
HOUSE BILL 1581

State of Washington

68th Legislature

2023 Regular Session

By Representatives Wylie, Kloba, Reeves, and Ramel

Read first time 01/25/23. Referred to Committee on Regulated Substances & Gaming.

1 AN ACT Relating to establishing a Washington state cannabis
2 commission; amending RCW 41.06.070; adding a new section to chapter
3 69.50 RCW; and adding a new chapter to Title 15 RCW.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the Washington
6 state liquor and cannabis board exists to promote safe communities
7 and public safety. However, there is no agency to oversee research
8 and education of the cannabis industry within the state. The
9 legislature therefore declares:

10 (1) The Washington state cannabis commission is established to
11 benefit the people of the state of Washington and its economy;

12 (2) The general welfare of the people of the state will be served
13 by the research and development of best practices surrounding safe
14 cultivation and processing activities of cannabis. The industry is
15 therefore affected with the public welfare; and

16 (3) Creation of a Washington state cannabis commission for the
17 public purpose of administering the revenue of the commission will
18 materially advance the producing and processing of cannabis, improve
19 sustainability in the producing and processing sectors, and thereby
20 the public interest.

1 NEW SECTION. **Sec. 2.** To complement the development of a
2 comprehensive regulatory scheme to regulate the production and
3 processing of cannabis and cannabis products, the legislature
4 declares that:

5 (1) It is in the overriding public interest that state government
6 support responsible agricultural production of cannabis in order to:

7 (a) Protect the public by providing research and education in
8 reference to the quality, care, and methods used in the production of
9 cannabis and cannabis products; and

10 (b) Support and engage in programs or activities that benefit the
11 safe production, handling, processing, and uses of cannabis and
12 cannabis products; and

13 (2) The production of cannabis is a highly regulated industry.
14 Other laws applicable to the cannabis industry include:

15 (a) Chapter 15.130 RCW, the food safety and security act;

16 (b) Chapter 15.125 RCW, cannabis and cannabis products;

17 (c) Title 69 RCW, food, drugs, cosmetics, and poisons; and

18 (d) Chapter 82.08 RCW, retail sales tax.

19 NEW SECTION. **Sec. 3.** This chapter and the rules adopted under
20 this chapter are for the purpose of fostering responsible and orderly
21 agricultural production of cannabis. The legislature has granted
22 authority to other state agencies to regulate the cannabis industry
23 and nothing in this chapter should be interpreted to conflict with or
24 supersede that other overriding regulatory authority.

25 NEW SECTION. **Sec. 4.** The definitions in this section apply
26 throughout this chapter unless the context clearly requires
27 otherwise.

28 (1) "Board" means the Washington state liquor and cannabis board.

29 (2) "Cannabis" has the meaning provided in RCW 69.50.101.

30 (3) "Commission" means the Washington state cannabis commission
31 established by this chapter.

32 (4) "Cooperative" means a group of qualified medical cannabis
33 patients as provided in RCW 69.51A.250.

34 (5) "Department" means the Washington state department of
35 agriculture.

36 (6) "Director" means the director of the Washington state
37 department of agriculture or the director's designee.

1 (7) "District" means each of the geographical divisions of the
2 state of Washington established under section 8 of this act.

3 (8) "Fiscal year" means the 12-month period beginning July 1st of
4 any year and ending June 30th.

5 (9) "Interested parties" means governmental departments,
6 agencies, and bodies at the federal, state, or local levels including
7 tribal governments, as well as universities, national and
8 international associations, and other public and private sector
9 organizations with an interest in cannabis-related matters.

10 (10) "Processor" means any person or legal entity holding in its
11 name a cannabis processor license issued by the board. This license
12 type does not also hold a producer license.

13 (11) "Producer" means any person or legal entity holding in its
14 name a cannabis producer license issued by the board. This license
15 type does not also own a processor license.

16 (12) "Producer/processor" means any person or legal entity
17 holding in its name both a producer and processor license.

18 (13) "Retailer" means any person or legal entity holding a
19 cannabis retail license issued by the board.

20 (14) "Testing laboratory" means any laboratory accredited to
21 conduct cannabis-related analysis.

22 (15) "Tier" means any of the production licensing categories
23 established by rule of the board.

24 NEW SECTION. **Sec. 5.** The Washington state cannabis commission
25 is established to:

26 (1) Plan and conduct programs for cannabis-related matters;

27 (2) Provide for conducting research as provided in commission
28 rules;

29 (3) Cooperate with and act in an advisory capacity to local,
30 state, and federal agencies or other interested parties with respect
31 to cannabis-related matters within the scope of the powers and
32 purposes of the commission and as described in commission rules;

33 (4) Cooperate with other interested parties toward standardizing
34 methods by which to identify and determine the genetics, strains,
35 cultivars, phenotypes, standards, and grades of cannabis and advise
36 on packaging and labeling requirements with respect to the same;

37 (5) Conduct reviews, surveys, and inquiries regarding market
38 metrics and analytics, including trends, revenues, profitability,

1 projections, production, business practices, and other economic
2 drivers of the industry;

3 (6) Inform and advise producers and producer/processors in all
4 matters regarding cannabis including, but not limited to, educational
5 information on its cultivation, usage, risks, and related technical
6 and scientific developments;

7 (7) Provide cannabis-related education and training to producers,
8 producer/processors, researchers, and their employees, including
9 health and safety information;

10 (8) Provide information and services for meeting resource
11 conservation objectives of producers and producer/processors;

12 (9) Assist and cooperate with local, state, or federal government
13 agencies in the investigation and control of pests, diseases, and
14 other factors that could adversely affect the cultivation, quality,
15 or safety of Washington-produced cannabis;

16 (10) Advance knowledge and practice of the production of cannabis
17 in this state through the research and testing of methods to improve
18 pest management, worker protection and safety training, energy
19 efficiency, and environmental protection;

20 (11) Foster conditions favorable to investment in the production
21 of Washington cannabis consistent with state and federal laws;

22 (12) Limit youth access and youth exposure to cannabis;

23 (13) Enable cannabis producers and producer/processors of this
24 state, in cooperation with the commission to:

25 (a) Develop and engage in research including, but not limited to,
26 discovering better and more efficient production, irrigation, odor
27 mitigation, processing, transportation, handling, packaging, and use
28 of cannabis and cannabis products; and

29 (b) Discover and develop new and improved cultivars for the
30 reliable and economical production of cannabis in the state;

31 (14) Establish the uniform grading and proper preparation of
32 cannabis products for market;

33 (15) Protect the interest of consumers and the state by advising
34 on the overall production of cannabis to assure a balanced and
35 sufficient supply of cannabis and cannabis products of good quality
36 at all seasons and times; and

37 (16) Advance knowledge and the practices of processing cannabis
38 in the state.

39 NEW SECTION. **Sec. 6.** The commission may:

- 1 (1) Elect a chair and other officers by a majority vote of the
2 commission or as contained in bylaws adopted by the commission;
- 3 (2) Adopt, rescind, and amend bylaws and other internal rules of
4 governance necessary for the administration and operation of the
5 commission and for carrying out its duties under this chapter;
- 6 (3) Administer, enforce, direct, and control the provisions of
7 this chapter;
- 8 (4) Employ and discharge at its discretion such administrators,
9 staff, professional consultants and service providers, and other
10 persons and firms that it may deem appropriate;
- 11 (5) Designate a public records officer, rules coordinator, and
12 other representatives required by the laws governing state agencies
13 and commissions;
- 14 (6) Comply with all other laws applicable to state agencies and
15 commissions;
- 16 (7) Acquire personal property and purchase or lease office space
17 and other necessary real property and transfer and convey the same;
- 18 (8) Institute and maintain in its own name any and all legal
19 actions, including actions by injunction, mandatory injunction, or
20 civil recovery, or proceedings before administrative tribunals or
21 other governmental authorities necessary to carry out this chapter;
- 22 (9) Keep accurate records of all its receipts and disbursements,
23 which records must be open to inspection and audit by the state
24 auditor or private auditor designated by the state auditor at least
25 every five years and at any time by a duly appointed internal auditor
26 upon a majority vote of the commission;
- 27 (10) Make necessary disbursements for routine operating expenses;
- 28 (11) Expend funds for all activities, projects, and undertakings
29 of the commission permitted under this chapter;
- 30 (12) Cooperate with other interested parties for the purposes of
31 this chapter;
- 32 (13) Serve as liaison with the board and all other interested
33 parties on behalf of the commission and not for any individual
34 producer or producer/processor;
- 35 (14) Enter into contracts or cooperative agreements for research
36 as provided in this chapter;
- 37 (15) Enter into contracts or interagency agreements with any
38 other interested parties to carry out this chapter in accordance with
39 applicable provisions of Title 39 RCW;

1 (16) Solicit, accept, and expend or retain any gifts, bequests,
2 contributions, or grants from private persons or public agencies to
3 carry out this chapter;

4 (17) Retain in emergent situations the services of private legal
5 counsel to conduct legal actions on behalf of the commission,
6 provided that the retention of a private attorney is subject to the
7 appointment or approval by the office of the state attorney general;

8 (18) Engage in appropriate activities and events for the purpose
9 of supporting activities of the commission authorized by this
10 chapter;

11 (19) Participate in international, federal, state, and local
12 hearings, meetings, and other proceedings in all matters relating to
13 cannabis, including without limitation the production, irrigation,
14 manufacture, regulation, transportation, distribution, sale, or use
15 of cannabis including activities authorized under RCW 42.17A.635, and
16 the reporting of those activities to the public disclosure
17 commission;

18 (20) Obtain from the board a list of the names and addresses of
19 producers, processors, producer/processors, and retailers, and such
20 other available data from the state as requested by the commission
21 with respect to the discharge of the duties of the commission;

22 (21) Acquire, create, develop, and own intellectual property
23 rights, licenses, and patents and to collect royalties resulting from
24 the sale or licensing of commission-funded research, provided all
25 results and recommendations from research conducted or funded by the
26 commission must be available to all producers and producer/processors
27 without charge, except for reasonable out-of-pocket costs as the
28 commission may determine;

29 (22) Speak on behalf of the Washington state government with
30 regard to agricultural production of cannabis in the state, subject
31 to oversight of the director;

32 (23) Possess cannabis products for the limited purposes of
33 section 5 of this act;

34 (24) Subject to section 7 of this act, adopt rules to implement
35 this chapter; and

36 (25) Exercise other powers and duties necessary to carry out this
37 chapter.

1 NEW SECTION. **Sec. 7.** The department shall serve as the
2 commission's rules coordinator. The commission's rules are subject to
3 the director's approval.

4 NEW SECTION. **Sec. 8.** (1) The commission shall consist of 13
5 voting members: Eight producer or producer/processor members from the
6 districts; one statewide at large producer or producer/processor
7 member; one statewide tier one or equally small producer or producer/
8 processor member; one statewide tier two or equally medium producer
9 or producer/processor member; one statewide tier three or equally
10 large producer or producer/processor member; and the director.

11 (2) (a) A nonvoting advisory council is created to assist the
12 commission. The director must appoint the following to the advisory
13 council: One stand alone processor member and one testing laboratory
14 member.

15 (b) The advisory members must be considered from a pool of self-
16 nominated active business representatives from each business type
17 under this section.

18 (3) Each member of the commission and the advisory council other
19 than the director must:

20 (a) Be 21 years of age or older;

21 (b) Be a citizen and resident of this state;

22 (c) Directly hold or be a named owner in whole or in majority
23 part of an entity holding the relevant business license issued by the
24 board. This license must not be suspended at the time of nomination,
25 election, or appointment and must not be suspended at any time during
26 the member's term;

27 (d) Be engaged in the production of cannabis within the state of
28 Washington for a period of three years and have, during that period,
29 derived a substantial portion of their income therefrom. Any assignee
30 by a licensee must be and have been, either individually or as an
31 officer or employee of a corporation, firm, partnership, association,
32 or cooperative, actually engaged in producing cannabis within the
33 state of Washington for a period of three years and have, during that
34 period, derived a substantial portion of their income therefrom; and

35 (e) Continue to meet all membership qualifications throughout the
36 member's term.

37 (4) Producer or producer/processor members in voting positions
38 must be producers or producer/processors with production facilities
39 in the district in which they are nominated and elected. Producer or

1 producer/processor members elected to at large positions may be from
2 any district.

3 (a) District one, positions one and two, comprises the counties
4 of Clallam, Island, Jefferson, King, San Juan, Skagit, Snohomish, and
5 Whatcom.

6 (b) District two, positions three and four, comprises the
7 counties of Chelan, Douglas, Ferry, Grant, Kittitas, Okanogan, Pend
8 Oreille, and Stevens.

9 (c) District three, positions five and six, comprises the
10 counties of Adams, Asotin, Benton, Columbia, Franklin, Garfield,
11 Lincoln, Spokane, Walla Walla, Whitman, and Yakima.

12 (d) District four, positions seven and eight, comprises the
13 counties of Clark, Cowlitz, Grays Harbor, Kitsap, Klickitat, Lewis,
14 Mason, Pacific, Pierce, Skamania, Thurston, and Wahkiakum.

15 (5) The initial commission members shall be appointed by the
16 director.

17 (a) Four must be appointed for a one-year term.

18 (b) Four must be appointed for a two-year term.

19 (c) Four must be appointed by the director for a three-year term.

20 (d) The initial members must be considered from a pool of self-
21 nominated qualified producers or producer/processor from each
22 district under this section.

23 (e) Thereafter, commission members other than the director must
24 be elected by a vote of qualified producers or producer/processors in
25 each district for three-year terms.

26 (6) If a member vacancy occurs, at the board's first meeting
27 after the position becomes vacant, the remaining board members shall
28 recommend to the director a qualified person for appointment to the
29 vacant position. The director must appoint a replacement from those
30 nominations within 14 days.

31 (7) When making initial appointments and replacement
32 appointments, the director may give priority to persons who represent
33 the diverse communities of the state in order to maintain a balanced
34 representation of members where practicable.

35 (8) Seven voting members of the commission constitute a quorum
36 for the transaction of any commission business.

37 (9) Each member of the commission shall be reimbursed for
38 expenses incurred in the performance of their duties in accordance
39 with RCW 43.03.050 and 43.03.060.

1 (10) Within 90 days after the effective date of this section, the
2 director must appoint the initial members of the commission.

3 (11) The commission shall meet regularly as determined by the
4 members.

5 NEW SECTION. **Sec. 9.** (1) The commission, before the beginning
6 of its fiscal year, must prepare and submit its budget for that
7 fiscal year to the director for approval.

8 (2) The director must review and approve or disapprove all
9 submissions described in this section in a timely manner.

10 (3) The commission must develop and submit to the director for
11 approval any plans concerning, but not limited to, the following:

12 (a) The establishment, issuance, effectuation, and administration
13 of commission governance issues; and

14 (b) The initiation or establishment of any rule making.

15 (4) The director must review the commission's education program
16 to ensure that they are in keeping with state and federal laws.

17 NEW SECTION. **Sec. 10.** The commission shall deposit moneys
18 collected under this chapter and section 15 of this act in a separate
19 account in the name of the commission in any bank that is a state
20 depository. All expenditures and disbursements made from this account
21 under this chapter may be made without the necessity of a specific
22 legislative appropriation. Chapter 69.50 RCW does not apply to this
23 account or to the moneys received, collected, or expended as provided
24 in this chapter or section 15 of this act.

25 NEW SECTION. **Sec. 11.** The fee levied under section 15 of this
26 act constitutes a personal debt of every person charged or who
27 otherwise owes the fee, and the fee is due and payable to the
28 commission.

29 NEW SECTION. **Sec. 12.** (1) Financial and commercial information
30 and records submitted to either the board or the commission to
31 administer this chapter may be shared between the board and the
32 commission. They may also be used, if required, in any suit or
33 administrative hearing involving this chapter.

34 (2) This section does not prohibit:

1 (a) The issuance of general statements based upon the reports of
2 producers or producer/processors subject to this chapter if the
3 statements do not identify a specific producer or licensee; or

4 (b) The publication by the director or the commission of the name
5 of a producer or producer/processor violating this chapter and a
6 statement of the manner of the violation by that producer.

7 NEW SECTION. **Sec. 13.** Obligations incurred by the commission
8 and any other liabilities or claims against the commission must be
9 enforced only against the assets of the commission and, except to the
10 extent of such assets, no liability for the debts or actions of the
11 commission exists against either the state of Washington or any
12 subdivision or instrumentality thereof or against any member,
13 employee, or agent of the commission or the state of Washington in
14 the person's individual capacity. Except as otherwise provided in
15 this chapter, neither the commission members, nor its employees, may
16 be held individually responsible for errors in judgment, mistakes, or
17 other acts either of commission or omission, as principal, agent,
18 person, or employee, except for their own individual acts of
19 dishonesty or crime. No person or employee may be held individually
20 responsible for any act or omission of any other commission members.
21 The liability of the commission members shall be several and not
22 joint, and no member is liable for the default of any other member.
23 This section confirms that commission members have been, and continue
24 to be, state officers or volunteers for purposes of RCW 4.92.075 and
25 are entitled to the defenses, indemnifications, limitations of
26 liability, and other protections and benefits of chapter 4.92 RCW.

27 NEW SECTION. **Sec. 14.** (1) All costs incurred by the department,
28 including staff support and the adoption of rules and other actions
29 necessary to carry out this chapter, must be fully reimbursed by the
30 commission. All costs incurred by the board for activities under this
31 chapter must also be fully reimbursed by the commission.

32 (2) Costs incurred under this section must include initial
33 estimates of work and line item accounting of the costs incurred.

34 NEW SECTION. **Sec. 15.** A new section is added to chapter 69.50
35 RCW to read as follows:

36 (1) To provide for permanent funding of the Washington state
37 cannabis commission, agricultural commodity assessments must be

1 levied by the board on cannabis producers and cannabis producer/
2 processors as follows:

3 (a) The commission may, by a majority vote of the elected/
4 appointed members, request the board to reduce, increase, or suspend
5 the effective assessment based on the approved projects and
6 activities of the commission within a given fiscal year;

7 (b) After the initial fiscal year, the commission must set
8 assessment rates at a regular meeting by May 1st of each year, to
9 become effective for the next fiscal year;

10 (c) The commission must give notice to producers and processors
11 of the assessment rate before the beginning of the fiscal year in
12 which it is effective;

13 (d) The initial rate will be as follows:

14 (i) Beginning on October 31, 2023, except as provided in
15 subsection (3) of this section, the assessment on each producer
16 licensee is 0.29 percent of all sales revenues conducted by the
17 producer license.

18 (ii) Beginning on October 31, 2023, except as provided in
19 subsection (3) of this section, the assessment on each producer/
20 processor licensee is 0.145 percent of all sales revenues conducted
21 by the processor license.

22 (2) Assessments collected under this section must be disbursed
23 quarterly to the Washington state cannabis commission for use in
24 carrying out the purposes of chapter 15.--- RCW (the new chapter
25 created in section 17 of this act).

26 (3) Until October 31, 2028, the assessments on producers and
27 producer/processors in this section do not apply to a producer or
28 producer/processor who is licensed through the cannabis social equity
29 program created under this chapter.

30 **Sec. 16.** RCW 41.06.070 and 2019 c 146 s 3 are each amended to
31 read as follows:

32 (1) The provisions of this chapter do not apply to:

33 (a) The members of the legislature or to any employee of, or
34 position in, the legislative branch of the state government including
35 members, officers, and employees of the legislative council, joint
36 legislative audit and review committee, statute law committee, and
37 any interim committee of the legislature;

38 (b) The justices of the supreme court, judges of the court of
39 appeals, judges of the superior courts or of the inferior courts, or

1 to any employee of, or position in the judicial branch of state
2 government;

3 (c) Officers, academic personnel, and employees of technical
4 colleges;

5 (d) The officers of the Washington state patrol;

6 (e) Elective officers of the state;

7 (f) The chief executive officer of each agency;

8 (g) In the departments of employment security and social and
9 health services, the director and the director's confidential
10 secretary; in all other departments, the executive head of which is
11 an individual appointed by the governor, the director, his or her
12 confidential secretary, and his or her statutory assistant directors;

13 (h) In the case of a multimember board, commission, or committee,
14 whether the members thereof are elected, appointed by the governor or
15 other authority, serve ex officio, or are otherwise chosen:

16 (i) All members of such boards, commissions, or committees;

17 (ii) If the members of the board, commission, or committee serve
18 on a part-time basis and there is a statutory executive officer: The
19 secretary of the board, commission, or committee; the chief executive
20 officer of the board, commission, or committee; and the confidential
21 secretary of the chief executive officer of the board, commission, or
22 committee;

23 (iii) If the members of the board, commission, or committee serve
24 on a full-time basis: The chief executive officer or administrative
25 officer as designated by the board, commission, or committee; and a
26 confidential secretary to the chair of the board, commission, or
27 committee;

28 (iv) If all members of the board, commission, or committee serve
29 ex officio: The chief executive officer; and the confidential
30 secretary of such chief executive officer;

31 (i) The confidential secretaries and administrative assistants in
32 the immediate offices of the elective officers of the state;

33 (j) Assistant attorneys general;

34 (k) Commissioned and enlisted personnel in the military service
35 of the state;

36 (l) Inmate, student, and temporary employees, and part-time
37 professional consultants, as defined by the director;

38 (m) Officers and employees of the Washington state fruit
39 commission;

40 (n) Officers and employees of the Washington apple commission;

1 (o) Officers and employees of the Washington state dairy products
2 commission;

3 (p) Officers and employees of the Washington tree fruit research
4 commission;

5 (q) Officers and employees of the Washington state beef
6 commission;

7 (r) Officers and employees of the Washington grain commission;

8 (s) Officers and employees of any commission formed under chapter
9 15.66 RCW;

10 (t) Officers and employees of agricultural commissions formed
11 under chapter 15.65 RCW;

12 (u) Executive assistants for personnel administration and labor
13 relations in all state agencies employing such executive assistants
14 including but not limited to all departments, offices, commissions,
15 committees, boards, or other bodies subject to the provisions of this
16 chapter and this subsection shall prevail over any provision of law
17 inconsistent herewith unless specific exception is made in such law;

18 (v) In each agency with fifty or more employees: Deputy agency
19 heads, assistant directors or division directors, and not more than
20 three principal policy assistants who report directly to the agency
21 head or deputy agency heads;

22 (w) Staff employed by the department of commerce to administer
23 energy policy functions;

24 (x) The manager of the energy facility site evaluation council;

25 (y) A maximum of ten staff employed by the department of commerce
26 to administer innovation and policy functions, including the three
27 principal policy assistants exempted under (v) of this subsection;

28 (z) Staff employed by Washington State University to administer
29 energy education, applied research, and technology transfer programs
30 under RCW 43.21F.045 as provided in RCW 28B.30.900(5);

31 (aa) Officers and employees of the consolidated technology
32 services agency created in RCW 43.105.006 that perform the following
33 functions or duties: Systems integration; data center engineering and
34 management; network systems engineering and management; information
35 technology contracting; information technology customer relations
36 management; and network and systems security;

37 (bb) The executive director of the Washington statewide reentry
38 council; and

1 (cc) Officers and employees of the Washington state cannabis
2 commission under chapter 15.--- RCW (the new chapter created in
3 section 17 of this act).

4 (2) The following classifications, positions, and employees of
5 institutions of higher education and related boards are hereby
6 exempted from coverage of this chapter:

7 (a) Members of the governing board of each institution of higher
8 education and related boards, all presidents, vice presidents, and
9 their confidential secretaries, administrative, and personal
10 assistants; deans, directors, and chairs; academic personnel; and
11 executive heads of major administrative or academic divisions
12 employed by institutions of higher education; principal assistants to
13 executive heads of major administrative or academic divisions; other
14 managerial or professional employees in an institution or related
15 board having substantial responsibility for directing or controlling
16 program operations and accountable for allocation of resources and
17 program results, or for the formulation of institutional policy, or
18 for carrying out personnel administration or labor relations
19 functions, legislative relations, public information, development,
20 senior computer systems and network programming, or internal audits
21 and investigations; and any employee of a community college district
22 whose place of work is one which is physically located outside the
23 state of Washington and who is employed pursuant to RCW 28B.50.092
24 and assigned to an educational program operating outside of the state
25 of Washington;

26 (b) The governing board of each institution, and related boards,
27 may also exempt from this chapter classifications involving research
28 activities, counseling of students, extension or continuing education
29 activities, graphic arts or publications activities requiring
30 prescribed academic preparation or special training as determined by
31 the board: PROVIDED, That no nonacademic employee engaged in office,
32 clerical, maintenance, or food and trade services may be exempted by
33 the board under this provision;

34 (c) Printing craft employees in the department of printing at the
35 University of Washington.

36 (3) In addition to the exemptions specifically provided by this
37 chapter, the director may provide for further exemptions pursuant to
38 the following procedures. The governor or other appropriate elected
39 official may submit requests for exemption to the office of financial
40 management stating the reasons for requesting such exemptions. The

1 director shall hold a public hearing, after proper notice, on
2 requests submitted pursuant to this subsection. If the director
3 determines that the position for which exemption is requested is one
4 involving substantial responsibility for the formulation of basic
5 agency or executive policy or one involving directing and controlling
6 program operations of an agency or a major administrative division
7 thereof, or is a senior expert in enterprise information technology
8 infrastructure, engineering, or systems, the director shall grant the
9 request. The total number of additional exemptions permitted under
10 this subsection shall not exceed one percent of the number of
11 employees in the classified service not including employees of
12 institutions of higher education and related boards for those
13 agencies not directly under the authority of any elected public
14 official other than the governor, and shall not exceed a total of
15 twenty-five for all agencies under the authority of elected public
16 officials other than the governor.

17 (4) The salary and fringe benefits of all positions presently or
18 hereafter exempted except for the chief executive officer of each
19 agency, full-time members of boards and commissions, administrative
20 assistants and confidential secretaries in the immediate office of an
21 elected state official, and the personnel listed in subsections
22 (1)(j) through (t) and (2) of this section, shall be determined by
23 the director. Changes to the classification plan affecting exempt
24 salaries must meet the same provisions for classified salary
25 increases resulting from adjustments to the classification plan as
26 outlined in RCW 41.06.152.

27 (5)(a) Any person holding a classified position subject to the
28 provisions of this chapter shall, when and if such position is
29 subsequently exempted from the application of this chapter, be
30 afforded the following rights: If such person previously held
31 permanent status in another classified position, such person shall
32 have a right of reversion to the highest class of position previously
33 held, or to a position of similar nature and salary.

34 (b) Any classified employee having civil service status in a
35 classified position who accepts an appointment in an exempt position
36 shall have the right of reversion to the highest class of position
37 previously held, or to a position of similar nature and salary.

38 (c) A person occupying an exempt position who is terminated from
39 the position for gross misconduct or malfeasance does not have the

1 right of reversion to a classified position as provided for in this
2 section.

3 NEW SECTION. **Sec. 17.** Sections 1 through 14 of this act
4 constitute a new chapter in Title 15 RCW.

--- END ---