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HOUSE BILL 1945

State of Washington 66th Legislature 2019 Regular Session

By Representatives Kirby and Appleton

Read first time 02/07/19. Referred to Committee on Commerce & Gaming.

- AN ACT Relating to marijuana, including special license endorsements for marijuana retail lounges, direct sales and sampling from some marijuana producers, and adding marijuana to certain permits; amending RCW 69.50.325, 69.50.369, 69.50.445, 69.50.465, 69.50.535, 66.20.010, 66.20.040, 66.20.150, 66.20.160, 66.20.170, 66.20.180, 66.20.190, 66.20.200, 66.20.210, 66.20.400, 70.160.030, 70.160.060, and 66.04.010; reenacting and amending RCW 69.50.357 and 69.50.101; and adding new sections to chapter 69.50 RCW.
- 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- NEW SECTION. Sec. 1. A new section is added to chapter 69.50 RCW to read as follows:
- 12 (1)(a) A marijuana retailer may apply for a special endorsement 13 as a marijuana consumption lounge subject to this section.
- 14 (b) The board may charge a marijuana consumption lounge 15 endorsement application fee to reimburse the board for costs directly 16 related to the board's administration of special endorsements issued 17 under this section.
- 18 (2) The board must issue a marijuana consumption lounge 19 endorsement under this section to a marijuana retailer who has 20 submitted an affidavit to the board certifying that the marijuana 21 retailer:

p. 1 HB 1945

(a) Has designated part of the retail premises for the smoking of marijuana products, purchased on the premises or elsewhere, that is physically separated from any areas of the same or adjacent location where smoking is prohibited under state law. For the purposes of this subsection, "physically separated" means an area that is enclosed on all sides by solid, impermeable walls or windows extending from the floor to ceiling with self-closing doors or an open air area clearly indicated and at least one hundred fifty feet separated from other businesses or residences;

- (b) Prohibits cigarettes to be smoked in the area designated under (a) of this subsection;
 - (c) Is a marijuana retailer in good standing with the board;
 - (d) Has a valid uniform business identifier number and, if it is an established business with reportable gross receipts, has paid all applicable state business and occupation taxes in the year before its application for endorsement;
 - (e) Has obtained a signed letter, on appropriate letterhead, from a professional engineer holding a valid license in the state under chapter 18.43 RCW, that certifies that the ventilation and exhaust system for the area designated in (a) of this subsection:
- 21 (i) Is separate and distinct from the location's general heating, 22 ventilation, and air-conditioning system;
 - (ii) Has an air flow, as calculated in cubic feet per minute, that will provide for at least thirteen or more air changes within the space served by the ventilation and exhaust system;
 - (iii) Uses the correct quantity of filters recommended by the manufacturer of the ventilation and exhaust system and that those filters have a minimum efficiency rating value of fourteen or higher. For the purposes of this subsection, "minimum efficiency rating value" means the air-cleaning performance rating value as expressed in American society of heating, refrigerating, and air conditioning engineers standard 52.2-2007; and
 - (iv) Uses a loose-fill, rechargeable type sorbent material positioned across the airflow in such a configuration that gaseous contaminants will have a residence time of one-tenth of one second or more within the sorbent material. For the purposes of this section, "residence time" must be calculated consistent with the recommendations outlined by the American society of heating, refrigerating, and air conditioning engineers handbook entitled

p. 2 HB 1945

"Control of Gaseous Indoor Air Contaminants" as it exists on the effective date of this section;

- (f) Has on file, from each employee that may work in the area designated in (a) of this subsection, a signed acknowledgment that the employee has been advised of and accepts that environmental marijuana smoke may be present in their potential work area. The acknowledgment must contain the signature of the employee, the employer, and a disinterested third-party witness;
- (g) Will post signage indicating that environmental marijuana smoke may be present in the establishment or part of the establishment. This signage must be in the form and manner provided by the board and must be placed in a conspicuous location at each entry to the area designated in (a) of this subsection; and
 - (h) Does not sell or serve alcohol in the proposed lounge area.
- (3) No employer may discharge, threaten to discharge, demote, deny a promotion to, sanction, discipline, retaliate against, harass, or otherwise discriminate against an employee, employed by the employer on or before the effective date of this section, solely for refusing to consent to or sign the acknowledgment required in subsection (2)(f) of this section.
- (4) The affidavits required under this section must be submitted in a form and manner as prescribed by the board to effectively administer this chapter.
- (5) The board may request additional documentation or information from an applicant in order to verify that the business meets the requirements of this section. The applicant must comply with requests from the department under this subsection or the board may withhold issuance of an endorsement.
- (6) Endorsements granted under this section are effective for the same period as the marijuana retailer's license. However, the affidavit required under this section must be completed and verified each year by the board.
- (7) Endorsement decisions by the board must be made within twenty-one business days following the submittal of a completed affidavit. Rejections of an application for an endorsement under this section may be appealed under the same process provided for other licenses issued by the board.
- 38 (8) Producers with a direct sales endorsement under section 2 of 39 this act may contract to use a marijuana retailer's marijuana 40 consumption lounge endorsement if the contract:

p. 3 HB 1945

1 (a) Is for a limited period of time;

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- 2 (b) Clearly posts the duration of the contract and the name of 3 the contracting marijuana producer at the lounge area;
 - (c) Notifies the board of every marijuana retailer or marijuana producer involved with the contract at least three days before the contract begins; and
- 7 (d) Requires all parties to the contract to meet reporting and 8 transportation requirements as provided in board rule.
- 9 <u>NEW SECTION.</u> **Sec. 2.** A new section is added to chapter 69.50 10 RCW to read as follows:
 - (1) A direct sales endorsement to a marijuana producer or marijuana processor license is established to authorize producers or processors to sell useable marijuana as well as marijuana products directly to consumers if:
 - (a) Sales are limited to the marijuana producer's marijuana crop and marijuana products created from their crop, or marijuana products produced by the processor;
 - (b) Useable marijuana is sold in a minimum sale size of at least three and one-half grams; and
- 20 (c) All applicable local sales, use, and excise taxes are applied 21 to the sale as required under RCW 69.50.535.
 - (2) Direct sales must comply with local land use requirements for agricultural direct marketing activities. Marijuana may be sold from a temporary stand erected within an outdoor controlled access area, or a dedicated retail space. Marijuana may be sold from a tested lot stored in a bulk container and weighed out, packaged, and labeled to order for the customer meeting requirements established in rule and using a standardized scale subject to chapter 19.94 RCW and rules adopted under that chapter.
 - (3) Marijuana processors may be issued a direct sales endorsement if they share a Washington state unified business identifier number with a marijuana producer who holds a direct sales endorsement. A marijuana producer may be issued a direct sales endorsement if the marijuana producer:
 - (a) Meets the definition of small business under RCW 39.26.010;
- 36 (b) Is located ten miles or more from the nearest marijuana 37 retailer; and

p. 4 HB 1945

- 1 (c) Has premises with a plant canopy of fifteen thousand feet or 2 less on the property that is zoned to permit retail sales as defined 3 in RCW 82.04.050.
- 4 (4) Direct sales endorsements do not count towards a jurisdiction's retail outlet under RCW 69.50.345(2).
 - (5) (a) Producers with a direct sales endorsement may apply for on-site sampling of marijuana products provided they submit an affidavit to the board certifying they meet the standards of section 1(2) of this act and pay any applicable fees.
- 10 (b) Producers with a direct sales endorsement may contract to use 11 another licensee's sampling endorsement provided the contract:
 - (i) Is for a limited period of time;

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- 13 (ii) Clearly posts the duration of the contract and the name of 14 the contracting producer at the sampling area;
- 15 (iii) Requires notification to the board of every marijuana 16 producer involved with the contract at least three days before the 17 contract begins;
- 18 (iv) Requires applicable reporting and transportation 19 requirements as provided in rule.
- 20 **Sec. 3.** RCW 69.50.325 and 2018 c 132 s 3 are each amended to 21 read as follows:
 - (1) There shall be a marijuana producer's license regulated by the ((state liquor and cannabis)) board and subject to annual renewal. The licensee is authorized to produce: (a) Marijuana for sale at wholesale to marijuana processors and other marijuana producers; (b) immature plants or clones and seeds for sale to cooperatives as described under RCW 69.51A.250; ((and)) (c) immature plants or clones and seeds for sale to qualifying patients and designated providers as provided under RCW 69.51A.310; and (d) marijuana for direct sale to consumers from their farm located on rural or agricultural lands after obtaining a direct sales endorsement for their license. The production, possession, delivery, distribution, and sale of marijuana in accordance with the provisions of this chapter and the rules adopted to implement and enforce it, by a validly licensed marijuana producer, shall not be a criminal or civil offense under Washington state law. Every marijuana producer's license shall be issued in the name of the applicant, shall specify the location at which the marijuana producer intends to operate, which must be within the state of Washington, and the holder thereof

p. 5 HB 1945

shall not allow any other person to use the license. The application fee for a marijuana producer's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana producer's license shall be one thousand three hundred eighty-one dollars. The annual fee for the direct sales endorsement is seventy-five dollars. A separate license shall be required for each location at which a marijuana producer intends to produce marijuana.

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

p. 6 HB 1945

The application fee for a marijuana retailer's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana retailer's license shall be one thousand three hundred eighty-one dollars. A separate license shall be required for each location at which a marijuana retailer intends to sell marijuana concentrates, useable marijuana, and marijuana-infused products.

- (b) An individual retail licensee and all other persons or entities with a financial or other ownership interest in the business operating under the license are limited, in the aggregate, to holding a collective total of not more than five retail marijuana licenses.
- (c)(i) A marijuana retailer's license is subject to forfeiture in accordance with rules adopted by the ((state liquor and cannabis)) board pursuant to this section.
- (ii) The ((state liquor and cannabis)) board shall adopt rules to establish a license forfeiture process for a licensed marijuana retailer that is not fully operational and open to the public within a specified period from the date of license issuance, as established by the ((state liquor and cannabis)) board, subject to the following restrictions:
- (A) No marijuana retailer's license may be subject to forfeiture within the first nine months of license issuance; and
- (B) The ((state liquor and cannabis)) board must require license forfeiture on or before twenty-four calendar months of license issuance if a marijuana retailer is not fully operational and open to the public, unless the board determines that circumstances out of the licensee's control are preventing the licensee from becoming fully operational and that, in the board's discretion, the circumstances warrant extending the forfeiture period beyond twenty-four calendar months.
- 30 (iii) The ((state liquor and cannabis)) board has discretion in 31 adopting rules under this subsection (3)(c).
- (iv) This subsection (3)(c) applies to marijuana retailer's licenses issued before and after July 23, 2017. However, no license of a marijuana retailer that otherwise meets the conditions for license forfeiture established pursuant to this subsection (3)(c) may be subject to forfeiture within the first nine calendar months of July 23, 2017.
- (v) The ((state liquor and cannabis)) board may not require license forfeiture if the licensee has been incapable of opening a fully operational retail marijuana business due to actions by the

p. 7 HB 1945

1 city, town, or county with jurisdiction over the licensee that 2 include any of the following:

- (A) The adoption of a ban or moratorium that prohibits the opening of a retail marijuana business; or
- (B) The adoption of an ordinance or regulation related to zoning, business licensing, land use, or other regulatory measure that has the effect of preventing a licensee from receiving an occupancy permit from the jurisdiction or which otherwise prevents a licensed marijuana retailer from becoming operational.
- Sec. 4. RCW 69.50.357 and 2017 c 317 s 13 and 2017 c 131 s 1 are each reenacted and amended to read as follows:
- (1) (a) Retail outlets may not sell products or services other than marijuana concentrates, useable marijuana, marijuana-infused products, or paraphernalia intended for the storage or use of marijuana concentrates, useable marijuana, or marijuana-infused products.
- (b)(i) Retail outlets may receive lockable boxes, intended for the secure storage of marijuana products and paraphernalia, and related literature as a donation from another person or entity, that is not a marijuana producer, processor, or retailer, for donation to their customers.
- (ii) Retail outlets may donate the lockable boxes and provide the related literature to any person eligible to purchase marijuana products under subsection (2) of this section. Retail outlets may not use the donation of lockable boxes or literature as an incentive or as a condition of a recipient's purchase of a marijuana product or paraphernalia.
- (iii) Retail outlets may also purchase and sell lockable boxes, provided that the sales price is not less than the cost of acquisition.
- (2) Licensed marijuana retailers may not employ persons under twenty-one years of age or allow persons under twenty-one years of age to enter or remain on the premises of a retail outlet. However, qualifying patients between eighteen and twenty-one years of age with a recognition card may enter and remain on the premises of a retail outlet holding a medical marijuana endorsement and may purchase products for their personal medical use. Qualifying patients who are under the age of eighteen with a recognition card and who accompany their designated providers may enter and remain on the premises of a

p. 8 HB 1945

retail outlet holding a medical marijuana endorsement, but may not purchase products for their personal medical use.

- (3)(a) Licensed marijuana retailers must ensure that all employees are trained on the rules adopted to implement this chapter, identification of persons under the age of twenty-one, and other requirements adopted by the ((state liquor and cannabis)) board to ensure that persons under the age of twenty-one are not permitted to enter or remain on the premises of a retail outlet.
- (b) Licensed marijuana retailers with a medical marijuana endorsement must ensure that all employees are trained on the subjects required by (a) of this subsection as well as identification of authorizations and recognition cards. Employees must also be trained to permit qualifying patients who hold recognition cards and are between the ages of eighteen and twenty-one to enter the premises and purchase marijuana for their personal medical use and to permit qualifying patients who are under the age of eighteen with a recognition card to enter the premises if accompanied by their designated providers.
- (4) Except <u>as provided in section 1 of this act or</u> for the purposes of disposal as authorized by the ((state liquor and cannabis)) board, no licensed marijuana retailer or employee of a retail outlet may open or consume, or allow to be opened or consumed, any marijuana concentrates, useable marijuana, or marijuana-infused product on the outlet premises.
- (5) The ((state liquor and cannabis)) board must fine a licensee one thousand dollars for each violation of any subsection of this section. Fines collected under this section must be deposited into the dedicated marijuana account created under RCW 69.50.530.
- **Sec. 5.** RCW 69.50.369 and 2017 c 317 s 14 are each amended to 30 read as follows:
 - (1) No licensed marijuana producer, processor, researcher, or retailer may place or maintain, or cause to be placed or maintained, any sign or other advertisement for a marijuana business or marijuana product, including useable marijuana, marijuana concentrates, or marijuana-infused product, in any form or through any medium whatsoever within one thousand feet of the perimeter of a school grounds, playground, recreation center or facility, child care center, public park, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older.

p. 9 HB 1945

- (2) Except for the use of billboards as authorized under this section, licensed marijuana retailers may not display any signage outside of the licensed premises, other than two signs identifying the retail outlet by the licensee's business or trade name, stating the location of the business, and identifying the nature of the business. Each sign must be no larger than one thousand six hundred square inches and be permanently affixed to a building or other structure. The location and content of the retail marijuana signs authorized under this subsection are subject to all other requirements and restrictions established in this section for indoor signs, outdoor signs, and other marijuana-related advertising methods.
- (3) A marijuana licensee may not utilize transit advertisements for the purpose of advertising its business or product line. "Transit advertisements" means advertising on or within private or public vehicles and all advertisements placed at, on, or within any bus stop, taxi stand, transportation waiting area, train station, airport, or any similar transit-related location.
- (4) A marijuana licensee may not engage in advertising or other marketing practice that specifically targets persons residing outside of the state of Washington.
- (5) All signs, billboards, or other print advertising for marijuana businesses or marijuana products must contain text stating that marijuana products may be purchased or possessed only by persons twenty-one years of age or older.
 - (6) A marijuana licensee may not:

- (a) Take any action, directly or indirectly, to target youth in the advertising, promotion, or marketing of marijuana and marijuana products, or take any action the primary purpose of which is to initiate, maintain, or increase the incidence of youth use of marijuana or marijuana products;
- (b) Use objects such as toys or inflatables, movie or cartoon characters, or any other depiction or image likely to be appealing to youth, where such objects, images, or depictions indicate an intent to cause youth to become interested in the purchase or consumption of marijuana products; or
- (c) Use or employ a commercial mascot outside of, and in proximity to, a licensed marijuana business. A "commercial mascot" means live human being, animal, or mechanical device used for attracting the attention of motorists and passersby so as to make

p. 10 HB 1945

- them aware of marijuana products or the presence of a marijuana business. Commercial mascots include, but are not limited to, inflatable tube displays, persons in costume, or wearing, holding, or spinning a sign with a marijuana-related commercial message or image, where the intent is to draw attention to a marijuana business or its products.
 - (7) A marijuana licensee that engages in outdoor advertising is subject to the advertising requirements and restrictions set forth in this subsection (7) and elsewhere in this chapter.
 - (a) All outdoor advertising signs, including billboards, are limited to text that identifies the retail outlet by the licensee's business or trade name, states the location of the business, and identifies the type or nature of the business. Such signs may not contain any depictions of marijuana plants, marijuana products, or images that might be appealing to children. The ((state liquor and eannabis)) board is granted rule-making authority to regulate the text and images that are permissible on outdoor advertising. Such rule making must be consistent with other administrative rules generally applicable to the advertising of marijuana businesses and products.
 - (b) Outdoor advertising is prohibited:

- (i) On signs and placards in arenas, stadiums, shopping malls, fairs that receive state allocations, farmers markets, and video game arcades, whether any of the foregoing are open air or enclosed, but not including any such sign or placard located in an adult only facility; and
- (ii) Billboards that are visible from any street, road, highway, right-of-way, or public parking area are prohibited, except as provided in (c) of this subsection.
- (c) Licensed retail outlets may use a billboard or outdoor sign solely for the purpose of identifying the name of the business, the nature of the business, and providing the public with directional information to the licensed retail outlet. Billboard advertising is subject to the same requirements and restrictions as set forth in (a) of this subsection.
- (d) Advertising signs within the premises of a retail marijuana business outlet that are visible to the public from outside the premises must meet the signage regulations and requirements applicable to outdoor signs as set forth in this section.

p. 11 HB 1945

1 (e) The restrictions and regulations applicable to outdoor 2 advertising under this section are not applicable to:

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- (i) An advertisement inside a licensed retail establishment that sells marijuana products that is not placed on the inside surface of a window facing outward; or
- (ii) An outdoor advertisement at the site of an event to be held at an adult only facility that is placed at such site during the period the facility or enclosed area constitutes an adult only facility, but in no event more than fourteen days before the event, and that does not advertise any marijuana product other than by using a brand name to identify the event.
- (8) Merchandising within a retail outlet or marijuana industry show or event is not advertising for the purposes of this section.
 - (9) This section does not apply to a noncommercial message.
 - (10)(a) The ((state liquor and cannabis)) board must:
- (i) Adopt rules implementing this section and specifically including provisions regulating the billboards and outdoor signs authorized under this section; and
- (ii) Fine a licensee one thousand dollars for each violation of this section until the ((state liquor and cannabis)) board adopts rules prescribing penalties for violations of this section. The rules must establish escalating penalties including fines and up to suspension or revocation of a marijuana license for subsequent violations.
- 25 (b) Fines collected under this subsection must be deposited into 26 the dedicated marijuana account created under RCW 69.50.530.
- 27 (11) A city, town, or county may adopt rules of outdoor 28 advertising by licensed marijuana retailers that are more restrictive 29 than the advertising restrictions imposed under this chapter. 30 Enforcement of restrictions to advertising by a city, town, or county 31 is the responsibility of the city, town, or county.
 - Sec. 6. RCW 69.50.445 and 2015 2nd sp.s. c 4 s 401 are each amended to read as follows:
- 34 (1) It is unlawful to open a package containing marijuana, useable marijuana, marijuana-infused products, or marijuana concentrates, or consume marijuana, useable marijuana, marijuana-infused products, or marijuana concentrates, in view of the general public or in a public place, except as provided in sections 1 and 2 of this act.

p. 12 HB 1945

- 1 (2) For the purposes of this section, "public place" has the same 2 meaning as defined in RCW 66.04.010, but the exclusions in RCW 3 66.04.011 do not apply.
- 4 (3) A person who violates this section is guilty of a class 3 civil infraction under chapter 7.80 RCW.
- 6 **Sec. 7.** RCW 69.50.465 and 2015 2nd sp.s. c 4 s 1401 are each 7 amended to read as follows:

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- (1) It is unlawful for any person to conduct or maintain a marijuana club by himself or herself or by associating with others, or in any manner aid, assist, or abet in conducting or maintaining a marijuana club, except as provided in sections 1 and 2 of this act.
- 12 (2) It is unlawful for any person to conduct or maintain a public 13 place where marijuana is held or stored, except as provided for a 14 licensee under this chapter, or consumption of marijuana is 15 permitted, except as provided in sections 1 and 2 of this act.
- 16 (3) Any person who violates this section is guilty of a class C 17 felony punishable under chapter 9A.20 RCW.
 - (4) The following definitions apply throughout this section unless the context clearly requires otherwise.
 - (a) "Marijuana club" means a club, association, or other business, for profit or otherwise, that conducts or maintains a premises for the primary or incidental purpose of providing a location where members or other persons may keep or consume marijuana on the premises.
- (b) "Public place" means, in addition to the definition provided in RCW 66.04.010, any place to which admission is charged or for which any pecuniary gain is realized by the owner or operator of such place.
- 29 **Sec. 8.** RCW 69.50.535 and 2015 2nd sp.s. c 4 s 205 are each 30 amended to read as follows:
 - (1) (a) There is levied and collected a marijuana excise tax equal to thirty-seven percent of the selling price on each retail or direct sale in this state of marijuana concentrates, useable marijuana, and marijuana-infused products. This tax is separate and in addition to general state and local sales and use taxes that apply to retail sales of tangible personal property, and is not part of the total retail price to which general state and local sales and use taxes

p. 13 HB 1945

apply. The tax must be separately itemized from the state and local retail sales tax on the sales receipt provided to the buyer.

- (b) The tax levied in this section must be reflected in the price list or quoted shelf price in the licensed marijuana retail store and in any advertising that includes prices for all useable marijuana, marijuana concentrates, or marijuana-infused products.
- (2) All revenues collected from the marijuana excise tax imposed under this section must be deposited each day in the dedicated marijuana account.
- (3) The tax imposed in this section must be paid by the buyer to the seller. Each seller must collect from the buyer the full amount of the tax payable on each taxable sale. The tax collected as required by this section is deemed to be held in trust by the seller until paid to the board. If any seller fails to collect the tax imposed in this section or, having collected the tax, fails to pay it as prescribed by the board, whether such failure is the result of the seller's own acts or the result of acts or conditions beyond the seller's control, the seller is, nevertheless, personally liable to the state for the amount of the tax.
- (4) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.
 - (a) (("Board" means the state liquor and cannabis board.
 - (b))) "Retail sale" has the same meaning as in RCW 82.08.010.
- (((c))) <u>(b)</u> "Selling price" has the same meaning as in RCW 82.08.010, except that when product is sold under circumstances where the total amount of consideration paid for the product is not indicative of its true value, "selling price" means the true value of the product sold.
- (((d))) <u>(c)</u> "Product" means marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products.
 - $((\frac{\langle e \rangle}{}))$ <u>(d)</u> "True value" means market value based on sales at comparable locations in this state of the same or similar product of like quality and character sold under comparable conditions of sale to comparable purchasers. However, in the absence of such sales of the same or similar product, true value means the value of the product sold as determined by all of the seller's direct and indirect costs attributable to the product.
 - (5) (a) The board must regularly review the tax level established under this section and make recommendations, in consultation with the department of revenue, to the legislature as appropriate regarding

p. 14 HB 1945

adjustments that would further the goal of discouraging use while undercutting illegal market prices.

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- (b) The ((state liquor and cannabis)) board must report, in compliance with RCW 43.01.036, to the appropriate committees of the legislature every two years. The report at a minimum must include the following:
- 7 (i) The specific recommendations required under (a) of this 8 subsection;
- 9 (ii) A comparison of gross sales and tax collections prior to and 10 after any marijuana tax change;
- 11 (iii) The increase or decrease in the volume of legal marijuana 12 sold prior to and after any marijuana tax change;
- 13 (iv) Increases or decreases in the number of licensed marijuana 14 producers, processors, and retailers;
- 15 (v) The number of illegal and noncompliant marijuana outlets the board requires to be closed;
 - (vi) Gross marijuana sales and tax collections in Oregon; and
- (vii) The total amount of reported sales and use taxes exempted for qualifying patients. The department of revenue must provide the data of exempt amounts to the board.
- 21 (c) The board is not required to report to the legislature as 22 required in (b) of this subsection after January 1, 2025.
 - (6) The legislature does not intend and does not authorize any person or entity to engage in activities or to conspire to engage in activities that would constitute per se violations of state and federal antitrust laws including, but not limited to, agreements among retailers as to the selling price of any goods sold.
- 28 **Sec. 9.** RCW 66.20.010 and 2017 c 250 s 1 are each amended to 29 read as follows:

Upon application in the prescribed form being made to any employee authorized by the board to issue permits, accompanied by payment of the prescribed fee, and upon the employee being satisfied that the applicant should be granted a permit under this title, the employee must issue to the applicant under such regulations and at such fee as may be prescribed by the board a permit of the class applied for, as follows:

(1) Where the application is for a special permit by a physician or dentist, or by any person in charge of an institution regularly conducted as a hospital or sanitorium for the care of persons in ill

p. 15 HB 1945

health, or as a home devoted exclusively to the care of aged people, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

- (2) Where the application is for a special permit by a person engaged within the state in mechanical or manufacturing business or in scientific pursuits requiring alcohol for use therein, or by any private individual, a special permit to purchase alcohol for the purpose named in the permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);
- (3) Where the application is for a special permit to consume liquor at a banquet, at a specified date and place, a special permit to purchase liquor for consumption at such banquet, to such applicants as may be fixed by the board;
- (4) Where the application is for a special permit to consume liquor or marijuana products on the premises of a business not licensed under this title, a special permit to purchase liquor or marijuana products for consumption thereon for such periods of time and to such applicants as may be fixed by the board;
- (5) Where the application is for a special permit by a manufacturer to import or purchase within the state alcohol, malt, and other materials containing alcohol to be used in the manufacture of liquor, or other products, a special permit;
- (6) Where the application is for a special permit by a person operating a drug store to purchase liquor at retail prices only, to be thereafter sold by such person on the prescription of a physician, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);
- (7) Where the application is for a special permit by an authorized representative of a military installation operated by or for any of the armed forces within the geographical boundaries of the state of Washington, a special permit to purchase liquor for use on such military installation;
- (8) Where the application is for a special permit by a vendor that manufactures or sells a product which cannot be effectively presented to potential buyers without serving it with liquor or marijuana or by a manufacturer, importer, or distributor, or representative thereof, to serve liquor or marijuana products without

p. 16 HB 1945

charge to delegates and guests at a convention of a trade association composed of licensees of the board, when the said liquor or marijuana product is served in a hospitality room or from a booth in a board-approved suppliers' display room at the convention, and when the liquor or marijuana product so served is for consumption in the said hospitality room or display room during the convention, anything in this title to the contrary notwithstanding. Any such spirituous liquor or marijuana product must be purchased from a spirits retailer or distributor or marijuana processor, and any such liquor or marijuana product is subject to the taxes imposed by RCW 82.08.150, 66.24.290, ((and)) 66.24.210, and 69.50.535;

- (9) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate liquor for a reception, breakfast, luncheon, or dinner for delegates and guests at a convention of a trade association composed of licensees of the board, when the liquor so donated is for consumption at the said reception, breakfast, luncheon, or dinner during the convention, anything in this title to the contrary notwithstanding. Any such spirituous liquor must be purchased from a spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;
- (10) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate and/or serve liquor without charge to delegates and guests at an international trade fair, show, or exposition held under the auspices of a federal, state, or local governmental entity or organized and promoted by a nonprofit organization, anything in this title to the contrary notwithstanding. Any such spirituous liquor must be purchased from a liquor spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;
- (11) Where the application is for an annual special permit by a person operating a bed and breakfast lodging facility to donate or serve wine ((er)), beer, or marijuana products without charge to overnight guests of the facility if the wine ((er)), beer, or marijuana product is for consumption on the premises of the facility. "Bed and breakfast lodging facility," as used in this subsection, means a facility offering from one to eight lodging units and breakfast to travelers and guests;

p. 17 HB 1945

(12) Where the application is for a special permit to allow tasting of alcohol by persons at least eighteen years of age under the following circumstances:

- (a) The application is from a community or technical college as defined in RCW 28B.50.030, a regional university, or a state university;
- (b) The person who is permitted to taste under this subsection is enrolled as a student in a required or elective class that is part of a culinary, sommelier, wine business, enology, viticulture, wine technology, beer technology, or spirituous technology-related degree program;
- (c) The alcohol served to any person in the degree-related programs under (b) of this subsection is tasted but not consumed for the purposes of educational training as part of the class curriculum with the approval of the educational provider;
- (d) The service and tasting of alcoholic beverages is supervised by a faculty or staff member of the educational provider who is twenty-one years of age or older. The supervising faculty or staff member shall possess a class 12 or 13 alcohol server permit under the provisions of RCW 66.20.310;
- 21 (e) The enrolled student permitted to taste the alcoholic 22 beverages does not purchase the alcoholic beverages; and
 - (f) The permit fee for the special permit provided for in this subsection (12) must be waived by the board;
 - (13) Where the application is for a special permit by a distillery or craft distillery for an event not open to the general public to be held or conducted at a specific place, including at the licensed premise of the applying distillery or craft distillery, upon a specific date for the purpose of tasting and selling spirits of its own production. The distillery or craft distillery must obtain a permit for a fee of ten dollars per event. An application for the permit must be submitted for private banquet permits prior to the event and, once issued, must be posted in a conspicuous place at the premises for which the permit was issued during all times the permit is in use. No licensee may receive more than twelve permits under this subsection (13) each year;
 - (14) Where the application is for a special permit by a manufacturer of wine for an event not open to the general public to be held or conducted at a specific place upon a specific date for the purpose of tasting and selling wine of its own production. The winery

p. 18 HB 1945

must obtain a permit for a fee of ten dollars per event. An application for the permit must be submitted at least ten days before the event and once issued, must be posted in a conspicuous place at the premises for which the permit was issued during all times the permit is in use. No more than twelve events per year may be held by a single manufacturer under this subsection;

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- (15) Where the application is for a special permit by a manufacturer of beer for an event not open to the general public to be held or conducted at a specific place upon a specific date for the purpose of tasting and selling beer of its own production. The brewery or microbrewery must obtain a permit for a fee of ten dollars per event. An application for the permit must be submitted at least ten days before the event and, once issued, must be posted in a conspicuous place at the premises for which the permit was issued during all times the permit is in use. No more than twelve events per year may be held by a single manufacturer under this subsection;
- Where the application is for a special permit by an individual or business to sell a private collection of wine $((\frac{or}{or}))_L$ spirits, or marijuana products to an individual or business. The seller must obtain a permit at least five business days before the sale, for a fee of twenty-five dollars per sale. The seller must provide an inventory of products sold and the agreed price on a form provided by the board. The seller shall submit the report and taxes due to the board no later than twenty calendar days after the sale. A permit may be issued under this section to allow the sale of a private collection to licensees, but may not be issued to a licensee to sell to a private individual or business which is not otherwise authorized under the license held by the seller. If the liquor or marijuana product is purchased by a licensee, all sales are subject to taxes assessed as on liquor or marijuana products acquired from any other source. The board may adopt rules to implement this section;
- (17)(a) A special permit, where the application is for a special permit by a nonprofit organization to sell wine <u>or marijuana products</u> through an auction, not open to the public, to be conducted at a specific place, upon a specific date, and to allow wine <u>or marijuana product</u> tastings at the auction of the wine <u>or marijuana products</u> to be auctioned.
- 39 (b) A permit holder under this subsection (17) may at the 40 specified event:

p. 19 HB 1945

1 (i) Sell wine <u>or marijuana products</u> by auction for off-premises 2 consumption; and

- (ii) Allow tastings of samples of the wine or marijuana products to be auctioned at the event.
- (c) An application is required for a permit under this subsection (17). The application must be submitted prior to the event and once issued must be posted in a conspicuous place at the premises for which the permit was issued during all times the permit is in use.
- (d) Wine or marijuana products from more than one winery or marijuana producer or processor may be sold at the auction; however, each winery or marijuana producer or processor selling wine or marijuana products at the auction must be listed on the permit application. Only a single application form may be required for each auction, regardless of the number of wineries or marijuana producers or processors that are selling wine or marijuana products at the auction. The total fee per event for a permit issued under this subsection (17) is twenty-five dollars multiplied by the number of wineries or marijuana products at the auction.
- 20 (e) For the purposes of this subsection (17), "nonprofit organization" means an entity incorporated as a nonprofit organization under Washington state law.
 - (f) The board may adopt rules to implement this section.
- **Sec. 10.** RCW 66.20.040 and 2012 c 117 s 274 are each amended to 25 read as follows:
- No permit shall be valid or be accepted or used for the purchase of liquor or marijuana products until the applicant for the permit has written his or her signature thereon in the prescribed manner, for the purposes of identification as the holder thereof, in the presence of the employee to whom the application is made.
- **Sec. 11.** RCW 66.20.150 and 2012 c 117 s 279 are each amended to read as follows:
- No person shall purchase or attempt to purchase liquor <u>or</u> marijuana <u>products</u> under a permit which is suspended, or which has been canceled, or of which he or she is not the holder.
- **Sec. 12.** RCW 66.20.160 and 2012 c 2 s 110 are each amended to read as follows:

p. 20 HB 1945

As used in RCW 66.20.160 through 66.20.210, inclusive, "licensee"
means the holder of a retail liquor license or a marijuana producer
or marijuana processor license issued by the board, and includes any
employee or agent of the licensee.

Sec. 13. RCW 66.20.170 and 2016 c 235 s 7 are each amended to 6 read as follows:

A card of identification may for the purpose of this title and for the purpose of procuring liquor or marijuana products, be accepted as an identification card by any licensee and as evidence of legal age of the person presenting such card, provided the licensee complies with the conditions and procedures prescribed herein and such regulations as may be made by the board.

Sec. 14. RCW 66.20.180 and 2016 c 235 s 8 are each amended to 14 read as follows:

A card of identification must be presented by the holder thereof upon request of any licensee, peace officer, or enforcement officer of the board for the purpose of aiding the licensee, peace officer, or enforcement officer of the board to determine whether or not such person is of legal age to purchase liquor or marijuana products when such person desires to procure liquor or marijuana products from a licensed establishment.

Sec. 15. RCW 66.20.190 and 2016 c 235 s 9 are each amended to read as follows:

In addition to the presentation by the holder and verification by the licensee of such card of identification, the licensee who is still in doubt about the true age of the holder must require the person whose age may be in question to sign a certification card and record an accurate description and serial number of his or her card of identification thereon. Such statement must be upon a five-inch by eight-inch file card, which card must be filed alphabetically by the licensee at or before the close of business on the day on which the statement is executed, in the file box containing a suitable alphabetical index and the card must be subject to examination by any peace officer or agent or employee of the board at all times. The certification card must also contain in bold-face type a statement stating that the signer understands that conviction for unlawful purchase of alcoholic beverages or marijuana products or misuse of

p. 21 HB 1945

- the certification card may result in criminal penalties including imprisonment or fine or both.
 - Sec. 16. RCW 66.20.200 and 2016 c 235 s 10 are each amended to read as follows:

- (1) It is unlawful for the owner of a card of identification to transfer the card to any other person for the purpose of aiding such person to procure alcoholic beverages or marijuana products from any licensee. Any person who permits his or her card of identification to be used by another or transfer such card to another for the purpose of aiding such transferee to obtain alcoholic beverages or marijuana products from a licensee or gain admission to a premises or portion of a premises classified by the board as off-limits to persons under twenty-one years of age, is guilty of a misdemeanor punishable as provided by RCW 9A.20.021, except that a minimum fine of two hundred fifty dollars must be imposed and any sentence requiring community restitution must require not fewer than twenty-five hours community restitution.
 - (2) Any person not entitled thereto who unlawfully procures or has issued or transferred to him or her a card of identification, and any person who possesses a card of identification not issued to him or her, and any person who makes any false statement on any certification card required by RCW 66.20.190, to be signed by him or her, is guilty of a misdemeanor punishable as provided by RCW 9A.20.021, except that a minimum fine of two hundred fifty dollars must be imposed and any sentence requiring community restitution must require not fewer than twenty-five hours of community restitution.
- **Sec. 17.** RCW 66.20.210 and 2016 c 235 s 11 are each amended to 28 read as follows:
 - (1) No licensee or the agent or employee of the licensee may be prosecuted criminally or be sued in any civil action for serving liquor or marijuana products to a person under legal age to purchase liquor or marijuana products if such person has presented a card of identification in accordance with RCW 66.20.180, and has signed a certification card as provided in RCW 66.20.190.
 - (2) Such card in the possession of a licensee may be offered as a defense in any hearing held by the board for serving liquor or marijuana products to the person who signed the card and may be

p. 22 HB 1945

- 1 considered by the board as evidence that the licensee acted in good 2 faith.
- 3 **Sec. 18.** RCW 66.20.400 and 2014 c 199 s 1 are each amended to 4 read as follows:
- 5 (1) There shall be a permit known as a day spa permit to allow the holder to offer or supply without charge $((\tau))$ wine or beer by the 6 individual glass or marijuana-infused products to a customer for 7 consumption on the premises. The customer must be at least twenty-one 8 years of age and may only be offered wine ((or)), beer, or marijuana-9 10 <u>infused products</u> if the services he or she will be receiving will 11 last more than one hour. Wine ((or)), beer, or marijuana-infused products served or consumed shall be purchased from a Washington 12 13 state licensed retailer. A customer may consume no more than one six ounce glass of wine or one twelve ounce glass of beer per day under 14 15 this permit. A customer may consume no more than one serving of a 16 marijuana-infused product, regardless of form. Day spas with a day 17 spa permit may not advertise the service of complimentary wine ((or)), beer, or marijuana-infused products and may not sell wine 18 ((or)), beer, or <u>marijuana-infused products</u> in any manner. Any 19 20 employee involved in the service of wine or beer must complete a board-approved limited alcohol server training program, or in the 21 22 case of marijuana-infused products, be otherwise legally permitted to be employed by a marijuana retailer. 23
- 24 (2) For the purposes of this section, "day spa" means a business 25 that offers at least three of the following four service categories:
- 26 (a) Hair care;
- 27 (b) Skin care;

- (c) Nail care; and
- 29 (d) Body care, such as massages, wraps, and waxing.
- Day spas must provide separate service areas of the day spa for at least three of the service categories offered.
- 32 (3) The annual fee for this permit is one hundred twenty-five 33 dollars.
- 34 **Sec. 19.** RCW 70.160.030 and 2006 c 2 s 3 are each amended to 35 read as follows:
- No person may smoke in a public place or in any place of employment except as provided in sections 1 and 2 of this act.

p. 23 HB 1945

Sec. 20. RCW 70.160.060 and 1995 c 369 s 60 are each amended to read as follows:

This chapter is not intended to:

- (1) Regulate smoking in a private enclosed workplace, within a public place, even though such workplace may be visited by nonsmokers, excepting places in which smoking is prohibited by the chief of the Washington state patrol, through the director of fire protection, or by other law, ordinance, or regulation; or
- (2) Regulate the use or smoking of marijuana products, as that term is defined under RCW 69.50.101, in a public place or place of employment that holds a valid endorsement to their marijuana retailer's or marijuana producer's license under sections 1 and 2 of this act. The state liquor and cannabis board has sole enforcement authority under this chapter regarding the designated areas which receive an endorsement under section 1 of this act.
- **Sec. 21.** RCW 66.04.010 and 2015 c 193 s 3 are each amended to read as follows:

In this title, unless the context otherwise requires:

- (1) "Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation or distillation of grain, starch, molasses, or sugar, or other substances including all dilutions and mixtures of this substance. The term "alcohol" does not include alcohol in the possession of a manufacturer or distiller of alcohol fuel, as described in RCW 66.12.130, which is intended to be denatured and used as a fuel for use in motor vehicles, farm implements, and machines or implements of husbandry.
 - (2) "Authorized representative" means a person who:
- 29 (a) Is required to have a federal basic permit issued pursuant to 30 the federal alcohol administration act, 27 U.S.C. Sec. 204;
- 31 (b) Has its business located in the United States outside of the 32 state of Washington;
 - (c) Acquires ownership of beer or wine for transportation into and resale in the state of Washington; and which beer or wine is produced by a brewery or winery in the United States outside of the state of Washington; and
 - (d) Is appointed by the brewery or winery referenced in (c) of this subsection as its authorized representative for marketing and selling its products within the United States in accordance with a

p. 24 HB 1945

written agreement between the authorized representative and such brewery or winery pursuant to this title.

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- (3) "Beer" means any malt beverage, flavored malt beverage, or malt liquor as these terms are defined in this chapter.
- (4) "Beer distributor" means a person who buys beer from a domestic brewery, microbrewery, beer certificate of approval holder, or beer importers, or who acquires foreign produced beer from a source outside of the United States, for the purpose of selling the same pursuant to this title, or who represents such brewer or brewery as agent.
- (5) "Beer importer" means a person or business within Washington who purchases beer from a beer certificate of approval holder or who acquires foreign produced beer from a source outside of the United States for the purpose of selling the same pursuant to this title.
- 15 (6) "Board" means the <u>Washington state</u> liquor ((control)) <u>and</u> 16 <u>cannabis</u> board, constituted under this title.
 - (7) "Brewer" or "brewery" means any person engaged in the business of manufacturing beer and malt liquor. Brewer includes a brand owner of malt beverages who holds a brewer's notice with the federal bureau of alcohol, tobacco, and firearms at a location outside the state and whose malt beverage is contract-produced by a licensed in-state brewery, and who may exercise within the state, under a domestic brewery license, only the privileges of storing, selling to licensed beer distributors, and exporting beer from the state.
 - (8) "Club" means an organization of persons, incorporated or unincorporated, operated solely for fraternal, benevolent, educational, athletic, or social purposes, and not for pecuniary gain.
- 30 (9) "Confection" means a preparation of sugar, honey, or other 31 natural or artificial sweeteners in combination with chocolate, 32 fruits, nuts, dairy products, or flavorings, in the form of bars, 33 drops, or pieces.
- 34 (10) "Consume" includes the putting of liquor to any use, whether 35 by drinking or otherwise.
- 36 (11) "Contract liquor store" means a business that sells liquor 37 on behalf of the board through a contract with a contract liquor 38 store manager.
- 39 (12) "Craft distillery" means a distillery that pays the reduced 40 licensing fee under RCW 66.24.140.

p. 25 HB 1945

- 1 (13) "Dentist" means a practitioner of dentistry duly and 2 regularly licensed and engaged in the practice of his or her 3 profession within the state pursuant to chapter 18.32 RCW.
 - (14) "Distiller" means a person engaged in the business of distilling spirits.
 - (15) "Domestic brewery" means a place where beer and malt liquor are manufactured or produced by a brewer within the state.
- 8 (16) "Domestic winery" means a place where wines are manufactured 9 or produced within the state of Washington.
 - (17) "Drug store" means a place whose principal business is, the sale of drugs, medicines, and pharmaceutical preparations and maintains a regular prescription department and employs a registered pharmacist during all hours the drug store is open.
 - (18) "Druggist" means any person who holds a valid certificate and is a registered pharmacist and is duly and regularly engaged in carrying on the business of pharmaceutical chemistry pursuant to chapter 18.64 RCW.
 - (19) "Employee" means any person employed by the board.
 - (20) "Flavored malt beverage" means:

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- (a) A malt beverage containing six percent or less alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than forty-nine percent of the beverage's overall alcohol content; or
- (b) A malt beverage containing more than six percent alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than one and one-half percent of the beverage's overall alcohol content.
 - (21) "Fund" means 'liquor revolving fund.'
- (22) "Hotel" means buildings, structures, and grounds, having facilities for preparing, cooking, and serving food, that are kept, used, maintained, advertised, or held out to the public to be a place where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the sleeping accommodation of such transient guests. The buildings, structures, and grounds must be located on adjacent property either owned or leased by the same person or persons.
- (23) "Importer" means a person who buys distilled spirits from a distillery outside the state of Washington and imports such spirituous liquor into the state for sale to the board or for export.
 - (24) "Imprisonment" means confinement in the county jail.

p. 26 HB 1945

- 1 (25) "Liquor" includes the four varieties of liquor herein defined (alcohol, spirits, wine, and beer), and all fermented, 2 spirituous, vinous, or malt liquor, or combinations thereof, and 3 mixed liquor, a part of which is fermented, spirituous, vinous or 4 malt liquor, or otherwise intoxicating; and every liquid or solid or 5 6 semisolid or other substance, patented or not, containing alcohol, spirits, wine, or beer, and all drinks or drinkable liquids and all 7 preparations or mixtures capable of human consumption, and any 8 liquid, semisolid, solid, or other substance, which contains more 9 than one percent of alcohol by weight shall be conclusively deemed to 10 11 be intoxicating. Liquor does not include confections or food products 12 that contain one percent or less of alcohol by weight.
 - (26) "Malt beverage" or "malt liquor" means any beverage such as beer, ale, lager beer, stout, and porter obtained by the alcoholic fermentation of an infusion or decoction of pure hops, or pure extract of hops and pure barley malt or other wholesome grain or cereal in pure water containing not more than eight percent of alcohol by weight, and not less than one-half of one percent of alcohol by volume. For the purposes of this title, any such beverage containing more than eight percent of alcohol by weight shall be referred to as "strong beer."

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- 22 (27) "Manufacturer" means a person engaged in the preparation of 23 liquor for sale, in any form whatsoever.
- 24 (28) "Nightclub" means an establishment that provides 25 entertainment and has as its primary source of revenue (a) the sale 26 of alcohol for consumption on the premises, (b) cover charges, or (c) 27 both.
- 28 (29) "Package" means any container or receptacle used for holding 29 liquor.
- 30 (30) "Passenger vessel" means any boat, ship, vessel, barge, or 31 other floating craft of any kind carrying passengers for 32 compensation.
- 33 (31) "Permit" means a permit for the purchase of liquor under 34 this title.
- 35 (32) "Person" means an individual, copartnership, association, or 36 corporation.
- 37 (33) "Physician" means a medical practitioner duly and regularly 38 licensed and engaged in the practice of his or her profession within 39 the state pursuant to chapter 18.71 RCW.

p. 27 HB 1945

(34) "Powdered alcohol" means any powder or crystalline substance containing alcohol that is produced for direct use or reconstitution.

- (35) "Prescription" means a memorandum signed by a physician and given by him or her to a patient for the obtaining of liquor pursuant to this title for medicinal purposes.
- (36) "Public place" includes streets and alleys of incorporated cities and towns; state or county or township highways or roads; buildings and grounds used for school purposes; public dance halls and grounds adjacent thereto; those parts of establishments where beer may be sold under this title, soft drink establishments, public buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theatres, stores, garages and filling stations which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, stages, and other public conveyances of all kinds and character, and the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned bathing beaches, parks, and/or playgrounds; and all other places of like or similar nature to which the general public has unrestricted right of access, and which are generally used by the public.
- (37) "Regulations" means regulations made by the board under the powers conferred by this title.
 - (38) "Restaurant" means any establishment provided with special space and accommodations where, in consideration of payment, food, without lodgings, is habitually furnished to the public, not including drug stores and soda fountains.
 - (39) "Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or by any name whatever commonly used to describe malt or brewed liquor or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his or her agent in the state. "Sale" and "sell" shall not include the giving, at no charge, of a reasonable amount of liquor by a person not licensed by the board to a person not licensed by the board, for personal use only. "Sale" and "sell" also does not include a raffle authorized under RCW 9.46.0315: PROVIDED, That the nonprofit organization conducting the raffle has obtained the appropriate permit from the board.

p. 28 HB 1945

- 1 (40) "Service bar" means a fixed or portable table, counter, 2 cart, or similar workstation primarily used to prepare, mix, serve, 3 and sell alcohol that is picked up by employees or customers. 4 Customers may not be seated or allowed to consume food or alcohol at 5 a service bar.
 - (41) "Soda fountain" means a place especially equipped with apparatus for the purpose of dispensing soft drinks, whether mixed or otherwise.

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- 9 (42) "Spirits" means any beverage which contains alcohol obtained 10 by distillation, except flavored malt beverages, but including wines 11 exceeding twenty-four percent of alcohol by volume.
- 12 (43) "Store" means a state liquor store established under this 13 title.
- 14 (44) "Tavern" means any establishment with special space and 15 accommodation for sale by the glass and for consumption on the 16 premises, of beer, as herein defined.
 - (45) "VIP airport lounge" means an establishment within an international airport located beyond security checkpoints that provides a special space to sit, relax, read, work, and enjoy beverages where access is controlled by the VIP airport lounge operator and is generally limited to the following classifications of persons:
- 23 (a) Airline passengers of any age whose admission is based on a 24 first-class, executive, or business class ticket;
 - (b) Airline passengers of any age who are qualified members or allowed guests of certain frequent flyer or other loyalty incentive programs maintained by airlines that have agreements describing the conditions for access to the VIP airport lounge;
 - (c) Airline passengers of any age who are qualified members or allowed guests of certain enhanced amenities programs maintained by companies that have agreements describing the conditions for access to the VIP airport lounge;
 - (d) Airport and airline employees, government officials, foreign dignitaries, and other attendees of functions held by the airport authority or airlines related to the promotion of business objectives such as increasing international air traffic and enhancing foreign trade where access to the VIP airport lounge will be controlled by the VIP airport lounge operator; and

p. 29 HB 1945

(e) Airline passengers of any age or airline employees whose admission is based on a pass issued or permission given by the airline for access to the VIP airport lounge.

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- (46) "VIP airport lounge operator" means an airline, port district, or other entity operating a VIP airport lounge that: Is accountable for compliance with the alcohol beverage control act under this title; holds the license under chapter 66.24 RCW issued to the VIP airport lounge; and provides a point of contact for addressing any licensing and enforcement by the board.
- "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel, and angelica, not exceeding twenty-four percent of alcohol by volume and not less than one-half of one percent of alcohol by volume. For purposes of this title, any beverage containing no more than fourteen percent of alcohol by volume when bottled or packaged by the manufacturer shall be referred to as "table wine," and any beverage containing alcohol in an amount more than fourteen percent by volume when bottled or packaged by the manufacturer shall be referred to as "fortified wine." However, "fortified wine" shall not include: (i) Wines that are both sealed or capped by cork closure and aged two years or more; and (ii) wines that contain more than fourteen percent alcohol by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, or alcohol.
- (b) This subsection shall not be interpreted to require that any wine be labeled with the designation "table wine" or "fortified wine."
- (48) "Wine distributor" means a person who buys wine from a domestic winery, wine certificate of approval holder, or wine importer, or who acquires foreign produced wine from a source outside of the United States, for the purpose of selling the same not in violation of this title, or who represents such vintner or winery as agent.
- 38 (49) "Wine importer" means a person or business within Washington 39 who purchases wine from a wine certificate of approval holder or who

p. 30 HB 1945

- 1 acquires foreign produced wine from a source outside of the United States for the purpose of selling the same pursuant to this title.
- (50) "Winery" means a business conducted by any person for the 3 manufacture of wine for sale, other than a domestic winery. 4
 - (51) "Marijuana" has the meaning provided in RCW 69.50.101.

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- 6 (52) "Marijuana processor" has the meaning provided in RCW 7 69.50.101.
- (53) "Marijuana producer" has the meaning provided in RCW 8 9 69.50.101.
- (54) "Marijuana products" has the meaning provided in RCW 10 11 69.50.101.
- 12 (55) "Marijuana-infused products" has the meaning provided in RCW 13 69.50.101.
- Sec. 22. RCW 69.50.101 and 2018 c 132 s 2 are each reenacted and 14 15 amended to read as follows:
- 16 The definitions in this section apply throughout this chapter 17 unless the context clearly requires otherwise.
- (a) "Administer" means to apply a controlled substance, whether 18 by injection, inhalation, ingestion, or any other means, directly to 19 20 the body of a patient or research subject by:
- 21 (1) a practitioner authorized to prescribe (or, by practitioner's authorized agent); or 22
- 23 (2) the patient or research subject at the direction and in the 24 presence of the practitioner.
 - (b) "Agent" means an authorized person who acts on behalf of or at the direction of a manufacturer, distributor, or dispenser. It include a common or contract does not carrier, warehouseperson, or employee of the carrier or warehouseperson.
- (c) "CBD concentration" has the meaning provided in 29 RCW 30 69.51A.010.
- 31 (d) "CBD product" means any product containing or consisting of cannabidiol. 32
 - (e) "Commission" means the pharmacy quality assurance commission.
- 34 (f) "Controlled substance" means a drug, substance, or immediate 35 precursor included in Schedules I through V as set forth in federal or state laws, or federal or commission rules, but does not include 36 industrial hemp as defined in RCW 15.120.010. 37

p. 31 HB 1945

- 1 (g)(1) "Controlled substance analog" means a substance the 2 chemical structure of which is substantially similar to the chemical 3 structure of a controlled substance in Schedule I or II and:
- 4 (i) that has a stimulant, depressant, or hallucinogenic effect on 5 the central nervous system substantially similar to the stimulant, 6 depressant, or hallucinogenic effect on the central nervous system of 7 a controlled substance included in Schedule I or II; or
 - (ii) with respect to a particular individual, that the individual represents or intends to have a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II.
 - (2) The term does not include:
 - (i) a controlled substance;

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- 16 (ii) a substance for which there is an approved new drug 17 application;
 - (iii) a substance with respect to which an exemption is in effect for investigational use by a particular person under Section 505 of the federal food, drug, and cosmetic act, 21 U.S.C. Sec. 355, or chapter 69.77 RCW to the extent conduct with respect to the substance is pursuant to the exemption; or
- (iv) any substance to the extent not intended for human consumption before an exemption takes effect with respect to the substance.
 - (h) "Deliver" or "delivery" means the actual or constructive transfer from one person to another of a substance, whether or not there is an agency relationship.
 - (i) "Department" means the department of health.
- 30 (j) "Designated provider" has the meaning provided in RCW 31 69.51A.010.
- 32 (k) "Dispense" means the interpretation of a prescription or 33 order for a controlled substance and, pursuant to that prescription 34 or order, the proper selection, measuring, compounding, labeling, or 35 packaging necessary to prepare that prescription or order for 36 delivery.
 - (1) "Dispenser" means a practitioner who dispenses.
- 38 (m) "Distribute" means to deliver other than by administering or 39 dispensing a controlled substance.
 - (n) "Distributor" means a person who distributes.

p. 32 HB 1945

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

- (p) "Drug enforcement administration" means the drug enforcement administration in the United States Department of Justice, or its successor agency.
- (q) "Electronic communication of prescription information" means the transmission of a prescription or refill authorization for a drug of a practitioner using computer systems. The term does not include a prescription or refill authorization verbally transmitted by telephone nor a facsimile manually signed by the practitioner.
- (r) "Immature plant or clone" means a plant or clone that has no flowers, is less than twelve inches in height, and is less than twelve inches in diameter.
 - (s) "Immediate precursor" means a substance:
 - (1) that the commission has found to be and by rule designates as being the principal compound commonly used, or produced primarily for use, in the manufacture of a controlled substance;
 - (2) that is an immediate chemical intermediary used or likely to be used in the manufacture of a controlled substance; and
- 29 (3) the control of which is necessary to prevent, curtail, or 30 limit the manufacture of the controlled substance.
 - (t) "Isomer" means an optical isomer, but in subsection (ff) (5) of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b) (4), the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any positional isomer; and in RCW 69.50.204(a) (35), 69.50.204(c), and 69.50.208(a) the term includes any positional or geometric isomer.
- 37 (u) "Lot" means a definite quantity of marijuana, marijuana 38 concentrates, useable marijuana, or marijuana-infused product 39 identified by a lot number, every portion or package of which is

p. 33 HB 1945

1 uniform within recognized tolerances for the factors that appear in the labeling.

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- (v) "Lot number" must identify the licensee by business or trade name and Washington state unified business identifier number, and the date of harvest or processing for each lot of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product.
- (w) "Manufacture" means the production, preparation, propagation, compounding, conversion, or processing of a controlled substance, either directly or indirectly or by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and includes any packaging or repackaging of the substance or labeling or relabeling of its container. The term does not include the preparation, compounding, packaging, repackaging, labeling, or relabeling of a controlled substance:
- (1) by a practitioner as an incident to the practitioner's administering or dispensing of a controlled substance in the course of the practitioner's professional practice; or
- (2) by a practitioner, or by the practitioner's authorized agent under the practitioner's supervision, for the purpose of, or as an incident to, research, teaching, or chemical analysis and not for sale.
- (x) "Marijuana" or "marihuana" means all parts of the plant Cannabis, whether growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. The term does not include:
- (1) The mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination; or
 - (2) Industrial hemp as defined in RCW 15.120.010.
- (y) "Marijuana concentrates" means products consisting wholly or in part of the resin extracted from any part of the plant Cannabis and having a THC concentration greater than ten percent.
- (z) "Marijuana processor" means a person licensed by the ((state liquor and cannabis)) board to process marijuana into marijuana

p. 34 HB 1945 concentrates, useable marijuana, and marijuana-infused products, package and label marijuana concentrates, useable marijuana, and marijuana-infused products for sale in retail outlets, and sell marijuana concentrates, useable marijuana, and marijuana-infused products at wholesale to marijuana retailers.

- (aa) "Marijuana producer" means a person licensed by the ((state liquor and cannabis)) board to produce and sell marijuana at wholesale to marijuana processors and other marijuana producers.
- (bb) "Marijuana products" means useable marijuana, marijuana concentrates, and marijuana-infused products as defined in this section.
- (cc) "Marijuana researcher" means a person licensed by the ((state liquor and cannabis)) board to produce, process, and possess marijuana for the purposes of conducting research on marijuana and marijuana-derived drug products.
- (dd) "Marijuana retailer" means a person licensed by the ((state liquor and cannabis)) board to sell marijuana concentrates, useable marijuana, and marijuana-infused products in a retail outlet.
- (ee) "Marijuana-infused products" means products that contain marijuana or marijuana extracts, are intended for human use, are derived from marijuana as defined in subsection (x) of this section, and have a THC concentration no greater than ten percent. The term "marijuana-infused products" does not include either useable marijuana or marijuana concentrates.
- (ff) "Narcotic drug" means any of the following, whether produced directly or indirectly by extraction from substances of vegetable origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:
- (1) Opium, opium derivative, and any derivative of opium or opium derivative, including their salts, isomers, and salts of isomers, whenever the existence of the salts, isomers, and salts of isomers is possible within the specific chemical designation. The term does not include the isoquinoline alkaloids of opium.
- (2) Synthetic opiate and any derivative of synthetic opiate, including their isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, and salts is possible within the specific chemical designation.
 - (3) Poppy straw and concentrate of poppy straw.

p. 35 HB 1945

- 1 (4) Coca leaves, except coca leaves and extracts of coca leaves 2 from which cocaine, ecgonine, and derivatives or ecgonine or their 3 salts have been removed.
 - (5) Cocaine, or any salt, isomer, or salt of isomer thereof.
 - (6) Cocaine base.

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- 6 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer 7 thereof.
- 8 (8) Any compound, mixture, or preparation containing any quantity 9 of any substance referred to in subparagraphs (1) through (7).
- (gg) "Opiate" means any substance having an addiction-forming or 10 addiction-sustaining liability similar to morphine or being capable 11 12 of conversion into a drug having addiction-forming or addictionsustaining liability. The term includes opium, substances derived 13 from opium (opium derivatives), and synthetic opiates. The term does 14 not include, unless specifically designated as controlled under RCW 15 16 69.50.201, the dextrorotatory isomer of 3-methoxy-n-methylmorphinan 17 and its salts (dextromethorphan). The term includes the racemic and 18 levorotatory forms of dextromethorphan.
- 19 (hh) "Opium poppy" means the plant of the species Papaver 20 somniferum L., except its seeds.
 - (ii) "Person" means individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.
 - (jj) "Plant" has the meaning provided in RCW 69.51A.010.
- 26 (kk) "Poppy straw" means all parts, except the seeds, of the 27 opium poppy, after mowing.
 - (11) "Practitioner" means:
- (1) A physician under chapter 18.71 RCW; a physician assistant 29 under chapter 18.71A RCW; an osteopathic physician and surgeon under 30 31 chapter 18.57 RCW; an osteopathic physician assistant under chapter 32 18.57A RCW who is licensed under RCW 18.57A.020 subject to any limitations in RCW 18.57A.040; an optometrist licensed under chapter 33 18.53 RCW who is certified by the optometry board under RCW 18.53.010 34 subject to any limitations in RCW 18.53.010; a dentist under chapter 35 36 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW; a veterinarian under chapter 18.92 RCW; a registered nurse, advanced 37 registered nurse practitioner, or licensed practical nurse under 38 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW 39 40 who is licensed under RCW 18.36A.030 subject to any limitations in

p. 36 HB 1945

RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific investigator under this chapter, licensed, registered or otherwise permitted insofar as is consistent with those licensing laws to distribute, dispense, conduct research with respect to or administer a controlled substance in the course of their professional practice or research in this state.

- (2) A pharmacy, hospital or other institution licensed, registered, or otherwise permitted to distribute, dispense, conduct research with respect to or to administer a controlled substance in the course of professional practice or research in this state.
- (3) A physician licensed to practice medicine and surgery, a physician licensed to practice osteopathic medicine and surgery, a dentist licensed to practice dentistry, a podiatric physician and surgeon licensed to practice podiatric medicine and surgery, a licensed physician assistant or a licensed osteopathic physician assistant specifically approved to prescribe controlled substances by his or her state's medical quality assurance commission or equivalent and his or her supervising physician, an advanced registered nurse practitioner licensed to prescribe controlled substances, or a veterinarian licensed to practice veterinary medicine in any state of the United States.
- (mm) "Prescription" means an order for controlled substances issued by a practitioner duly authorized by law or rule in the state of Washington to prescribe controlled substances within the scope of his or her professional practice for a legitimate medical purpose.
- 26 (nn) "Production" includes the manufacturing, planting, 27 cultivating, growing, or harvesting of a controlled substance.
- 28 (oo) "Qualifying patient" has the meaning provided in RCW 29 69.51A.010.
- 30 (pp) "Recognition card" has the meaning provided in RCW 31 69.51A.010.
 - (qq) "Retail outlet" means a location licensed by the ((state liquor and cannabis)) board for the retail sale of marijuana concentrates, useable marijuana, and marijuana-infused products.
- 35 (rr) "Secretary" means the secretary of health or the secretary's designee.
- 37 (ss) "State," unless the context otherwise requires, means a 38 state of the United States, the District of Columbia, the 39 Commonwealth of Puerto Rico, or a territory or insular possession 40 subject to the jurisdiction of the United States.

p. 37 HB 1945

(tt) "THC concentration" means percent of delta-9 tetrahydrocannabinol content per dry weight of any part of the plant Cannabis, or per volume or weight of marijuana product, or the combined percent of delta-9 tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of the plant Cannabis regardless of moisture content.

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- (uu) "Ultimate user" means an individual who lawfully possesses a controlled substance for the individual's own use or for the use of a member of the individual's household or for administering to an animal owned by the individual or by a member of the individual's household.
- 12 (vv) "Useable marijuana" means dried marijuana flowers. The term 13 "useable marijuana" does not include either marijuana-infused 14 products or marijuana concentrates.
- 15 <u>(ww) "Board" means the Washington state liquor and cannabis</u> 16 <u>board.</u>
- NEW SECTION. Sec. 23. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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p. 38 HB 1945