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**HOUSE BILL 1790**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Representatives Entenman, Wylie, Reeves, Macri, Stearns, Kloba, Ormsby, and Pollet

Read first time 02/07/23. Referred to Committee on Regulated Substances & Gaming.

1 AN ACT Relating to expanding and improving the social equity in  
2 cannabis program; amending RCW 69.50.331, 69.50.335, 69.50.345, and  
3 69.50.345; providing an effective date; and providing an expiration  
4 date.

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

6 **Sec. 1.** RCW 69.50.331 and 2022 c 16 s 58 are each amended to  
7 read as follows:

8 (1) For the purpose of considering any application for a license  
9 to produce, process, research, transport, or deliver cannabis,  
10 useable cannabis, cannabis concentrates, or cannabis-infused products  
11 subject to the regulations established under RCW 69.50.385, or sell  
12 cannabis, or for the renewal of a license to produce, process,  
13 research, transport, or deliver cannabis, useable cannabis, cannabis  
14 concentrates, or cannabis-infused products subject to the regulations  
15 established under RCW 69.50.385, or sell cannabis, the board must  
16 conduct a comprehensive, fair, and impartial evaluation of the  
17 applications timely received.

18 (a) The board may cause an inspection of the premises to be made,  
19 and may inquire into all matters in connection with the construction  
20 and operation of the premises. For the purpose of reviewing any  
21 application for a license and for considering the denial, suspension,

1 revocation, cancellation, or renewal or denial thereof, of any  
2 license, the board may consider any prior criminal arrests or  
3 convictions of the applicant, any public safety administrative  
4 violation history record with the board, and a criminal history  
5 record information check. The board may submit the criminal history  
6 record information check to the Washington state patrol and to the  
7 identification division of the federal bureau of investigation in  
8 order that these agencies may search their records for prior arrests  
9 and convictions of the individual or individuals who filled out the  
10 forms. The board must require fingerprinting of any applicant whose  
11 criminal history record information check is submitted to the federal  
12 bureau of investigation. The provisions of RCW 9.95.240 and of  
13 chapter 9.96A RCW do not apply to these cases. Subject to the  
14 provisions of this section, the board may, in its discretion, grant  
15 or deny the renewal or license applied for. Denial may be based on,  
16 without limitation, the existence of chronic illegal activity  
17 documented in objections submitted pursuant to subsections (7)(c) and  
18 (10) of this section. Authority to approve an uncontested or  
19 unopposed license may be granted by the board to any staff member the  
20 board designates in writing. Conditions for granting this authority  
21 must be adopted by rule.

22 (b) No license of any kind may be issued to:

23 (i) A person under the age of (~~twenty-one~~) 21 years;

24 (ii) A person doing business as a sole proprietor who has not  
25 lawfully resided in the state for at least six months prior to  
26 applying to receive a license;

27 (iii) A partnership, employee cooperative, association, nonprofit  
28 corporation, or corporation unless formed under the laws of this  
29 state, and unless all of the members thereof are qualified to obtain  
30 a license as provided in this section; or

31 (iv) A person whose place of business is conducted by a manager  
32 or agent, unless the manager or agent possesses the same  
33 qualifications required of the licensee.

34 (2)(a) The board may, in its discretion, subject to RCW  
35 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(3) suspend  
36 or cancel any license; and all protections of the licensee from  
37 criminal or civil sanctions under state law for producing,  
38 processing, researching, or selling cannabis, cannabis concentrates,  
39 useable cannabis, or cannabis-infused products thereunder must be  
40 suspended or terminated, as the case may be.

1 (b) The board must immediately suspend the license of a person  
2 who has been certified pursuant to RCW 74.20A.320 by the department  
3 of social and health services as a person who is not in compliance  
4 with a support order. If the person has continued to meet all other  
5 requirements for reinstatement during the suspension, reissuance of  
6 the license is automatic upon the board's receipt of a release issued  
7 by the department of social and health services stating that the  
8 licensee is in compliance with the order.

9 (c) The board may request the appointment of administrative law  
10 judges under chapter 34.12 RCW who shall have power to administer  
11 oaths, issue subpoenas for the attendance of witnesses and the  
12 production of papers, books, accounts, documents, and testimony,  
13 examine witnesses, receive testimony in any inquiry, investigation,  
14 hearing, or proceeding in any part of the state, and consider  
15 mitigating and aggravating circumstances in any case and deviate from  
16 any prescribed penalty, under rules the board may adopt.

17 (d) Witnesses must be allowed fees and mileage each way to and  
18 from any inquiry, investigation, hearing, or proceeding at the rate  
19 authorized by RCW 34.05.446. Fees need not be paid in advance of  
20 appearance of witnesses to testify or to produce books, records, or  
21 other legal evidence.

22 (e) In case of disobedience of any person to comply with the  
23 order of the board or a subpoena issued by the board, or any of its  
24 members, or administrative law judges, or on the refusal of a witness  
25 to testify to any matter regarding which he or she may be lawfully  
26 interrogated, the judge of the superior court of the county in which  
27 the person resides, on application of any member of the board or  
28 administrative law judge, compels obedience by contempt proceedings,  
29 as in the case of disobedience of the requirements of a subpoena  
30 issued from said court or a refusal to testify therein.

31 (3) Upon receipt of notice of the suspension or cancellation of a  
32 license, the licensee must forthwith deliver up the license to the  
33 board. Where the license has been suspended only, the board must  
34 return the license to the licensee at the expiration or termination  
35 of the period of suspension. The board must notify all other  
36 licensees in the county where the subject licensee has its premises  
37 of the suspension or cancellation of the license; and no other  
38 licensee or employee of another licensee may allow or cause any  
39 cannabis, cannabis concentrates, useable cannabis, or cannabis-

1 infused products to be delivered to or for any person at the premises  
2 of the subject licensee.

3 (4) Every license issued under this chapter is subject to all  
4 conditions and restrictions imposed by this chapter or by rules  
5 adopted by the board to implement and enforce this chapter. All  
6 conditions and restrictions imposed by the board in the issuance of  
7 an individual license must be listed on the face of the individual  
8 license along with the trade name, address, and expiration date.

9 (5) Every licensee must post and keep posted its license, or  
10 licenses, in a conspicuous place on the premises.

11 (6) No licensee may employ any person under the age of (~~twenty-~~  
12 ~~one~~) 21 years.

13 (7)(a) Before the board issues a new or renewed license to an  
14 applicant it must give notice of the application to the chief  
15 executive officer of the incorporated city or town, if the  
16 application is for a license within an incorporated city or town, or  
17 to the county legislative authority, if the application is for a  
18 license outside the boundaries of incorporated cities or towns, or to  
19 the tribal government if the application is for a license within  
20 Indian country, or to the port authority if the application for a  
21 license is located on property owned by a port authority.

22 (b) The incorporated city or town through the official or  
23 employee selected by it, the county legislative authority or the  
24 official or employee selected by it, the tribal government, or port  
25 authority has the right to file with the board within twenty days  
26 after the date of transmittal of the notice for applications, or at  
27 least thirty days prior to the expiration date for renewals, written  
28 objections against the applicant or against the premises for which  
29 the new or renewed license is asked. The board may extend the time  
30 period for submitting written objections upon request from the  
31 authority notified by the board.

32 (c) The written objections must include a statement of all facts  
33 upon which the objections are based, and in case written objections  
34 are filed, the city or town or county legislative authority may  
35 request, and the board may in its discretion hold, a hearing subject  
36 to the applicable provisions of Title 34 RCW. If the board makes an  
37 initial decision to deny a license or renewal based on the written  
38 objections of an incorporated city or town or county legislative  
39 authority, the applicant may request a hearing subject to the  
40 applicable provisions of Title 34 RCW. If a hearing is held at the

1 request of the applicant, board representatives must present and  
2 defend the board's initial decision to deny a license or renewal.

3 (d) Upon the granting of a license under this title the board  
4 must send written notification to the chief executive officer of the  
5 incorporated city or town in which the license is granted, or to the  
6 county legislative authority if the license is granted outside the  
7 boundaries of incorporated cities or towns.

8 (8) (a) Except as provided in (b) through (e) of this subsection,  
9 the board may not issue a license for any premises within (~~one~~  
10 ~~thousand~~) 1,000 feet of the perimeter of the grounds of any  
11 elementary or secondary school, playground, recreation center or  
12 facility, child care center, public park, public transit center, or  
13 library, or any game arcade admission to which is not restricted to  
14 persons aged (~~twenty-one~~) 21 years or older.

15 (b) A city, county, or town may permit the licensing of premises  
16 within (~~one thousand~~) 1,000 feet but not less than (~~one hundred~~)  
17 100 feet of the facilities described in (a) of this subsection,  
18 except elementary schools, secondary schools, and playgrounds, by  
19 enacting an ordinance authorizing such distance reduction, provided  
20 that such distance reduction will not negatively impact the  
21 jurisdiction's civil regulatory enforcement, criminal law enforcement  
22 interests, public safety, or public health.

23 (c) A city, county, or town may permit the licensing of research  
24 premises allowed under RCW 69.50.372 within (~~one thousand~~) 1,000  
25 feet but not less than (~~one hundred~~) 100 feet of the facilities  
26 described in (a) of this subsection by enacting an ordinance  
27 authorizing such distance reduction, provided that the ordinance will  
28 not negatively impact the jurisdiction's civil regulatory  
29 enforcement, criminal law enforcement, public safety, or public  
30 health.

31 (d) The board may license premises located in compliance with the  
32 distance requirements set in an ordinance adopted under (b) or (c) of  
33 this subsection. Before issuing or renewing a research license for  
34 premises within (~~one thousand~~) 1,000 feet but not less than (~~one~~  
35 ~~hundred~~) 100 feet of an elementary school, secondary school, or  
36 playground in compliance with an ordinance passed pursuant to (c) of  
37 this subsection, the board must ensure that the facility:

38 (i) Meets a security standard exceeding that which applies to  
39 cannabis producer, processor, or retailer licensees;

1 (ii) Is inaccessible to the public and no part of the operation  
2 of the facility is in view of the general public; and

3 (iii) Bears no advertising or signage indicating that it is a  
4 cannabis research facility.

5 (e) The board must issue a certificate of compliance if the  
6 premises met the requirements under (a), (b), (c), or (d) of this  
7 subsection on the date of the application. The certificate allows the  
8 licensee to operate the business at the proposed location  
9 notwithstanding a later occurring, otherwise disqualifying factor.

10 (f) The board may not issue a license for any premises within  
11 Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee  
12 patent lands within the exterior boundaries of a reservation, without  
13 the consent of the federally recognized tribe associated with the  
14 reservation or Indian country.

15 (9) A city, town, or county may adopt an ordinance prohibiting a  
16 cannabis producer or cannabis processor from operating or locating a  
17 business within areas zoned primarily for residential use or rural  
18 use with a minimum lot size of five acres or smaller.

19 (10) In determining whether to grant or deny a license or renewal  
20 of any license, the board must give substantial weight to objections  
21 from an incorporated city or town or county legislative authority  
22 based upon chronic illegal activity associated with the applicant's  
23 operations of the premises proposed to be licensed or the applicant's  
24 operation of any other licensed premises, or the conduct of the  
25 applicant's patrons inside or outside the licensed premises. "Chronic  
26 illegal activity" means (a) a pervasive pattern of activity that  
27 threatens the public health, safety, and welfare of the city, town,  
28 or county including, but not limited to, open container violations,  
29 assaults, disturbances, disorderly conduct, or other criminal law  
30 violations, or as documented in crime statistics, police reports,  
31 emergency medical response data, calls for service, field data, or  
32 similar records of a law enforcement agency for the city, town,  
33 county, or any other municipal corporation or any state agency; or  
34 (b) an unreasonably high number of citations for violations of RCW  
35 46.61.502 associated with the applicant's or licensee's operation of  
36 any licensed premises as indicated by the reported statements given  
37 to law enforcement upon arrest.

38 (11) After January 1, 2024, all cannabis licensees are encouraged  
39 but are not required to submit a social equity plan to the board.  
40 Upon confirmation by the board that a cannabis licensee who is not a

1 social equity applicant, and who does not hold a social equity  
2 license issued under RCW 69.50.335, has submitted a social equity  
3 plan, the board must within 30 days reimburse such a licensee an  
4 amount equal to the cost of the licensee's annual cannabis license  
5 renewal fee. The license renewal fee reimbursement authorized under  
6 this subsection is subject to the following limitations:

7 (a) The board may provide reimbursement one time only to any  
8 licensed entity; and

9 (b) Any licensed entity holding more than one cannabis license is  
10 eligible for reimbursement of the license renewal fee on only one  
11 license.

12 **Sec. 2.** RCW 69.50.335 and 2022 c 16 s 60 are each amended to  
13 read as follows:

14 (1)(a) Beginning December 1, 2020, and until July 1, ((2029))  
15 2032, cannabis retailer licenses, cannabis processor licenses, and  
16 cannabis producer licenses that have been subject to forfeiture,  
17 revocation, or cancellation by the board, or cannabis retailer  
18 licenses that were not previously issued by the board but could have  
19 been issued without exceeding the limit on the statewide number of  
20 cannabis retailer licenses established before January 1, 2020, by the  
21 board, may be issued or reissued to an applicant who meets the  
22 cannabis retailer license, cannabis processor license, or cannabis  
23 producer license requirements of this chapter. The board may not  
24 issue or reissue more than 100 cannabis producer licenses or 100  
25 cannabis processor licenses under this subsection.

26 (b) In addition to the cannabis retailer licenses that may be  
27 issued under (a) of this subsection, beginning January 1, 2023, and  
28 continuing every three years until July 1, 2032, the board may, with  
29 the approval of the legislature through the passage of a bill,  
30 increase the number of cannabis retailer licenses for the social  
31 equity program based on:

32 (i) The most recent census data available as of January 1, 2023;  
33 and

34 (ii) The annual population estimates published by the office of  
35 financial management.

36 (c) In addition to the cannabis retailer licenses that may be  
37 issued under (a) of this subsection, beginning January 1, 2024, and  
38 until July 1, 2032, the board may issue up to 52 cannabis retailer  
39 licenses for the social equity program.

1 (d) At the time of licensure, all licenses issued under the  
2 social equity program under this section may be located in any city,  
3 town, or county in the state that allows cannabis retail or cannabis  
4 processing business activity at the proposed location, regardless of:

5 (i) Whether a cannabis retailer license or cannabis processor  
6 license was originally allocated to or issued in another city, town,  
7 or county; and

8 (ii) The maximum number of retail cannabis licenses established  
9 by the board for each county under RCW 69.50.345.

10 (e) After a social equity license has been issued under this  
11 section for a specific location, the location of the licensed  
12 business may not be moved to a city, town, or county different from  
13 the city, town, or county for which it was initially licensed.

14 (2) (a) In order to be considered for a (~~retail~~) cannabis  
15 retailer license, cannabis processor license, or cannabis producer  
16 license under subsection (1) of this section, an applicant must be a  
17 social equity applicant and submit (~~a social equity plan along with~~  
18 ~~other cannabis retailer license application requirements~~) required  
19 cannabis license materials to the board. If the application proposes  
20 ownership by more than one person, then at least (~~fifty-one~~) 51  
21 percent of the proposed ownership structure must reflect the  
22 qualifications of a social equity applicant.

23 (b) Persons holding an existing cannabis retailer license or  
24 title certificate for a cannabis retailer business in a local  
25 jurisdiction subject to a ban or moratorium on cannabis retail  
26 businesses may apply for a license under this section.

27 (3) (a) In determining the priority for issuance of a license  
28 among applicants, the board (~~may prioritize applicants based on the~~  
29 ~~extent to which the application addresses the components of the~~  
30 ~~social equity plan~~) must select a third-party contractor to identify  
31 and score social equity applicants, using a scoring rubric developed  
32 by the board. The board must rely on the score provided by the third-  
33 party contractor in issuing licenses.

34 (b) The board may deny any application submitted under this  
35 subsection if (~~the~~):

36 (i) The board determines that (~~÷~~  
37 ~~(i) The application does not meet social equity goals or does not~~  
38 ~~meet social equity plan requirements; or~~  
39 ~~(ii) The application does not otherwise meet the licensing~~  
40 ~~requirements of this chapter~~), upon the advice of the third-party



1 contractor, the application does not meet the social equity licensing  
2 requirements of this chapter; or

3 (ii) The board determines the application does not otherwise meet  
4 licensing requirements.

5 (4) The board (~~(may)~~) must adopt rules to implement this section.  
6 (~~(Rules may include strategies for receiving)~~) Prior to adopting any  
7 rule implementing this section, the board must consider advice on the  
8 social equity program from individuals the program is intended to  
9 benefit. Rules may also require that licenses awarded under this  
10 section only be transferred to or (~~(sold only to)~~) assumed by  
11 individuals or groups of individuals who comply with the requirements  
12 for initial licensure as a social equity applicant (~~(with a social~~  
13 ~~equity plan under this section)~~) for a period of at least five years  
14 from the date of initial licensure.

15 (5) The annual fee for issuance, reissuance, or renewal for any  
16 license under this section must be (~~(equal to the fee established in~~  
17 ~~RCW 69.50.325)~~) waived through December 31, 2029.

18 (6) (~~(For the purposes of this section:)~~) The definitions in this  
19 subsection apply throughout this section unless the context clearly  
20 requires otherwise.

21 (a) "Disproportionately impacted area" means a census tract or  
22 comparable geographic area (~~(that satisfies the following criteria,~~  
23 ~~which may be further defined in rule by the board after consultation~~  
24 ~~with the commission on African American affairs and other agencies,~~  
25 ~~commissions, and community members as determined by the board:~~

26 ~~(i) The area has a high poverty rate;~~

27 ~~(ii) The area has a high rate of participation in income-based~~  
28 ~~federal or state programs)) within Washington state where community~~

29 members were more likely to be impacted by the war on drugs. These  
30 areas must be determined in rule by the board, in consultation with  
31 the office of equity, using a standardized statistical equation to  
32 identify areas with demographic indicators consistent with  
33 populations most impacted by the war on drugs. These areas must be  
34 assessed to account for demographic changes in the composition of the  
35 population over time. Disproportionately impacted areas must include  
36 census tracts or comparable geographic areas in the top 15th  
37 percentile in at least two of the following demographic indicators of  
38 populations most impacted by the war on drugs:

39 (i) The area has a high rate of people living under the federal  
40 poverty level;

1 (ii) The area has a high rate of people who did not graduate from  
2 high school;

3 (iii) The area has a high rate of unemployment; ~~((and))~~ or

4 (iv) The area has a high rate of ~~((arrest, conviction, or~~  
5 ~~incarceration related to the sale, possession, use, cultivation,~~  
6 ~~manufacture, or transport of cannabis))~~ people receiving public  
7 assistance.

8 (b) "Social equity applicant" means an applicant:

9 (i) ~~((An applicant who has at least fifty-one percent ownership~~  
10 ~~and control by one or more individuals who have resided in a~~  
11 ~~disproportionately impacted area for a period of time defined in rule~~  
12 ~~by the board after consultation with the commission on African~~  
13 ~~American affairs and other commissions, agencies, and community~~  
14 ~~members as determined by the board;~~

15 ~~(ii) An applicant who has at least fifty-one percent ownership~~  
16 ~~and control by at least one individual who has been convicted of a~~  
17 ~~cannabis offense, a drug offense, or is a family member of such an~~  
18 ~~individual; or~~

19 ~~(iii) An applicant who meets criteria defined in rule by the~~  
20 ~~board after consultation with the commission on African American~~  
21 ~~affairs and other commissions, agencies, and community members as~~  
22 ~~determined by the board))~~ who has at least 51 percent ownership and  
23 control by one or more individuals who meet at least two of the  
24 following qualifications:

25 (i) Lived in a disproportionately impacted area in Washington  
26 state for a minimum of five years between 1980 and 2010;

27 (ii) Has been arrested or convicted of a cannabis offense or has  
28 a family member who has been arrested or convicted of a cannabis  
29 offense;

30 (iii) Had a household income in the year prior to submitting an  
31 application under this section that was less than the median  
32 household income within the state of Washington as calculated by the  
33 United States census bureau; or

34 (iv) Is both a socially and economically disadvantaged individual  
35 as defined by the office of minority and women's business enterprises  
36 under chapter 39.19 RCW.

37 (c) "Social equity goals" means:

38 (i) Increasing the number of cannabis retailer licenses held by  
39 social equity applicants from disproportionately impacted areas; and

1 (ii) Reducing accumulated harm suffered by individuals, families,  
2 and local areas subject to severe impacts from the historical  
3 application and enforcement of cannabis prohibition laws.

4 (d) "Social equity plan" means a plan that addresses at least  
5 some of the elements outlined in this subsection (6)(d), along with  
6 any additional plan components or requirements approved by the board  
7 following consultation with the task force created in RCW 69.50.336.  
8 The plan may include:

9 (~~(i) A statement that ((the social equity applicant qualifies as a  
10 social equity applicant and intends to own at least fifty-one percent  
11 of the proposed cannabis retail business or applicants representing  
12 at least fifty-one percent of the ownership of the proposed business  
13 qualify as social equity applicants))~~ indicates how the cannabis  
14 licensee will work to promote social equity goals in their community;

15 (~~(ii) A description of how ((issuing a))~~ the cannabis (~~((retail  
16 license to the social equity applicant))~~ licensee will meet social  
17 equity goals;

18 (~~(iii) ((The social equity applicant's personal or family history  
19 with the criminal justice system including any offenses involving  
20 cannabis;~~

21 ~~(iv))~~ The composition of the workforce the (~~((social equity  
22 applicant))~~ licensee has employed or intends to hire;

23 (~~((v) Neighborhood characteristics of the location where the  
24 social equity applicant intends to operate, focusing especially on  
25 disproportionately impacted areas;))~~ and

26 (~~((vi))~~) (iv) Business plans involving partnerships or assistance  
27 to organizations or residents with connection to populations with a  
28 history of high rates of enforcement of cannabis prohibition.

29 (7) Except for the process detailed in subsection (1) of this  
30 section, the process for creating new cannabis retail licenses under  
31 this chapter remains unaltered.

32 **Sec. 3.** RCW 69.50.345 and 2022 c 16 s 64 are each amended to  
33 read as follows:

34 The board, subject to the provisions of this chapter, must adopt  
35 rules that establish the procedures and criteria necessary to  
36 implement the following:

37 (1) Licensing of cannabis producers, cannabis processors, and  
38 cannabis retailers, including prescribing forms and establishing  
39 application, reinstatement, and renewal fees.

1 (a) Application forms for cannabis producers must request the  
2 applicant to state whether the applicant intends to produce cannabis  
3 for sale by cannabis retailers holding medical cannabis endorsements  
4 and the amount of or percentage of canopy the applicant intends to  
5 commit to growing plants determined by the department under RCW  
6 69.50.375 to be of a THC concentration, CBD concentration, or THC to  
7 CBD ratio appropriate for cannabis concentrates, useable cannabis, or  
8 cannabis-infused products sold to qualifying patients.

9 (b) The board must reconsider and increase limits on the amount  
10 of square feet permitted to be in production on July 24, 2015, and  
11 increase the percentage of production space for those cannabis  
12 producers who intend to grow plants for cannabis retailers holding  
13 medical cannabis endorsements if the cannabis producer designates the  
14 increased production space to plants determined by the department  
15 under RCW 69.50.375 to be of a THC concentration, CBD concentration,  
16 or THC to CBD ratio appropriate for cannabis concentrates, useable  
17 cannabis, or cannabis-infused products to be sold to qualifying  
18 patients. If current cannabis producers do not use all the increased  
19 production space, the board may reopen the license period for new  
20 cannabis producer license applicants but only to those cannabis  
21 producers who agree to grow plants for cannabis retailers holding  
22 medical cannabis endorsements. Priority in licensing must be given to  
23 cannabis producer license applicants who have an application pending  
24 on July 24, 2015, but who are not yet licensed and then to new  
25 cannabis producer license applicants. After January 1, 2017, any  
26 reconsideration of the limits on the amount of square feet permitted  
27 to be in production to meet the medical needs of qualifying patients  
28 must consider information contained in the medical cannabis  
29 authorization database established in RCW 69.51A.230;

30 (2) (~~Determining~~) Except as provided in RCW 69.50.335,  
31 determining, in consultation with the office of financial management,  
32 the maximum number of retail outlets that may be licensed in each  
33 county, taking into consideration:

34 (a) Population distribution;

35 (b) Security and safety issues;

36 (c) The provision of adequate access to licensed sources of  
37 cannabis concentrates, useable cannabis, and cannabis-infused  
38 products to discourage purchases from the illegal market; and

39 (d) The number of retail outlets holding medical cannabis  
40 endorsements necessary to meet the medical needs of qualifying

1 patients. The board must reconsider and increase the maximum number  
2 of retail outlets it established before July 24, 2015, and allow for  
3 a new license application period and a greater number of retail  
4 outlets to be permitted in order to accommodate the medical needs of  
5 qualifying patients and designated providers. After January 1, 2017,  
6 any reconsideration of the maximum number of retail outlets needed to  
7 meet the medical needs of qualifying patients must consider  
8 information contained in the medical cannabis authorization database  
9 established in RCW 69.51A.230;

10 (3) Determining the maximum quantity of cannabis a cannabis  
11 producer may have on the premises of a licensed location at any time  
12 without violating Washington state law;

13 (4) Determining the maximum quantities of cannabis, cannabis  
14 concentrates, useable cannabis, and cannabis-infused products a  
15 cannabis processor may have on the premises of a licensed location at  
16 any time without violating Washington state law;

17 (5) Determining the maximum quantities of cannabis concentrates,  
18 useable cannabis, and cannabis-infused products a cannabis retailer  
19 may have on the premises of a retail outlet at any time without  
20 violating Washington state law;

21 (6) In making the determinations required by this section, the  
22 board shall take into consideration:

23 (a) Security and safety issues;

24 (b) The provision of adequate access to licensed sources of  
25 cannabis, cannabis concentrates, useable cannabis, and cannabis-  
26 infused products to discourage purchases from the illegal market; and

27 (c) Economies of scale, and their impact on licensees' ability to  
28 both comply with regulatory requirements and undercut illegal market  
29 prices;

30 (7) Determining the nature, form, and capacity of all containers  
31 to be used by licensees to contain cannabis, cannabis concentrates,  
32 useable cannabis, and cannabis-infused products, and their labeling  
33 requirements;

34 (8) In consultation with the department of agriculture and the  
35 department, establishing classes of cannabis, cannabis concentrates,  
36 useable cannabis, and cannabis infused products according to grade,  
37 condition, cannabinoid profile, THC concentration, CBD concentration,  
38 or other qualitative measurements deemed appropriate by the board;

39 (9) Establishing reasonable time, place, and manner restrictions  
40 and requirements regarding advertising of cannabis, cannabis

1 concentrates, useable cannabis, and cannabis-infused products that  
2 are not inconsistent with the provisions of this chapter, taking into  
3 consideration:

4 (a) Federal laws relating to cannabis that are applicable within  
5 Washington state;

6 (b) Minimizing exposure of people under twenty-one years of age  
7 to the advertising;

8 (c) The inclusion of medically and scientifically accurate  
9 information about the health and safety risks posed by cannabis use  
10 in the advertising; and

11 (d) Ensuring that retail outlets with medical cannabis  
12 endorsements may advertise themselves as medical retail outlets;

13 (10) Specifying and regulating the time and periods when, and the  
14 manner, methods, and means by which, licensees shall transport and  
15 deliver cannabis, cannabis concentrates, useable cannabis, and  
16 cannabis-infused products within the state;

17 (11) In consultation with the department and the department of  
18 agriculture, establishing accreditation requirements for testing  
19 laboratories used by licensees to demonstrate compliance with  
20 standards adopted by the board, and prescribing methods of producing,  
21 processing, and packaging cannabis, cannabis concentrates, useable  
22 cannabis, and cannabis-infused products; conditions of sanitation;  
23 and standards of ingredients, quality, and identity of cannabis,  
24 cannabis concentrates, useable cannabis, and cannabis-infused  
25 products produced, processed, packaged, or sold by licensees;

26 (12) Specifying procedures for identifying, seizing,  
27 confiscating, destroying, and donating to law enforcement for  
28 training purposes all cannabis, cannabis concentrates, useable  
29 cannabis, and cannabis-infused products produced, processed,  
30 packaged, labeled, or offered for sale in this state that do not  
31 conform in all respects to the standards prescribed by this chapter  
32 or the rules of the board.

33 **Sec. 4.** RCW 69.50.345 and 2022 c 16 s 65 are each amended to  
34 read as follows:

35 The board, subject to the provisions of this chapter, must adopt  
36 rules that establish the procedures and criteria necessary to  
37 implement the following:

1 (1) Licensing of cannabis producers, cannabis processors, and  
2 cannabis retailers, including prescribing forms and establishing  
3 application, reinstatement, and renewal fees.

4 (a) Application forms for cannabis producers must request the  
5 applicant to state whether the applicant intends to produce cannabis  
6 for sale by cannabis retailers holding medical cannabis endorsements  
7 and the amount of or percentage of canopy the applicant intends to  
8 commit to growing plants determined by the department under RCW  
9 69.50.375 to be of a THC concentration, CBD concentration, or THC to  
10 CBD ratio appropriate for cannabis concentrates, useable cannabis, or  
11 cannabis-infused products sold to qualifying patients.

12 (b) The board must reconsider and increase limits on the amount  
13 of square feet permitted to be in production on July 24, 2015, and  
14 increase the percentage of production space for those cannabis  
15 producers who intend to grow plants for cannabis retailers holding  
16 medical cannabis endorsements if the cannabis producer designates the  
17 increased production space to plants determined by the department  
18 under RCW 69.50.375 to be of a THC concentration, CBD concentration,  
19 or THC to CBD ratio appropriate for cannabis concentrates, useable  
20 cannabis, or cannabis-infused products to be sold to qualifying  
21 patients. If current cannabis producers do not use all the increased  
22 production space, the board may reopen the license period for new  
23 cannabis producer license applicants but only to those cannabis  
24 producers who agree to grow plants for cannabis retailers holding  
25 medical cannabis endorsements. Priority in licensing must be given to  
26 cannabis producer license applicants who have an application pending  
27 on July 24, 2015, but who are not yet licensed and then to new  
28 cannabis producer license applicants. After January 1, 2017, any  
29 reconsideration of the limits on the amount of square feet permitted  
30 to be in production to meet the medical needs of qualifying patients  
31 must consider information contained in the medical cannabis  
32 authorization database established in RCW 69.51A.230;

33 (2) (~~Determining~~) Except as provided in RCW 69.50.335,  
34 determining, in consultation with the office of financial management,  
35 the maximum number of retail outlets that may be licensed in each  
36 county, taking into consideration:

37 (a) Population distribution;

38 (b) Security and safety issues;

1 (c) The provision of adequate access to licensed sources of  
2 cannabis concentrates, useable cannabis, and cannabis-infused  
3 products to discourage purchases from the illegal market; and

4 (d) The number of retail outlets holding medical cannabis  
5 endorsements necessary to meet the medical needs of qualifying  
6 patients. The board must reconsider and increase the maximum number  
7 of retail outlets it established before July 24, 2015, and allow for  
8 a new license application period and a greater number of retail  
9 outlets to be permitted in order to accommodate the medical needs of  
10 qualifying patients and designated providers. After January 1, 2017,  
11 any reconsideration of the maximum number of retail outlets needed to  
12 meet the medical needs of qualifying patients must consider  
13 information contained in the medical cannabis authorization database  
14 established in RCW 69.51A.230;

15 (3) Determining the maximum quantity of cannabis a cannabis  
16 producer may have on the premises of a licensed location at any time  
17 without violating Washington state law;

18 (4) Determining the maximum quantities of cannabis, cannabis  
19 concentrates, useable cannabis, and cannabis-infused products a  
20 cannabis processor may have on the premises of a licensed location at  
21 any time without violating Washington state law;

22 (5) Determining the maximum quantities of cannabis concentrates,  
23 useable cannabis, and cannabis-infused products a cannabis retailer  
24 may have on the premises of a retail outlet at any time without  
25 violating Washington state law;

26 (6) In making the determinations required by this section, the  
27 board shall take into consideration:

28 (a) Security and safety issues;

29 (b) The provision of adequate access to licensed sources of  
30 cannabis, cannabis concentrates, useable cannabis, and cannabis-  
31 infused products to discourage purchases from the illegal market; and

32 (c) Economies of scale, and their impact on licensees' ability to  
33 both comply with regulatory requirements and undercut illegal market  
34 prices;

35 (7) Determining the nature, form, and capacity of all containers  
36 to be used by licensees to contain cannabis, cannabis concentrates,  
37 useable cannabis, and cannabis-infused products, and their labeling  
38 requirements;

39 (8) In consultation with the department of agriculture and the  
40 department, establishing classes of cannabis, cannabis concentrates,



1 useable cannabis, and cannabis-infused products according to grade,  
2 condition, cannabinoid profile, THC concentration, CBD concentration,  
3 or other qualitative measurements deemed appropriate by the board;

4 (9) Establishing reasonable time, place, and manner restrictions  
5 and requirements regarding advertising of cannabis, cannabis  
6 concentrates, useable cannabis, and cannabis-infused products that  
7 are not inconsistent with the provisions of this chapter, taking into  
8 consideration:

9 (a) Federal laws relating to cannabis that are applicable within  
10 Washington state;

11 (b) Minimizing exposure of people under (~~twenty-one~~) 21 years  
12 of age to the advertising;

13 (c) The inclusion of medically and scientifically accurate  
14 information about the health and safety risks posed by cannabis use  
15 in the advertising; and

16 (d) Ensuring that retail outlets with medical cannabis  
17 endorsements may advertise themselves as medical retail outlets;

18 (10) Specifying and regulating the time and periods when, and the  
19 manner, methods, and means by which, licensees shall transport and  
20 deliver cannabis, cannabis concentrates, useable cannabis, and  
21 cannabis-infused products within the state;

22 (11) In consultation with the department and the department of  
23 agriculture, prescribing methods of producing, processing, and  
24 packaging cannabis, cannabis concentrates, useable cannabis, and  
25 cannabis-infused products; conditions of sanitation; and standards of  
26 ingredients, quality, and identity of cannabis, cannabis  
27 concentrates, useable cannabis, and cannabis-infused products  
28 produced, processed, packaged, or sold by licensees;

29 (12) Specifying procedures for identifying, seizing,  
30 confiscating, destroying, and donating to law enforcement for  
31 training purposes all cannabis, cannabis concentrates, useable  
32 cannabis, and cannabis-infused products produced, processed,  
33 packaged, labeled, or offered for sale in this state that do not  
34 conform in all respects to the standards prescribed by this chapter  
35 or the rules of the board.

36 NEW SECTION. **Sec. 5.** Section 3 of this act expires July 1,  
37 2024.

1        NEW SECTION.    **Sec. 6.**    Section 4 of this act takes effect July 1,  
2    2024.

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