

---

HOUSE BILL 2566

---

State of Washington

65th Legislature

2018 Regular Session

By Representative Schmick

Read first time 01/10/18. Referred to Committee on Appropriations.

1 AN ACT Relating to funding the medical marijuana authorization  
2 database; amending RCW 43.70.320, 69.50.540, and 69.51A.230; and  
3 providing an effective date.

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

5 **Sec. 1.** RCW 43.70.320 and 2017 c 108 s 7 are each amended to  
6 read as follows:

7 (1) There is created in the state treasury an account to be known  
8 as the health professions account. All fees received by the  
9 department for health professions licenses, registration,  
10 certifications, renewals, compact privileges, or examinations and the  
11 civil penalties assessed and collected by the department under RCW  
12 18.130.190 shall be forwarded to the state treasurer who shall credit  
13 such moneys to the health professions account.

14 (2) All expenses incurred in carrying out the health professions  
15 licensing activities of the department (~~and implementing and~~  
16 ~~administering the medical marijuana authorization database~~  
17 ~~established in RCW 69.51A.230~~) shall be paid from the account as  
18 authorized by legislative appropriation, except as provided in  
19 subsections (4) and (5) of this section. Any residue in the account  
20 shall be accumulated and shall not revert to the general fund at the  
21 end of the biennium.

1 (3) The secretary shall biennially prepare a budget request based  
2 on the anticipated costs of administering the health professions  
3 licensing activities of the department which shall include the  
4 estimated income from health professions fees.

5 (4) The fees received by the department from applicants for  
6 compact privilege under RCW 18.74.500 must be used for the purpose of  
7 meeting financial obligations imposed on the state as a result of  
8 this state's participation in the physical therapy licensure compact.

9 (5) The secretary shall, at the request of a board or commission  
10 as applicable, spend unappropriated funds in the health professions  
11 account that are allocated to the requesting board or commission to  
12 meet unanticipated costs of that board or commission when revenues  
13 exceed more than fifteen percent over the department's estimated  
14 six-year spending projections for the requesting board or commission.  
15 Unanticipated costs shall be limited to spending as authorized in  
16 subsection (3) of this section for anticipated costs.

17 **Sec. 2.** RCW 69.50.540 and 2017 3rd sp.s. c 1 s 979 are each  
18 amended to read as follows:

19 The legislature must annually appropriate moneys in the dedicated  
20 marijuana account created in RCW 69.50.530 as follows:

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

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

1 of the healthy youth survey to student populations attending  
2 institutions of higher education in Washington;

3 (b) Beginning July 1, 2015, fifty thousand dollars to the  
4 department of social and health services for the purpose of  
5 contracting with the Washington state institute for public policy to  
6 conduct the cost-benefit evaluation and produce the reports described  
7 in RCW 69.50.550. This appropriation ends after production of the  
8 final report required by RCW 69.50.550;

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

14 (d)(i) An amount not less than one million two hundred fifty  
15 thousand dollars to the state liquor and cannabis board for  
16 administration of this chapter as appropriated in the omnibus  
17 appropriations act; and

18 (ii) Three hundred fifty-one thousand seven hundred fifty dollars  
19 for fiscal year 2018 and three hundred fifty-one thousand seven  
20 hundred fifty dollars for fiscal year 2019 to the health professions  
21 account established under RCW 43.70.320 for the development and  
22 administration of the marijuana authorization database by the  
23 department of health. It is the intent of the legislature that this  
24 policy will be continued in the 2019-2021 fiscal biennium;

25 (e) (~~Twenty three thousand seven hundred fifty dollars to the~~  
26 ~~department of enterprise services provided solely for the state~~  
27 ~~building code council established under RCW 19.27.070, to develop and~~  
28 ~~adopt fire and building code provisions related to marijuana~~  
29 ~~processing and extraction facilities. The distribution under this~~  
30 ~~subsection (1)(e) is for fiscal year 2016 only)) An amount not less  
31 than three hundred thousand dollars to the department of health to  
32 administer the medical marijuana authorization database established  
33 in RCW 69.51A.230, as appropriated in the omnibus appropriations act;~~

34 (2) From the amounts in the dedicated marijuana account after  
35 appropriation of the amounts identified in subsection (1) of this  
36 section, the legislature must appropriate for the purposes listed in  
37 this subsection (2) as follows:

38 (a)(i) Up to fifteen percent to the department of social and  
39 health services division of behavioral health and recovery for the  
40 development, implementation, maintenance, and evaluation of programs

1 and practices aimed at the prevention or reduction of maladaptive  
2 substance use, substance use disorder, substance abuse or substance  
3 dependence, as these terms are defined in the Diagnostic and  
4 Statistical Manual of Mental Disorders, among middle school and high  
5 school-age students, whether as an explicit goal of a given program  
6 or practice or as a consistently corresponding effect of its  
7 implementation, mental health services for children and youth, and  
8 services for pregnant and parenting women; PROVIDED, That:

9 (A) Of the funds appropriated under (a)(i) of this subsection for  
10 new programs and new services, at least eighty-five percent must be  
11 directed to evidence-based or research-based programs and practices  
12 that produce objectively measurable results and, by September 1,  
13 2020, are cost-beneficial; and

14 (B) Up to fifteen percent of the funds appropriated under (a)(i)  
15 of this subsection for new programs and new services may be directed  
16 to proven and tested practices, emerging best practices, or promising  
17 practices.

18 (ii) In deciding which programs and practices to fund, the  
19 secretary of the department of social and health services must  
20 consult, at least annually, with the University of Washington's  
21 social development research group and the University of Washington's  
22 alcohol and drug abuse institute.

23 (iii) For the fiscal year beginning July 1, 2016, the legislature  
24 must appropriate a minimum of twenty-seven million seven hundred  
25 eighty-six thousand dollars, and for each subsequent fiscal year  
26 thereafter, the legislature must appropriate a minimum of twenty-five  
27 million five hundred thirty-six thousand dollars under this  
28 subsection (2)(a);

29 (b)(i) Up to ten percent to the department of health for the  
30 following, subject to (b)(ii) of this subsection (2):

31 (A) Creation, implementation, operation, and management of a  
32 marijuana education and public health program that contains the  
33 following:

34 (I) A marijuana use public health hotline that provides referrals  
35 to substance abuse treatment providers, utilizes evidence-based or  
36 research-based public health approaches to minimizing the harms  
37 associated with marijuana use, and does not solely advocate an  
38 abstinence-only approach;

39 (II) A grants program for local health departments or other local  
40 community agencies that supports development and implementation of

1 coordinated intervention strategies for the prevention and reduction  
2 of marijuana use by youth; and

3 (III) Media-based education campaigns across television,  
4 internet, radio, print, and out-of-home advertising, separately  
5 targeting youth and adults, that provide medically and scientifically  
6 accurate information about the health and safety risks posed by  
7 marijuana use;

8 (B) The Washington poison control center; and

9 (C) During the 2015-2017 fiscal biennium, the funds appropriated  
10 under this subsection (2)(b) may be used for prevention activities  
11 that target youth and populations with a high incidence of tobacco  
12 use.

13 (ii) For the fiscal year beginning July 1, 2016, the legislature  
14 must appropriate a minimum of seven million five hundred thousand  
15 dollars and for each subsequent fiscal year thereafter, the  
16 legislature must appropriate a minimum of nine million seven hundred  
17 fifty thousand dollars under this subsection (2)(b);

18 (c)(i) Up to six-tenths of one percent to the University of  
19 Washington and four-tenths of one percent to Washington State  
20 University for research on the short and long-term effects of  
21 marijuana use, to include but not be limited to formal and informal  
22 methods for estimating and measuring intoxication and impairment, and  
23 for the dissemination of such research.

24 (ii) For the fiscal year beginning July 1, 2016, the legislature  
25 must appropriate a minimum of two hundred seven thousand dollars and  
26 for each subsequent fiscal year, except for the 2017-2019 fiscal  
27 biennium, the legislature must appropriate a minimum of one million  
28 twenty-one thousand dollars to the University of Washington. For the  
29 fiscal year beginning July 1, 2016, the legislature must appropriate  
30 a minimum of one hundred thirty-eight thousand dollars and for each  
31 subsequent fiscal year thereafter, except for the 2017-2019 fiscal  
32 biennium, a minimum of six hundred eighty-one thousand dollars to  
33 Washington State University under this subsection (2)(c). It is the  
34 intent of the legislature that this policy will be continued in the  
35 2019-2021 fiscal biennium;

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

39 (e) Five percent to the Washington state health care authority to  
40 be expended exclusively through contracts with community health

1 centers to provide primary health and dental care services, migrant  
2 health services, and maternity health care services as provided under  
3 RCW 41.05.220;

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

7 (ii) For the fiscal year beginning July 1, 2016, and each  
8 subsequent fiscal year, the legislature must appropriate a minimum of  
9 five hundred eleven thousand dollars to the office of the  
10 superintendent of public instruction under this subsection (2)(f);  
11 and

12 (g) At the end of each fiscal year, the treasurer must transfer  
13 any amounts in the dedicated marijuana account that are not  
14 appropriated pursuant to subsection (1) of this section and this  
15 subsection (2) into the general fund, except as provided in (g)(i) of  
16 this subsection (2).

17 (i) Beginning in fiscal year 2018, if marijuana excise tax  
18 collections deposited into the general fund in the prior fiscal year  
19 exceed twenty-five million dollars, then each fiscal year the  
20 legislature must appropriate an amount equal to thirty percent of all  
21 marijuana excise taxes deposited into the general fund the prior  
22 fiscal year to the treasurer for distribution to counties, cities,  
23 and towns as follows:

24 (A) Thirty percent must be distributed to counties, cities, and  
25 towns where licensed marijuana retailers are physically located. Each  
26 jurisdiction must receive a share of the revenue distribution under  
27 this subsection (2)(g)(i)(A) based on the proportional share of the  
28 total revenues generated in the individual jurisdiction from the  
29 taxes collected under RCW 69.50.535, from licensed marijuana  
30 retailers physically located in each jurisdiction. For purposes of  
31 this subsection (2)(g)(i)(A), one hundred percent of the proportional  
32 amount attributed to a retailer physically located in a city or town  
33 must be distributed to the city or town.

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

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

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

8 (iv) The total share of marijuana excise tax revenues distributed  
9 to counties and cities in (g)(i) of this subsection (2) may not  
10 exceed six million dollars in fiscal years 2018 and 2019 and twenty  
11 million dollars per fiscal year thereafter. However, if the February  
12 2018 forecast of state revenues for the general fund in the 2017-2019  
13 fiscal biennium exceeds the amount estimated in the June 2017 revenue  
14 forecast by over eighteen million dollars after adjusting for changes  
15 directly related to legislation adopted in the 2017 legislative  
16 session, the total share of marijuana excise tax revenue distributed  
17 to counties and cities in (g)(i) of this subsection (2) may not  
18 exceed fifteen million dollars in fiscal years 2018 and 2019. It is  
19 the intent of the legislature that the policy for the maximum  
20 distributions in the subsequent fiscal biennia will be no more than  
21 (~~(\$6)~~) six million dollars per fiscal year.

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

25 **Sec. 3.** RCW 69.51A.230 and 2015 c 70 s 21 are each amended to  
26 read as follows:

27 (1) The department must contract with an entity to create,  
28 administer, and maintain a secure and confidential medical marijuana  
29 authorization database that, beginning July 1, 2016, allows:

30 (a) A marijuana retailer with a medical marijuana endorsement to  
31 add a qualifying patient or designated provider and include the  
32 amount of marijuana concentrates, useable marijuana, marijuana-  
33 infused products, or plants for which the qualifying patient is  
34 authorized under RCW 69.51A.210;

35 (b) Persons authorized to prescribe or dispense controlled  
36 substances to access health care information on their patients for  
37 the purpose of providing medical or pharmaceutical care for their  
38 patients;

1 (c) A qualifying patient or designated provider to request and  
2 receive his or her own health care information or information on any  
3 person or entity that has queried their name or information;

4 (d) Appropriate local, state, tribal, and federal law enforcement  
5 or prosecutorial officials who are engaged in a bona fide specific  
6 investigation of suspected marijuana-related activity that may be  
7 illegal under Washington state law to confirm the validity of the  
8 recognition card of a qualifying patient or designated provider;

9 (e) A marijuana retailer holding a medical marijuana endorsement  
10 to confirm the validity of the recognition card of a qualifying  
11 patient or designated provider;

12 (f) The department of revenue to verify tax exemptions under  
13 chapters 82.08 and 82.12 RCW;

14 (g) The department and the health care professional's  
15 disciplining authorities to monitor authorizations and ensure  
16 compliance with this chapter and chapter 18.130 RCW by their  
17 licensees; and

18 (h) Authorizations to expire six months or one year after entry  
19 into the medical marijuana authorization database, depending on  
20 whether the authorization is for a minor or an adult.

21 (2) A qualifying patient and his or her designated provider, if  
22 any, may be placed in the medical marijuana authorization database at  
23 a marijuana retailer with a medical marijuana endorsement. After a  
24 qualifying patient or designated provider is placed in the medical  
25 marijuana authorization database, he or she must be provided with a  
26 recognition card that contains identifiers required in subsection (3)  
27 of this section.

28 (3) The recognition card requirements must be developed by the  
29 department in rule and include:

30 (a) A randomly generated and unique identifying number;

31 (b) For designated providers, the unique identifying number of  
32 the qualifying patient whom the provider is assisting;

33 (c) A photograph of the qualifying patient's or designated  
34 provider's face taken by an employee of the marijuana retailer with a  
35 medical marijuana endorsement at the same time that the qualifying  
36 patient or designated provider is being placed in the medical  
37 marijuana authorization database in accordance with rules adopted by  
38 the department;



1 (d) The amount of marijuana concentrates, useable marijuana,  
2 marijuana-infused products, or plants for which the qualifying  
3 patient is authorized under RCW 69.51A.210;

4 (e) The effective date and expiration date of the recognition  
5 card;

6 (f) The name of the health care professional who authorized the  
7 qualifying patient or designated provider; and

8 (g) For the recognition card, additional security features as  
9 necessary to ensure its validity.

10 (4) For qualifying patients who are eighteen years of age or  
11 older and their designated providers, recognition cards are valid for  
12 one year from the date the health care professional issued the  
13 authorization. For qualifying patients who are under the age of  
14 eighteen and their designated providers, recognition cards are valid  
15 for six months from the date the health care professional issued the  
16 authorization. Qualifying patients may not be reentered into the  
17 medical marijuana authorization database until they have been  
18 reexamined by a health care professional and determined to meet the  
19 definition of qualifying patient. After reexamination, a marijuana  
20 retailer with a medical marijuana endorsement must reenter the  
21 qualifying patient or designated provider into the medical marijuana  
22 authorization database and a new recognition card will then be issued  
23 in accordance with department rules.

24 (5) If a recognition card is lost or stolen, a marijuana retailer  
25 with a medical marijuana endorsement, in conjunction with the  
26 database administrator, may issue a new card that will be valid for  
27 six months to one year if the patient is reexamined by a health care  
28 professional and determined to meet the definition of qualifying  
29 patient and depending on whether the patient is under the age of  
30 eighteen or eighteen years of age or older as provided in subsection  
31 (4) of this section. If a reexamination is not performed, the  
32 expiration date of the replacement recognition card must be the same  
33 as the lost or stolen recognition card.

34 (6) The database administrator must remove qualifying patients  
35 and designated providers from the medical marijuana authorization  
36 database upon expiration of the recognition card. Qualifying patients  
37 and designated providers may request to remove themselves from the  
38 medical marijuana authorization database before expiration of a  
39 recognition card and health care professionals may request to remove  
40 qualifying patients and designated providers from the medical

1 marijuana authorization database if the patient or provider no longer  
2 qualifies for the medical use of marijuana. The database  
3 administrator must retain database records for at least five calendar  
4 years to permit the state liquor and cannabis board and the  
5 department of revenue to verify eligibility for tax exemptions.

6 (7) During development of the medical marijuana authorization  
7 database, the database administrator must consult with the  
8 department, stakeholders, and persons with relevant expertise to  
9 include, but not be limited to, qualifying patients, designated  
10 providers, health care professionals, state and local law enforcement  
11 agencies, and the University of Washington computer science and  
12 engineering security and privacy research lab or a certified  
13 cybersecurity firm, vendor, or service.

14 (8) The medical marijuana authorization database must meet the  
15 following requirements:

16 (a) Any personally identifiable information included in the  
17 database must be nonreversible, pursuant to definitions and standards  
18 set forth by the national institute of standards and technology;

19 (b) Any personally identifiable information included in the  
20 database must not be susceptible to linkage by use of data external  
21 to the database;

22 (c) The database must incorporate current best differential  
23 privacy practices, allowing for maximum accuracy of database queries  
24 while minimizing the chances of identifying the personally  
25 identifiable information included therein; and

26 (d) The database must be upgradable and updated in a timely  
27 fashion to keep current with state of the art privacy and security  
28 standards and practices.

29 (9)(a) Personally identifiable information of qualifying patients  
30 and designated providers included in the medical marijuana  
31 authorization database is confidential and exempt from public  
32 disclosure, inspection, or copying under chapter 42.56 RCW.

33 (b) Information contained in the medical marijuana authorization  
34 database may be released in aggregate form, with all personally  
35 (~~identifying~~ [~~identifiable~~]) identifiable information redacted, for  
36 the purpose of statistical analysis and oversight of agency  
37 performance and actions.

38 (c) Information contained in the medical marijuana authorization  
39 database shall not be shared with the federal government or its  
40 agents unless the particular (~~qualifying~~) qualifying patient or

1 designated provider is convicted in state court for violating this  
2 chapter or chapter 69.50 RCW.

3 (10)(a) The department must charge a one dollar fee for each  
4 initial and renewal recognition card issued by a marijuana retailer  
5 with a medical marijuana endorsement. The marijuana retailer with a  
6 medical marijuana endorsement shall collect the fee from the  
7 qualifying patient or designated provider at the time that he or she  
8 is entered into the database and issued a recognition card. The  
9 department shall establish a schedule for marijuana retailers with a  
10 medical marijuana endorsement to remit the fees collected. Fees  
11 collected under this subsection shall be deposited into the (~~health~~  
12 ~~professions~~) dedicated marijuana account created under RCW  
13 (~~(43.70.320)~~) 69.50.530.

14 (b) By November 1, 2016, the department shall report to the  
15 governor and the fiscal committees of both the house of  
16 representatives and the senate regarding the cost of implementation  
17 and administration of the medical marijuana authorization database.  
18 The report must specify amounts from the health professions account  
19 used to finance the establishment and administration of the medical  
20 marijuana authorization database as well as estimates of the  
21 continuing costs associated with operating the medical marijuana  
22 (~~(authorization)~~) authorization database. The report must also  
23 provide initial enrollment figures in the medical marijuana  
24 authorization database and estimates of expected future enrollment.

25 (11) If the database administrator fails to comply with this  
26 section, the department may cancel any contracts with the database  
27 administrator and contract with another database administrator to  
28 continue administration of the database. A database administrator who  
29 fails to comply with this section is subject to a fine of up to five  
30 thousand dollars in addition to any penalties established in the  
31 contract. Fines collected under this section must be deposited into  
32 the health professions account created under RCW 43.70.320.

33 (12) The department may adopt rules to implement this section.

34 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2018.

--- END ---