

**ESSB 5318** - H COMM AMD  
By Committee on Appropriations

**ADOPTED AS AMENDED 04/16/2019**

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

3 "NEW SECTION. **Sec. 1.** The legislature finds that:

4 (1) In the years since the creation of a legal and regulated  
5 marketplace for adult use of cannabis, the industry, stakeholders,  
6 and state agencies have collaborated to develop a safe, fully  
7 regulated marketplace.

8 (2) As the regulated marketplace has been developing, Washington  
9 residents with a strong entrepreneurial spirit have taken great  
10 financial and personal risk to become licensed and part of this  
11 nascent industry.

12 (3) It should not be surprising that mistakes have been made both  
13 by licensees and regulators, and that both have learned from these  
14 mistakes leading to a stronger, safer industry.

15 (4) While a strong focus on enforcement is an important component  
16 of the regulated marketplace, a strong focus on compliance and  
17 education is also critically necessary to assist licensees who strive  
18 for compliance and in order to allow the board to focus its  
19 enforcement priorities on those violations that directly harm public  
20 health and safety.

21 (5) The risk taking entrepreneurs who are trying to comply with  
22 board regulations should not face punitive consequences for mistakes  
23 made during this initial phase of the industry that did not pose a  
24 direct threat to public health and safety.

25 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.05  
26 RCW to read as follows:

27 (1) If, during an inspection or visit to a marijuana business  
28 licensed under chapter 69.50 RCW that is not a technical assistance  
29 visit, the liquor and cannabis board becomes aware of conditions that  
30 are not in compliance with applicable laws and rules enforced by the  
31 board and are not subject to civil penalties as provided for in

1 section 3 of this act, the board may issue a notice of correction to  
2 the licensee that includes:

3 (a) A description of the condition that is not in compliance and  
4 the text of the specific section or subsection of the applicable  
5 state law or rule;

6 (b) A statement of what is required to achieve compliance;

7 (c) The date by which the board requires compliance to be  
8 achieved;

9 (d) Notice of the means to contact any technical assistance  
10 services provided by the board or others; and

11 (e) Notice of when, where, and to whom a request to extend the  
12 time to achieve compliance for good cause may be filed with the  
13 board.

14 (2) A notice of correction is not a formal enforcement action, is  
15 not subject to appeal, and is a public record.

16 (3) If the liquor and cannabis board issues a notice of  
17 correction, it may not issue a civil penalty for the violations  
18 identified in the notice of correction unless the licensee fails to  
19 comply with the notice.

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

22 (1) The liquor and cannabis board may issue a civil penalty  
23 without first issuing a notice of correction if:

24 (a) The licensee has previously been subject to an enforcement  
25 action for the same or similar type of violation of the same statute  
26 or rule or has been given previous notice of the same or similar type  
27 of violation of the same statute or rule;

28 (b) Compliance is not achieved by the date established by the  
29 liquor and cannabis board in a previously issued notice of correction  
30 and if the board has responded to a request for review of the date by  
31 reaffirming the original date or establishing a new date; or

32 (c) The board can prove by a preponderance of the evidence:

33 (i) Diversion of marijuana product to the illicit market or sales  
34 across state lines;

35 (ii) Intentional furnishing of marijuana product to minors;

36 (iii) Diversion of revenue to criminal enterprises, gangs,  
37 cartels, or parties not qualified to hold a marijuana license based  
38 on criminal history requirements; or

39 (iv) The commission of nonmarijuana-related crimes.

1 (2) The liquor and cannabis board may adopt rules to implement  
2 this section and section 2 of this act.

3 **Sec. 4.** RCW 69.50.342 and 2015 2nd sp.s. c 4 s 1601 are each  
4 amended to read as follows:

5 (1) For the purpose of carrying into effect the provisions of  
6 chapter 3, Laws of 2013 according to their true intent or of  
7 supplying any deficiency therein, the state liquor and cannabis board  
8 may adopt rules not inconsistent with the spirit of chapter 3, Laws  
9 of 2013 as are deemed necessary or advisable. Without limiting the  
10 generality of the preceding sentence, the state liquor and cannabis  
11 board is empowered to adopt rules regarding the following:

12 (a) The equipment and management of retail outlets and premises  
13 where marijuana is produced or processed, and inspection of the  
14 retail outlets and premises where marijuana is produced or processed;

15 (b) The books and records to be created and maintained by  
16 licensees, the reports to be made thereon to the state liquor and  
17 cannabis board, and inspection of the books and records;

18 (c) Methods of producing, processing, and packaging marijuana,  
19 useable marijuana, marijuana concentrates, and marijuana-infused  
20 products; conditions of sanitation; safe handling requirements;  
21 approved pesticides and pesticide testing requirements; and standards  
22 of ingredients, quality, and identity of marijuana, useable  
23 marijuana, marijuana concentrates, and marijuana-infused products  
24 produced, processed, packaged, or sold by licensees;

25 (d) Security requirements for retail outlets and premises where  
26 marijuana is produced or processed, and safety protocols for  
27 licensees and their employees;

28 (e) Screening, hiring, training, and supervising employees of  
29 licensees;

30 (f) Retail outlet locations and hours of operation;

31 (g) Labeling requirements and restrictions on advertisement of  
32 marijuana, useable marijuana, marijuana concentrates, cannabis health  
33 and beauty aids, and marijuana-infused products for sale in retail  
34 outlets;

35 (h) Forms to be used for purposes of this chapter and chapter  
36 69.51A RCW or the rules adopted to implement and enforce these  
37 chapters, the terms and conditions to be contained in licenses issued  
38 under this chapter and chapter 69.51A RCW, and the qualifications for  
39 receiving a license issued under this chapter and chapter 69.51A RCW,

1 including a criminal history record information check. The state  
2 liquor and cannabis board may submit any criminal history record  
3 information check to the Washington state patrol and to the  
4 identification division of the federal bureau of investigation in  
5 order that these agencies may search their records for prior arrests  
6 and convictions of the individual or individuals who filled out the  
7 forms. The state liquor and cannabis board must require  
8 fingerprinting of any applicant whose criminal history record  
9 information check is submitted to the federal bureau of  
10 investigation;

11 (i) Application, reinstatement, and renewal fees for licenses  
12 issued under this chapter and chapter 69.51A RCW, and fees for  
13 anything done or permitted to be done under the rules adopted to  
14 implement and enforce this chapter and chapter 69.51A RCW;

15 (j) The manner of giving and serving notices required by this  
16 chapter and chapter 69.51A RCW or rules adopted to implement or  
17 enforce these chapters;

18 (k) Times and periods when, and the manner, methods, and means by  
19 which, licensees transport and deliver marijuana, marijuana  
20 concentrates, useable marijuana, and marijuana-infused products  
21 within the state;

22 (l) Identification, seizure, confiscation, destruction, or  
23 donation to law enforcement for training purposes of all marijuana,  
24 marijuana concentrates, useable marijuana, and marijuana-infused  
25 products produced, processed, sold, or offered for sale within this  
26 state which do not conform in all respects to the standards  
27 prescribed by this chapter or chapter 69.51A RCW or the rules adopted  
28 to implement and enforce these chapters.

29 (2) Rules adopted on retail outlets holding medical marijuana  
30 endorsements must be adopted in coordination and consultation with  
31 the department.

32 (3) The board must adopt rules to perfect and expand existing  
33 programs for compliance education for licensed marijuana businesses  
34 and their employees. The rules must include a voluntary compliance  
35 program created in consultation with licensed marijuana businesses  
36 and their employees. The voluntary compliance program must include  
37 recommendations on abating violations of this chapter and rules  
38 adopted under this chapter.

1        NEW SECTION.    **Sec. 5.**    A new section is added to chapter 69.50

2    RCW to read as follows:

3        (1) The board may grant a licensee's application for advice and  
4    consultation as provided in RCW 69.50.342(3) and visit the licensee's  
5    licensed premises in order to provide such advice and consultation.  
6    Advice and consultation services are limited to the matters specified  
7    in the request affecting the interpretation and applicability of the  
8    standards in this chapter to the conditions, structures, machines,  
9    equipment, apparatus, devices, materials, methods, means, and  
10   practices in the licensee's licensed premises. The board may provide  
11   for an alternative means of affording consultation and advice other  
12   than on-site consultation.

13        (2) The board must make recommendations on eliminating areas of  
14   concern disclosed within the scope of the on-site consultation. A  
15   visit to a licensee's licensed premises may not be considered an  
16   inspection or investigation under this chapter. During the visit, the  
17   board may not issue notices or citations and may not assess civil  
18   penalties. However, if the on-site visit discloses a violation with a  
19   direct or immediate relationship to public safety and the violation  
20   is not corrected, the board may investigate.

21        (3) This section does not provide immunity to a licensee who has  
22   applied for consultative services from inspections or investigations  
23   conducted under this chapter or from any inspection conducted as a  
24   result of a complaint before, during, or after the provision of  
25   consultative services.

26        (4) This section does not require an inspection of a licensee's  
27   licensed premises that has been visited for consultative purposes.  
28   However, if the premises are inspected after a visit, the board may  
29   consider any information obtained during the consultation visit in  
30   determining the nature of an alleged violation and the amount of  
31   penalties to be assessed, if any.

32        (5) Rules adopted under section 6 of this act must provide that  
33   violations with a direct or immediate relationship to public safety  
34   discovered during the consultation visit must be corrected within a  
35   specified period of time and an inspection must be conducted at the  
36   end of that time period.

37        (6) All licensees requesting consultative services must be  
38   advised of this section and the rules adopted by the board relating  
39   to the voluntary compliance program. Valuable formulae or financial  
40   or proprietary commercial information records received during a

1 consultative visit or while providing consultative services in  
2 accordance with this section are not subject to inspection pursuant  
3 to chapter 42.56 RCW.

4 (7) The board may adopt rules on the frequency, manner, and  
5 method of providing consultative services to licensees. Rules may  
6 include scheduling of consultative services and prioritizing requests  
7 for the services while maintaining the enforcement requirements of  
8 this chapter.

9 NEW SECTION. **Sec. 6.** A new section is added to chapter 69.50  
10 RCW to read as follows:

11 (1) The board must prescribe procedures for the following:

12 (a) Issuance of written warnings or notices to correct in lieu of  
13 penalties, sanctions, or other violations with respect to regulatory  
14 violations that have no direct or immediate relationship to public  
15 safety as defined by the board;

16 (b) Waiving any fines, civil penalties, or administrative  
17 sanctions for violations, that have no direct or immediate  
18 relationship to public safety, and are corrected by the licensee  
19 within a reasonable amount of time as designated by the board; and

20 (c) A compliance program in accordance with chapter 43.05 RCW and  
21 RCW 69.50.342, whereby licensees may request compliance assistance  
22 and inspections without issuance of a penalty, sanction, or other  
23 violation provided that any noncompliant issues are resolved within a  
24 specified period of time.

25 (2) The board must adopt rules prescribing penalties for  
26 violations of this chapter. The board:

27 (a) May establish escalating penalties for violation of this  
28 chapter, provided that the cumulative effect of any such escalating  
29 penalties cannot last beyond two years and the escalation applies  
30 only to multiple violations that are the same or similar in nature;

31 (b) May not include cancellation of a license for a single  
32 violation, unless the board can prove by a preponderance of the  
33 evidence:

34 (i) Diversion of marijuana product to the illicit market or sales  
35 across state lines;

36 (ii) Intentional furnishing of marijuana product to minors;

37 (iii) Diversion of revenue to criminal enterprises, gangs,  
38 cartels, or parties not qualified to hold a marijuana license based  
39 on criminal history requirements; or

1 (iv) The commission of nonmarijuana-related crimes;

2 (c) May include cancellation of a license for cumulative  
3 violations only if a marijuana licensee commits at least four  
4 violations within a two-year period of time;

5 (d) Must consider aggravating and mitigating circumstances and  
6 deviate from the prescribed penalties accordingly, and must authorize  
7 enforcement officers to do the same, provided that such penalty may  
8 not exceed the maximum escalating penalty prescribed by the board for  
9 that violation; and

10 (e) May not issue a violation if there is employee misconduct  
11 that led to the violation if the licensee provides documentation that  
12 before the date of the violation the licensee:

13 (i) Established a compliance program designed to prevent the  
14 violation;

15 (ii) Performed meaningful training with employees designed to  
16 prevent the violation; and

17 (iii) Had not enabled or ignored the violation or other similar  
18 violations in the past.

19 (3) The board may not consider any violation that occurred more  
20 than two years prior as grounds for denial, suspension, revocation,  
21 cancellation, or nonrenewal, unless the board can prove by a  
22 preponderance of the evidence that the prior administrative violation  
23 evidences:

24 (a) Diversion of marijuana product to the illicit market or sales  
25 across state lines;

26 (b) Intentional furnishing of marijuana product to minors;

27 (c) Diversion of revenue to criminal enterprises, gangs, cartels,  
28 or parties not qualified to hold a marijuana license based on  
29 criminal history requirements; or

30 (d) The commission of nonmarijuana-related crimes.

31 **Sec. 7.** RCW 69.50.331 and 2017 c 317 s 2 are each amended to  
32 read as follows:

33 (1) For the purpose of considering any application for a license  
34 to produce, process, research, transport, or deliver marijuana,  
35 useable marijuana, marijuana concentrates, or marijuana-infused  
36 products subject to the regulations established under RCW 69.50.385,  
37 or sell marijuana, or for the renewal of a license to produce,  
38 process, research, transport, or deliver marijuana, useable  
39 marijuana, marijuana concentrates, or marijuana-infused products

1 subject to the regulations established under RCW 69.50.385, or sell  
2 marijuana, the (~~state liquor and cannabis~~) board must conduct a  
3 comprehensive, fair, and impartial evaluation of the applications  
4 timely received.

5 (a) The (~~state liquor and cannabis~~) board may cause an  
6 inspection of the premises to be made, and may inquire into all  
7 matters in connection with the construction and operation of the  
8 premises. For the purpose of reviewing any application for a license  
9 and for considering the denial, suspension, revocation, cancellation,  
10 or renewal or denial thereof, of any license, the (~~state liquor and~~  
11 ~~cannabis~~) board may consider any prior criminal (~~conduct~~) arrests  
12 or convictions of the applicant (~~including an~~), any public safety  
13 administrative violation history record with the (~~state liquor and~~  
14 ~~cannabis~~) board, and a criminal history record information check.  
15 The (~~state liquor and cannabis~~) board may submit the criminal  
16 history record information check to the Washington state patrol and  
17 to the identification division of the federal bureau of investigation  
18 in order that these agencies may search their records for prior  
19 arrests and convictions of the individual or individuals who filled  
20 out the forms. The (~~state liquor and cannabis~~) board must require  
21 fingerprinting of any applicant whose criminal history record  
22 information check is submitted to the federal bureau of  
23 investigation. The provisions of RCW 9.95.240 and of chapter 9.96A  
24 RCW do not apply to these cases. Subject to the provisions of this  
25 section, the (~~state liquor and cannabis~~) board may, in its  
26 discretion, grant or deny the renewal or license applied for. Denial  
27 may be based on, without limitation, the existence of chronic illegal  
28 activity documented in objections submitted pursuant to subsections  
29 (7)(c) and (10) of this section. Authority to approve an uncontested  
30 or unopposed license may be granted by the (~~state liquor and~~  
31 ~~cannabis~~) board to any staff member the board designates in writing.  
32 Conditions for granting this authority must be adopted by rule.

33 (b) No license of any kind may be issued to:

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

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

38 (iii) A partnership, employee cooperative, association, nonprofit  
39 corporation, or corporation unless formed under the laws of this



1 state, and unless all of the members thereof are qualified to obtain  
2 a license as provided in this section; or

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

6 (2)(a) The (~~state liquor and cannabis~~) board may, in its  
7 discretion, subject to (~~the provisions of~~) sections 2, 3, and 6 of  
8 this act, RCW 69.50.334, and 69.50.342(3) suspend or cancel any  
9 license; and all protections of the licensee from criminal or civil  
10 sanctions under state law for producing, processing, researching, or  
11 selling marijuana, marijuana concentrates, useable marijuana, or  
12 marijuana-infused products thereunder must be suspended or  
13 terminated, as the case may be.

14 (b) The (~~state liquor and cannabis~~) board must immediately  
15 suspend the license of a person who has been certified pursuant to  
16 RCW 74.20A.320 by the department of social and health services as a  
17 person who is not in compliance with a support order. If the person  
18 has continued to meet all other requirements for reinstatement during  
19 the suspension, reissuance of the license is automatic upon the  
20 (~~state liquor and cannabis~~) board's receipt of a release issued by  
21 the department of social and health services stating that the  
22 licensee is in compliance with the order.

23 (c) The (~~state liquor and cannabis~~) board may request the  
24 appointment of administrative law judges under chapter 34.12 RCW who  
25 shall have power to administer oaths, issue subpoenas for the  
26 attendance of witnesses and the production of papers, books,  
27 accounts, documents, and testimony, examine witnesses, (~~and to~~)  
28 receive testimony in any inquiry, investigation, hearing, or  
29 proceeding in any part of the state, and consider mitigating and  
30 aggravating circumstances in any case and deviate from any prescribed  
31 penalty, under rules (~~and regulations~~) the (~~state liquor and~~  
32 ~~cannabis~~) board may adopt.

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

38 (e) In case of disobedience of any person to comply with the  
39 order of the (~~state liquor and cannabis~~) board or a subpoena issued  
40 by the (~~state liquor and cannabis~~) board, or any of its members, or

1 administrative law judges, or on the refusal of a witness to testify  
2 to any matter regarding which he or she may be lawfully interrogated,  
3 the judge of the superior court of the county in which the person  
4 resides, on application of any member of the board or administrative  
5 law judge, compels obedience by contempt proceedings, as in the case  
6 of disobedience of the requirements of a subpoena issued from said  
7 court or a refusal to testify therein.

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

20 (4) Every license issued under this chapter is subject to all  
21 conditions and restrictions imposed by this chapter or by rules  
22 adopted by the (~~state liquor and cannabis~~) board to implement and  
23 enforce this chapter. All conditions and restrictions imposed by the  
24 (~~state liquor and cannabis~~) board in the issuance of an individual  
25 license must be listed on the face of the individual license along  
26 with the trade name, address, and expiration date.

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

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

31 (7) (a) Before the (~~state liquor and cannabis~~) board issues a  
32 new or renewed license to an applicant it must give notice of the  
33 application to the chief executive officer of the incorporated city  
34 or town, if the application is for a license within an incorporated  
35 city or town, or to the county legislative authority, if the  
36 application is for a license outside the boundaries of incorporated  
37 cities or towns, or to the tribal government if the application is  
38 for a license within Indian country, or to the port authority if the  
39 application for a license is located on property owned by a port  
40 authority.

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

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

25 (d) Upon the granting of a license under this title the (~~state~~  
26 ~~liquor and cannabis~~) board must send written notification to the  
27 chief executive officer of the incorporated city or town in which the  
28 license is granted, or to the county legislative authority if the  
29 license is granted outside the boundaries of incorporated cities or  
30 towns.

31 (8) (a) Except as provided in (b) through (d) of this subsection,  
32 the (~~state liquor and cannabis~~) board may not issue a license for  
33 any premises within one thousand feet of the perimeter of the grounds  
34 of any elementary or secondary school, playground, recreation center  
35 or facility, child care center, public park, public transit center,  
36 or library, or any game arcade admission to which is not restricted  
37 to persons aged twenty-one years or older.

38 (b) A city, county, or town may permit the licensing of premises  
39 within one thousand feet but not less than one hundred feet of the  
40 facilities described in (a) of this subsection, except elementary

1 schools, secondary schools, and playgrounds, by enacting an ordinance  
2 authorizing such distance reduction, provided that such distance  
3 reduction will not negatively impact the jurisdiction's civil  
4 regulatory enforcement, criminal law enforcement interests, public  
5 safety, or public health.

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

13 (d) The (~~state liquor and cannabis~~) board may license premises  
14 located in compliance with the distance requirements set in an  
15 ordinance adopted under (b) or (c) of this subsection. Before issuing  
16 or renewing a research license for premises within one thousand feet  
17 but not less than one hundred feet of an elementary school, secondary  
18 school, or playground in compliance with an ordinance passed pursuant  
19 to (c) of this subsection, the board must ensure that the facility:

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

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

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

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

31 (9) A city, town, or county may adopt an ordinance prohibiting a  
32 marijuana producer or marijuana processor from operating or locating  
33 a business within areas zoned primarily for residential use or rural  
34 use with a minimum lot size of five acres or smaller.

35 (10) In determining whether to grant or deny a license or renewal  
36 of any license, the (~~state liquor and cannabis~~) board must give  
37 substantial weight to objections from an incorporated city or town or  
38 county legislative authority based upon chronic illegal activity  
39 associated with the applicant's operations of the premises proposed  
40 to be licensed or the applicant's operation of any other licensed

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

15 NEW SECTION. **Sec. 8.** A new section is added to chapter 69.50  
16 RCW to read as follows:

17 (1) This section applies to the board's issuance of  
18 administrative violations to licensed marijuana producers,  
19 processors, retailers, transporters, and researchers, when a  
20 settlement conference is held between a hearing officer or designee  
21 of the board and the marijuana licensee that received a notice of an  
22 alleged administrative violation or violations.

23 (2) If a settlement agreement is entered between a marijuana  
24 licensee and a hearing officer or designee of the board at or after a  
25 settlement conference, the terms of the settlement agreement must be  
26 given substantial weight by the board.

27 (3) For the purposes of this section:

28 (a) "Settlement agreement" means the agreement or compromise  
29 between a licensed marijuana producer, processor, retailer,  
30 researcher, transporter, or researcher and the hearing officer or  
31 designee of the board with authority to participate in the settlement  
32 conference, that:

33 (i) Includes the terms of the agreement or compromise regarding  
34 an alleged violation or violations by the licensee of this chapter,  
35 chapter 69.51A RCW, or rules adopted under either chapter, and any  
36 related penalty or licensing restriction; and

37 (ii) Is in writing and signed by the licensee and the hearing  
38 officer or designee of the board.

1 (b) "Settlement conference" means a meeting or discussion between  
2 a licensed marijuana producer, processor, retailer, researcher,  
3 transporter, researcher, or authorized representative of any of the  
4 preceding licensees, and a hearing officer or designee of the board,  
5 held for purposes such as discussing the circumstances surrounding an  
6 alleged violation of law or rules by the licensee, the recommended  
7 penalty, and any aggravating or mitigating factors, and that is  
8 intended to resolve the alleged violation before an administrative  
9 hearing or judicial proceeding is initiated.

10 **Sec. 9.** RCW 69.50.101 and 2018 c 132 s 2 are each reenacted and  
11 amended to read as follows:

12 The definitions in this section apply throughout this chapter  
13 unless the context clearly requires otherwise.

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

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

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

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

25 (c) "CBD concentration" has the meaning provided in RCW  
26 69.51A.010.

27 (d) "CBD product" means any product containing or consisting of  
28 cannabidiol.

29 (e) "Commission" means the pharmacy quality assurance commission.

30 (f) "Controlled substance" means a drug, substance, or immediate  
31 precursor included in Schedules I through V as set forth in federal  
32 or state laws, or federal or commission rules, but does not include  
33 industrial hemp as defined in RCW 15.120.010.

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

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

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

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

9 (2) The term does not include:

10 (i) a controlled substance;

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

13 (iii) a substance with respect to which an exemption is in effect  
14 for investigational use by a particular person under Section 505 of  
15 the federal food, drug, and cosmetic act, 21 U.S.C. Sec. 355, or  
16 chapter 69.77 RCW to the extent conduct with respect to the substance  
17 is pursuant to the exemption; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (v) "Lot number" must identify the licensee by business or trade  
38 name and Washington state unified business identifier number, and the  
39 date of harvest or processing for each lot of marijuana, marijuana  
40 concentrates, useable marijuana, or marijuana-infused product.



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

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

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

17 (x) "Marijuana" or "marihuana" means all parts of the plant  
18 *Cannabis*, whether growing or not, with a THC concentration greater  
19 than 0.3 percent on a dry weight basis; the seeds thereof; the resin  
20 extracted from any part of the plant; and every compound,  
21 manufacture, salt, derivative, mixture, or preparation of the plant,  
22 its seeds or resin. The term does not include:

23 (1) The mature stalks of the plant, fiber produced from the  
24 stalks, oil or cake made from the seeds of the plant, any other  
25 compound, manufacture, salt, derivative, mixture, or preparation of  
26 the mature stalks (except the resin extracted therefrom), fiber, oil,  
27 or cake, or the sterilized seed of the plant which is incapable of  
28 germination; or

29 (2) Industrial hemp as defined in RCW 15.120.010.

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (6) Cocaine base.

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

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

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

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

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

20 (jj) "Plant" has the meaning provided in RCW 69.51A.010.

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

23 (ll) "Practitioner" means:

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

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

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

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

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

22 (nn) "Production" includes the manufacturing, planting,  
23 cultivating, growing, or harvesting of a controlled substance.

24 (oo) "Qualifying patient" has the meaning provided in RCW  
25 69.51A.010.

26 (pp) "Recognition card" has the meaning provided in RCW  
27 69.51A.010.

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

31 (rr) "Secretary" means the secretary of health or the secretary's  
32 designee.

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

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

1 tetrahydrocannabinolic acid in any part of the plant *Cannabis*  
2 regardless of moisture content.

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

8 (vv) "Useable marijuana" means dried marijuana flowers. The term  
9 "useable marijuana" does not include either marijuana-infused  
10 products or marijuana concentrates.

11 (ww) "Board" means the Washington state liquor and cannabis  
12 board.

13 **Sec. 10.** RCW 42.56.270 and 2018 c 201 s 8008, 2018 c 196 s 21,  
14 and 2018 c 4 s 9 are each reenacted and amended to read as 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 (c) Valuable formulae or financial or proprietary commercial  
27 information records received during a consultative visit or while  
28 providing consultative services to a licensed marijuana business in  
29 accordance with section 5 of this act;

30 (11) Proprietary data, trade secrets, or other information that  
31 relates to: (a) A vendor's unique methods of conducting business; (b)  
32 data unique to the product or services of the vendor; or (c)  
33 determining prices or rates to be charged for services, submitted by  
34 any vendor to the department of social and health services or the  
35 health care authority for purposes of the development, acquisition,  
36 or implementation of state purchased health care as defined in RCW  
37 41.05.011;

38 (12)(a) When supplied to and in the records of the department of  
39 commerce:

1 (i) Financial and proprietary information collected from any  
2 person and provided to the department of commerce pursuant to RCW  
3 43.330.050(8); and

4 (ii) Financial or proprietary information collected from any  
5 person and provided to the department of commerce or the office of  
6 the governor in connection with the siting, recruitment, expansion,  
7 retention, or relocation of that person's business and until a siting  
8 decision is made, identifying information of any person supplying  
9 information under this subsection and the locations being considered  
10 for siting, relocation, or expansion of a business;

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

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

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

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

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

30 (15) Financial and commercial information provided as evidence to  
31 the department of licensing as required by RCW 19.112.110 or  
32 19.112.120, except information disclosed in aggregate form that does  
33 not permit the identification of information related to individual  
34 fuel licensees;

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

38 (17)(a) Farm plans developed by conservation districts, unless  
39 permission to release the farm plan is granted by the landowner or

1 operator who requested the plan, or the farm plan is used for the  
2 application or issuance of a permit;

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

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

12 (19) Information gathered under chapter 19.85 RCW or RCW  
13 34.05.328 that can be identified to a particular business;

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

22 (21) Market share data submitted by a manufacturer under RCW  
23 70.95N.190(4);

24 (22) Financial information supplied to the department of  
25 financial institutions or to a portal under RCW 21.20.883, when filed  
26 by or on behalf of an issuer of securities for the purpose of  
27 obtaining the exemption from state securities registration for small  
28 securities offerings provided under RCW 21.20.880 or when filed by or  
29 on behalf of an investor for the purpose of purchasing such  
30 securities;

31 (23) Unaggregated or individual notices of a transfer of crude  
32 oil that is financial, proprietary, or commercial information,  
33 submitted to the department of ecology pursuant to RCW  
34 90.56.565(1)(a), and that is in the possession of the department of  
35 ecology or any entity with which the department of ecology has shared  
36 the notice pursuant to RCW 90.56.565;

37 (24) Financial institution and retirement account information,  
38 and building security plan information, supplied to the liquor and  
39 cannabis board pursuant to RCW 69.50.325, 69.50.331, 69.50.342, and  
40 69.50.345, when filed by or on behalf of a licensee or prospective



1 licensee for the purpose of obtaining, maintaining, or renewing a  
2 license to produce, process, transport, or sell marijuana as allowed  
3 under chapter 69.50 RCW;

4 (25) Marijuana transport information, vehicle and driver  
5 identification data, and account numbers or unique access identifiers  
6 issued to private entities for traceability system access, submitted  
7 by an individual or business to the liquor and cannabis board under  
8 the requirements of RCW 69.50.325, 69.50.331, 69.50.342, and  
9 69.50.345 for the purpose of marijuana product traceability.  
10 Disclosure to local, state, and federal officials is not considered  
11 public disclosure for purposes of this section;

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

23 (27) Proprietary financial, commercial, operations, and technical  
24 and research information and data submitted to or obtained by the  
25 liquor and cannabis board in applications for marijuana research  
26 licenses under RCW 69.50.372, or in reports submitted by marijuana  
27 research licensees in accordance with rules adopted by the liquor and  
28 cannabis board under RCW 69.50.372;

29 (28) Trade secrets, technology, proprietary information, and  
30 financial considerations contained in any agreements or contracts,  
31 entered into by a licensed marijuana business under RCW 69.50.395,  
32 which may be submitted to or obtained by the state liquor and  
33 cannabis board; and

34 (29) Financial, commercial, operations, and technical and  
35 research information and data submitted to or obtained by the Andy  
36 Hill cancer research endowment program in applications for, or  
37 delivery of, grants under chapter 43.348 RCW, to the extent that such  
38 information, if revealed, would reasonably be expected to result in  
39 private loss to providers of this information; and

1 (30) Proprietary information filed with the department of health  
2 under chapter 69.48 RCW."

3 Correct the title.

EFFECT: Changes the use of the terms "responsible party" and "person" to say "licensee" in the context of notices of corrections and civil penalties issued by the Liquor and Cannabis Board (LCB).

Codifies section 3 of the bill, relating to the LCB's issuance of civil penalties, in chapter 69.50 RCW instead of in chapter 43.05 RCW.

Amends one of the enumerated circumstances in which the LCB may issue a civil penalty to a marijuana licensee without first issuing a notice of correction, may cancel a license for a single violation, or may consider certain prior violations when making licensing decisions, so the LCB may do so when the LCB can prove by a preponderance of the evidence the violation is the diversion of revenue to criminal enterprises, gangs, cartels, or parties not qualified to hold a marijuana license based on criminal history requirements.

Eliminates from the enumerated circumstances in which the LCB may issue a civil penalty without first issuing a notice of correction, may cancel a license for a single violation, or may consider certain prior violations when making licensing decisions, the act of using firearms in a facility licensed by the LCB that poses a direct and significant threat to public safety.

Adds the word "intentional" to the provisions related to a violation involving the furnishing of marijuana product to minors, so furnishing of marijuana product to minors must be intentional for the LCB to issue a marijuana licensee a civil penalty without first issuing a notice of correction, cancel a license for a single violation, or consider violations that occurred more than two years prior as grounds for license denial, suspension, revocation, cancellation, or nonrenewal.

Amends the new limitation that applies to escalating penalties for violations so an escalation of penalties applies only to multiple violations that are the same or similar in nature.

Replaces the new clear, cogent, and convincing evidence standard with a preponderance of the evidence standard in the context of the LCB proving violations that are punishable with license cancellation, denial, suspension, revocation, or nonrenewal.

Provides that the LCB may not consider any violation that occurred more than two years prior (rather than occurred before April 30, 2017), as grounds for denial, suspension, revocation, cancellation, or nonrenewal, unless one of the enumerated circumstances applies.

Authorizes the LCB to consider a public safety administrative violation history record with the LCB in the context of reviewing a marijuana license application and for considering the denial, suspension, revocation, cancellation, or nonrenewal of a marijuana license (so the LCB is not limited to only considering arrests, convictions, and a criminal history record check).

Changes the use of the term "hearing examiner" to "hearing officer" in the context of the settlement conferences that may be held between a hearing officer or LCB designee and the licensee that received a notice of an alleged violation. Eliminates, from the new limitations on the LCB's use of settlement agreements, the provision

that the LCB may only disapprove, modify, change, or add to the terms of a settlement agreement if the LCB finds an agreement to be clearly erroneous. Retains the requirement that the LCB must give the terms of a settlement agreement substantial weight.

Eliminates the creation of the Legislative Work Group on Cannabis Enforcement and Training Processes and Procedures.

Eliminates the provision that information obtained by the LCB as a result of licensee-requested consultation and training services is confidential and not subject to public inspection under the Public Records Act (chapter 42.56 RCW). Adds a provision that valuable formulae or financial or proprietary commercial information records received during a consultative visit, or while providing consultative services, are not subject to inspection pursuant to the Public Records Act. Adds a parallel reference to this new exemption in the Public Records Act.

--- END ---