
HOUSE BILL 1083

State of Washington

68th Legislature

2023 Regular Session

By Representatives Robertson, Rule, and Ryu

Prefiled 12/27/22. Read first time 01/09/23. Referred to Committee on Regulated Substances & Gaming.

1 AN ACT Relating to ensuring reasonable terms of payment are
2 available to cannabis retailers when contracting with cannabis
3 processors for the purchase of cannabis products; and amending RCW
4 69.50.395.

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

6 **Sec. 1.** RCW 69.50.395 and 2022 c 16 s 83 are each amended to
7 read as follows:

8 (1) A licensed cannabis business may enter into an agreement with
9 any person, business, or other entity for:

10 (a) Any goods or services that are registered as a trademark
11 under federal law, under chapter 19.77 RCW, or under any other state
12 or international trademark law;

13 (b) Any unregistered trademark, trade name, or trade dress; or

14 (c) Any trade secret, technology, or proprietary information used
15 to manufacture a cannabis product or used to provide a service
16 related to any cannabis business.

17 (2) Any agreements entered into by a licensed cannabis business,
18 as authorized under this section, must be disclosed to the board and
19 may include:

20 (a) A royalty fee or flat rate calculated based on sales of each
21 product that includes the intellectual property or was manufactured

1 or sold using the licensed intellectual property or service, provided
2 that the royalty fee is no greater than an amount equivalent to ten
3 percent of the licensed cannabis business's gross sales derived from
4 the sale of such product;

5 (b) A flat rate or lump sum calculated based on time or
6 milestones;

7 (c) Terms giving either party exclusivity or qualified
8 exclusivity as it relates to use of the intellectual property;

9 (d) Quality control standards as necessary to protect the
10 integrity of the intellectual property;

11 (e) Enforcement obligations to be undertaken by the licensed
12 cannabis business;

13 (f) Covenants to use the licensed intellectual property; and

14 (g) Assignment of licensor improvements of the intellectual
15 property.

16 (3) A person, business, or entity that enters into an agreement
17 with a licensed cannabis business, where both parties to the
18 agreement are in compliance with the terms of this section, is exempt
19 from the requirement to qualify for a cannabis business license for
20 purposes of the agreements authorized by subsection (1) of this
21 section.

22 (4) All agreements entered into by a licensed cannabis business,
23 as authorized by this section, are subject to the board's
24 recordkeeping requirements as established by rule.

25 (5)(a) A contract between a cannabis processor and a cannabis
26 retailer for the purchase and sale of cannabis products:

27 (i) May allow the cannabis retailer to tender full or final
28 payment to the cannabis processor on a date after the date the
29 cannabis products are delivered to or received by the cannabis
30 retailer; and

31 (ii) Must require the cannabis retailer to tender full or final
32 payment to the cannabis processor on a date not more than 15 calendar
33 days after the date the cannabis products are delivered to or
34 received by the cannabis retailer.

35 (b) This subsection (5) applies to contracts entered or renewed
36 on or after the effective date of this section.

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