20 If the scientific reviewer determines that the research project
21 does not meet the requirements of subsection (1) of this section, the
22 application must be denied.

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

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

33 (5) In establishing a marijuana research license, the liquor and
34 cannabis board may adopt rules on the following:

35 (a) Application requirements;

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

38 (c) Conditions for license revocation;

39 (d) Security measures to ensure marijuana is not diverted to
40 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 licensed marijuana
5 producers and other product types from licensed marijuana processors
6 may be donated to marijuana research licensees; and

7 (h) Additional requirements deemed necessary by the liquor and
8 cannabis board.

9 (6) The production, processing, possession, delivery, donation,
10 and sale of marijuana, including immature plants or clones and seeds,
11 in accordance with this section, RCW 69.50.366(3), and the rules
12 adopted to implement and enforce (~~it~~) this section and RCW
13 69.50.366(3), by a validly licensed marijuana researcher, shall not
14 be a criminal or civil offense under Washington state law. Every
15 marijuana research license must be issued in the name of the
16 applicant, must specify the location at which the marijuana
17 researcher intends to operate, which must be within the state of
18 Washington, and the holder thereof may not allow any other person to
19 use the license.

20 (7) The application fee for a marijuana research license is two
21 hundred fifty dollars. The annual fee for issuance and renewal of a
22 marijuana research license is one thousand dollars. The applicant
23 must pay the cost of the review process directly to the scientific
24 reviewer as designated by the liquor and cannabis board.

25 (8) The scientific reviewer shall review any reports made by
26 marijuana research licensees under liquor and cannabis board rule and
27 provide the liquor and cannabis board with its determination on
28 whether the research project continues to meet research
29 qualifications under this section.

30 (9) For the purposes of this section, "scientific reviewer" means
31 an organization that convenes or contracts with persons who have the
32 training and experience in research practice and research methodology
33 to determine whether a project meets the criteria for a marijuana
34 research license under this section and to review any reports
35 submitted by marijuana research licensees under liquor and cannabis
36 board rule. "Scientific reviewers" include, but are not limited to,
37 educational institutions, research institutions, peer review bodies,
38 or such other organizations that are focused on science or research
39 in its day-to-day activities.

1 **Sec. 4.** RCW 66.08.100 and 2012 c 117 s 269 are each amended to
2 read as follows:

3 No court of the state of Washington other than the superior court
4 of Thurston county shall have jurisdiction over any action or
5 proceeding against the board or any member thereof for anything done
6 or omitted to be done in or arising out of the performance of his or
7 her or their duties under this title. Neither the board nor any
8 member or members thereof shall be personally liable in any action at
9 law for damages sustained by any person because of any acts performed
10 or done or omitted to be done by the board or any employee of the
11 board in the performance of his or her duties and in the
12 administration of this title or chapter 69.50 or 69.51A RCW.

13 **Sec. 5.** RCW 69.50.101 and 2015 2nd sp.s. c 4 s 901 are each
14 reenacted and amended to read as follows:

15 The definitions in this section apply throughout this chapter
16 unless the context clearly requires otherwise.

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

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

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

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

28 (c) "CBD concentration" has the meaning provided in RCW
29 69.51A.010.

30 (d) "Commission" means the pharmacy quality assurance commission.

31 (e) "Controlled substance" means a drug, substance, or immediate
32 precursor included in Schedules I through V as set forth in federal
33 or state laws, or federal or commission rules.

34 (f)(1) "Controlled substance analog" means a substance the
35 chemical structure of which is substantially similar to the chemical
36 structure of a controlled substance in Schedule I or II and:

37 (i) that has a stimulant, depressant, or hallucinogenic effect on
38 the central nervous system substantially similar to the stimulant,

1 depressant, or hallucinogenic effect on the central nervous system of
2 a controlled substance included in Schedule I or II; or

3 (ii) with respect to a particular individual, that the individual
4 represents or intends to have a stimulant, depressant, or
5 hallucinogenic effect on the central nervous system substantially
6 similar to the stimulant, depressant, or hallucinogenic effect on the
7 central nervous system of a controlled substance included in Schedule
8 I or II.

9 (2) The term does not include:

10 (i) a controlled substance;

11 (ii) a substance for which there is an approved new drug
12 application;

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

18 (iv) any substance to the extent not intended for human
19 consumption before an exemption takes effect with respect to the
20 substance.

21 (g) "Deliver" or "delivery((τ))" means the actual or constructive
22 transfer from one person to another of a substance, whether or not
23 there is an agency relationship.

24 (h) "Department" means the department of health.

25 (i) "Designated provider" has the meaning provided in RCW
26 69.51A.010.

27 (j) "Dispense" means the interpretation of a prescription or
28 order for a controlled substance and, pursuant to that prescription
29 or order, the proper selection, measuring, compounding, labeling, or
30 packaging necessary to prepare that prescription or order for
31 delivery.

32 (k) "Dispenser" means a practitioner who dispenses.

33 (l) "Distribute" means to deliver other than by administering or
34 dispensing a controlled substance.

35 (m) "Distributor" means a person who distributes.

36 (n) "Drug" means (1) a controlled substance recognized as a drug
37 in the official United States pharmacopoeia/national formulary or the
38 official homeopathic pharmacopoeia of the United States, or any
39 supplement to them; (2) controlled substances intended for use in the
40 diagnosis, cure, mitigation, treatment, or prevention of disease in

1 individuals or animals; (3) controlled substances (other than food)
2 intended to affect the structure or any function of the body of
3 individuals or animals; and (4) controlled substances intended for
4 use as a component of any article specified in (1), (2), or (3) of
5 this subsection. The term does not include devices or their
6 components, parts, or accessories.

7 (o) "Drug enforcement administration" means the drug enforcement
8 administration in the United States Department of Justice, or its
9 successor agency.

10 (p) "Electronic communication of prescription information" means
11 the transmission of a prescription or refill authorization for a drug
12 of a practitioner using computer systems. The term does not include a
13 prescription or refill authorization verbally transmitted by
14 telephone nor a facsimile manually signed by the practitioner.

15 (q) "Immature plant or clone" means a plant or clone that has no
16 flowers, is less than twelve inches in height, and is less than
17 twelve inches in diameter.

18 (r) "Immediate precursor" means a substance:

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

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

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

26 (~~(r)~~) (s) "Isomer" means an optical isomer, but in subsection
27 (~~(d)~~) (ee)(5) of this section, RCW 69.50.204(a) (12) and (34), and
28 69.50.206(b)(4), the term includes any geometrical isomer; in RCW
29 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any
30 positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and
31 69.50.208(a) the term includes any positional or geometric isomer.

32 (~~(s)~~) (t) "Lot" means a definite quantity of marijuana,
33 marijuana concentrates, useable marijuana, or marijuana-infused
34 product identified by a lot number, every portion or package of which
35 is uniform within recognized tolerances for the factors that appear
36 in the labeling.

37 (~~(t)~~) (u) "Lot number" must identify the licensee by business
38 or trade name and Washington state unified business identifier
39 number, and the date of harvest or processing for each lot of

1 marijuana, marijuana concentrates, useable marijuana, or marijuana-
2 infused product.

3 ~~((u))~~ (v) "Manufacture" means the production, preparation,
4 propagation, compounding, conversion, or processing of a controlled
5 substance, either directly or indirectly or by extraction from
6 substances of natural origin, or independently by means of chemical
7 synthesis, or by a combination of extraction and chemical synthesis,
8 and includes any packaging or repackaging of the substance or
9 labeling or relabeling of its container. The term does not include
10 the preparation, compounding, packaging, repackaging, labeling, or
11 relabeling of a controlled substance:

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

15 (2) by a practitioner, or by the practitioner's authorized agent
16 under the practitioner's supervision, for the purpose of, or as an
17 incident to, research, teaching, or chemical analysis and not for
18 sale.

19 ~~((v))~~ (w) "Marijuana" or "marihuana" means all parts of the
20 plant *Cannabis*, whether growing or not, with a THC concentration
21 greater than 0.3 percent on a dry weight basis; the seeds thereof;
22 the resin extracted from any part of the plant; and every compound,
23 manufacture, salt, derivative, mixture, or preparation of the plant,
24 its seeds or resin. The term does not include the mature stalks of
25 the plant, fiber produced from the stalks, oil or cake made from the
26 seeds of the plant, any other compound, manufacture, salt,
27 derivative, mixture, or preparation of the mature stalks (except the
28 resin extracted therefrom), fiber, oil, or cake, or the sterilized
29 seed of the plant which is incapable of germination.

30 ~~((w))~~ (x) "Marijuana concentrates" means products consisting
31 wholly or in part of the resin extracted from any part of the plant
32 *Cannabis* and having a THC concentration greater than ten percent.

33 ~~((x))~~ (y) "Marijuana processor" means a person licensed by the
34 state liquor and cannabis board to process marijuana into marijuana
35 concentrates, useable marijuana, and marijuana-infused products,
36 package and label marijuana concentrates, useable marijuana, and
37 marijuana-infused products for sale in retail outlets, and sell
38 marijuana concentrates, useable marijuana, and marijuana-infused
39 products at wholesale to marijuana retailers.

1 ~~((y))~~ (z) "Marijuana producer" means a person licensed by the
2 state liquor and cannabis board to produce and sell marijuana at
3 wholesale to marijuana processors and other marijuana producers.

4 ~~((z))~~ (aa) "Marijuana products" means useable marijuana,
5 marijuana concentrates, and marijuana-infused products as defined in
6 this section.

7 ~~((aa))~~ (bb) "Marijuana researcher" means a person licensed by
8 the state liquor and cannabis board to produce, process, and possess
9 marijuana for the purposes of conducting research on marijuana and
10 marijuana-derived drug products.

11 ~~((bb))~~ (cc) "Marijuana retailer" means a person licensed by the
12 state liquor and cannabis board to sell marijuana concentrates,
13 useable marijuana, and marijuana-infused products in a retail outlet.

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

20 ~~((dd))~~ (ee) "Narcotic drug" means any of the following, whether
21 produced directly or indirectly by extraction from substances of
22 vegetable origin, or independently by means of chemical synthesis, or
23 by a combination of extraction and chemical synthesis:

24 (1) Opium, opium derivative, and any derivative of opium or opium
25 derivative, including their salts, isomers, and salts of isomers,
26 whenever the existence of the salts, isomers, and salts of isomers is
27 possible within the specific chemical designation. The term does not
28 include the isoquinoline alkaloids of opium.

29 (2) Synthetic opiate and any derivative of synthetic opiate,
30 including their isomers, esters, ethers, salts, and salts of isomers,
31 esters, and ethers, whenever the existence of the isomers, esters,
32 ethers, and salts is possible within the specific chemical
33 designation.

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

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

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

39 (6) Cocaine base.

1 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer
2 thereof.

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

5 ~~((ee))~~ (ff) "Opiate" means any substance having an addiction-
6 forming or addiction-sustaining liability similar to morphine or
7 being capable of conversion into a drug having addiction-forming or
8 addiction-sustaining liability. The term includes opium, substances
9 derived from opium (opium derivatives), and synthetic opiates. The
10 term does not include, unless specifically designated as controlled
11 under RCW 69.50.201, the dextrorotatory isomer of 3-methoxy-n-
12 methylmorphinan and its salts (dextromethorphan). The term includes
13 the racemic and levorotatory forms of dextromethorphan.

14 ~~((ff))~~ (gg) "Opium poppy" means the plant of the species
15 *Papaver somniferum* L., except its seeds.

16 ~~((gg))~~ (hh) "Person" means individual, corporation, business
17 trust, estate, trust, partnership, association, joint venture,
18 government, governmental subdivision or agency, or any other legal or
19 commercial entity.

20 ~~((hh))~~ (ii) "Plant" has the meaning provided in RCW 69.51A.010.

21 ~~((ii))~~ (jj) "Poppy straw" means all parts, except the seeds, of
22 the opium poppy, after mowing.

23 ~~((jj))~~ (kk) "Practitioner" means:

24 (1) A physician under chapter 18.71 RCW; a physician assistant
25 under chapter 18.71A RCW; an osteopathic physician and surgeon under
26 chapter 18.57 RCW; an osteopathic physician assistant under chapter
27 18.57A RCW who is licensed under RCW 18.57A.020 subject to any
28 limitations in RCW 18.57A.040; an optometrist licensed under chapter
29 18.53 RCW who is certified by the optometry board under RCW 18.53.010
30 subject to any limitations in RCW 18.53.010; a dentist under chapter
31 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW;
32 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced
33 registered nurse practitioner, or licensed practical nurse under
34 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW
35 who is licensed under RCW 18.36A.030 subject to any limitations in
36 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific
37 investigator under this chapter, licensed, registered or otherwise
38 permitted insofar as is consistent with those licensing laws to
39 distribute, dispense, conduct research with respect to or administer

1 a controlled substance in the course of their professional practice
2 or research in this state.

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

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

18 (~~(kk)~~) (ll) "Prescription" means an order for controlled
19 substances issued by a practitioner duly authorized by law or rule in
20 the state of Washington to prescribe controlled substances within the
21 scope of his or her professional practice for a legitimate medical
22 purpose.

23 (~~(ll)~~) (mm) "Production" includes the manufacturing, planting,
24 cultivating, growing, or harvesting of a controlled substance.

25 (~~(mm)~~) (nn) "Qualifying patient" has the meaning provided in
26 RCW 69.51A.010.

27 (~~(nn)~~) (oo) "Recognition card" has the meaning provided in RCW
28 69.51A.010.

29 (~~(oo)~~) (pp) "Retail outlet" means a location licensed by the
30 state liquor and cannabis board for the retail sale of marijuana
31 concentrates, useable marijuana, and marijuana-infused products.

32 (~~(pp)~~) (qq) "Secretary" means the secretary of health or the
33 secretary's designee.

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

38 (~~(rr)~~) (ss) "THC concentration" means percent of delta-9
39 tetrahydrocannabinol content per dry weight of any part of the plant
40 *Cannabis*, or per volume or weight of marijuana product, or the

1 combined percent of delta-9 tetrahydrocannabinol and
2 tetrahydrocannabinolic acid in any part of the plant *Cannabis*
3 regardless of moisture content.

4 ~~((ss))~~ (tt) "Ultimate user" means an individual who lawfully
5 possesses a controlled substance for the individual's own use or for
6 the use of a member of the individual's household or for
7 administering to an animal owned by the individual or by a member of
8 the individual's household.

9 ~~((tt))~~ (uu) "Useable marijuana" means dried marijuana flowers.
10 The term "useable marijuana" does not include either marijuana-
11 infused products or marijuana concentrates.

12 **Sec. 6.** RCW 69.50.366 and 2015 c 207 s 8 are each amended to
13 read as follows:

14 The following acts, when performed by a validly licensed
15 marijuana producer or employee of a validly licensed marijuana
16 producer in compliance with rules adopted by the state liquor
17 ~~((control))~~ and cannabis board to implement and enforce this chapter
18 ~~((3, Laws of 2013))~~, do not constitute criminal or civil offenses
19 under Washington state law:

20 (1) Production or possession of quantities of marijuana that do
21 not exceed the maximum amounts established by the state liquor
22 ~~((control))~~ and cannabis board under RCW 69.50.345(3);

23 (2) Delivery, distribution, and sale of marijuana to a marijuana
24 processor or another marijuana producer validly licensed under this
25 chapter ~~((3, Laws of 2013))~~; ~~((and))~~

26 (3) Delivery, distribution, and sale of immature plants or clones
27 and marijuana seeds to a licensed marijuana researcher, and to
28 receive or purchase immature plants or clones and seeds from a
29 licensed marijuana researcher; and

30 (4) Delivery, distribution, and sale of marijuana or useable
31 marijuana to a federally recognized Indian tribe as permitted under
32 an agreement between the state and the tribe entered into under RCW
33 43.06.490.

34 **Sec. 7.** RCW 69.50.382 and 2015 2nd sp.s. c 4 s 501 are each
35 amended to read as follows:

36 (1) A licensed marijuana producer, marijuana processor, marijuana
37 researcher, or marijuana retailer, or their employees, in accordance
38 with the requirements of this chapter and the administrative rules

1 adopted thereunder, may use the services of a common carrier subject
2 to regulation under chapters 81.28 and 81.29 RCW and licensed in
3 compliance with the regulations established under RCW 69.50.385, to
4 physically transport or deliver, as authorized under this chapter,
5 marijuana, useable marijuana, marijuana concentrates, immature plants
6 or clones, marijuana seeds, and marijuana-infused products between
7 licensed marijuana businesses located within the state.

8 (2) An employee of a common carrier engaged in marijuana-related
9 transportation or delivery services authorized under subsection (1)
10 of this section is prohibited from carrying or using a firearm during
11 the course of providing such services, unless:

12 (a) Pursuant to RCW 69.50.385, the state liquor and cannabis
13 board explicitly authorizes the carrying or use of firearms by such
14 employee while engaged in the transportation or delivery services;

15 (b) The employee has an armed private security guard license
16 issued pursuant to RCW 18.170.040; and

17 (c) The employee is in full compliance with the regulations
18 established by the state liquor and cannabis board under RCW
19 69.50.385.

20 (3) A common carrier licensed under RCW 69.50.385 may, for the
21 purpose of transporting and delivering marijuana, useable marijuana,
22 marijuana concentrates, and marijuana-infused products, utilize
23 Washington state ferry routes for such transportation and delivery.

24 (4) The possession of marijuana, useable marijuana, marijuana
25 concentrates, and marijuana-infused products being physically
26 transported or delivered within the state, in amounts not exceeding
27 those that may be established under RCW 69.50.385(3), by a licensed
28 employee of a common carrier when performing the duties authorized
29 under, and in accordance with, this section and RCW 69.50.385, is not
30 a violation of this section, this chapter, or any other provision of
31 Washington state law.

32 **Sec. 8.** RCW 69.51A.250 and 2016 c 170 s 2 are each amended to
33 read as follows:

34 (1) Qualifying patients or designated providers may form a
35 cooperative and share responsibility for acquiring and supplying the
36 resources needed to produce and process marijuana only for the
37 medical use of members of the cooperative. No more than four
38 qualifying patients or designated providers may become members of a
39 cooperative under this section and all members must hold valid

1 recognition cards. All members of the cooperative must be at least
2 twenty-one years old. The designated provider of a qualifying patient
3 who is under twenty-one years old may be a member of a cooperative on
4 the qualifying patient's behalf. All plants grown in the cooperative
5 must be (~~purchase or clone~~) from an immature plant or clone
6 purchased from a licensed marijuana producer as defined in RCW
7 69.50.101. Cooperatives may also purchase marijuana seeds from a
8 licensed marijuana producer.

9 (2) Qualifying patients and designated providers who wish to form
10 a cooperative must register the location with the state liquor and
11 cannabis board and this is the only location where cooperative
12 members may grow or process marijuana. This registration must include
13 the names of all participating members and copies of each
14 participant's recognition card. Only qualifying patients or
15 designated providers registered with the state liquor and cannabis
16 board in association with the location may participate in growing or
17 receive useable marijuana or marijuana-infused products grown at that
18 location.

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

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

21 (b) Within the smaller of either:

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

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

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

31 (4) The state liquor and cannabis board must deny the
32 registration of any cooperative if the location does not comply with
33 the requirements set forth in subsection (3) of this section.

34 (5) If a qualifying patient or designated provider no longer
35 participates in growing at the location, he or she must notify the
36 state liquor and cannabis board within fifteen days of the date the
37 qualifying patient or designated provider ceases participation. The
38 state liquor and cannabis board must remove his or her name from
39 connection to the cooperative. Additional qualifying patients or
40 designated providers may not join the cooperative until sixty days

1 have passed since the date on which the last qualifying patient or
2 designated provider notifies the state liquor and cannabis board that
3 he or she no longer participates in that cooperative.

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

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

12 (b) May only participate in one cooperative;

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

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

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

22 (7) The location of the cooperative must be the domicile of one
23 of the participants. Only one cooperative may be located per property
24 tax parcel. A copy of each participant's recognition card must be
25 kept at the location at all times.

26 (8) The state liquor and cannabis board may adopt rules to
27 implement this section including:

28 (a) Any security requirements necessary to ensure the safety of
29 the cooperative and to reduce the risk of diversion from the
30 cooperative;

31 (b) A seed to sale traceability model that is similar to the seed
32 to sale traceability model used by licensees that will allow the
33 state liquor and cannabis board to track all marijuana grown in a
34 cooperative.

35 (9) The state liquor and cannabis board or law enforcement may
36 inspect a cooperative registered under this section to ensure members
37 are in compliance with this section. The state liquor and cannabis
38 board must adopt rules on reasonable inspection hours and reasons for
39 inspections.

1 **Sec. 9.** RCW 15.120.020 and 2016 sp.s. c 11 s 3 are each amended
2 to read as follows:

3 Except as otherwise provided in this chapter, industrial hemp is
4 an agricultural product that may be grown, produced, possessed,
5 processed, and exchanged in the state solely and exclusively as part
6 of an industrial hemp research program supervised by the department.
7 Processing any part of industrial hemp, except seed, as food,
8 extract, oil, cake, concentrate, resin, or other preparation for
9 topical use, oral consumption, or inhalation by humans is prohibited,
10 unless authorized by the department under section 10 of this act.

11 NEW SECTION. **Sec. 10.** A new section is added to chapter 15.120
12 RCW to read as follows:

13 (1) The department may allow a person holding an industrial hemp
14 license authorizing the licensee to grow, produce, possess, or
15 process industrial hemp to sell or transfer industrial hemp to a
16 marijuana processor licensed under chapter 69.50 RCW and the rules
17 adopted by the state liquor and cannabis board, for use by the
18 marijuana processor.

19 (2) A licensed marijuana processor is not required to obtain an
20 industrial hemp license from the department in order to possess or
21 process industrial hemp for the purposes authorized under this
22 section.

23 (3) A licensed marijuana processor may use any part of industrial
24 hemp obtained in accordance with this section. A licensee's use of
25 industrial hemp must comply with the requirements of chapter 69.50
26 RCW, the rules adopted by the state liquor and cannabis board, and
27 the rules adopted by the department of health for marijuana products.

28 (4) The department may adopt rules, in consultation with the
29 state liquor and cannabis board, to implement this section.

30 NEW SECTION. **Sec. 11.** The legislature finds that protecting the
31 state's children, youth, and young adults under the legal age to
32 purchase and consume marijuana, by establishing limited restrictions
33 on the advertising of marijuana and marijuana products, is necessary
34 to assist the state's efforts to discourage and prevent underage
35 consumption and the potential risks associated with underage
36 consumption. The legislature finds that these restrictions assist the
37 state in maintaining a strong and effective regulatory and
38 enforcement system as specified by the federal government. The

1 legislature finds this act leaves ample opportunities for licensed
2 marijuana businesses to market their products to those who are of
3 legal age to purchase them, without infringing on the free speech
4 rights of business owners. Finally, the legislature finds that the
5 state has a substantial and compelling interest in enacting this act
6 aimed at protecting Washington's children, youth, and young adults.

7 **Sec. 12.** RCW 69.50.357 and 2016 c 171 s 1 are each amended to
8 read as follows:

9 (1) Retail outlets may not sell products or services other than
10 marijuana concentrates, useable marijuana, marijuana-infused
11 products, or paraphernalia intended for the storage or use of
12 marijuana concentrates, useable marijuana, or marijuana-infused
13 products.

14 (2) Licensed marijuana retailers may not employ persons under
15 twenty-one years of age or allow persons under twenty-one years of
16 age to enter or remain on the premises of a retail outlet. However,
17 qualifying patients between eighteen and twenty-one years of age with
18 a recognition card may enter and remain on the premises of a retail
19 outlet holding a medical marijuana endorsement and may purchase
20 products for their personal medical use. Qualifying patients who are
21 under the age of eighteen with a recognition card and who accompany
22 their designated providers may enter and remain on the premises of a
23 retail outlet holding a medical marijuana endorsement, but may not
24 purchase products for their personal medical use.

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

31 (b) Licensed marijuana retailers with a medical marijuana
32 endorsement must ensure that all employees are trained on the
33 subjects required by (a) of this subsection as well as identification
34 of authorizations and recognition cards. Employees must also be
35 trained to permit qualifying patients who hold recognition cards and
36 are between the ages of eighteen and twenty-one to enter the premises
37 and purchase marijuana for their personal medical use and to permit
38 qualifying patients who are under the age of eighteen with a

1 recognition card to enter the premises if accompanied by their
2 designated providers.

3 (4) Except as otherwise provided under RCW 69.50.369, licensed
4 marijuana retailers may not display any signage outside of the
5 licensed premises, other than two signs identifying the retail outlet
6 by the licensee's business or trade name, stating the location of the
7 business, and identifying the nature of the business. Each sign must
8 be no larger than one thousand six hundred square inches, be
9 permanently affixed to a building or other structure, and be posted
10 not less than one thousand feet from any elementary school, secondary
11 school, or playground. Such signs may not contain any depictions of
12 marijuana plants, marijuana products, or images that might be
13 appealing to children. The content of the signs authorized under this
14 subsection (4) are subject to all requirements and restrictions
15 applicable to outdoor signs as set forth in RCW 69.50.369.

16 (5) Except for the purposes of disposal as authorized by the
17 state liquor and cannabis board, no licensed marijuana retailer or
18 employee of a retail outlet may open or consume, or allow to be
19 opened or consumed, any marijuana concentrates, useable marijuana, or
20 marijuana-infused product on the outlet premises.

21 (6) The state liquor and cannabis board must fine a licensee one
22 thousand dollars for each violation of any subsection of this
23 section. Fines collected under this section must be deposited into
24 the dedicated marijuana account created under RCW 69.50.530.

25 **Sec. 13.** RCW 69.50.369 and 2015 2nd sp.s. c 4 s 204 are each
26 amended to read as follows:

27 (1) No licensed marijuana producer, processor, researcher, or
28 retailer may place or maintain, or cause to be placed or maintained,
29 an advertisement of marijuana, useable marijuana, marijuana
30 concentrates, or a marijuana-infused product in any form or through
31 any medium whatsoever((÷

32 (a)) within one thousand feet of the perimeter of a school
33 grounds, playground, recreation center or facility, child care
34 center, public park, or library, or any game arcade admission to
35 which is not restricted to persons aged twenty-one years or older((÷

36 ~~(b) On or in a public transit vehicle or public transit shelter;~~
37 ~~or~~

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

1 (2) A marijuana licensee may not utilize transit advertisements
2 for the purpose of advertising its business or product line. "Transit
3 advertisements" means advertising on or within private or public
4 vehicles and all advertisements placed at, on, or within any bus
5 stop, taxi stand, transportation waiting area, train station,
6 airport, or any similar transit-related location.

7 (3) A marijuana licensee may not engage in advertising or other
8 marketing practice that specifically targets persons residing outside
9 of the state of Washington.

10 (4) All signs, billboards, or other print advertising for
11 marijuana businesses or marijuana products must contain text stating
12 that marijuana products may be purchased or possessed only by persons
13 twenty-one years of age or older.

14 (5) A marijuana licensee may not:

15 (a) Take any action, directly or indirectly, to target youth in
16 the advertising, promotion, or marketing of marijuana and marijuana
17 products, or take any action the primary purpose of which is to
18 initiate, maintain, or increase the incidence of youth use of
19 marijuana or marijuana products;

20 (b) Use objects such as toys or inflatables, movie or cartoon
21 characters, or any other depiction or image likely to be appealing to
22 youth, where such objects, images, or depictions indicate an intent
23 to cause youth to become interested in the purchase or consumption of
24 marijuana products; or

25 (c) Use or employ a commercial mascot outside of, and in
26 proximity to, a licensed marijuana business. A "commercial mascot"
27 means live human being, animal, or mechanical device used for
28 attracting the attention of motorists and passersby so as to make
29 them aware of marijuana products or the presence of a marijuana
30 business. Commercial mascots include, but are not limited to,
31 inflatable tube displays, persons in costume, or wearing, holding, or
32 spinning a sign with a marijuana-related commercial message or image,
33 where the intent is to draw attention to a marijuana business or its
34 products.

35 (6) A marijuana licensee that engages in outdoor advertising is
36 subject to the advertising requirements and restrictions set forth in
37 this subsection (6) and elsewhere in this chapter.

38 (a) All outdoor advertising signs, including billboards, are
39 limited to text that identifies the retail outlet by the licensee's
40 business or trade name, states the location of the business, and

1 identifies the type or nature of the business. Such signs may not
2 contain any depictions of marijuana plants, marijuana products, or
3 images that might be appealing to children. The state liquor and
4 cannabis board is granted rule-making authority to regulate the text
5 and images that are permissible on outdoor advertising. Such rule
6 making must be consistent with other administrative rules generally
7 applicable to the advertising of marijuana businesses and products.

8 (b) Outdoor advertising is prohibited:

9 (i) On signs and placards in arenas, stadiums, shopping malls,
10 fairs that receive state allocations, farmers markets, and video game
11 arcades, whether any of the foregoing are open air or enclosed, but
12 not including any such sign or placard located in an adult only
13 facility; and

14 (ii) Billboards that are visible from any street, road, highway,
15 right-of-way, or public parking area are prohibited, except as
16 provided in (c) of this subsection.

17 (c) Licensed retail outlets may use a billboard or outdoor sign
18 solely for the purpose of identifying the name of the business, the
19 nature of the business, and providing the public with directional
20 information to the licensed retail outlet. Billboards advertising is
21 subject to the same requirements and restrictions as set forth in (a)
22 of this subsection.

23 (d) Advertising signs within the premises of a retail marijuana
24 business outlet that are visible to the public from outside the
25 premises must meet the signage regulations and requirements
26 applicable to outdoor signs as set forth in this section.

27 (e) The restrictions and regulations applicable to outdoor
28 advertising under this section are not applicable to:

29 (i) An advertisement inside a licensed retail establishment that
30 sells marijuana products that is not placed on the inside surface of
31 a window facing outward; or

32 (ii) An outdoor advertisement at the site of an event to be held
33 at an adult only facility that is placed at such site during the
34 period the facility or enclosed area constitutes an adult only
35 facility, but in no event more than fourteen days before the event,
36 and that does not advertise any marijuana product other than by using
37 a brand name to identify the event.

38 (7) Merchandising within a retail outlet is not advertising for
39 the purposes of this section.

1 ~~((3))~~ (8) This section does not apply to a noncommercial
2 message.

3 ~~((4))~~ (9)(a) The state liquor and cannabis board must:

4 (i) Adopt rules implementing this section and specifically
5 including provisions regulating the billboards and outdoor signs
6 authorized under this section; and

7 (ii) Fine a licensee one thousand dollars for each violation of
8 (~~subsection (1) of~~) this section until the state liquor and
9 cannabis board adopts rules prescribing penalties for violations of
10 this section. The rules must establish escalating penalties including
11 finest and up to suspension or revocation of a marijuana license for
12 subsequent violations.

13 (b) Fines collected under this subsection must be deposited into
14 the dedicated marijuana account created under RCW 69.50.530.

15 (10) A city, town, or county may adopt rules of outdoor
16 advertising by licensed marijuana retailers that are more restrictive
17 than the advertising restrictions imposed under this chapter.
18 Enforcement of restrictions to advertising by a city, town, or county
19 is the responsibility of the city, town, or county.

20 **Sec. 14.** RCW 69.50.4013 and 2015 2nd sp.s. c 4 s 503 are each
21 amended to read as follows:

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

27 (2) Except as provided in RCW 69.50.4014, any person who violates
28 this section is guilty of a class C felony punishable under chapter
29 9A.20 RCW.

30 (3)(a) The possession, by a person twenty-one years of age or
31 older, of useable marijuana, marijuana concentrates, or marijuana-
32 infused products in amounts that do not exceed those set forth in RCW
33 69.50.360(3) is not a violation of this section, this chapter, or any
34 other provision of Washington state law.

35 (b) The possession of marijuana, useable marijuana, marijuana
36 concentrates, and marijuana-infused products being physically
37 transported or delivered within the state, in amounts not exceeding
38 those that may be established under RCW 69.50.385(3), by a licensed
39 employee of a common carrier when performing the duties authorized in

1 accordance with RCW 69.50.382 and 69.50.385, is not a violation of
2 this section, this chapter, or any other provision of Washington
3 state law.

4 (4) The delivery by a person twenty-one years of age or older to
5 one or more persons twenty-one years of age or older, during a
6 twenty-four hour period, for noncommercial purposes and not
7 conditioned upon or done in connection with the provision or receipt
8 of financial consideration, of any of the following marijuana
9 products, is not a violation of this section, this chapter, or any
10 other provisions of Washington state law:

11 (a) One-half ounce of useable marijuana;

12 (b) Eight ounces of marijuana-infused product in solid form;

13 (c) Thirty-six ounces of marijuana-infused product in liquid
14 form; or

15 (d) Three and one-half grams of marijuana concentrates.

16 (5) No person under twenty-one years of age may possess,
17 manufacture, sell, or distribute marijuana, marijuana-infused
18 products, or marijuana concentrates, regardless of THC concentration.
19 This does not include qualifying patients with a valid authorization.

20 ~~((+5))~~ (6) The possession by a qualifying patient or designated
21 provider of marijuana concentrates, useable marijuana, marijuana-
22 infused products, or plants in accordance with chapter 69.51A RCW is
23 not a violation of this section, this chapter, or any other provision
24 of Washington state law.

25 NEW SECTION. Sec. 15. A new section is added to chapter 69.50
26 RCW to read as follows:

27 (1) A licensed marijuana business may enter into a licensing
28 agreement, or consulting contract, with any individual, partnership,
29 employee cooperative, association, nonprofit corporation, or
30 corporation, for:

31 (a) Any goods or services that are registered as a trademark
32 under federal law or under chapter 19.77 RCW;

33 (b) Any unregistered trademark, trade name, or trade dress; or

34 (c) Any trade secret, technology, or proprietary information used
35 to manufacture a cannabis product or used to provide a service
36 related to a marijuana business.

1 (2) All agreements or contracts entered into by a licensed
2 marijuana business, as authorized under this section, must be
3 disclosed to the state liquor and cannabis board.

4 **Sec. 16.** RCW 42.56.270 and 2016 sp.s. c 9 s 3, 2016 sp.s. c 8 s
5 1, and 2016 c 178 s 1 are each reenacted and amended to read as
6 follows:

7 The following financial, commercial, and proprietary information
8 is exempt from disclosure under this chapter:

9 (1) Valuable formulae, designs, drawings, computer source code or
10 object code, and research data obtained by any agency within five
11 years of the request for disclosure when disclosure would produce
12 private gain and public loss;

13 (2) Financial information supplied by or on behalf of a person,
14 firm, or corporation for the purpose of qualifying to submit a bid or
15 proposal for (a) a ferry system construction or repair contract as
16 required by RCW 47.60.680 through 47.60.750 or (b) highway
17 construction or improvement as required by RCW 47.28.070;

18 (3) Financial and commercial information and records supplied by
19 private persons pertaining to export services provided under chapters
20 43.163 and 53.31 RCW, and by persons pertaining to export projects
21 under RCW 43.23.035;

22 (4) Financial and commercial information and records supplied by
23 businesses or individuals during application for loans or program
24 services provided by chapters 43.325, 43.163, 43.160, 43.330, and
25 43.168 RCW, or during application for economic development loans or
26 program services provided by any local agency;

27 (5) Financial information, business plans, examination reports,
28 and any information produced or obtained in evaluating or examining a
29 business and industrial development corporation organized or seeking
30 certification under chapter 31.24 RCW;

31 (6) Financial and commercial information supplied to the state
32 investment board by any person when the information relates to the
33 investment of public trust or retirement funds and when disclosure
34 would result in loss to such funds or in private loss to the
35 providers of this information;

36 (7) Financial and valuable trade information under RCW 51.36.120;

37 (8) Financial, commercial, operations, and technical and research
38 information and data submitted to or obtained by the clean Washington

1 center in applications for, or delivery of, program services under
2 chapter 70.95H RCW;

3 (9) Financial and commercial information requested by the public
4 stadium authority from any person or organization that leases or uses
5 the stadium and exhibition center as defined in RCW 36.102.010;

6 (10)(a) Financial information, including but not limited to
7 account numbers and values, and other identification numbers supplied
8 by or on behalf of a person, firm, corporation, limited liability
9 company, partnership, or other entity related to an application for a
10 horse racing license submitted pursuant to RCW 67.16.260(1)(b),
11 marijuana producer, processor, or retailer license, liquor license,
12 gambling license, or lottery retail license;

13 (b) Internal control documents, independent auditors' reports and
14 financial statements, and supporting documents: (i) Of house-banked
15 social card game licensees required by the gambling commission
16 pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted
17 by tribes with an approved tribal/state compact for class III gaming;

18 (11) Proprietary data, trade secrets, or other information that
19 relates to: (a) A vendor's unique methods of conducting business; (b)
20 data unique to the product or services of the vendor; or (c)
21 determining prices or rates to be charged for services, submitted by
22 any vendor to the department of social and health services for
23 purposes of the development, acquisition, or implementation of state
24 purchased health care as defined in RCW 41.05.011;

25 (12)(a) When supplied to and in the records of the department of
26 commerce:

27 (i) Financial and proprietary information collected from any
28 person and provided to the department of commerce pursuant to RCW
29 43.330.050(8); and

30 (ii) Financial or proprietary information collected from any
31 person and provided to the department of commerce or the office of
32 the governor in connection with the siting, recruitment, expansion,
33 retention, or relocation of that person's business and until a siting
34 decision is made, identifying information of any person supplying
35 information under this subsection and the locations being considered
36 for siting, relocation, or expansion of a business;

37 (b) When developed by the department of commerce based on
38 information as described in (a)(i) of this subsection, any work
39 product is not exempt from disclosure;

1 (c) For the purposes of this subsection, "siting decision" means
2 the decision to acquire or not to acquire a site;

3 (d) If there is no written contact for a period of sixty days to
4 the department of commerce from a person connected with siting,
5 recruitment, expansion, retention, or relocation of that person's
6 business, information described in (a)(ii) of this subsection will be
7 available to the public under this chapter;

8 (13) Financial and proprietary information submitted to or
9 obtained by the department of ecology or the authority created under
10 chapter 70.95N RCW to implement chapter 70.95N RCW;

11 (14) Financial, commercial, operations, and technical and
12 research information and data submitted to or obtained by the life
13 sciences discovery fund authority in applications for, or delivery
14 of, grants under chapter 43.350 RCW, to the extent that such
15 information, if revealed, would reasonably be expected to result in
16 private loss to the providers of this information;

17 (15) Financial and commercial information provided as evidence to
18 the department of licensing as required by RCW 19.112.110 or
19 19.112.120, except information disclosed in aggregate form that does
20 not permit the identification of information related to individual
21 fuel licensees;

22 (16) Any production records, mineral assessments, and trade
23 secrets submitted by a permit holder, mine operator, or landowner to
24 the department of natural resources under RCW 78.44.085;

25 (17)(a) Farm plans developed by conservation districts, unless
26 permission to release the farm plan is granted by the landowner or
27 operator who requested the plan, or the farm plan is used for the
28 application or issuance of a permit;

29 (b) Farm plans developed under chapter 90.48 RCW and not under
30 the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject
31 to RCW 42.56.610 and 90.64.190;

32 (18) Financial, commercial, operations, and technical and
33 research information and data submitted to or obtained by a health
34 sciences and services authority in applications for, or delivery of,
35 grants under RCW 35.104.010 through 35.104.060, to the extent that
36 such information, if revealed, would reasonably be expected to result
37 in private loss to providers of this information;

38 (19) Information gathered under chapter 19.85 RCW or RCW
39 34.05.328 that can be identified to a particular business;

1 (20) Financial and commercial information submitted to or
2 obtained by the University of Washington, other than information the
3 university is required to disclose under RCW 28B.20.150, when the
4 information relates to investments in private funds, to the extent
5 that such information, if revealed, would reasonably be expected to
6 result in loss to the University of Washington consolidated endowment
7 fund or to result in private loss to the providers of this
8 information;

9 (21) Market share data submitted by a manufacturer under RCW
10 70.95N.190(4);

11 (22) Financial information supplied to the department of
12 financial institutions or to a portal under RCW 21.20.883, when filed
13 by or on behalf of an issuer of securities for the purpose of
14 obtaining the exemption from state securities registration for small
15 securities offerings provided under RCW 21.20.880 or when filed by or
16 on behalf of an investor for the purpose of purchasing such
17 securities;

18 (23) Unaggregated or individual notices of a transfer of crude
19 oil that is financial, proprietary, or commercial information,
20 submitted to the department of ecology pursuant to RCW
21 90.56.565(1)(a), and that is in the possession of the department of
22 ecology or any entity with which the department of ecology has shared
23 the notice pursuant to RCW 90.56.565;

24 (24) Financial institution and retirement account information,
25 and building security plan information, supplied to the liquor and
26 cannabis board pursuant to RCW 69.50.325, 69.50.331, 69.50.342, and
27 69.50.345, when filed by or on behalf of a licensee or prospective
28 licensee for the purpose of obtaining, maintaining, or renewing a
29 license to produce, process, transport, or sell marijuana as allowed
30 under chapter 69.50 RCW; ((and))

31 (25) Marijuana transport information, vehicle and driver
32 identification data, and account numbers or unique access identifiers
33 issued to private entities for traceability system access, submitted
34 by an individual or business to the liquor and cannabis board under
35 the requirements of RCW 69.50.325, 69.50.331, 69.50.342, and
36 69.50.345 for the purpose of marijuana product traceability.
37 Disclosure to local, state, and federal officials is not considered
38 public disclosure for purposes of this section; ((and))

39 (26) Financial and commercial information submitted to or
40 obtained by the retirement board of any city that is responsible for

1 the management of an employees' retirement system pursuant to the
2 authority of chapter 35.39 RCW, when the information relates to
3 investments in private funds, to the extent that such information, if
4 revealed, would reasonably be expected to result in loss to the
5 retirement fund or to result in private loss to the providers of this
6 information except that (a) the names and commitment amounts of the
7 private funds in which retirement funds are invested and (b) the
8 aggregate quarterly performance results for a retirement fund's
9 portfolio of investments in such funds are subject to disclosure;
10 ((and))

11 (27) Proprietary financial, commercial, operations, and technical
12 and research information and data submitted to or obtained by the
13 liquor and cannabis board in applications for marijuana research
14 licenses under RCW 69.50.372, or in reports submitted by marijuana
15 research licensees in accordance with rules adopted by the liquor and
16 cannabis board under RCW 69.50.372; and

17 (28) Trade secrets, technology, proprietary information, and
18 financial considerations contained in any agreements or contracts,
19 entered into by a licensed marijuana business under section 15 of
20 this act, which may be submitted to or obtained by the state liquor
21 and cannabis board.

22 **Sec. 17.** RCW 69.07.010 and 1992 c 34 s 3 are each amended to
23 read as follows:

24 For the purposes of this chapter:

25 (1) "Department" means the department of agriculture of the state
26 of Washington;

27 (2) "Director" means the director of the department;

28 (3) "Food" means any substance used for food or drink by any
29 person, including ice, bottled water, and any ingredient used for
30 components of any such substance regardless of the quantity of such
31 component;

32 (4) "Sale" means selling, offering for sale, holding for sale,
33 preparing for sale, trading, bartering, offering a gift as an
34 inducement for sale of, and advertising for sale in any media;

35 (5) "Food processing" means the handling or processing of any
36 food in any manner in preparation for sale for human consumption:
37 PROVIDED, That it shall not include fresh fruit or vegetables merely
38 washed or trimmed while being prepared or packaged for sale in their
39 natural state;

1 (6) "Food processing plant" includes but is not limited to any
2 premises, plant, establishment, building, room, area, facilities and
3 the appurtenances thereto, in whole or in part, where food is
4 prepared, handled or processed in any manner for distribution or sale
5 for resale by retail outlets, restaurants, and any such other
6 facility selling or distributing to the ultimate consumer: PROVIDED,
7 That, as set forth herein, establishments processing foods in any
8 manner for resale shall be considered a food processing plant as to
9 such processing;

10 (7) "Food service establishment" shall mean any fixed or mobile
11 restaurant, coffee shop, cafeteria, short order cafe, luncheonette,
12 grill, tearoom, sandwich shop, soda fountain, tavern, bar, cocktail
13 lounge, night club, roadside stand, industrial-feeding establishment,
14 retail grocery, retail food market, retail meat market, retail
15 bakery, private, public, or nonprofit organization routinely serving
16 food, catering kitchen, commissary or similar place in which food or
17 drink is prepared for sale or for service on the premises or
18 elsewhere, and any other eating or drinking establishment or
19 operation where food is served or provided for the public with or
20 without charge.

21 For the purpose of this chapter any custom cannery or processing
22 plant where raw food products, food, or food products are processed
23 for the owner thereof, or the food processing facilities are made
24 available to the owners or persons in control of raw food products or
25 food or food products for processing in any manner, shall be
26 considered to be food processing plants;

27 (8) "Person" means an individual, partnership, corporation, or
28 association;

29 (9) "Board" means the state liquor and cannabis board;

30 (10) "Marijuana" has the meaning provided in RCW 69.50.101;

31 (11) "Marijuana-infused edible" means "marijuana-infused
32 products," which is defined in RCW 69.50.101, but limited to products
33 intended for oral consumption;

34 (12) "Marijuana-infused edible processing" means processing,
35 packaging, or making marijuana-infused edibles using marijuana,
36 marijuana extract, or marijuana concentrates as an ingredient. The
37 term does not include preparation of marijuana as an ingredient
38 including, but not limited to, processing marijuana extracts or
39 marijuana concentrates;

1 (13) "Marijuana processor" has the meaning provided in RCW
2 69.50.101.

3 **Sec. 18.** RCW 69.07.020 and 1969 c 68 s 1 are each amended to
4 read as follows:

5 (1) The department shall enforce and carry out the provisions of
6 this chapter, and may adopt the necessary rules to carry out its
7 purposes.

8 (2) Such rules may include:

9 (a) Standards for temperature controls in the storage of foods,
10 so as to provide proper refrigeration.

11 (b) Standards for temperatures at which low acid foods must be
12 processed and the length of time such temperatures must be applied
13 and at what pressure in the processing of such low acid foods.

14 (c) Standards and types of recording devices that must be used in
15 providing records of the processing of low acid foods, and how they
16 shall be made available to the department of agriculture for
17 inspection.

18 (d) Requirements for the keeping of records of the temperatures,
19 times and pressures at which foods were processed, or for the
20 temperatures at which refrigerated products were stored by the
21 licensee and the furnishing of such records to the department.

22 (e) Standards that must be used to establish the temperature and
23 purity of water used in the processing of foods.

24 (3) The department may adopt rules specific to marijuana-infused
25 edibles. The rules must be written and interpreted to be consistent
26 with rules adopted by the board and the department of health.

27 **Sec. 19.** RCW 19.02.110 and 2013 c 144 s 25 are each amended to
28 read as follows:

29 (1) In addition to the licenses processed under the business
30 licensing system prior to April 1, 1982, on July 1, 1982, use of the
31 business licensing system is expanded as provided by this section.

32 (2) Applications for the following must be filed with the
33 business licensing service and must be processed, and renewals must
34 be issued, under the business licensing system:

35 (a) Nursery dealer's licenses required by chapter 15.13 RCW;

36 (b) Seed dealer's licenses required by chapter 15.49 RCW;

37 (c) Pesticide dealer's licenses required by chapter 15.58 RCW;

38 (d) Shopkeeper's licenses required by chapter 18.64 RCW;

1 (e) Egg dealer's licenses required by chapter 69.25 RCW; and
2 (f) Marijuana-infused edible endorsements required by chapter
3 69.07 RCW.

4 NEW SECTION. **Sec. 20.** A new section is added to chapter 69.07
5 RCW to read as follows:

6 (1) In addition to the requirements administered by the board
7 under chapter 69.50 RCW, the department shall regulate marijuana-
8 infused edible processing the same as other food processing under
9 this chapter, except:

10 (a) The department shall not consider foods containing marijuana
11 to be adulterated when produced in compliance with chapter 69.50 RCW
12 and the rules adopted by the board;

13 (b) Initial issuance and renewal for an annual marijuana-infused
14 edible endorsement in lieu of a food processing license under RCW
15 69.07.040 must be made through the business licensing system under
16 chapter 19.02 RCW;

17 (c) Renewal of the endorsement must coincide with renewal of the
18 endorsement holder's marijuana processor license;

19 (d) The department shall adopt a penalty schedule specific to
20 marijuana processors, which may have values equivalent to the penalty
21 schedule adopted by the board. The penalties are in addition to any
22 penalties imposed under the penalty schedule adopted by the board;
23 and

24 (e) The department shall notify the board of violations by
25 marijuana processors under this chapter.

26 (2) A marijuana processor that processes, packages, or makes
27 marijuana-infused edibles must obtain an annual marijuana-infused
28 edible endorsement, as provided in this subsection (2).

29 (a) The marijuana processor must apply for issuance and renewal
30 for the endorsement from the department through the business
31 licensing system under chapter 19.02 RCW.

32 (b) The marijuana processor must have a valid marijuana processor
33 license before submitting an application for initial endorsement. The
34 application and initial endorsement fees total eight hundred ninety-
35 five dollars. Applicants for endorsement otherwise must meet the same
36 requirements as applicants for a food processing license under this
37 chapter including, but not limited to, successful completion of
38 inspection by the department.

1 (c) Annual renewal of the endorsement must coincide with renewal
2 of the endorsement holder's marijuana processor license. The
3 endorsement renewal fee is eight hundred ninety-five dollars.

4 (d) A marijuana processor must obtain a separate endorsement for
5 each location at which the marijuana processor intends to process
6 marijuana-infused edibles. Premises used for marijuana-infused edible
7 processing may not be used for processing food that does not use
8 marijuana as an ingredient, with the exception of edibles produced
9 solely for tasting samples or internal product testing.

10 (3) The department may deny, suspend, or revoke a marijuana-
11 infused edible endorsement on the same grounds as the department may
12 deny, suspend, or revoke a food processing license under this
13 chapter.

14 (4) Information about processors otherwise exempt from public
15 inspection and copying under chapter 42.56 RCW is also exempt from
16 public inspection and copying if submitted to or used by the
17 department.

18 NEW SECTION. **Sec. 21.** The department of agriculture, state
19 liquor and cannabis board, and department of revenue shall take the
20 necessary steps to ensure that section 20 of this act is implemented
21 on its effective date.

22 NEW SECTION. **Sec. 22.** The definitions in this section apply
23 throughout this chapter unless the context clearly requires
24 otherwise.

25 (1) "Board" means the state liquor and cannabis board.

26 (2) "Licensee facilities" means any premises regulated by the
27 board for producing, processing, or retailing marijuana or marijuana
28 products.

29 (3) "Marijuana" has the meaning provided in RCW 69.50.101.

30 (4) "Marijuana processor" has the meaning provided in RCW
31 69.50.101.

32 (5) "Marijuana producer" has the meaning provided in RCW
33 69.50.101.

34 (6) "Marijuana products" has the meaning provided in RCW
35 69.50.101.

36 (7) "Marijuana retailer" has the meaning provided in RCW
37 69.50.101.

1 (8) "Person" means any natural person, firm, partnership,
2 association, private or public corporation, governmental entity, or
3 other business entity.

4 NEW SECTION. **Sec. 23.** (1) The department may adopt rules
5 establishing:

6 (a) Standards for marijuana and marijuana products produced and
7 processed in a manner consistent with, to the extent practicable, 7
8 C.F.R. Part 205;

9 (b) A self-sustaining program for certifying marijuana producers
10 and marijuana processors as meeting the standards established under
11 (a) of this subsection; and

12 (c) Other rules as necessary for administration of this chapter.

13 (2) To the extent practicable, the program must be consistent
14 with the program established by the director under chapter 15.86 RCW.

15 (3) The rules must include a fee schedule that will provide for
16 the recovery of the full cost of the program including, but not
17 limited to, application processing, inspections, sampling and
18 testing, notifications, public awareness programs, and enforcement.

19 NEW SECTION. **Sec. 24.** (1) No marijuana or marijuana product may
20 be labeled, sold, or represented as produced or processed under the
21 standards established under this chapter unless produced or processed
22 by a person certified by the department under the program established
23 under this chapter.

24 (2) No person may represent, sell, or offer for sale any
25 marijuana or marijuana products as produced or processed under
26 standards adopted under this chapter if the person knows, or has
27 reason to know, that the marijuana or marijuana product has not been
28 produced or processed in conformance with the standards established
29 under this chapter.

30 (3) No person may represent, sell, or offer for sale any
31 marijuana or marijuana products as "organic products" as that term
32 has meaning under chapter 15.86 RCW.

33 NEW SECTION. **Sec. 25.** (1) The department may inspect licensee
34 facilities to verify compliance with this chapter and rules adopted
35 under it.

36 (2) The department may deny, suspend, or revoke a certification
37 provided for in this chapter if the department determines that an

1 applicant or certified person has violated this chapter or rules
2 adopted under it.

3 (3) The department may impose on and collect from any person who
4 has violated this chapter or rules adopted under it a civil fine not
5 exceeding the total of:

6 (a) The state's estimated costs of investigating and taking
7 appropriate administrative and enforcement actions for the violation;
8 and

9 (b) One thousand dollars.

10 (4) The board may take enforcement actions against a marijuana
11 producer, marijuana processor, or marijuana retailer license issued
12 by the board, including suspension or revocation of the license, when
13 a licensee continues to violate this chapter after revocation of its
14 certification or, if uncertified, receiving written notice from the
15 department of certification requirements.

16 (5) The provisions of this chapter are cumulative and
17 nonexclusive and do not affect any other remedy at law.

18 NEW SECTION. **Sec. 26.** Information about marijuana producers,
19 marijuana processors, and marijuana retailers otherwise exempt from
20 public inspection and copying under chapter 42.56 RCW is also exempt
21 from public inspection and copying if submitted to or used by the
22 department.

23 NEW SECTION. **Sec. 27.** All fees collected under this chapter
24 must be deposited in an account within the agricultural local fund.
25 The revenue from the fees must be used solely for carrying out the
26 provisions of this chapter, and no appropriation is required for
27 disbursement from the fund.

28 NEW SECTION. **Sec. 28.** This act applies prospectively only and
29 not retroactively. It applies only to causes of action that arise (if
30 change is substantive) or that are commenced (if change is
31 procedural) on or after the effective date of this section.

32 NEW SECTION. **Sec. 29.** If any provision of this act or its
33 application to any person or circumstance is held invalid, the
34 remainder of the act or the application of the provision to other
35 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 30.** Sections 22 through 27 of this act
2 constitute a new chapter in Title 15 RCW.

3 NEW SECTION. **Sec. 31.** Section 20 of this act takes effect April
4 1, 2018."

5 Correct the title.

EFFECT: The striking amendment has the following effect on the Engrossed Substitute Senate Bill:

(1) Limits a marijuana retailer and his or her partners to holding a collective total of not more than five retail marijuana licenses;

(2) Requires that a retail marijuana licensee forfeit his or her license if he or she fails to open a retail store within a specified time period following the issuance of the license;

(3) Prohibits the state liquor and cannabis board (LCB) from issuing a marijuana business license for premises located within Indian country, including any fee patent lands within the perimeter of a reservation, without the consent of the federally recognized Indian tribe associated with the reservation or Indian country;

(4) Revises and clarifies provisions authorizing an industrial hemp licensee to sell or transfer industrial hemp to a licensed marijuana processor;

(5) Prohibits a marijuana licensee from engaging in any advertising or marketing practice that specifically targets persons residing outside of the state of Washington;

(6) Clarifies provisions prohibiting marijuana-related advertising that targets children or youth, or that otherwise might encourage the purchase or consumption of marijuana by minors;

(7) Revises and clarifies provisions related to outdoor advertising for marijuana businesses and marijuana products, including billboards and other signage;

(8) Reduces the maximum size of marijuana-related advertising signs from 2,400 to 1,600 square inches;

(9) Limits to two, the number of advertising signs that a marijuana retailer may display outside of the licensed premises;

(10) Requires that the text of all marijuana advertising signs be limited to information identifying the business by name, stating its location, and identifying the nature of the business. All signs are prohibited from containing any depiction of marijuana plants, marijuana products, or images that might be appealing to children;

(11) Grants rule-making authority to the LCB to regulate the text and images that are permissible on outdoor advertising. Such rule making must be consistent with other administrative rules generally applicable to the advertising of marijuana businesses and products;

(12) Requires that advertising signs within the premises of a retail marijuana business outlet that are visible to the public from outside the premises meet the signage regulations and requirements applicable to outdoor signs as set forth in the act;

(13) Authorizes an adult to share limited quantities of marijuana products with other adults, provided such sharing is done for a noncommercial purpose and is not conditioned upon or done in connection with financial consideration of any kind;

(14) Creates a regulatory and licensing system, administered by the Washington state department of agriculture and the LCB, for the

regulation of the production and processing of marijuana-infused edibles;

(15) Creates a voluntary program for the certification and regulation of organic marijuana products that is administered by the Washington state department of agriculture;

(16) Strikes provisions authorizing a medical marijuana patient holding a medical marijuana recognition card and who is registered in the state database to purchase plants, clones, or seeds from a licensed marijuana producer;

(17) Strikes provisions authorizing a licensed marijuana producer to sell marijuana plants, clones, or seeds to a medical marijuana patient holding a medical marijuana recognition card;

(18) Revises and clarifies jurisdictional language pertaining to Indian tribes and Indian country with respect to marijuana licensing provisions;

(19) Requires that all signs or other print advertising for marijuana businesses or marijuana products contain text stating that marijuana products may only be purchased or possessed by persons twenty-one years of age or older;

(20) Includes "inflatable tube displays" in the definition of "commercial mascot," which a marijuana licensee may not use in order to draw attention to a marijuana business or its products; and

(21) Requires the LCB to "review and report" on demographic data regarding the race, ethnicity, and gender of license applicants.

--- END ---