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**SECOND SUBSTITUTE SENATE BILL 5796**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Saldaña, Stanford, Keiser, Llias, and C. Wilson)

READ FIRST TIME 02/07/22.

1 AN ACT Relating to restructuring cannabis revenue appropriations  
2 to provide transparency and accountability and to increase community  
3 infrastructure and investment; amending RCW 69.50.530 and 69.50.540;  
4 and adding a new section to chapter 43.79 RCW.

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

6 **Sec. 1.** RCW 69.50.530 and 2018 c 299 s 909 are each amended to  
7 read as follows:

8 The dedicated (~~marijuana~~) cannabis account is created in the  
9 state treasury. All moneys received by the (~~state liquor and~~  
10 ~~eannabis~~) board, or any employee thereof, from marijuana-related  
11 activities must be deposited in the account. Unless otherwise  
12 provided in chapter 4, Laws of 2015 2nd sp. sess., all marijuana  
13 excise taxes collected from sales of marijuana, useable marijuana,  
14 marijuana concentrates, and marijuana-infused products under RCW  
15 69.50.535, and the license fees, penalties, and forfeitures derived  
16 under this chapter from marijuana producer, marijuana processor,  
17 marijuana researcher, and marijuana retailer licenses, must be  
18 deposited in the account. Moneys in the account may only be spent  
19 after appropriation. (~~During the 2015-2017 and 2017-2019 fiscal~~  
20 ~~biennia, the legislature may transfer from the dedicated marijuana~~

1 ~~account to the basic health plan trust account such amounts as~~  
2 ~~reflect the excess fund balance of the account.)~~)

3 **Sec. 2.** RCW 69.50.540 and 2021 c 334 s 986 are each amended to  
4 read as follows:

5 ~~((The legislature must annually appropriate moneys in the~~  
6 ~~dedicated marijuana account created in RCW 69.50.530 as follows:))~~

7 (1) For the purposes ~~((listed in))~~ of this subsection (1), the  
8 legislature must appropriate ~~((to the respective agencies amounts~~  
9 ~~sufficient to make the following expenditures on a quarterly basis or~~  
10 ~~as))~~ the amounts provided in this subsection:

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

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

32 (c) ~~Five thousand dollars to the University of Washington alcohol~~  
33 ~~and drug abuse institute for the creation, maintenance, and timely~~  
34 ~~updating of web-based public education materials providing medically~~  
35 ~~and scientifically accurate information about the health and safety~~  
36 ~~risks posed by marijuana use;~~

37 (d) (i) ~~An amount not less than one million two hundred fifty~~  
38 ~~thousand dollars to the board for administration of this chapter as~~  
39 ~~appropriated in the omnibus appropriations act;~~

1       ~~(ii) One million three hundred twenty-three thousand dollars for~~  
2 ~~fiscal year 2020 to the health professions account established under~~  
3 ~~RCW 43.70.320 for the development and administration of the marijuana~~  
4 ~~authorization database by the department of health;~~

5       ~~(iii) Two million four hundred fifty-three thousand dollars for~~  
6 ~~fiscal year 2020 and two million four hundred twenty-three thousand~~  
7 ~~dollars for fiscal years 2021, 2022, and 2023 to the Washington state~~  
8 ~~patrol for a drug enforcement task force. It is the intent of the~~  
9 ~~legislature that this policy will be continued in the 2021-2023~~  
10 ~~fiscal biennium; and~~

11       ~~(iv) Ninety-eight thousand dollars for fiscal year 2019 to the~~  
12 ~~department of ecology for research on accreditation of marijuana~~  
13 ~~product testing laboratories;~~

14       ~~(e) Four hundred sixty-five thousand dollars for fiscal year~~  
15 ~~2020, four hundred sixty-four thousand dollars for fiscal year 2021,~~  
16 ~~two hundred seventy thousand dollars in fiscal year 2022, and two~~  
17 ~~hundred seventy-six thousand dollars in fiscal year 2023 to the~~  
18 ~~department of ecology for implementation of accreditation of~~  
19 ~~marijuana product testing laboratories;~~

20       ~~(f) One hundred eighty-nine thousand dollars for fiscal year 2020~~  
21 ~~to the department of health for rule making regarding compassionate~~  
22 ~~care renewals;~~

23       ~~(g) Eight hundred eight thousand dollars for each of fiscal years~~  
24 ~~2020 through 2023 to the department of health for the administration~~  
25 ~~of the marijuana authorization database;~~

26       ~~(h) Six hundred thirty-five thousand dollars for fiscal year~~  
27 ~~2020, six hundred thirty-five thousand dollars for fiscal year 2021,~~  
28 ~~six hundred twenty-one thousand dollars for fiscal year 2022, and six~~  
29 ~~hundred twenty-seven thousand dollars for fiscal year 2023 to the~~  
30 ~~department of agriculture for compliance-based laboratory analysis of~~  
31 ~~pesticides in marijuana;~~

32       ~~(i) One million six hundred fifty thousand dollars for fiscal~~  
33 ~~year 2022 and one million six hundred fifty thousand dollars for~~  
34 ~~fiscal year 2023 to the department of commerce to fund the marijuana~~  
35 ~~social equity technical assistance competitive grant program under~~  
36 ~~RCW 43.330.540; and~~

37       ~~(j) One hundred sixty-three thousand dollars for fiscal year 2022~~  
38 ~~and one hundred fifty-nine thousand dollars for fiscal year 2023 to~~  
39 ~~the department of commerce to establish a roster of mentors as part~~  
40 ~~of the cannabis social equity technical assistance grant program~~

1 under Engrossed Substitute House Bill No. 1443 (cannabis industry/  
2 equity) [chapter 169, Laws of 2021]; and

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

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

17 (A) Of the funds appropriated under (a) (i) of this subsection for  
18 new programs and new services, at least eighty-five percent must be  
19 directed to evidence-based or research-based programs and practices  
20 that produce objectively measurable results and, by September 1,  
21 2020, are cost-beneficial; and

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

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

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

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

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

39 (I) A marijuana use public health hotline that provides referrals  
40 to substance abuse treatment providers, utilizes evidence-based or

1 ~~research-based public health approaches to minimizing the harms~~  
2 ~~associated with marijuana use, and does not solely advocate an~~  
3 ~~abstinence-only approach;~~

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

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

13 ~~(B) The Washington poison control center.~~

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

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

23 ~~(ii) For each fiscal year, except for the 2019-2021 and 2021-2023~~  
24 ~~fiscal biennia, the legislature must appropriate a minimum of one~~  
25 ~~million twenty-one thousand dollars to the University of Washington.~~  
26 ~~For each fiscal year, except for the 2019-2021 and 2021-2023 fiscal~~  
27 ~~biennia, the legislature must appropriate a minimum of six hundred~~  
28 ~~eighty-one thousand dollars to Washington State University under this~~  
29 ~~subsection (2) (c). It is the intent of the legislature that this~~  
30 ~~policy will be continued in the 2023-2025 fiscal biennium;~~

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

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

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

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

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

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

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

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

36       ~~(ii) Distribution amounts allocated to each county, city, and~~  
37 ~~town must be distributed in four installments by the last day of each~~  
38 ~~fiscal quarter.~~

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

4 ~~(iv) The total share of marijuana excise tax revenues distributed~~  
5 ~~to counties and cities in (g) (i) of this subsection (2) may not~~  
6 ~~exceed fifteen million dollars in fiscal years 2018, 2019, 2020, and~~  
7 ~~2021, and twenty million dollars per fiscal year thereafter))~~  
8 \$12,500,000 annually to the board for administration of this chapter  
9 as appropriated in the omnibus appropriations act;

10 (b) \$11,000,000 annually to the department of health for the  
11 following:

12 (i) Creation, implementation, operation, and management of a  
13 marijuana, vapor product, and commercial tobacco education and public  
14 health program that contains the following:

15 (A) A marijuana use public health hotline that provides referrals  
16 to substance abuse treatment providers, uses evidence-based or  
17 research-based public health approaches to minimizing the harms  
18 associated with marijuana use, and does not solely advocate an  
19 abstinence-only approach;

20 (B) Programs that support development and implementation of  
21 coordinated intervention strategies for the prevention and reduction  
22 of commercial tobacco, vapor product, and marijuana use by youth and  
23 marijuana cessation treatment services, including grant programs to  
24 local health departments or other local community agencies;

25 (C) Media-based education campaigns across television, internet,  
26 radio, print, and out-of-home advertising, separately targeting youth  
27 and adults, that provide medically and scientifically accurate  
28 information about the health and safety risks posed by marijuana use;  
29 and

30 (D) Outreach to priority populations regarding commercial  
31 tobacco, vapor product, and marijuana use, prevention, and cessation;  
32 and

33 (ii) The Washington poison control center;

34 (c) (i) \$3,000,000 annually to the department of commerce to fund  
35 the cannabis social equity grants and loans under RCW 43.330.540; and

36 (ii) \$200,000 annually to the department of commerce to fund  
37 technical assistance through a roster of mentors under RCW  
38 43.330.540;

39 (d) \$250,000 annually, until June 30, 2032, to the health care  
40 authority to contract with the Washington state institute for public

1 policy to conduct the cost-benefit evaluations and produce the  
2 reports described in RCW 69.50.550;

3 (e) \$25,000 annually to the University of Washington alcohol and  
4 drug abuse institute for the creation, maintenance, and timely  
5 updating of web-based public education materials providing medically  
6 and scientifically accurate information about the health and safety  
7 risks posed by marijuana use;

8 (f) \$300,000 annually to the University of Washington and  
9 \$175,000 annually to the Washington State University for research on  
10 the short-term and long-term effects of marijuana use to include, but  
11 not be limited to, formal and informal methods for estimating and  
12 measuring intoxication and impairments, and for the dissemination of  
13 such research;

14 (g) \$550,000 annually to the office of the superintendent of  
15 public instruction to fund grants to building bridges programs under  
16 chapter 28A.175 RCW;

17 (h) \$2,423,000 for fiscal year 2022 and \$2,793,000 for fiscal  
18 year 2023 to the Washington state patrol for a drug enforcement task  
19 force;

20 (i) \$270,000 for fiscal year 2022 and \$464,000 for fiscal year  
21 2023 to the department of ecology for implementation of accreditation  
22 of marijuana product testing laboratories;

23 (j) \$800,000 for each of fiscal years 2020 through 2023 to the  
24 department of health for the administration of the marijuana  
25 authorization database; and

26 (k) \$621,000 for fiscal year 2022 and \$635,000 for fiscal year  
27 2023 to the department of agriculture for compliance-based laboratory  
28 analysis of pesticides in marijuana.

29 (2) Subsections (1)(a) through (g) of this section must be  
30 adjusted annually based on the United States bureau of labor  
31 statistics' consumer price index for the Seattle area.

32 (3) After appropriation of the amounts identified in subsection  
33 (1) of this section, the legislature must annually appropriate such  
34 remaining amounts for the purposes listed in this subsection (3) as  
35 follows:

36 (a) Fifty percent to the state basic health plan trust account to  
37 be administered by the Washington basic health plan administrator and  
38 used as provided under chapter 70.47 RCW;

39 (b) Ten percent to the health care authority to:



1 (i) Design and administer the Washington state healthy youth  
2 survey, analyze the collected data, and produce reports, in  
3 collaboration with the office of the superintendent of public  
4 instruction, department of health, department of commerce, family  
5 policy council, and board. The survey must be conducted at least  
6 every two years and include questions regarding, but not necessarily  
7 limited to, academic achievement, age at time of substance use  
8 initiation, antisocial behavior of friends, attitudes toward  
9 antisocial behavior, attitudes toward substance use, laws and  
10 community norms regarding antisocial behavior, family conflict,  
11 family management, parental attitudes toward substance use, peer  
12 rewarding of antisocial behavior, perceived risk of substance use,  
13 and rebelliousness. Funds disbursed under this subsection may be used  
14 to expand administration of the healthy youth survey to student  
15 populations attending institutions of higher education in Washington;

16 (ii) Develop, implement, maintain, and evaluate programs and  
17 practices aimed at the prevention or reduction of maladaptive  
18 substance use, substance use disorder, substance abuse or substance  
19 dependence, as these terms are defined in the diagnostic and  
20 statistical manual of mental disorders, among middle school and high  
21 school-age students, whether as an explicit goal of a given program  
22 or practice or as a consistently corresponding effect of its  
23 implementation, mental health services for children and youth, and  
24 services for pregnant and parenting women. In deciding which programs  
25 and practices to fund under this subsection (3)(b)(ii), the director  
26 of the health care authority must consult, at least annually, with  
27 the University of Washington's social development research group and  
28 the University of Washington's alcohol and drug abuse institute; and

29 (iii) Contract with community health centers to provide primary  
30 health and dental care services, migrant health services, and  
31 maternity health care services as provided under RCW 41.05.220;

32 (c)(i) One and one-half percent to counties, cities, and towns  
33 where licensed marijuana retailers are physically located. Each  
34 jurisdiction must receive a share of the revenue distribution under  
35 this subsection (3)(c)(i) based on the proportional share of the  
36 total revenues generated in the individual jurisdiction from the  
37 taxes collected under RCW 69.50.535, from licensed marijuana  
38 retailers physically located in each jurisdiction. For purposes of  
39 this subsection (3)(c), 100 percent of the proportional amount

1 attributed to a retailer physically located in a city or town must be  
2 distributed to the city or town;

3 (ii) Three and one-half percent to counties, cities, and towns  
4 ratably on a per capita basis. Counties must receive 60 percent of  
5 the distribution based on each county's total proportional  
6 population. Funds may only be distributed to jurisdictions that do  
7 not prohibit the siting of any state licensed marijuana producer,  
8 processor, or retailer;

9 (iii) By September 15th of each year, the board must provide the  
10 state treasurer the annual distribution amount made under this  
11 subsection (3)(c), if any, for each county and city as determined in  
12 (c)(i) and (ii) of this subsection; and

13 (iv) Distribution amounts allocated to each county, city, and  
14 town in (c)(i) and (ii) of this subsection must be distributed in  
15 four installments by the last day of each fiscal quarter; and

16 (d) Thirty-five percent must be deposited in the state general  
17 fund. By December 31, 2022, up to \$125,000,000 of the amount in this  
18 subsection (3)(d) must be transferred to the community reinvestment  
19 account under section 3 of this act.

20 NEW SECTION. Sec. 3. A new section is added to chapter 43.79  
21 RCW to read as follows:

22 (1) The community reinvestment account is created in the state  
23 treasury. Money from the distribution required in RCW 69.50.540 must  
24 be deposited into the account. Moneys in the account may be spent  
25 only after appropriation.

26 (2) Expenditures from the account may be used by the department  
27 of commerce for:

28 (a) Economic development, which includes addressing wealth  
29 disparities to promote asset building such as home ownership and  
30 expanding access to financial resources including, but not limited  
31 to, grants and loans for small businesses and entrepreneurs,  
32 financial literacy training, and other small business training and  
33 support activities;

34 (b) Civil and criminal legal assistance to provide postconviction  
35 relief and case assistance, including the expungement of criminal  
36 records and vacation of criminal convictions;

37 (c) Community-based violence intervention and prevention  
38 services, which may include after-school programs focused on  
39 providing education and mentorship to youths; and

1 (d) Reentry services to facilitate successful transitions for  
2 persons formerly incarcerated in an adult correctional facility or  
3 juvenile residential facility in Washington.

4 (3) The distribution of the grants under this section must be  
5 done in collaboration with the governor's office of Indian affairs  
6 and "by and for community organizations" as defined by the department  
7 of commerce and the office of equity.

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