
ENGROSSED SUBSTITUTE SENATE BILL 5131

State of Washington

65th Legislature

2017 Regular Session

By Senate Commerce, Labor & Sports (originally sponsored by Senators Rivers and Conway; by request of Liquor and Cannabis Board)

READ FIRST TIME 02/06/17.

1 AN ACT Relating to marijuana with respect to privileges for
2 research licenses, local authority notifications, the retail
3 licensing merit-based application process, certain transfers of
4 plants and seeds, licensing agreements and contracts, advertising,
5 and jurisdictional requirements; amending RCW 69.50.325, 69.50.331,
6 69.50.372, 66.08.100, 69.50.366, 69.50.382, 69.51A.250, 15.120.020,
7 69.50.357, and 69.50.369; reenacting and amending RCW 42.56.270 and
8 69.50.101; adding a new section to chapter 69.50 RCW; adding a new
9 section to chapter 69.51A RCW; adding a new section to chapter 15.120
10 RCW; and creating new sections.

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

12 **Sec. 1.** RCW 69.50.325 and 2016 c 170 s 1 are each amended to
13 read as follows:

14 (1) There shall be a marijuana producer's license regulated by
15 the state liquor and cannabis board and subject to annual renewal.
16 The licensee is authorized to produce: (a) Marijuana for sale at
17 wholesale to marijuana processors and other marijuana producers ((and
18 to produce marijuana)); (b) immature plants or clones and seeds for
19 sale to cooperatives as described under RCW 69.51A.250((, regulated
20 by the state liquor and cannabis board and subject to annual
21 renewal)); and (c) immature plants or clones and seeds for sale to

1 qualifying patients and designated providers as described under
2 section 11 of this act. The production, possession, delivery,
3 distribution, and sale of marijuana in accordance with the provisions
4 of this chapter and the rules adopted to implement and enforce it, by
5 a validly licensed marijuana producer, shall not be a criminal or
6 civil offense under Washington state law. Every marijuana producer's
7 license shall be issued in the name of the applicant, shall specify
8 the location at which the marijuana producer intends to operate,
9 which must be within the state of Washington, and the holder thereof
10 shall not allow any other person to use the license. The application
11 fee for a marijuana producer's license shall be two hundred fifty
12 dollars. The annual fee for issuance and renewal of a marijuana
13 producer's license shall be one thousand dollars. A separate license
14 shall be required for each location at which a marijuana producer
15 intends to produce marijuana.

16 (2) There shall be a marijuana processor's license to process,
17 package, and label marijuana concentrates, useable marijuana, and
18 marijuana-infused products for sale at wholesale to marijuana
19 processors and marijuana retailers, regulated by the state liquor and
20 cannabis board and subject to annual renewal. The processing,
21 packaging, possession, delivery, distribution, and sale of marijuana,
22 useable marijuana, marijuana-infused products, and marijuana
23 concentrates in accordance with the provisions of this chapter and
24 chapter 69.51A RCW and the rules adopted to implement and enforce
25 these chapters, by a validly licensed marijuana processor, shall not
26 be a criminal or civil offense under Washington state law. Every
27 marijuana processor's license shall be issued in the name of the
28 applicant, shall specify the location at which the licensee intends
29 to operate, which must be within the state of Washington, and the
30 holder thereof shall not allow any other person to use the license.
31 The application fee for a marijuana processor's license shall be two
32 hundred fifty dollars. The annual fee for issuance and renewal of a
33 marijuana processor's license shall be one thousand dollars. A
34 separate license shall be required for each location at which a
35 marijuana processor intends to process marijuana.

36 (3) There shall be a marijuana retailer's license to sell
37 marijuana concentrates, useable marijuana, and marijuana-infused
38 products at retail in retail outlets, regulated by the state liquor
39 and cannabis board and subject to annual renewal. The possession,
40 delivery, distribution, and sale of marijuana concentrates, useable

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

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

17 (1) For the purpose of considering any application for a license
18 to produce, process, research, transport, or deliver marijuana,
19 useable marijuana, marijuana concentrates, or marijuana-infused
20 products subject to the regulations established under RCW 69.50.385,
21 or sell marijuana, or for the renewal of a license to produce,
22 process, research, transport, or deliver marijuana, useable
23 marijuana, marijuana concentrates, or marijuana-infused products
24 subject to the regulations established under RCW 69.50.385, or sell
25 marijuana, the state liquor and cannabis board must conduct a
26 comprehensive, fair, and impartial evaluation of the applications
27 timely received.

28 ~~(a) ((The state liquor and cannabis board must develop a~~
29 ~~competitive, merit-based application process that includes, at a~~
30 ~~minimum, the opportunity for an applicant to demonstrate experience~~
31 ~~and qualifications in the marijuana industry. The state liquor and~~
32 ~~cannabis board must give preference between competing applications in~~
33 ~~the licensing process to applicants that have the following~~
34 ~~experience and qualifications, in the following order of priority:~~

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

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

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

1 ~~(C) Have maintained a state business license and a municipal~~
2 ~~business license, as applicable in the relevant jurisdiction; and~~
3 ~~(D) Have had a history of paying all applicable state taxes and~~
4 ~~fees;~~
5 ~~(ii) Second priority must be given to applicants who:~~
6 ~~(A) Operated or were employed by a collective garden before~~
7 ~~January 1, 2013;~~
8 ~~(B) Have maintained a state business license and a municipal~~
9 ~~business license, as applicable in the relevant jurisdiction; and~~
10 ~~(C) Have had a history of paying all applicable state taxes and~~
11 ~~fees; and~~
12 ~~(iii) Third priority must be given to all other applicants who do~~
13 ~~not have the experience and qualifications identified in (a)(i) and~~
14 ~~(ii) of this subsection.~~
15 ~~(b))~~) The state liquor and cannabis board may cause an inspection
16 of the premises to be made, and may inquire into all matters in
17 connection with the construction and operation of the premises. For
18 the purpose of reviewing any application for a license and for
19 considering the denial, suspension, revocation, or renewal or denial
20 thereof, of any license, the state liquor and cannabis board may
21 consider any prior criminal conduct of the applicant including an
22 administrative violation history record with the state liquor and
23 cannabis board and a criminal history record information check. The
24 state liquor and cannabis board may submit the criminal history
25 record information check to the Washington state patrol and to the
26 identification division of the federal bureau of investigation in
27 order that these agencies may search their records for prior arrests
28 and convictions of the individual or individuals who filled out the
29 forms. The state liquor and cannabis board must require
30 fingerprinting of any applicant whose criminal history record
31 information check is submitted to the federal bureau of
32 investigation. The provisions of RCW 9.95.240 and of chapter 9.96A
33 RCW do not apply to these cases. Subject to the provisions of this
34 section, the state liquor and cannabis board may, in its discretion,
35 grant or deny the renewal or license applied for. Denial may be based
36 on, without limitation, the existence of chronic illegal activity
37 documented in objections submitted pursuant to subsections (7)(c) and
38 (10) of this section. Authority to approve an uncontested or
39 unopposed license may be granted by the state liquor and cannabis

1 board to any staff member the board designates in writing. Conditions
2 for granting this authority must be adopted by rule.

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

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

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

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

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

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

22 (b) The state liquor and cannabis board must immediately suspend
23 the license of a person who has been certified pursuant to RCW
24 74.20A.320 by the department of social and health services as a
25 person who is not in compliance with a support order. If the person
26 has continued to meet all other requirements for reinstatement during
27 the suspension, reissuance of the license is automatic upon the state
28 liquor and cannabis board's receipt of a release issued by the
29 department of social and health services stating that the licensee is
30 in compliance with the order.

31 (c) The state liquor and cannabis board may request the
32 appointment of administrative law judges under chapter 34.12 RCW who
33 shall have power to administer oaths, issue subpoenas for the
34 attendance of witnesses and the production of papers, books,
35 accounts, documents, and testimony, examine witnesses, and to receive
36 testimony in any inquiry, investigation, hearing, or proceeding in
37 any part of the state, under rules and regulations the state liquor
38 and cannabis board may adopt.

39 (d) Witnesses must be allowed fees and mileage each way to and
40 from any inquiry, investigation, hearing, or proceeding at the rate

1 authorized by RCW 34.05.446. Fees need not be paid in advance of
2 appearance of witnesses to testify or to produce books, records, or
3 other legal evidence.

4 (e) In case of disobedience of any person to comply with the
5 order of the state liquor and cannabis board or a subpoena issued by
6 the state liquor and cannabis board, or any of its members, or
7 administrative law judges, or on the refusal of a witness to testify
8 to any matter regarding which he or she may be lawfully interrogated,
9 the judge of the superior court of the county in which the person
10 resides, on application of any member of the board or administrative
11 law judge, compels obedience by contempt proceedings, as in the case
12 of disobedience of the requirements of a subpoena issued from said
13 court or a refusal to testify therein.

14 (3) Upon receipt of notice of the suspension or cancellation of a
15 license, the licensee must forthwith deliver up the license to the
16 state liquor and cannabis board. Where the license has been suspended
17 only, the state liquor and cannabis board must return the license to
18 the licensee at the expiration or termination of the period of
19 suspension. The state liquor and cannabis board must notify all other
20 licensees in the county where the subject licensee has its premises
21 of the suspension or cancellation of the license; and no other
22 licensee or employee of another licensee may allow or cause any
23 marijuana, marijuana concentrates, useable marijuana, or marijuana-
24 infused products to be delivered to or for any person at the premises
25 of the subject licensee.

26 (4) Every license issued under this chapter is subject to all
27 conditions and restrictions imposed by this chapter or by rules
28 adopted by the state liquor and cannabis board to implement and
29 enforce this chapter. All conditions and restrictions imposed by the
30 state liquor and cannabis board in the issuance of an individual
31 license must be listed on the face of the individual license along
32 with the trade name, address, and expiration date.

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

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

37 (7)(a) Before the state liquor and cannabis board issues a new or
38 renewed license to an applicant it must give notice of the
39 application to the chief executive officer of the incorporated city
40 or town, if the application is for a license within an incorporated

1 city or town, or to the county legislative authority, if the
2 application is for a license outside the boundaries of incorporated
3 cities or towns, or to the tribal government if the application is
4 for a license within Indian country under the jurisdiction of a
5 federally recognized Indian tribe, or to the port authority if the
6 application for a license is located on property owned by a port
7 authority.

8 (b) The incorporated city or town through the official or
9 employee selected by it, ~~((or))~~ the county legislative authority or
10 the official or employee selected by it, the tribal government, or
11 port authority has the right to file with the state liquor and
12 cannabis board within twenty days after the date of transmittal of
13 the notice for applications, or at least thirty days prior to the
14 expiration date for renewals, written objections against the
15 applicant or against the premises for which the new or renewed
16 license is asked. The state liquor and cannabis board may extend the
17 time period for submitting written objections upon request from the
18 authority notified by the state liquor and cannabis board.

19 (c) The written objections must include a statement of all facts
20 upon which the objections are based, and in case written objections
21 are filed, the city or town or county legislative authority may
22 request, and the state liquor and cannabis board may in its
23 discretion hold, a hearing subject to the applicable provisions of
24 Title 34 RCW. If the state liquor and cannabis board makes an initial
25 decision to deny a license or renewal based on the written objections
26 of an incorporated city or town or county legislative authority, the
27 applicant may request a hearing subject to the applicable provisions
28 of Title 34 RCW. If a hearing is held at the request of the
29 applicant, state liquor and cannabis board representatives must
30 present and defend the state liquor and cannabis board's initial
31 decision to deny a license or renewal.

32 (d) Upon the granting of a license under this title the state
33 liquor and cannabis board must send written notification to the chief
34 executive officer of the incorporated city or town in which the
35 license is granted, or to the county legislative authority if the
36 license is granted outside the boundaries of incorporated cities or
37 towns.

38 (8)(a) Except as provided in (b) through (d) of this subsection,
39 the state liquor and cannabis board may not issue a license for any
40 premises within one thousand feet of the perimeter of the grounds of

1 any elementary or secondary school, playground, recreation center or
2 facility, child care center, public park, public transit center, or
3 library, or any game arcade admission to which is not restricted to
4 persons aged twenty-one years or older.

5 (b) A city, county, or town may permit the licensing of premises
6 within one thousand feet but not less than one hundred feet of the
7 facilities described in (a) of this subsection, except elementary
8 schools, secondary schools, and playgrounds, by enacting an ordinance
9 authorizing such distance reduction, provided that such distance
10 reduction will not negatively impact the jurisdiction's civil
11 regulatory enforcement, criminal law enforcement interests, public
12 safety, or public health.

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

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

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

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

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

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

38 (10) In determining whether to grant or deny a license or renewal
39 of any license, the state liquor and cannabis board must give
40 substantial weight to objections from an incorporated city or town or

1 county legislative authority based upon chronic illegal activity
2 associated with the applicant's operations of the premises proposed
3 to be licensed or the applicant's operation of any other licensed
4 premises, or the conduct of the applicant's patrons inside or outside
5 the licensed premises. "Chronic illegal activity" means (a) a
6 pervasive pattern of activity that threatens the public health,
7 safety, and welfare of the city, town, or county including, but not
8 limited to, open container violations, assaults, disturbances,
9 disorderly conduct, or other criminal law violations, or as
10 documented in crime statistics, police reports, emergency medical
11 response data, calls for service, field data, or similar records of a
12 law enforcement agency for the city, town, county, or any other
13 municipal corporation or any state agency; or (b) an unreasonably
14 high number of citations for violations of RCW 46.61.502 associated
15 with the applicant's or licensee's operation of any licensed premises
16 as indicated by the reported statements given to law enforcement upon
17 arrest.

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

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

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

24 (b) To conduct clinical investigations of marijuana-derived drug
25 products;

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

28 (d) To conduct genomic or agricultural research.

29 (2) As part of the application process for a marijuana research
30 license, an applicant must submit to the liquor and cannabis board's
31 designated scientific reviewer a description of the research that is
32 intended to be conducted. The liquor and cannabis board must select a
33 scientific reviewer to review an applicant's research project and
34 determine that it meets the requirements of subsection (1) of this
35 section, as well as assess the following:

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

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

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

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

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

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

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

18 (a) Application requirements;

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

21 (c) Conditions for license revocation;

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

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

26 (f) Licensee reporting requirements;

27 (g) Conditions under which marijuana grown by licensed marijuana
28 producers and other product types from licensed marijuana processors
29 may be donated to marijuana research licensees; and

30 (h) Additional requirements deemed necessary by the liquor and
31 cannabis board.

32 (6) The production, processing, possession, delivery, donation,
33 and sale of marijuana, including immature plants or clones and seeds,
34 in accordance with this section, RCW 69.50.366(3), and the rules
35 adopted to implement and enforce ~~((it))~~ this section and RCW
36 69.50.366(3), by a validly licensed marijuana researcher, shall not
37 be a criminal or civil offense under Washington state law. Every
38 marijuana research license must be issued in the name of the
39 applicant, must specify the location at which the marijuana
40 researcher intends to operate, which must be within the state of

1 Washington, and the holder thereof may not allow any other person to
2 use the license.

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

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

13 (9) For the purposes of this section, "scientific reviewer" means
14 an organization that convenes or contracts with persons who have the
15 training and experience in research practice and research methodology
16 to determine whether a project meets the criteria for a marijuana
17 research license under this section and to review any reports
18 submitted by marijuana research licensees under liquor and cannabis
19 board rule. "Scientific reviewers" include, but are not limited to,
20 educational institutions, research institutions, peer review bodies,
21 or such other organizations that are focused on science or research
22 in its day-to-day activities.

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

25 No court of the state of Washington other than the superior court
26 of Thurston county shall have jurisdiction over any action or
27 proceeding against the board or any member thereof for anything done
28 or omitted to be done in or arising out of the performance of his or
29 her or their duties under this title. Neither the board nor any
30 member or members thereof shall be personally liable in any action at
31 law for damages sustained by any person because of any acts performed
32 or done or omitted to be done by the board or any employee of the
33 board in the performance of his or her duties and in the
34 administration of this title or chapter 69.50 or 69.51A RCW.

35 NEW SECTION. **Sec. 5.** A new section is added to chapter 69.50
36 RCW to read as follows:

37 (1) A licensed marijuana business may enter into a licensing
38 agreement, or consulting contract, with any individual, partnership,

1 employee cooperative, association, nonprofit corporation, or
2 corporation, for:

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

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

6 (c) Any trade secret, technology, or proprietary information used
7 to manufacture a cannabis product or used to provide a service
8 related to a marijuana business.

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

12 **Sec. 6.** RCW 42.56.270 and 2016 sp.s. c 9 s 3, 2016 sp.s. c 8 s
13 1, and 2016 c 178 s 1 are each reenacted and amended to read as
14 follows:

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

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

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

26 (3) Financial and commercial information and records supplied by
27 private persons pertaining to export services provided under chapters
28 43.163 and 53.31 RCW, and by persons pertaining to export projects
29 under RCW 43.23.035;

30 (4) Financial and commercial information and records supplied by
31 businesses or individuals during application for loans or program
32 services provided by chapters 43.325, 43.163, 43.160, 43.330, and
33 43.168 RCW, or during application for economic development loans or
34 program services provided by any local agency;

35 (5) Financial information, business plans, examination reports,
36 and any information produced or obtained in evaluating or examining a
37 business and industrial development corporation organized or seeking
38 certification under chapter 31.24 RCW;

1 (6) Financial and commercial information supplied to the state
2 investment board by any person when the information relates to the
3 investment of public trust or retirement funds and when disclosure
4 would result in loss to such funds or in private loss to the
5 providers of this information;

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

7 (8) Financial, commercial, operations, and technical and research
8 information and data submitted to or obtained by the clean Washington
9 center in applications for, or delivery of, program services under
10 chapter 70.95H RCW;

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

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

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

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

33 (12)(a) When supplied to and in the records of the department of
34 commerce:

35 (i) Financial and proprietary information collected from any
36 person and provided to the department of commerce pursuant to RCW
37 43.330.050(8); and

38 (ii) Financial or proprietary information collected from any
39 person and provided to the department of commerce or the office of
40 the governor in connection with the siting, recruitment, expansion,

1 retention, or relocation of that person's business and until a siting
2 decision is made, identifying information of any person supplying
3 information under this subsection and the locations being considered
4 for siting, relocation, or expansion of a business;

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

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

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

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

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

24 (15) Financial and commercial information provided as evidence to
25 the department of licensing as required by RCW 19.112.110 or
26 19.112.120, except information disclosed in aggregate form that does
27 not permit the identification of information related to individual
28 fuel licensees;

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

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

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

39 (18) Financial, commercial, operations, and technical and
40 research information and data submitted to or obtained by a health

1 sciences and services authority in applications for, or delivery of,
2 grants under RCW 35.104.010 through 35.104.060, to the extent that
3 such information, if revealed, would reasonably be expected to result
4 in private loss to providers of this information;

5 (19) Information gathered under chapter 19.85 RCW or RCW
6 34.05.328 that can be identified to a particular business;

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

15 (21) Market share data submitted by a manufacturer under RCW
16 70.95N.190(4);

17 (22) Financial information supplied to the department of
18 financial institutions or to a portal under RCW 21.20.883, when filed
19 by or on behalf of an issuer of securities for the purpose of
20 obtaining the exemption from state securities registration for small
21 securities offerings provided under RCW 21.20.880 or when filed by or
22 on behalf of an investor for the purpose of purchasing such
23 securities;

24 (23) Unaggregated or individual notices of a transfer of crude
25 oil that is financial, proprietary, or commercial information,
26 submitted to the department of ecology pursuant to RCW
27 90.56.565(1)(a), and that is in the possession of the department of
28 ecology or any entity with which the department of ecology has shared
29 the notice pursuant to RCW 90.56.565;

30 (24) Financial institution and retirement account information,
31 and building security plan information, supplied to the liquor and
32 cannabis board pursuant to RCW 69.50.325, 69.50.331, 69.50.342, and
33 69.50.345, when filed by or on behalf of a licensee or prospective
34 licensee for the purpose of obtaining, maintaining, or renewing a
35 license to produce, process, transport, or sell marijuana as allowed
36 under chapter 69.50 RCW; ((and))

37 (25) Marijuana transport information, vehicle and driver
38 identification data, and account numbers or unique access identifiers
39 issued to private entities for traceability system access, submitted
40 by an individual or business to the liquor and cannabis board under

1 the requirements of RCW 69.50.325, 69.50.331, 69.50.342, and
2 69.50.345 for the purpose of marijuana product traceability.
3 Disclosure to local, state, and federal officials is not considered
4 public disclosure for purposes of this section; (~~and~~)

5 (26) Financial and commercial information submitted to or
6 obtained by the retirement board of any city that is responsible for
7 the management of an employees' retirement system pursuant to the
8 authority of chapter 35.39 RCW, when the information relates to
9 investments in private funds, to the extent that such information, if
10 revealed, would reasonably be expected to result in loss to the
11 retirement fund or to result in private loss to the providers of this
12 information except that (a) the names and commitment amounts of the
13 private funds in which retirement funds are invested and (b) the
14 aggregate quarterly performance results for a retirement fund's
15 portfolio of investments in such funds are subject to disclosure;
16 (~~and~~)

17 (27) Proprietary financial, commercial, operations, and technical
18 and research information and data submitted to or obtained by the
19 liquor and cannabis board in applications for marijuana research
20 licenses under RCW 69.50.372, or in reports submitted by marijuana
21 research licensees in accordance with rules adopted by the liquor and
22 cannabis board under RCW 69.50.372; and

23 (28) Trade secrets, technology, proprietary information, and
24 financial considerations contained in any agreements or contracts,
25 entered into by a licensed marijuana business under section 5 of this
26 act, which may be submitted to or obtained by the state liquor and
27 cannabis board.

28 **Sec. 7.** RCW 69.50.101 and 2015 2nd sp.s. c 4 s 901 are each
29 reenacted and amended to read as follows:

30 The definitions in this section apply throughout this chapter
31 unless the context clearly requires otherwise.

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

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

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

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

5 (c) "CBD concentration" has the meaning provided in RCW
6 69.51A.010.

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

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

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

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

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

24 (2) The term does not include:

25 (i) a controlled substance;

26 (ii) a substance for which there is an approved new drug
27 application;

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

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

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

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

1 (i) "Designated provider" has the meaning provided in RCW
2 69.51A.010.

3 (j) "Dispense" means the interpretation of a prescription or
4 order for a controlled substance and, pursuant to that prescription
5 or order, the proper selection, measuring, compounding, labeling, or
6 packaging necessary to prepare that prescription or order for
7 delivery.

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

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

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

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

23 (o) "Drug enforcement administration" means the drug enforcement
24 administration in the United States Department of Justice, or its
25 successor agency.

26 (p) "Electronic communication of prescription information" means
27 the transmission of a prescription or refill authorization for a drug
28 of a practitioner using computer systems. The term does not include a
29 prescription or refill authorization verbally transmitted by
30 telephone nor a facsimile manually signed by the practitioner.

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

34 (r) "Immediate precursor" means a substance:
35 (1) that the commission has found to be and by rule designates as
36 being the principal compound commonly used, or produced primarily for
37 use, in the manufacture of a controlled substance;
38 (2) that is an immediate chemical intermediary used or likely to
39 be used in the manufacture of a controlled substance; and

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

3 ~~((+r))~~ (s) "Isomer" means an optical isomer, but in subsection
4 ~~((+dd))~~ (ee)(5) of this section, RCW 69.50.204(a) (12) and (34), and
5 69.50.206(b)(4), the term includes any geometrical isomer; in RCW
6 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any
7 positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and
8 69.50.208(a) the term includes any positional or geometric isomer.

9 ~~((+s))~~ (t) "Lot" means a definite quantity of marijuana,
10 marijuana concentrates, useable marijuana, or marijuana-infused
11 product identified by a lot number, every portion or package of which
12 is uniform within recognized tolerances for the factors that appear
13 in the labeling.

14 ~~((+t))~~ (u) "Lot number" must identify the licensee by business
15 or trade name and Washington state unified business identifier
16 number, and the date of harvest or processing for each lot of
17 marijuana, marijuana concentrates, useable marijuana, or marijuana-
18 infused product.

19 ~~((+u))~~ (v) "Manufacture" means the production, preparation,
20 propagation, compounding, conversion, or processing of a controlled
21 substance, either directly or indirectly or by extraction from
22 substances of natural origin, or independently by means of chemical
23 synthesis, or by a combination of extraction and chemical synthesis,
24 and includes any packaging or repackaging of the substance or
25 labeling or relabeling of its container. The term does not include
26 the preparation, compounding, packaging, repackaging, labeling, or
27 relabeling of a controlled substance:

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

31 (2) by a practitioner, or by the practitioner's authorized agent
32 under the practitioner's supervision, for the purpose of, or as an
33 incident to, research, teaching, or chemical analysis and not for
34 sale.

35 ~~((+v))~~ (w) "Marijuana" or "marihuana" means all parts of the
36 plant *Cannabis*, whether growing or not, with a THC concentration
37 greater than 0.3 percent on a dry weight basis; the seeds thereof;
38 the resin extracted from any part of the plant; and every compound,
39 manufacture, salt, derivative, mixture, or preparation of the plant,
40 its seeds or resin. The term does not include the mature stalks of

1 the plant, fiber produced from the stalks, oil or cake made from the
2 seeds of the plant, any other compound, manufacture, salt,
3 derivative, mixture, or preparation of the mature stalks (except the
4 resin extracted therefrom), fiber, oil, or cake, or the sterilized
5 seed of the plant which is incapable of germination.

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

9 ~~((x))~~ (y) "Marijuana processor" means a person licensed by the
10 state liquor and cannabis board to process marijuana into marijuana
11 concentrates, useable marijuana, and marijuana-infused products,
12 package and label marijuana concentrates, useable marijuana, and
13 marijuana-infused products for sale in retail outlets, and sell
14 marijuana concentrates, useable marijuana, and marijuana-infused
15 products at wholesale to marijuana retailers.

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

19 ~~((z))~~ (aa) "Marijuana products" means useable marijuana,
20 marijuana concentrates, and marijuana-infused products as defined in
21 this section.

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

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

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

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

39 (1) Opium, opium derivative, and any derivative of opium or opium
40 derivative, including their salts, isomers, and salts of isomers,

1 whenever the existence of the salts, isomers, and salts of isomers is
2 possible within the specific chemical designation. The term does not
3 include the isoquinoline alkaloids of opium.

4 (2) Synthetic opiate and any derivative of synthetic opiate,
5 including their isomers, esters, ethers, salts, and salts of isomers,
6 esters, and ethers, whenever the existence of the isomers, esters,
7 ethers, and salts is possible within the specific chemical
8 designation.

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

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

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

14 (6) Cocaine base.

15 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer
16 thereof.

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

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

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

30 ~~((gg))~~ (hh) "Person" means individual, corporation, business
31 trust, estate, trust, partnership, association, joint venture,
32 government, governmental subdivision or agency, or any other legal or
33 commercial entity.

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

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

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

38 (1) A physician under chapter 18.71 RCW; a physician assistant
39 under chapter 18.71A RCW; an osteopathic physician and surgeon under
40 chapter 18.57 RCW; an osteopathic physician assistant under chapter

1 18.57A RCW who is licensed under RCW 18.57A.020 subject to any
2 limitations in RCW 18.57A.040; an optometrist licensed under chapter
3 18.53 RCW who is certified by the optometry board under RCW 18.53.010
4 subject to any limitations in RCW 18.53.010; a dentist under chapter
5 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW;
6 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced
7 registered nurse practitioner, or licensed practical nurse under
8 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW
9 who is licensed under RCW 18.36A.030 subject to any limitations in
10 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific
11 investigator under this chapter, licensed, registered or otherwise
12 permitted insofar as is consistent with those licensing laws to
13 distribute, dispense, conduct research with respect to or administer
14 a controlled substance in the course of their professional practice
15 or research in this state.

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

20 (3) A physician licensed to practice medicine and surgery, a
21 physician licensed to practice osteopathic medicine and surgery, a
22 dentist licensed to practice dentistry, a podiatric physician and
23 surgeon licensed to practice podiatric medicine and surgery, a
24 licensed physician assistant or a licensed osteopathic physician
25 assistant specifically approved to prescribe controlled substances by
26 his or her state's medical quality assurance commission or equivalent
27 and his or her supervising physician, an advanced registered nurse
28 practitioner licensed to prescribe controlled substances, or a
29 veterinarian licensed to practice veterinary medicine in any state of
30 the United States.

31 (~~(k)~~) (ll) "Prescription" means an order for controlled
32 substances issued by a practitioner duly authorized by law or rule in
33 the state of Washington to prescribe controlled substances within the
34 scope of his or her professional practice for a legitimate medical
35 purpose.

36 (~~(l)~~) (mm) "Production" includes the manufacturing, planting,
37 cultivating, growing, or harvesting of a controlled substance.

38 (~~(m)~~) (nn) "Qualifying patient" has the meaning provided in
39 RCW 69.51A.010.

1 (~~(nn)~~) (oo) "Recognition card" has the meaning provided in RCW
2 69.51A.010.

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

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

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

12 (~~(rr)~~) (ss) "THC concentration" means percent of delta-9
13 tetrahydrocannabinol content per dry weight of any part of the plant
14 *Cannabis*, or per volume or weight of marijuana product, or the
15 combined percent of delta-9 tetrahydrocannabinol and
16 tetrahydrocannabinolic acid in any part of the plant *Cannabis*
17 regardless of moisture content.

18 (~~(ss)~~) (tt) "Ultimate user" means an individual who lawfully
19 possesses a controlled substance for the individual's own use or for
20 the use of a member of the individual's household or for
21 administering to an animal owned by the individual or by a member of
22 the individual's household.

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

26 **Sec. 8.** RCW 69.50.366 and 2015 c 207 s 8 are each amended to
27 read as follows:

28 The following acts, when performed by a validly licensed
29 marijuana producer or employee of a validly licensed marijuana
30 producer in compliance with rules adopted by the state liquor
31 (~~(control)~~) and cannabis board to implement and enforce this chapter
32 (~~(3, Laws of 2013)~~), do not constitute criminal or civil offenses
33 under Washington state law:

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

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

1 (3) Delivery, distribution, and sale of immature plants or clones
2 and marijuana seeds to a licensed marijuana researcher, and to
3 receive or purchase immature plants or clones and seeds from a
4 licensed marijuana researcher; and

5 (4) Delivery, distribution, and sale of marijuana or useable
6 marijuana to a federally recognized Indian tribe as permitted under
7 an agreement between the state and the tribe entered into under RCW
8 43.06.490.

9 **Sec. 9.** RCW 69.50.382 and 2015 2nd sp.s. c 4 s 501 are each
10 amended to read as follows:

11 (1) A licensed marijuana producer, marijuana processor, marijuana
12 researcher, or marijuana retailer, or their employees, in accordance
13 with the requirements of this chapter and the administrative rules
14 adopted thereunder, may use the services of a common carrier subject
15 to regulation under chapters 81.28 and 81.29 RCW and licensed in
16 compliance with the regulations established under RCW 69.50.385, to
17 physically transport or deliver, as authorized under this chapter,
18 marijuana, useable marijuana, marijuana concentrates, immature plants
19 or clones, marijuana seeds, and marijuana-infused products between
20 licensed marijuana businesses located within the state.

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

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

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

30 (c) The employee is in full compliance with the regulations
31 established by the state liquor and cannabis board under RCW
32 69.50.385.

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

37 (4) The possession of marijuana, useable marijuana, marijuana
38 concentrates, and marijuana-infused products being physically
39 transported or delivered within the state, in amounts not exceeding

1 those that may be established under RCW 69.50.385(3), by a licensed
2 employee of a common carrier when performing the duties authorized
3 under, and in accordance with, this section and RCW 69.50.385, is not
4 a violation of this section, this chapter, or any other provision of
5 Washington state law.

6 **Sec. 10.** RCW 69.51A.250 and 2016 c 170 s 2 are each amended to
7 read as follows:

8 (1) Qualifying patients or designated providers may form a
9 cooperative and share responsibility for acquiring and supplying the
10 resources needed to produce and process marijuana only for the
11 medical use of members of the cooperative. No more than four
12 qualifying patients or designated providers may become members of a
13 cooperative under this section and all members must hold valid
14 recognition cards. All members of the cooperative must be at least
15 twenty-one years old. The designated provider of a qualifying patient
16 who is under twenty-one years old may be a member of a cooperative on
17 the qualifying patient's behalf. All plants grown in the cooperative
18 must be (~~((purchased or cloned))~~) from an immature plant or clone
19 purchased from a licensed marijuana producer as defined in RCW
20 69.50.101. Cooperatives may also purchase marijuana seeds from a
21 licensed marijuana producer.

22 (2) Qualifying patients and designated providers who wish to form
23 a cooperative must register the location with the state liquor and
24 cannabis board and this is the only location where cooperative
25 members may grow or process marijuana. This registration must include
26 the names of all participating members and copies of each
27 participant's recognition card. Only qualifying patients or
28 designated providers registered with the state liquor and cannabis
29 board in association with the location may participate in growing or
30 receive useable marijuana or marijuana-infused products grown at that
31 location.

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

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

34 (b) Within the smaller of either:

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

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

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

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

8 (5) If a qualifying patient or designated provider no longer
9 participates in growing at the location, he or she must notify the
10 state liquor and cannabis board within fifteen days of the date the
11 qualifying patient or designated provider ceases participation. The
12 state liquor and cannabis board must remove his or her name from
13 connection to the cooperative. Additional qualifying patients or
14 designated providers may not join the cooperative until sixty days
15 have passed since the date on which the last qualifying patient or
16 designated provider notifies the state liquor and cannabis board that
17 he or she no longer participates in that cooperative.

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

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

26 (b) May only participate in one cooperative;

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

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

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

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

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

3 (a) Any security requirements necessary to ensure the safety of
4 the cooperative and to reduce the risk of diversion from the
5 cooperative;

6 (b) A seed to sale traceability model that is similar to the seed
7 to sale traceability model used by licensees that will allow the
8 state liquor and cannabis board to track all marijuana grown in a
9 cooperative.

10 (9) The state liquor and cannabis board or law enforcement may
11 inspect a cooperative registered under this section to ensure members
12 are in compliance with this section. The state liquor and cannabis
13 board must adopt rules on reasonable inspection hours and reasons for
14 inspections.

15 NEW SECTION. **Sec. 11.** A new section is added to chapter 69.51A
16 RCW to read as follows:

17 Qualifying patients and designated providers, who hold a
18 recognition card and have been entered into the medical marijuana
19 authorization database, may purchase immature plants or clones from a
20 licensed marijuana producer as defined in RCW 69.50.101. Qualifying
21 patients and designated providers may also purchase marijuana seeds
22 from a licensed marijuana producer.

23 **Sec. 12.** RCW 15.120.020 and 2016 sp.s. c 11 s 3 are each amended
24 to read as follows:

25 Except as otherwise provided in this chapter, industrial hemp is
26 an agricultural product that may be grown, produced, possessed,
27 processed, and exchanged in the state solely and exclusively as part
28 of an industrial hemp research program supervised by the department.
29 Processing any part of industrial hemp, except seed, as food,
30 extract, oil, cake, concentrate, resin, or other preparation for
31 topical use, oral consumption, or inhalation by humans is prohibited,
32 unless authorized by the department under section 13 of this act.

33 NEW SECTION. **Sec. 13.** A new section is added to chapter 15.120
34 RCW to read as follows:

35 (1) The department may authorize an industrial hemp research
36 program to dispose of the industrial hemp by-product and waste
37 material, after the research has been conducted, by selling these

1 materials to a marijuana processor licensed under RCW 69.50.325. The
2 moneys collected under this section must be deposited within the
3 agricultural local fund as provided in RCW 15.120.050(5).

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

6 NEW SECTION. **Sec. 14.** The legislature finds that protecting the
7 state's children, youth, and young adults under the legal age to
8 purchase and consume marijuana, by establishing limited restrictions
9 on the advertising of marijuana and marijuana products, is necessary
10 to assist the state's efforts to discourage and prevent underage
11 consumption and the potential risks associated with underage
12 consumption. The legislature finds that these restrictions assist the
13 state in maintaining a strong and effective regulatory and
14 enforcement system as specified by the federal government. The
15 legislature finds this act leaves ample opportunities for licensed
16 marijuana businesses to market their products to those who are of
17 legal age to purchase them, without infringing on the free speech
18 rights of business owners. Finally, the legislature finds that the
19 state has a substantial and compelling interest in enacting this act
20 aimed at protecting Washington's children, youth, and young adults.

21 **Sec. 15.** RCW 69.50.357 and 2016 c 171 s 1 are each amended to
22 read as follows:

23 (1) Retail outlets may not sell products or services other than
24 marijuana concentrates, useable marijuana, marijuana-infused
25 products, or paraphernalia intended for the storage or use of
26 marijuana concentrates, useable marijuana, or marijuana-infused
27 products.

28 (2) Licensed marijuana retailers may not employ persons under
29 twenty-one years of age or allow persons under twenty-one years of
30 age to enter or remain on the premises of a retail outlet. However,
31 qualifying patients between eighteen and twenty-one years of age with
32 a recognition card may enter and remain on the premises of a retail
33 outlet holding a medical marijuana endorsement and may purchase
34 products for their personal medical use. Qualifying patients who are
35 under the age of eighteen with a recognition card and who accompany
36 their designated providers may enter and remain on the premises of a
37 retail outlet holding a medical marijuana endorsement, but may not
38 purchase products for their personal medical use.

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

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

17 ~~(4) ((Licensed marijuana retailers may not display any signage
18 outside of the licensed premises, other than two signs identifying
19 the retail outlet by the licensee's business or trade name. Each sign
20 must be no larger than one thousand six hundred square inches, be
21 permanently affixed to a building or other structure, and be posted
22 not less than one thousand feet from any elementary school, secondary
23 school, or playground.~~

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

29 ~~((6))~~ (5) The state liquor and cannabis board must fine a
30 licensee one thousand dollars for each violation of any subsection of
31 this section. Fines collected under this section must be deposited
32 into the dedicated marijuana account created under RCW 69.50.530.

33 **Sec. 16.** RCW 69.50.369 and 2015 2nd sp.s. c 4 s 204 are each
34 amended to read as follows:

35 (1) No licensed marijuana producer, processor, researcher, or
36 retailer may place or maintain, or cause to be placed or maintained,
37 an advertisement of marijuana, useable marijuana, marijuana
38 concentrates, or a marijuana-infused product in any form or through
39 any medium whatsoever((÷

1 ~~(a)) within one thousand feet of the perimeter of a school~~
2 grounds, playground, recreation center or facility, child care
3 center, public park, or library, or any game arcade admission to
4 which is not restricted to persons aged twenty-one years or older(~~(+~~

5 ~~(b) On or in a public transit vehicle or public transit shelter;~~
6 ~~or~~

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

8 (2) No marijuana licensee may:

9 (a) Take any action, directly or indirectly, to target youth in
10 the advertising, promotion, or marketing of marijuana and marijuana
11 products, or take any action the primary purpose of which is to
12 initiate, maintain, or increase the incidence of youth use of
13 marijuana or marijuana products;

14 (b) Use objects such as toys, inflatables, characters, or cartoon
15 characters suggesting the presence of a child, or any other depiction
16 designed in any manner to be especially appealing to children or
17 other persons under legal age to consume marijuana; or

18 (c) Use or employ a commercial mascot outside of a licensed
19 marijuana business. A "commercial mascot" means live human being,
20 animal, or mechanical device used for the purpose of commercial
21 advertising, such as sign spinners, sign clowns, sandwich board signs
22 over a live human body, and persons dressed to appear or suggest as a
23 trademark or symbol of a commercial enterprise.

24 (3) No marijuana licensees may engage in outdoor advertising
25 except as specifically provided for in this section.

26 (a) Outdoor advertising is prohibited:

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

32 (ii) On any other advertisements placed outdoors or on the inside
33 surface of a window facing outward that do not meet the exclusionary
34 provisions contained in (c) of this subsection.

35 (b)(i) Billboards that are visible from any street, road,
36 highway, right-of-way, or public parking area are prohibited, except
37 as provided in (b)(ii) of this subsection.

38 (ii) Licensed retail outlets may use a billboard or outdoor sign
39 solely for the purpose for providing directional information to the
40 public to a licensed retail outlet. The content of the directional

1 signs are strictly limited to the store's licensed name, its logo,
2 and directions to the licensed retail outlet. The billboards and
3 signs may not contain any depictions of marijuana plants or products.

4 (c) Outdoor advertising does not include:

5 (i) An individual advertisement that does not occupy an area
6 larger than two thousand four hundred square inches and that neither
7 is placed in such proximity to any other such advertisement so as to
8 create a single mosaic-type advertisement larger than two thousand
9 four hundred square inches, nor functions solely as a segment of a
10 larger advertising unit or series, and that is placed on the outside
11 of any licensed retail establishment that sells marijuana products,
12 outside but on the licensed premises of any such establishment, or on
13 the inside surface of a window facing outward in any such
14 establishment;

15 (ii) An advertisement inside a licensed retail establishment that
16 sells marijuana products that is not placed on the inside surface of
17 a window facing outward; or

18 (iii) An outdoor advertisement at the site of an event to be held
19 at an adult only facility that is placed at such site during the
20 period the facility or enclosed area constitutes an adult only
21 facility, but in no event more than fourteen days before the event,
22 and that does not advertise any marijuana product other than by using
23 a brand name to identify the event.

24 (4) No marijuana licensees may engage in transit advertisements.
25 "Transit advertisements" means advertising on or within private or
26 public vehicles and all advertisements placed at, on or within any
27 bus stop, taxi stand, transportation waiting area, train station,
28 airport, or any similar transit-related location.

29 (5) Merchandising within a retail outlet is not advertising for
30 the purposes of this section.

31 ~~((+3))~~ (6) This section does not apply to a noncommercial
32 message.

33 ~~((+4))~~ (7)(a) The state liquor and cannabis board must:

34 (i) Adopt rules implementing this section and specifically
35 including provisions regulating the directional signs authorized
36 under subsection (3)(b)(ii) of this section. The advertising rules
37 must be as restrictive as the state and federal guidelines regulating
38 cigarette advertising; and

39 (ii) Fine a licensee one thousand dollars for each violation of
40 ~~((subsection—(1)—of))~~ this section until the state liquor and

1 cannabis board adopts rules prescribing penalties for violations of
2 this section. The rules must establish escalating penalties including
3 finances and up to suspension or revocation of a marijuana license for
4 subsequent violations.

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

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

12 NEW SECTION. Sec. 17. This act applies prospectively only and
13 not retroactively. It applies only to causes of action that arise (if
14 change is substantive) or that are commenced (if change is
15 procedural) on or after the effective date of this section.

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