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**Commerce & Gaming Committee**

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**HB 2361**

**Brief Description:** Concerning cannabis industry workplace standards.

**Sponsors:** Representatives Peterson and Appleton.

**Brief Summary of Bill**

- Adds a new requirement to license renewals for marijuana producers, marijuana processors, marijuana retailers, and marijuana transportation licensees.
- Requires these licensees to have business practices, employee benefits, or policies sufficient to earn at least 100 points as provided in the bill to renew their license, subject to a six month grace period in which a license is conditionally renewed.
- Identifies specific business practices, employee benefits, and policies that are worth specific amounts of points, and which a licensee may combine to earn 100 total points for license renewal.
- Grants the Liquor and Cannabis Board rule-making authority and discretion in administering the new requirement for license renewals.

**Hearing Date:** 1/16/20

**Staff:** Peter Clodfelter (786-7127).

**Background:**

The Liquor and Cannabis Board (LCB) licenses and regulates marijuana businesses including marijuana producers, marijuana processors, marijuana retailers, and marijuana transportation licensees. The license issuance fee as well as annual license renewal fee is \$1,381.

When reviewing license applications, including for license renewal, the LCB may consider any prior criminal conduct of an applicant, including an administrative violation history record with the LCB and a criminal history record information check. During the license issuance and renewal process, the LCB gives notice of the license application to the applicable local

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government, tribe, or port authority, which may file written objections against the applicant or the premises. When objections are filed, the LCB has discretion to hold a hearing. If the LCB makes an initial decision to deny a license or renewal based on the written objections, the applicant may request a hearing pursuant to the Administrative Procedures Act, and the LCB must defend the decision.

The LCB has discretion in granting or denying license issuance or license renewal. Denial may be based on, without limitation, the existence of chronic illegal activity documented in objections submitted to the LCB from the relevant local government. In determining whether to grant or deny a license or renewal of any license, the LCB must give substantial weight to local government objections based upon chronic illegal activity associated with the applicant's operations of the premises or the applicant's operation of any other licensed premises, or the conduct of the applicant's patrons inside or outside the licensed premises.

### **Summary of Bill:**

An additional requirement is added to license renewals for licensed marijuana producers, marijuana processors, marijuana retailers, and licensed marijuana transporters. To renew such a license, a licensee must demonstrate the licensee has in place business practices, employee benefits, or policies sufficient to earn at least 100 points as provided in the bill.

Each of the following business practices, employee benefits, or policies adopted by a licensee, or offered by a licensee to employees, is worth the following amounts of points, and may be combined to earn at least 100 points:

- Providing at least 85 percent of full-time and part-time employees with a living wage is 20 points. A living wage is at least 150 percent of the state minimum wage.
- Establishing and administering a workplace health and safety plan is 20 points. The plan must include monthly meetings between management and employees where employees may report health and safety issues.
- Offering at least 85 percent of full-time and part-time hourly employees health care coverage under a health benefits plan is 20 points. Minimum requirements are provided for qualifying health benefit plans.
- Offering at least 85 percent of full-time and part-time hourly employees employer-provided retirement benefits is 20 points.
- Establishing and administering a code of conduct that includes a sexual harassment prevention policy and an anti-retaliation policy is 20 points.
- Establishing and administering a community engagement program is 20 points.
- Participating in a social equity program is 20 points. For a licensee relying on participation in a social equity program for 20 points, the licensee must include with the renewal application a narrative of 2,500 words or less that establishes a goal of diversity in ownership, management, employment, and contracting that ensures diverse participants have equity of opportunity in the industry.
- Having in effect a labor peace agreement is 40 points.
- Having in effect a collective bargaining agreement covering the licensee's employees is 60 points.

If the Liquor and Cannabis Board (LCB) determines a licensee otherwise meets the requirements for license renewal but that the licensee has not earned at least 100 points, then the LCB must

approve the renewal of the license on the condition that the licensee has six months to comply and earn at least 100 points. After the expiration of six months from the date a licensee is notified the licensee has not earned 100 points for license renewal, the LCB may suspend or revoke the license if the LCB determines the licensee still does not have in place business practices, employee benefits, or policies sufficient to earn at least 100 points.

The LCB is granted rule-making authority to implement the new requirement, and is provided with discretion in determining the manner in which licensees demonstrate compliance and whether an individual licensee demonstrates the licensee does or does not have any of the specific business practices, employee benefits, or policies to have a combination of at least 100 total points and qualify for license renewal. Terms used in the bill are defined.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.