

---

HOUSE BILL 1443

---

State of Washington

67th Legislature

2021 Regular Session

By Representatives Morgan, Wicks, Simmons, Berry, J. Johnson, Ramel, Kloba, Ryu, Peterson, Ormsby, Ortiz-Self, Harris-Talley, and Macri

Read first time 02/01/21. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to social equity within the cannabis industry;  
2 amending RCW 43.330.540, 69.50.335, and 69.50.336; providing an  
3 expiration date; and declaring an emergency.

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

5 **Sec. 1.** RCW 43.330.540 and 2020 c 236 s 3 are each amended to  
6 read as follows:

7 (1) The ((~~marijuana~~)) cannabis social equity technical assistance  
8 competitive grant program is established and is to be administered by  
9 the department.

10 (2) The ((~~marijuana~~)) cannabis social equity technical assistance  
11 competitive grant program must award grants on a competitive basis to  
12 ((~~marijuana-retailer~~)).

13 (a) Cannabis license applicants who are social equity applicants  
14 submitting social equity plans under RCW 69.50.335; and

15 (b) Cannabis licensees holding a license on the effective date of  
16 this section who meet the social equity applicant criteria under RCW  
17 69.50.335.

18 (3) The department must award grants primarily based on the  
19 strength of the social equity plans submitted by cannabis license  
20 applicants and cannabis licensees holding a license on the effective  
21 date of this section, but may also consider additional criteria if

1 deemed necessary or appropriate by the department. Technical  
2 assistance activities eligible for funding (~~under the marijuana~~  
3 ~~social equity technical assistance competitive grant program~~)  
4 include, but are not limited to:

5 (a) Assistance navigating the (~~marijuana~~) cannabis retailer  
6 licensure process;

7 (b) (~~Marijuana-business~~) Cannabis-business specific education  
8 and business plan development;

9 (c) Regulatory compliance training;

10 (d) Financial management training and assistance in seeking  
11 financing; and

12 (e) Connecting social equity applicants with established industry  
13 members and tribal (~~marijuana~~) cannabis enterprises and programs  
14 for mentoring and other forms of support approved by the  
15 (~~Washington state liquor and cannabis~~) Washington state liquor  
16 and cannabis board.

17 (~~(3)~~) (4) The department must create a pilot program by August  
18 2, 2021, to provide technical assistance to cannabis retailers  
19 holding a license on the effective date of this section who meet the  
20 social equity applicant criteria under RCW 69.50.335.

21 (a) The department must allocate a minimum of \$150,000 for the  
22 pilot program to provide technical assistance activities to include  
23 infrastructure projects, technology upgrades, incubator and  
24 mentorship programs, and supplies.

25 (b) Grant recipients under this subsection must demonstrate  
26 completion of their project within 12 months of receiving a grant.

27 (5) Funding for the (~~marijuana~~) cannabis social equity  
28 technical assistance competitive grant program must be provided  
29 through the dedicated marijuana account under RCW 69.50.540.  
30 Additionally, the department may solicit, receive, and expend private  
31 contributions to support the grant program.

32 (~~(4)~~) (6) The department may adopt rules to implement this  
33 section.

34 (7) For the purposes of this section, "cannabis" has the meaning  
35 provided for "marijuana" under RCW 69.50.101.

36 **Sec. 2.** RCW 69.50.335 and 2020 c 236 s 2 are each amended to  
37 read as follows:

38 (1) Beginning December 1, 2020, and until July 1, (~~(2028)~~) 2029,  
39 (~~marijuana~~) cannabis retailer licenses that have been subject to

1 forfeiture, revocation, or cancellation by the board, or  
2 ((marijuana)) cannabis retailer licenses that were not previously  
3 issued by the board but could have been issued without exceeding the  
4 limit on the statewide number of ((marijuana)) cannabis retailer  
5 licenses established before January 1, 2020, by the board, may be  
6 issued or reissued to an applicant who meets the ((marijuana))  
7 cannabis retailer license requirements of this chapter.

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

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

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

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

26 (i) The application does not meet social equity goals or does not  
27 meet social equity plan requirements; or

28 (ii) The application does not otherwise meet the licensing  
29 requirements of this chapter.

30 (4) The board may adopt rules to implement this section. Rules  
31 may include strategies for receiving advice on the social equity  
32 program from individuals the program is intended to benefit. Rules  
33 may also require that licenses awarded under this section be  
34 transferred or sold only to individuals or groups of individuals who  
35 comply with the requirements for initial licensure as a social equity  
36 applicant with a social equity plan under this section.

37 (5) The annual fee for issuance, reissuance, or renewal for any  
38 license under this section must be equal to the fee established in  
39 RCW 69.50.325.

40 (6) For the purposes of this section:

1       (a) "Cannabis" has the meaning provided for "marijuana" under  
2 this chapter.

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

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

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

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

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

16       ((~~b~~)) (c) "Social equity applicant" means:

17       (i) An applicant who has at least fifty-one percent ownership and  
18 control by one or more individuals who have resided for at least five  
19 ((of the preceding ten)) years during 1975 through 2015 in a  
20 disproportionately impacted area; ((~~e~~))

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

25       (iii) An applicant who meets criteria defined in rule by the  
26 board after consultation with the commission on African American  
27 affairs and other commissions, agencies, and advocates as determined  
28 by the board.

29       ((~~e~~)) (d) "Social equity goals" means:

30       (i) Increasing the number of ((marijuana)) cannabis retailer  
31 licenses held by social equity applicants from disproportionately  
32 impacted areas; and

33       (ii) Reducing accumulated harm suffered by individuals, families,  
34 and local areas subject to severe impacts from the historical  
35 application and enforcement of ((marijuana)) cannabis prohibition  
36 laws.

37       ((~~d~~)) (e) "Social equity plan" means a plan that addresses at  
38 least some of the elements outlined in this subsection (6) ((~~d~~)) (e),  
39 along with any additional plan components or requirements approved by

1 the board following consultation with the task force created in RCW  
2 69.50.336. The plan may include:

3 (i) A statement that the social equity applicant qualifies as a  
4 social equity applicant and intends to own at least fifty-one percent  
5 of the proposed ((~~marijuana~~)) cannabis retail business or applicants  
6 representing at least fifty-one percent of the ownership of the  
7 proposed business qualify as social equity applicants;

8 (ii) A description of how issuing a ((~~marijuana~~)) cannabis retail  
9 license to the social equity applicant will meet social equity goals;

10 (iii) The social equity applicant's personal or family history  
11 with the criminal justice system including any offenses involving  
12 ((~~marijuana~~)) cannabis;

13 (iv) The composition of the workforce the social equity applicant  
14 intends to hire;

15 (v) Neighborhood characteristics of the location where the social  
16 equity applicant intends to operate, focusing especially on  
17 disproportionately impacted areas; and

18 (vi) Business plans involving partnerships or assistance to  
19 organizations or residents with connection to populations with a  
20 history of high rates of enforcement of ((~~marijuana~~)) cannabis  
21 prohibition.

22 **Sec. 3.** RCW 69.50.336 and 2020 c 236 s 5 are each amended to  
23 read as follows:

24 (1) A legislative task force on social equity in ((~~marijuana~~))  
25 cannabis is established. The purpose of the task force is to make  
26 recommendations to the board including but not limited to  
27 establishing a social equity program for the issuance and reissuance  
28 of existing retail ((~~marijuana~~)), processor, and producer cannabis  
29 licenses, and to advise the governor and the legislature on policies  
30 that will facilitate development of a ((~~marijuana~~)) cannabis social  
31 equity program.

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

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

36 (b) The speaker of the house of representatives shall appoint one  
37 member from each of the two largest caucuses of the house of  
38 representatives.

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

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

4 (A) The commission on African American affairs;

5 (B) The commission on Hispanic affairs;

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

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

8 (E) An organization representing the Latinx community;

9 (F) A labor organization involved in the (~~marijuana~~) cannabis  
10 industry;

11 (G) The liquor and cannabis board;

12 (H) The department of commerce;

13 (I) The office of the attorney general; and

14 (J) The association of Washington cities;

15 (ii) Two members that currently hold a (~~marijuana~~) cannabis  
16 retail license; (~~and~~)

17 (iii) Two members that currently hold a producer (~~or processor~~)  
18 license (~~or both~~); and

19 (iv) Two members that currently hold a processor license.

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

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

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

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

35 (4) The task force shall hold its first meeting by July 1, 2020.  
36 The task force shall elect a chair from among its legislative members  
37 at the first meeting. The election of the chair must be by a majority  
38 vote of the task force members who are present at the meeting. The  
39 chair of the task force is responsible for arranging subsequent  
40 meetings and developing meeting agendas.

1 (5) Staff support for the task force, including arranging the  
2 first meeting of the task force and assisting the chair of the task  
3 force in arranging subsequent meetings, must be provided by the  
4 health equity council of the governor's interagency council on health  
5 disparities. ((If Engrossed Second Substitute House Bill No. 1783 is  
6 enacted by June 30, 2020, then)) The responsibility for providing  
7 staff support for the task force must be transferred to the office of  
8 equity created ((by Engrossed Second Substitute House Bill No. 1783))  
9 under chapter 43.06D RCW when requested by the office of equity.

10 (6) The expenses of the task force must be paid jointly by the  
11 senate and the house of representatives. Task force expenditures are  
12 subject to approval by the senate facilities and operations committee  
13 and the house of representatives executive rules committee, or their  
14 successor committees.

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

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

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

24 (10) The task force shall submit one or more reports on  
25 recommended policies that will facilitate the development of a  
26 ((~~marijuana~~)) cannabis social equity program in Washington to the  
27 governor, the board, and the appropriate committees of the  
28 legislature. The task force is encouraged to submit individual  
29 recommendations, as soon as possible, to facilitate the board's early  
30 work to implement the recommendations. The final recommendations must  
31 be submitted by ((~~December 1, 2020~~)) January 10, 2022. The  
32 recommendations must include:

33 (a) Factors the board must consider in distributing the licenses  
34 currently available from ((~~marijuana~~)) cannabis retailer licenses  
35 that have been subject to forfeiture, revocation, or cancellation by  
36 the board, or ((~~marijuana~~)) cannabis retailer licenses that were not  
37 previously issued by the board but could have been issued without  
38 exceeding the limit on the statewide number of ((~~marijuana~~)) cannabis  
39 retailer licenses established by the board before January 1, 2020;  
40 ((and))

1 (b) Whether any additional (~~marijuana~~) cannabis producer,  
2 processor, or retailer licenses should be issued beyond the total  
3 number of (~~marijuana~~) licenses that have been issued as of June 11,  
4 2020. For purposes of determining the total number of licenses issued  
5 as of June 11, 2020, the total number includes licenses that have  
6 been forfeited, revoked, or canceled;

7 (c) The social equity impact of altering residential cannabis  
8 agriculture regulations;

9 (d) The social equity impact of shifting primary regulation of  
10 cannabis production from the board to the department of agriculture,  
11 including potential impacts to the employment rights of workers;

12 (e) The social equity impact of removing nonviolent cannabis-  
13 related felonies and misdemeanors from obtaining a cannabis license;

14 (f) Whether to create workforce training opportunities for  
15 underserved communities to increase employment opportunities in the  
16 cannabis industry;

17 (g) The social equity impact of reducing or ending the funding  
18 directed to the Washington state patrol drug enforcement task force  
19 under RCW 69.50.540 and redirecting an equivalent amount to a  
20 cannabis social equity program; and

21 (h) The social equity impact of creating new cannabis license  
22 types.

23 (11) The board may adopt rules to implement the recommendations  
24 of the task force. However, any recommendation to increase the number  
25 of retail outlets above the current statewide limit of retail  
26 outlets, established by the board before January 1, 2020, must be  
27 approved by the legislature.

28 (12) For the purposes of this section, "cannabis" has the meaning  
29 provided for "marijuana" under this chapter.

30 (13) This section expires June 30, (~~2022~~) 2023.

31 NEW SECTION. Sec. 4. This act is necessary for the immediate  
32 preservation of the public peace, health, or safety, or support of  
33 the state government and its existing public institutions, and takes  
34 effect immediately.

--- END ---