

**2SHB 2870 - H AMD 1389**

By Representative Pettigrew

**ADOPTED 02/16/2020**

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

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that additional  
4 efforts are necessary to reduce barriers to entry to the cannabis  
5 industry for individuals and communities most adversely impacted by  
6 the enforcement of cannabis-related laws. In the interest of  
7 establishing a cannabis industry that is equitable and accessible to  
8 those most adversely impacted by the enforcement of drug-related  
9 laws, including cannabis-related laws, the legislature finds a social  
10 equity program should be created.

11 (2) The legislature finds that individuals who have been arrested  
12 or incarcerated due to drug laws, and those who have resided in areas  
13 of high poverty, suffer long-lasting adverse consequences, including  
14 impacts to employment, business ownership, housing, health, and long-  
15 term financial well-being. The legislature also finds that family  
16 members, especially children, and communities of those who have been  
17 arrested or incarcerated due to drug laws, suffer from emotional,  
18 psychological, and financial harms as a result of such arrests and  
19 incarceration. The legislature further finds that certain communities  
20 have disproportionately suffered the harms of enforcement of  
21 cannabis-related laws. Those communities face greater difficulties  
22 accessing traditional banking systems and capital for establishing  
23 businesses.

24 (3) The legislature therefore finds that in the interest of  
25 remedying harms resulting from the disproportionate enforcement of  
26 cannabis-related laws, creating a social equity program will further  
27 an equitable cannabis industry by promoting business ownership among  
28 individuals who have resided in areas of high poverty and high  
29 enforcement of cannabis-related laws. The social equity program  
30 should offer, among other things, financial and technical assistance  
31 and license application benefits to individuals most directly and

1 adversely impacted by the enforcement of cannabis-related laws who  
2 are interested in starting cannabis business enterprises.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 69.50  
4 RCW to read as follows:

5 (1) Beginning December 1, 2020, and until July 1, 2028, marijuana  
6 retailer licenses that have been subject to forfeiture, revocation,  
7 or cancellation by the board, or marijuana retailer licenses that  
8 were not previously issued by the board but could have been issued  
9 without exceeding the limit on the statewide number of marijuana  
10 retailer licenses established in rule by the board, may be issued or  
11 reissued to an applicant who meets the marijuana retailer license  
12 requirements of this chapter.

13 (2)(a) In order to be considered for a retail license under  
14 subsection (1) of this section, applicants must be a social equity  
15 applicant and submit a social equity plan along with other marijuana  
16 retailer license application requirements to the board. If the  
17 application proposes ownership by more than one person, then at least  
18 fifty-one percent of the proposed ownership structure must reflect  
19 the qualifications of a social equity applicant.

20 (b) Persons holding an existing marijuana retailer license or  
21 title certificate for a marijuana retailer business in a local  
22 jurisdiction subject to a ban or moratorium on marijuana retail  
23 businesses may apply for a license under this section.

24 (3)(a) In determining the issuance of a license among applicants,  
25 the board may prioritize applicants based on the extent to which the  
26 application addresses the components of the social equity plan.

27 (b) The board may deny any application submitted under this  
28 subsection if the board determines that:

29 (i) The application does not meet social equity goals or does not  
30 meet social equity plan requirements;

31 (ii) The application does not otherwise meet the licensing  
32 requirements of this chapter; or

33 (iii) Additional marijuana retailer licenses are not needed to  
34 meet social equity goals in that city, town, or county.

35 (4) The board may adopt rules to implement this section. Rules  
36 may include strategies for receiving advice on the social equity  
37 program from communities the program is intended to benefit. Rules  
38 may also require that licenses awarded under this section be  
39 transferred or sold only to individuals or groups of individuals who

1 comply with the requirements for initial licensure in the social  
2 equity plan under this section.

3 (5) For the purposes of this section:

4 (a) "Disproportionately impacted area" means a census tract or  
5 comparable geographic area that satisfies the following criteria,  
6 which may be further defined in rule by the board after consultation  
7 with the commission on African American affairs and other agencies  
8 and stakeholders as determined by the board:

9 (i) The area has a high poverty rate;

10 (ii) The area has a high rate of participation in income-based  
11 federal or state programs;

12 (iii) The area has a high rate of unemployment; and

13 (iv) The area has a high rate of arrest, conviction, and  
14 incarceration related to the sale, possession, use, cultivation,  
15 manufacture, or transport of marijuana.

16 (b) "Social equity applicant" means:

17 (i) An applicant who has at least fifty-one percent ownership and  
18 control by one or more individuals who have resided for at least five  
19 of the preceding ten years in a disproportionately impacted area; or

20 (ii) An applicant who has at least fifty-one percent ownership  
21 and control by at least one individual who has been convicted of a  
22 marijuana offense or is a family member of such an individual.

23 (c) "Social equity goals" means:

24 (i) Increasing the number of marijuana retailer licenses held by  
25 people from communities that have suffered a disproportionate number  
26 of marijuana arrests beginning January 1, 1988; and

27 (ii) Reducing accumulated harm suffered by individuals, families,  
28 and communities subject to disproportionate impacts from the  
29 historical application and enforcement of marijuana prohibition laws.

30 (d) "Social equity plan" means a plan that addresses at least  
31 some of the elements outlined in this subsection (5)(d), along with  
32 any additional plan components or requirements approved by the board  
33 following consultation with the task force created in section 5 of  
34 this act. The plan may include:

35 (i) A statement that the social equity applicant qualifies as a  
36 social equity applicant and intends to own at least fifty-one percent  
37 of the proposed marijuana retail business or applicants representing  
38 at least fifty-one percent of the ownership of the proposed business  
39 qualify as social equity applicants;

1 (ii) A description of how issuing a marijuana retail license to  
2 the social equity applicant will meet social equity goals;

3 (iii) The social equity applicant's personal or family history  
4 with the criminal justice system including any offenses involving  
5 marijuana;

6 (iv) The composition of the workforce the social equity applicant  
7 intends to hire;

8 (v) Neighborhood characteristics of the location where the social  
9 equity applicant intends to operate, focusing on the disproportionate  
10 historical impacts of marijuana prohibition; and

11 (vi) Business plans involving partnerships or assistance to  
12 organizations or residents with connection to populations with a  
13 history of disproportionate impact and harm related to enforcement of  
14 marijuana prohibition.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330  
16 RCW to read as follows:

17 (1) The marijuana social equity technical assistance competitive  
18 grant program is established and is to be administered by the  
19 department.

20 (2) The marijuana social equity technical assistance competitive  
21 grant program must award grants on a competitive basis to marijuana  
22 retailer license applicants who are submitting social equity plans  
23 under section 2 of this act. The department must award grants  
24 primarily based on the strength of the social equity plans submitted  
25 by applicants but may also consider additional criteria if deemed  
26 necessary or appropriate by the department. Technical assistance  
27 activities eligible for funding under the marijuana social equity  
28 technical assistance competitive grant program include, but are not  
29 limited to:

30 (a) Assistance navigating the marijuana retailer licensure  
31 process;

32 (b) Marijuana-business specific education and business plan  
33 development;

34 (c) Regulatory compliance training;

35 (d) Financial management training and assistance in seeking micro  
36 loans; and

37 (e) Connecting social equity applicants with established industry  
38 members and tribal marijuana enterprises and programs for mentoring  
39 and other forms of support approved by the board.

1 (3) Funding for the marijuana social equity technical assistance  
2 competitive grant program must be provided through the dedicated  
3 marijuana account under RCW 69.50.540. Additionally, the department  
4 may solicit, receive, and expend private contributions to support the  
5 grant program.

6 (4) The department may adopt rules to implement this section.

7 **Sec. 4.** RCW 69.50.540 and 2019 c 415 s 978 are each amended to  
8 read as follows:

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

11 (1) For the purposes listed in this subsection (1), the  
12 legislature must appropriate to the respective agencies amounts  
13 sufficient to make the following expenditures on a quarterly basis or  
14 as provided in this subsection:

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

31 (b) Fifty thousand dollars to the health care authority for the  
32 purpose of contracting with the Washington state institute for public  
33 policy to conduct the cost-benefit evaluation and produce the reports  
34 described in RCW 69.50.550. This appropriation ends after production  
35 of the final report required by RCW 69.50.550;

36 (c) Five thousand dollars to the University of Washington alcohol  
37 and drug abuse institute for the creation, maintenance, and timely  
38 updating of web-based public education materials providing medically

1 and scientifically accurate information about the health and safety  
2 risks posed by marijuana use;

3 (d) (i) An amount not less than one million two hundred fifty  
4 thousand dollars to the ~~((state liquor and cannabis))~~ board for  
5 administration of this chapter as appropriated in the omnibus  
6 appropriations act;

7 (ii) Two million six hundred fifty-one thousand seven hundred  
8 fifty dollars for fiscal year 2018 and three hundred fifty-one  
9 thousand seven hundred fifty dollars for fiscal year 2019 to the  
10 health professions account established under RCW 43.70.320 for the  
11 development and administration of the marijuana authorization  
12 database by the department of health;

13 (iii) Two million seven hundred twenty-three thousand dollars for  
14 fiscal year 2020 and two million five hundred twenty-three thousand  
15 dollars for fiscal year 2021 to the Washington state patrol for a  
16 drug enforcement task force. It is the intent of the legislature that  
17 this policy will be continued in the 2021-2023 fiscal biennium; and

18 (iv) Ninety-eight thousand dollars for fiscal year 2019 to the  
19 department of ecology for research on accreditation of marijuana  
20 product testing laboratories;

21 (e) Four hundred sixty-five thousand dollars for fiscal year 2020  
22 and four hundred sixty-four thousand dollars for fiscal year 2021 to  
23 the department of ecology for implementation of accreditation of  
24 marijuana product testing laboratories;

25 (f) One hundred eighty-nine thousand dollars for fiscal year 2020  
26 to the department of health for rule making regarding compassionate  
27 care renewals;

28 (g) Eight hundred eight thousand dollars for fiscal year 2020 and  
29 eight hundred eight thousand dollars for fiscal year 2021 to the  
30 department of health for the administration of the marijuana  
31 authorization database; ~~((and))~~

32 (h) ~~((\$635,000 [six hundred thirty-five thousand dollars]))~~ Six  
33 hundred thirty-five thousand dollars for fiscal year 2020 and  
34 ~~((\$635,000 [six hundred thirty-five thousand dollars]))~~ six hundred  
35 thirty-five thousand dollars for fiscal year 2021 to the department  
36 of agriculture for compliance-based laboratory analysis of pesticides  
37 in marijuana ~~((-))~~; and

38 (i) One million one hundred thousand dollars annually to the  
39 department of commerce to fund the marijuana social equity technical  
40 assistance competitive grant program under section 3 of this act; and

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

5 (a) (i) Up to fifteen percent to the health care authority for the  
6 development, implementation, maintenance, and evaluation of programs  
7 and practices aimed at the prevention or reduction of maladaptive  
8 substance use, substance use disorder, substance abuse or substance  
9 dependence, as these terms are defined in the Diagnostic and  
10 Statistical Manual of Mental Disorders, among middle school and high  
11 school-age students, whether as an explicit goal of a given program  
12 or practice or as a consistently corresponding effect of its  
13 implementation, mental health services for children and youth, and  
14 services for pregnant and parenting women; PROVIDED, That:

15 (A) Of the funds appropriated under (a) (i) of this subsection for  
16 new programs and new services, at least eighty-five percent must be  
17 directed to evidence-based or research-based programs and practices  
18 that produce objectively measurable results and, by September 1,  
19 2020, are cost-beneficial; and

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

24 (ii) In deciding which programs and practices to fund, the  
25 director of the health care authority must consult, at least  
26 annually, with the University of Washington's social development  
27 research group and the University of Washington's alcohol and drug  
28 abuse institute.

29 (iii) For each fiscal year, the legislature must appropriate a  
30 minimum of twenty-five million five hundred thirty-six thousand  
31 dollars under this subsection (2) (a);

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

34 (A) Creation, implementation, operation, and management of a  
35 marijuana education and public health program that contains the  
36 following:

37 (I) A marijuana use public health hotline that provides referrals  
38 to substance abuse treatment providers, utilizes evidence-based or  
39 research-based public health approaches to minimizing the harms

1 associated with marijuana use, and does not solely advocate an  
2 abstinence-only approach;

3 (II) A grants program for local health departments or other local  
4 community agencies that supports development and implementation of  
5 coordinated intervention strategies for the prevention and reduction  
6 of marijuana use by youth; and

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

12 (B) The Washington poison control center.

13 (ii) For each fiscal year, the legislature must appropriate a  
14 minimum of nine million seven hundred fifty thousand dollars under  
15 this subsection (2)(b);

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

22 (ii) For each fiscal year, except for the 2017-2019 and 2019-2021  
23 fiscal biennia, the legislature must appropriate a minimum of one  
24 million twenty-one thousand dollars to the University of Washington.  
25 For each fiscal year, except for the 2017-2019 and 2019-2021 fiscal  
26 biennia, the legislature must appropriate a minimum of six hundred  
27 eighty-one thousand dollars to Washington State University under this  
28 subsection (2)(c). It is the intent of the legislature that this  
29 policy will be continued in the 2019-2021 fiscal biennium;

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

33 (e) Five percent to the Washington state health care authority to  
34 be expended exclusively through contracts with community health  
35 centers to provide primary health and dental care services, migrant  
36 health services, and maternity health care services as provided under  
37 RCW 41.05.220;

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

1 (ii) For each fiscal year, the legislature must appropriate a  
2 minimum of five hundred eleven thousand dollars to the office of the  
3 superintendent of public instruction under this subsection (2)(f);  
4 and

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

10 (i) Beginning in fiscal year 2018, if marijuana excise tax  
11 collections deposited into the general fund in the prior fiscal year  
12 exceed twenty-five million dollars, then each fiscal year the  
13 legislature must appropriate an amount equal to thirty percent of all  
14 marijuana excise taxes deposited into the general fund the prior  
15 fiscal year to the treasurer for distribution to counties, cities,  
16 and towns as follows:

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

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

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

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

1 (iv) The total share of marijuana excise tax revenues distributed  
2 to counties and cities in (g)(i) of this subsection (2) may not  
3 exceed fifteen million dollars in fiscal years 2018, 2019, 2020, and  
4 2021, and twenty million dollars per fiscal year thereafter. It is  
5 the intent of the legislature that the policy for the maximum  
6 distributions in the subsequent fiscal biennia will be no more than  
7 fifteen million dollars per fiscal year.

8 ~~((For the purposes of this section, "marijuana products" means  
9 "useable marijuana," "marijuana concentrates," and "marijuana-infused  
10 products" as those terms are defined in RCW 69.50.101.))~~

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

13 (1) A legislative task force on social equity in marijuana is  
14 established. The purpose of the task force is to make recommendations  
15 to the board including but not limited to establishing a social  
16 equity program for the issuance and reissuance of retail marijuana  
17 licenses, and to advise the governor and the legislature on policies  
18 that will facilitate development of a marijuana social equity  
19 program.

20 (2) The members of the task force are as provided in this  
21 subsection.

22 (a) The president of the senate shall appoint one member from  
23 each of the two largest caucuses of the senate.

24 (b) The speaker of the house of representatives shall appoint one  
25 member from each of the two largest caucuses of the house of  
26 representatives.

27 (c) The president of the senate and the speaker of the house of  
28 representatives shall jointly appoint:

29 (i) One member from each of the following:

30 (A) The commission on African American affairs;

31 (B) The commission on Hispanic affairs;

32 (C) The governor's office of Indian affairs;

33 (D) An organization representing the African American community;

34 (E) An organization representing the Latinx community;

35 (F) The liquor and cannabis board;

36 (G) The office of the attorney general; and

37 (H) The association of Washington cities;

38 (ii) Two members that currently hold a marijuana retail license;

39 and

1 (iii) Two members that currently hold a producer or processor  
2 license or both.

3 (3) In addition to the members appointed to the task force under  
4 subsection (2) of this section, individuals representing other  
5 sectors may be invited by the chair of the task force, in  
6 consultation with the other appointed members of the task force, to  
7 participate in an advisory capacity in meetings of the task force.

8 (a) Individuals participating in an advisory capacity under this  
9 subsection are not members of the task force, may not vote, and are  
10 not subject to the appointment process established in this section.

11 (b) There is no limit to the number of individuals who may  
12 participate in task force meetings in an advisory capacity under this  
13 subsection.

14 (c) A majority of the task force members constitutes a quorum. If  
15 a member has not been designated for a position set forth in this  
16 section, that position may not be counted for the purpose of  
17 determining a quorum.

18 (4) The task force shall hold its first meeting by July 1, 2020.  
19 The task force shall elect a chair from among its legislative members  
20 at the first meeting. The election of the chair must be by a majority  
21 vote of the task force members who are present at the meeting. The  
22 chair of the task force is responsible for arranging subsequent  
23 meetings and developing meeting agendas.

24 (5) Staff support for the task force, including arranging the  
25 first meeting of the task force and assisting the chair of the task  
26 force in arranging subsequent meetings, must be provided by senate  
27 committee services and the house of representatives office of program  
28 research.

29 (6) The expenses of the task force must be paid jointly by the  
30 senate and the house of representatives. Task force expenditures are  
31 subject to approval by the senate facilities and operations committee  
32 and the house of representatives executive rules committee, or their  
33 successor committees.

34 (7) Legislative members of the task force may be reimbursed for  
35 travel expenses in accordance with RCW 44.04.120. Nonlegislative  
36 members are not entitled to be reimbursed for travel expenses if they  
37 are elected officials or are participating on behalf of an employer,  
38 governmental entity, or other organization. Any reimbursement for  
39 other nonlegislative members is subject to chapter 43.03 RCW.

40 (8) The task force is a class one group under chapter 43.03 RCW.

1 (9) A public comment period must be provided at every meeting of  
2 the task force.

3 (10) The task force shall submit a report on recommended policies  
4 that will facilitate the development of a marijuana social equity  
5 program in Washington to the governor and the appropriate committees  
6 of the legislature by December 1, 2020. The recommendations must  
7 include whether any additional marijuana licenses should be issued  
8 beyond the total number of marijuana licenses that have been issued  
9 as of the effective date of this section. For purposes of determining  
10 the total number of licenses issued as of the effective date of this  
11 section, the total number includes licenses that have been forfeited,  
12 revoked, or canceled.

13 (11) The board may adopt rules to implement the recommendations  
14 of the task force.

15 (12) This section expires June 30, 2028.

16 **Sec. 6.** RCW 69.50.325 and 2018 c 132 s 3 are each amended to  
17 read as follows:

18 (1) There shall be a marijuana producer's license regulated by  
19 the (~~state liquor and cannabis~~) board and subject to annual  
20 renewal. The licensee is authorized to produce: (a) Marijuana for  
21 sale at wholesale to marijuana processors and other marijuana  
22 producers; (b) immature plants or clones and seeds for sale to  
23 cooperatives as described under RCW 69.51A.250; and (c) immature  
24 plants or clones and seeds for sale to qualifying patients and  
25 designated providers as provided under RCW 69.51A.310. The  
26 production, possession, delivery, distribution, and sale of marijuana  
27 in accordance with the provisions of this chapter and the rules  
28 adopted to implement and enforce it, by a validly licensed marijuana  
29 producer, shall not be a criminal or civil offense under Washington  
30 state law. Every marijuana producer's license shall be issued in the  
31 name of the applicant, shall specify the location at which the  
32 marijuana producer intends to operate, which must be within the state  
33 of Washington, and the holder thereof shall not allow any other  
34 person to use the license. The application fee for a marijuana  
35 producer's license shall be two hundred fifty dollars. The annual fee  
36 for issuance and renewal of a marijuana producer's license shall be  
37 one thousand three hundred eighty-one dollars. A separate license  
38 shall be required for each location at which a marijuana producer  
39 intends to produce marijuana.

1 (2) There shall be a marijuana processor's license to process,  
2 package, and label marijuana concentrates, useable marijuana, and  
3 marijuana-infused products for sale at wholesale to marijuana  
4 processors and marijuana retailers, regulated by the (~~state liquor~~  
5 ~~and cannabis~~) board and subject to annual renewal. The processing,  
6 packaging, possession, delivery, distribution, and sale of marijuana,  
7 useable marijuana, marijuana-infused products, and marijuana  
8 concentrates in accordance with the provisions of this chapter and  
9 chapter 69.51A RCW and the rules adopted to implement and enforce  
10 these chapters, by a validly licensed marijuana processor, shall not  
11 be a criminal or civil offense under Washington state law. Every  
12 marijuana processor's license shall be issued in the name of the  
13 applicant, shall specify the location at which the licensee intends  
14 to operate, which must be within the state of Washington, and the  
15 holder thereof shall not allow any other person to use the license.  
16 The application fee for a marijuana processor's license shall be two  
17 hundred fifty dollars. The annual fee for issuance and renewal of a  
18 marijuana processor's license shall be one thousand three hundred  
19 eighty-one dollars. A separate license shall be required for each  
20 location at which a marijuana processor intends to process marijuana.

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

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

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

8 (ii) The ((state liquor and cannabis)) board shall adopt rules to  
9 establish a license forfeiture process for a licensed marijuana  
10 retailer that is not fully operational and open to the public within  
11 a specified period from the date of license issuance, as established  
12 by the ((state liquor and cannabis)) board, subject to the following  
13 restrictions:

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

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

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

26 (iv) This subsection (3)(c) applies to marijuana retailer's  
27 licenses issued before and after July 23, 2017. However, no license  
28 of a marijuana retailer that otherwise meets the conditions for  
29 license forfeiture established pursuant to this subsection (3)(c) may  
30 be subject to forfeiture within the first nine calendar months of  
31 July 23, 2017.

32 (v) The ((state liquor and cannabis)) board may not require  
33 license forfeiture if the licensee has been incapable of opening a  
34 fully operational retail marijuana business due to actions by the  
35 city, town, or county with jurisdiction over the licensee that  
36 include any of the following:

37 (A) The adoption of a ban or moratorium that prohibits the  
38 opening of a retail marijuana business; or

39 (B) The adoption of an ordinance or regulation related to zoning,  
40 business licensing, land use, or other regulatory measure that has

1 the effect of preventing a licensee from receiving an occupancy  
2 permit from the jurisdiction or which otherwise prevents a licensed  
3 marijuana retailer from becoming operational.

4 (d) The board may issue marijuana retailer licenses pursuant to  
5 this chapter and section 3 of this act."

6 Correct the title.

EFFECT: The striking amendment makes the following changes to the second substitute bill:

(1) Moves the beginning date for the issuance and reissuance of marijuana retail licenses under the Social Equity Program (Program) to December 1, 2020;

(2) Requires Program applicants with multiple owners to have a majority of the owners reflect the qualifications of a social equity applicant;

(3) Removes a provision related to the eligibility of an individual to have a previous misdemeanor marijuana offense vacated as a qualifying factor in being considered a social equity applicant;

(4) Authorizes the Liquor and Cannabis Board (LCB) to prioritize Program applicants based on the components of the applicant's Social Equity Plan (Plan), rather than requiring the LCB to give priority to applicants who represent a race or gender that have experienced some form of discrimination due to passive participation in a system of racial exclusion;

(5) Provides that a "disproportionately impacted area" means a census tract or comparable geographic area with a high rate of:

(a) Poverty and unemployment;

(b) Participation in income-based or state programs; and

(c) Arrest, conviction, and incarceration related to the sale, possession, use, cultivation, manufacture, or transport of cannabis;

(6) Authorizes the LCB to further define criteria for a "disproportionately impacted area" in rule, after consultation with the Washington State Commission on African American Affairs (Commission) and other stakeholders;

(7) Modifies the Program's Social Equity Goals (Goals) by:

(a) Adding the accumulated harm suffered by individuals, families, and communities to an existing goal on reducing the disproportionate impacts of marijuana enforcement; and

(b) Removing references to persons of color and underrepresented communities to an existing goal on increasing marijuana retail license ownership among specified populations;

(8) Modifies the Plan by:

(a) Requiring the Plan to address some, rather than all, of the specified Plan components;

(b) Removing provisions related to majority ownership requirements among communities of color and requiring the Plan to come from the Commission; and

(c) Allowing LCB to amend Plan requirements after consulting with the Marijuana Social Equity Task Force (Task Force);

(9) Renames the Department of Commerce grant program the Marijuana Social Equity Technical Assistance Competitive Grant Program (Grant Program);

(10) Amends the authorized activities for grant funds under the Grant Program by removing the:

(a) Ability to purchase equipment, software, and facilities; and

(b) Requirement that local governments provide approval for mentoring and support activities for social equity applicants;

(11) Modifies a Task Force directive to provide recommendations regarding the issuance and reissuance of licenses under the Program by limiting recommendations to marijuana retail licenses, rather than all marijuana licenses;

(12) Adds to the purpose of the Task Force a directive to advise the Governor and the Legislature on policies that will facilitate development of the Program;

(13) Adds a provision under the marijuana retailer license requirements authorizing the LCB to issue marijuana retailer licenses pursuant to the requirements under the Program; and

(14) Modifies the intent section.

--- END ---