
HOUSE BILL 2334

State of Washington

68th Legislature

2024 Regular Session

By Representatives Reeves, Walen, Morgan, Chapman, and Cheney

Read first time 01/12/24. Referred to Committee on Regulated Substances & Gaming.

1 AN ACT Relating to transferring the licensing and regulating of
2 the production, processing, and testing of cannabis products from the
3 Washington state liquor and cannabis board to the department of
4 agriculture; amending RCW 69.50.325, 69.50.326, 69.50.331, 69.50.334,
5 69.50.335, 69.50.339, 69.50.342, 69.50.345, 69.50.351, 69.50.363,
6 69.50.366, 69.50.372, 69.50.395, 69.50.530, 69.50.540, 69.50.564,
7 69.50.565, 69.50.580, and 69.50.585; reenacting and amending RCW
8 69.50.101 and 69.50.348; adding a new section to chapter 69.50 RCW;
9 and providing an effective date.

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

11 NEW SECTION. **Sec. 1.** A new section is added to chapter 69.50
12 RCW to read as follows:

13 (1) All powers, duties, and functions of the board relating to
14 the licensing and regulating of the production, processing, and
15 testing of cannabis concentrates, useable cannabis, and cannabis-
16 infused products are transferred to the department of agriculture.
17 All references to the board or the liquor and cannabis board in the
18 Revised Code of Washington shall be construed to mean the director or
19 the department of agriculture when referring to the functions
20 transferred in this section.

1 (2)(a) All reports, documents, surveys, books, records, files,
2 papers, or written material in the possession of the board pertaining
3 to the powers, functions, and duties transferred shall be delivered
4 to the custody of the department of agriculture. All cabinets,
5 furniture, office equipment, software, database, motor vehicles, and
6 other tangible property employed by the board in carrying out the
7 powers, functions, and duties transferred shall be made available to
8 the department of agriculture.

9 (b) Any appropriations made to the board for carrying out the
10 powers, functions, and duties transferred shall, on July 1, 2025, be
11 transferred and credited to the department of agriculture.

12 (c) Whenever any question arises as to the transfer of any funds,
13 books, documents, records, papers, files, software, database,
14 equipment, or other tangible property used or held in the exercise of
15 the powers and the performance of the duties and functions
16 transferred, the director of the office of financial management shall
17 make a determination as to the proper allocation and certify the same
18 to the state agencies concerned.

19 (3) All rules and all pending business before the board
20 pertaining to the powers, functions, and duties transferred shall be
21 continued and acted upon by the department of agriculture. All
22 existing contracts and obligations shall remain in full force and
23 shall be performed by the department of agriculture.

24 (4) The transfer of the powers, duties, and functions of the
25 board does not affect the validity of any act performed before July
26 1, 2025.

27 (5) If apportionments of budgeted funds are required because of
28 the transfers directed by this section, the director of the office of
29 financial management shall certify the apportionments to the agencies
30 affected, the state auditor, and the state treasurer. Each of these
31 shall make the appropriate transfer and adjustments in funds and
32 appropriation.

33 **Sec. 2.** RCW 69.50.101 and 2023 c 365 s 2 and 2023 c 220 s 6 are
34 each reenacted and amended to read as follows:

35 The definitions in this section apply throughout this chapter
36 unless the context clearly requires otherwise.

37 (~~((a)—{(1)})~~) (1) "Administer" means to apply a controlled
38 substance, whether by injection, inhalation, ingestion, or any other
39 means, directly to the body of a patient or research subject by:

1 (~~((1) [(a)] a)~~) (a) A practitioner authorized to prescribe (or,
2 by the practitioner's authorized agent); or
3 (~~((2) [(b)] the)~~) (b) The patient or research subject at the
4 direction and in the presence of the practitioner.
5 (~~((b) [(2)])~~) (2) "Agent" means an authorized person who acts on
6 behalf of or at the direction of a manufacturer, distributor, or
7 dispenser. It does not include a common or contract carrier, public
8 warehouseperson, or employee of the carrier or warehouseperson.
9 (~~((c) [(3)])~~) (3) "Board" means the Washington state liquor and
10 cannabis board.
11 (~~((d) [(4)])~~) (4) "Cannabis" means all parts of the plant
12 *Cannabis*, whether growing or not, with a THC concentration greater
13 than 0.3 percent on a dry weight basis during the growing cycle
14 through harvest and usable cannabis. "Cannabis" does not include hemp
15 or industrial hemp as defined in RCW 15.140.020, or seeds used for
16 licensed hemp production under chapter 15.140 RCW.
17 (~~((e) [(5)])~~) (5) "Cannabis concentrates" means products
18 consisting wholly or in part of the resin extracted from any part of
19 the plant *Cannabis* and having a THC concentration greater than
20 (~~(ten)~~) 10 percent.
21 (~~((f) [(6)])~~) (6) "Cannabis processor" means a person licensed by
22 the board to process cannabis into cannabis concentrates, useable
23 cannabis, and cannabis-infused products, package and label cannabis
24 concentrates, useable cannabis, and cannabis-infused products for
25 sale in retail outlets, and sell cannabis concentrates, useable
26 cannabis, and cannabis-infused products at wholesale to cannabis
27 retailers.
28 (~~((g) [(7)])~~) (7) "Cannabis producer" means a person licensed by
29 the board to produce and sell cannabis at wholesale to cannabis
30 processors and other cannabis producers.
31 (~~((h) (1) [(8) (a)])~~) (8) (a) "Cannabis products" means useable
32 cannabis, cannabis concentrates, and cannabis-infused products as
33 defined in this section, including any product intended to be
34 consumed or absorbed inside the body by any means including
35 inhalation, ingestion, or insertion, with any detectable amount of
36 THC.
37 (~~((2) [(b)])~~) (b) "Cannabis products" also means any product
38 containing only THC content.

1 (~~(3)~~—~~(e)~~) (c) "Cannabis products" does not include cannabis
2 health and beauty aids as defined in RCW 69.50.575 or products
3 approved by the United States food and drug administration.

4 (~~(i)~~—~~(9)~~) (9) "Cannabis researcher" means a person licensed
5 by the board to produce, process, and possess cannabis for the
6 purposes of conducting research on cannabis and cannabis-derived drug
7 products.

8 (~~(j)~~—~~(10)~~) (10) "Cannabis retailer" means a person licensed
9 by the board to sell cannabis concentrates, useable cannabis, and
10 cannabis-infused products in a retail outlet.

11 (~~(k)~~—~~(11)~~) (11) "Cannabis-infused products" means products
12 that contain cannabis or cannabis extracts, are intended for human
13 use, are derived from cannabis as defined in subsection (~~(d)~~—~~(4)~~)
14 (4) of this section, and have a THC concentration no greater than
15 (~~(ten)~~) 10 percent. The term "cannabis-infused products" does not
16 include either useable cannabis or cannabis concentrates.

17 (~~(l)~~—~~(12)~~) (12) "CBD concentration" has the meaning provided
18 in RCW 69.51A.010.

19 (~~(m)~~—~~(13)~~) (13) "CBD product" means any product containing or
20 consisting of cannabidiol.

21 (~~(n)~~—~~(14)~~) (14) "Commission" means the pharmacy quality
22 assurance commission.

23 (~~(o)~~—~~(15)~~) (15) "Controlled substance" means a drug,
24 substance, or immediate precursor included in Schedules I through V
25 as set forth in federal or state laws, or federal or commission
26 rules, but does not include hemp or industrial hemp as defined in RCW
27 15.140.020.

28 (~~(p)~~—~~(1)~~—~~(16)~~—~~(a)~~) (16)(a) "Controlled substance analog" means
29 a substance the chemical structure of which is substantially similar
30 to the chemical structure of a controlled substance in Schedule I or
31 II and:

32 (i) (~~(that)~~) That has a stimulant, depressant, or hallucinogenic
33 effect on the central nervous system substantially similar to the
34 stimulant, depressant, or hallucinogenic effect on the central
35 nervous system of a controlled substance included in Schedule I or
36 II; or

37 (ii) (~~(with)~~) With respect to a particular individual, that the
38 individual represents or intends to have a stimulant, depressant, or
39 hallucinogenic effect on the central nervous system substantially
40 similar to the stimulant, depressant, or hallucinogenic effect on the

1 central nervous system of a controlled substance included in Schedule
2 I or II.

3 ~~((2) [(b)])~~ (b) The term does not include:

4 (i) ~~((a))~~ A controlled substance;

5 (ii) ~~((a))~~ A substance for which there is an approved new drug
6 application;

7 (iii) ~~((a))~~ A substance with respect to which an exemption is in
8 effect for investigational use by a particular person under Section
9 505 of the federal food, drug, and cosmetic act, 21 U.S.C. Sec. 355,
10 or chapter 69.77 RCW to the extent conduct with respect to the
11 substance is pursuant to the exemption; or

12 (iv) ~~((any))~~ Any substance to the extent not intended for human
13 consumption before an exemption takes effect with respect to the
14 substance.

15 ~~((q) [(17)])~~ (17) "Deliver" or "delivery" means the actual or
16 constructive transfer from one person to another of a substance,
17 whether or not there is an agency relationship.

18 ~~((r) [(18)])~~ (18) "Department" means the department of health.

19 ~~((s) [(19)])~~ (19) "Designated provider" has the meaning
20 provided in RCW 69.51A.010.

21 ~~((t) [(20)])~~ (20) "Director" means the director of agriculture.

22 (21) "Dispense" means the interpretation of a prescription or
23 order for a controlled substance and, pursuant to that prescription
24 or order, the proper selection, measuring, compounding, labeling, or
25 packaging necessary to prepare that prescription or order for
26 delivery.

27 ~~((u) [(21)])~~ (22) "Dispenser" means a practitioner who
28 dispenses.

29 ~~((v) [(22)])~~ (23) "Distribute" means to deliver other than by
30 administering or dispensing a controlled substance.

31 ~~((w) [(23)])~~ (24) "Distributor" means a person who distributes.

32 ~~((x) [(24)])~~ (25) "Drug" means ~~((1) [(a)] a)~~: (a) A
33 controlled substance recognized as a drug in the official United
34 States pharmacopoeia/national formulary or the official homeopathic
35 pharmacopoeia of the United States, or any supplement to them; ~~((2)~~
36 ~~[(b)])~~ (b) controlled substances intended for use in the diagnosis,
37 cure, mitigation, treatment, or prevention of disease in individuals
38 or animals; ~~((3) [(c)])~~ (c) controlled substances (other than food)
39 intended to affect the structure or any function of the body of
40 individuals or animals; and ~~((4) [(d)])~~ (d) controlled substances

1 intended for use as a component of any article specified in ~~((1),~~
2 ~~(2), or (3) [(a), (b), or (c)])~~ (a), (b), or (c) of this subsection.
3 The term does not include devices or their components, parts, or
4 accessories.

5 ~~((y) [(25)])~~ (26) "Drug enforcement administration" means the
6 drug enforcement administration in the United States Department of
7 Justice, or its successor agency.

8 ~~((z) [(26)])~~ (27) "Electronic communication of prescription
9 information" means the transmission of a prescription or refill
10 authorization for a drug of a practitioner using computer systems.
11 The term does not include a prescription or refill authorization
12 verbally transmitted by telephone nor a facsimile manually signed by
13 the practitioner.

14 ~~((aa) [(27)])~~ (28) "Immature plant or clone" means a plant or
15 clone that has no flowers, is less than ~~((twelve))~~ 12 inches in
16 height, and is less than ~~((twelve))~~ 12 inches in diameter.

17 ~~((bb) [(28)])~~ (29) "Immediate precursor" means a substance:

18 ~~((1) [(a)] that)~~ (a) That the commission has found to be and by
19 rule designates as being the principal compound commonly used, or
20 produced primarily for use, in the manufacture of a controlled
21 substance;

22 ~~((2) [(b)] that)~~ (b) That is an immediate chemical intermediary
23 used or likely to be used in the manufacture of a controlled
24 substance; and

25 ~~((3) [(c)] the)~~ (c) The control of which is necessary to
26 prevent, curtail, or limit the manufacture of the controlled
27 substance.

28 ~~((ee) [(29)])~~ (30) "Isomer" means an optical isomer, but in
29 subsection ~~((gg) (5) [(33) (e)])~~ (34) (e) of this section, RCW
30 69.50.204 ~~((a) (12) and (34) [(1) (1) and (hh)])~~ (1) (1) and (hh),
31 and 69.50.206 ~~((b) (4) [(2) (d)])~~ (2) (d), the term includes any
32 geometrical isomer; in RCW 69.50.204 ~~((a) (8) and (42) [(1) (h) and~~
33 ~~(pp)])~~ (1) (h) and (pp), and 69.50.210 ~~((e) [(3)])~~ (3) the term
34 includes any positional isomer; and in RCW 69.50.204 ~~((a) (35)~~
35 ~~[(1) (ii)])~~ (1) (ii), 69.50.204 ~~((e) [(3)])~~ (3), and 69.50.208 ~~((a)~~
36 ~~[(1)])~~ (1) the term includes any positional or geometric isomer.

37 ~~((dd) [(30)])~~ (31) "Lot" means a definite quantity of cannabis,
38 cannabis concentrates, useable cannabis, or cannabis-infused product
39 identified by a lot number, every portion or package of which is

1 uniform within recognized tolerances for the factors that appear in
2 the labeling.

3 ~~((ee) [(31)])~~ (32) "Lot number" must identify the licensee by
4 business or trade name and Washington state unified business
5 identifier number, and the date of harvest or processing for each lot
6 of cannabis, cannabis concentrates, useable cannabis, or cannabis-
7 infused product.

8 ~~((ff) [(32)])~~ (33) "Manufacture" means the production,
9 preparation, propagation, compounding, conversion, or processing of a
10 controlled substance, either directly or indirectly or by extraction
11 from substances of natural origin, or independently by means of
12 chemical synthesis, or by a combination of extraction and chemical
13 synthesis, and includes any packaging or repackaging of the substance
14 or labeling or relabeling of its container. The term does not include
15 the preparation, compounding, packaging, repackaging, labeling, or
16 relabeling of a controlled substance:

17 ~~((1) [(a)] by)~~ (a) By a practitioner as an incident to the
18 practitioner's administering or dispensing of a controlled substance
19 in the course of the practitioner's professional practice; or

20 ~~((2) [(b)] by)~~ (b) By a practitioner, or by the practitioner's
21 authorized agent under the practitioner's supervision, for the
22 purpose of, or as an incident to, research, teaching, or chemical
23 analysis and not for sale.

24 ~~((gg) [(33)])~~ (34) "Narcotic drug" means any of the following,
25 whether produced directly or indirectly by extraction from substances
26 of vegetable origin, or independently by means of chemical synthesis,
27 or by a combination of extraction and chemical synthesis:

28 ~~((1) [(a)])~~ (a) Opium, opium derivative, and any derivative of
29 opium or opium derivative, including their salts, isomers, and salts
30 of isomers, whenever the existence of the salts, isomers, and salts
31 of isomers is possible within the specific chemical designation. The
32 term does not include the isoquinoline alkaloids of opium.

33 ~~((2) [(b)])~~ (b) Synthetic opiate and any derivative of
34 synthetic opiate, including their isomers, esters, ethers, salts, and
35 salts of isomers, esters, and ethers, whenever the existence of the
36 isomers, esters, ethers, and salts is possible within the specific
37 chemical designation.

38 ~~((3) [(e)])~~ (c) Poppy straw and concentrate of poppy straw.

1 (~~(4)~~—~~(d)~~)) (d) Coca leaves, except coca leaves and extracts of
2 coca leaves from which cocaine, ecgonine, and derivatives or ecgonine
3 or their salts have been removed.

4 (~~(5)~~—~~(e)~~)) (e) Cocaine, or any salt, isomer, or salt of isomer
5 thereof.

6 (~~(6)~~—~~(f)~~)) (f) Cocaine base.

7 (~~(7)~~—~~(g)~~)) (g) Ecgonine, or any derivative, salt, isomer, or
8 salt of isomer thereof.

9 (~~(8)~~—~~(h)~~)) (h) Any compound, mixture, or preparation
10 containing any quantity of any substance referred to in (~~(1)~~—~~(a)~~))
11 (a) through (~~(7)~~—~~(g)~~)) (g) of this subsection.

12 (~~(hh)~~—~~(34)~~)) (35) "Opiate" means any substance having an
13 addiction-forming or addiction-sustaining liability similar to
14 morphine or being capable of conversion into a drug having addiction-
15 forming or addiction-sustaining liability. The term includes opium,
16 substances derived from opium (opium derivatives), and synthetic
17 opiates. The term does not include, unless specifically designated as
18 controlled under RCW 69.50.201, the dextrorotatory isomer of 3-
19 methoxy-n-methylmorphinan and its salts (dextromethorphan). The term
20 includes the racemic and levorotatory forms of dextromethorphan.

21 (~~(ii)~~—~~(35)~~)) (36) "Opium poppy" means the plant of the species
22 *Papaver somniferum* L., except its seeds.

23 (~~(jj)~~—~~(36)~~)) (37) "Package" means a container that has a
24 single unit or group of units.

25 (~~(kk)~~—~~(37)~~)) (38) "Person" means individual, corporation,
26 business trust, estate, trust, partnership, association, joint
27 venture, government, governmental subdivision or agency, or any other
28 legal or commercial entity.

29 (~~(ll)~~—~~(38)~~)) (39) "Plant" has the meaning provided in RCW
30 69.51A.010.

31 (~~(mm)~~—~~(39)~~)) (40) "Poppy straw" means all parts, except the
32 seeds, of the opium poppy, after mowing.

33 (~~(nn)~~—~~(40)~~)) (41) "Practitioner" means:

34 (~~(1)~~—~~(a)~~)) (a) A physician under chapter 18.71 RCW; a
35 physician assistant under chapter 18.71A RCW; an osteopathic
36 physician and surgeon under chapter 18.57 RCW; an optometrist
37 licensed under chapter 18.53 RCW who is certified by the optometry
38 board under RCW 18.53.010 subject to any limitations in RCW
39 18.53.010; a dentist under chapter 18.32 RCW; a podiatric physician
40 and surgeon under chapter 18.22 RCW; a veterinarian under chapter

1 18.92 RCW; a registered nurse, advanced registered nurse
2 practitioner, or licensed practical nurse under chapter 18.79 RCW; a
3 naturopathic physician under chapter 18.36A RCW who is licensed under
4 RCW 18.36A.030 subject to any limitations in RCW 18.36A.040; a
5 pharmacist under chapter 18.64 RCW or a scientific investigator under
6 this chapter, licensed, registered or otherwise permitted insofar as
7 is consistent with those licensing laws to distribute, dispense,
8 conduct research with respect to or administer a controlled substance
9 in the course of their professional practice or research in this
10 state.

11 ~~((2) [(b)])~~ (b) A pharmacy, hospital or other institution
12 licensed, registered, or otherwise permitted to distribute, dispense,
13 conduct research with respect to or to administer a controlled
14 substance in the course of professional practice or research in this
15 state.

16 ~~((3) [(e)])~~ (c) A physician licensed to practice medicine and
17 surgery, a physician licensed to practice osteopathic medicine and
18 surgery, a dentist licensed to practice dentistry, a podiatric
19 physician and surgeon licensed to practice podiatric medicine and
20 surgery, a licensed physician assistant or a licensed osteopathic
21 physician assistant specifically approved to prescribe controlled
22 substances by his or her state's medical commission or equivalent and
23 his or her supervising physician, an advanced registered nurse
24 practitioner licensed to prescribe controlled substances, or a
25 veterinarian licensed to practice veterinary medicine in any state of
26 the United States.

27 ~~((40) [(41)])~~ (42) "Prescription" means an order for controlled
28 substances issued by a practitioner duly authorized by law or rule in
29 the state of Washington to prescribe controlled substances within the
30 scope of his or her professional practice for a legitimate medical
31 purpose.

32 ~~((41) [(42)])~~ (43) "Production" includes the manufacturing,
33 planting, cultivating, growing, or harvesting of a controlled
34 substance.

35 ~~((42) [(43)])~~ (44) "Qualifying patient" has the meaning
36 provided in RCW 69.51A.010.

37 ~~((43) [(44)])~~ (45) "Recognition card" has the meaning provided
38 in RCW 69.51A.010.

1 (~~(ss)~~[(45)]) (46) "Retail outlet" means a location licensed by
2 the board for the retail sale of cannabis concentrates, useable
3 cannabis, and cannabis-infused products.

4 (~~(tt)~~[(46)]) (47) "Secretary" means the secretary of health or
5 the secretary's designee.

6 (~~(uu)~~[(47)]) (48) "Social equity plan" means a plan that
7 addresses at least some of the elements outlined in this subsection
8 (~~(uu)~~[(47)]) (48), along with any additional plan components or
9 requirements approved by the board following consultation with the
10 task force created in RCW 69.50.336. The plan may include:

11 (~~(1)~~[(a)]) (a) A statement that indicates how the cannabis
12 licensee will work to promote social equity goals in their community;

13 (~~(2)~~[(b)]) (b) A description of how the cannabis licensee will
14 meet social equity goals as defined in RCW 69.50.335;

15 (~~(3)~~[(c)]) (c) The composition of the workforce the licensee
16 has employed or intends to hire; and

17 (~~(4)~~[(d)]) (d) Business plans involving partnerships or
18 assistance to organizations or residents with connections to
19 populations with a history of high rates of enforcement of cannabis
20 prohibition.

21 (~~(vv)~~[(48)]) (49) "State," unless the context otherwise
22 requires, means a state of the United States, the District of
23 Columbia, the Commonwealth of Puerto Rico, or a territory or insular
24 possession subject to the jurisdiction of the United States.

25 (~~(ww)~~[(49)]) (50) "THC concentration" means percent of
26 tetrahydrocannabinol content of any part of the plant *Cannabis*, or
27 per volume or weight of cannabis product, or the combined percent of
28 tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of
29 the plant *Cannabis* regardless of moisture content.

30 (~~(xx)~~[(50)]) (51) "Ultimate user" means an individual who
31 lawfully possesses a controlled substance for the individual's own
32 use or for the use of a member of the individual's household or for
33 administering to an animal owned by the individual or by a member of
34 the individual's household.

35 (~~(yy)~~[(51)]) (52) "Unit" means an individual consumable item
36 within a package of one or more consumable items in solid, liquid,
37 gas, or any form intended for human consumption.

38 (~~(zz)~~[(52)]) (53) "Useable cannabis" means dried cannabis
39 flowers. The term "useable cannabis" does not include either
40 cannabis-infused products or cannabis concentrates.

1 (~~((aaa) [(53)])~~) (54) "Youth access" means the level of interest
2 persons under the age of (~~((twenty-one))~~) 21 may have in a vapor
3 product, as well as the degree to which the product is available or
4 appealing to such persons, and the likelihood of initiation, use, or
5 addiction by adolescents and young adults.

6 **Sec. 3.** RCW 69.50.325 and 2022 c 16 s 54 are each amended to
7 read as follows:

8 (1) There shall be a cannabis producer's license regulated by the
9 (~~((board))~~) director and subject to annual renewal. The licensee is
10 authorized to produce: (a) Cannabis for sale at wholesale to cannabis
11 processors and other cannabis producers; (b) immature plants or
12 clones and seeds for sale to cooperatives as described under RCW
13 69.51A.250; and (c) immature plants or clones and seeds for sale to
14 qualifying patients and designated providers as provided under RCW
15 69.51A.310. The production, possession, delivery, distribution, and
16 sale of cannabis in accordance with the provisions of this chapter
17 and the rules adopted to implement and enforce it, by a validly
18 licensed cannabis producer, shall not be a criminal or civil offense
19 under Washington state law. Every cannabis producer's license shall
20 be issued in the name of the applicant, shall specify the location at
21 which the cannabis producer intends to operate, which must be within
22 the state of Washington, and the holder thereof shall not allow any
23 other person to use the license. The application fee for a cannabis
24 producer's license shall be (~~((two hundred fifty dollars))~~) \$250. The
25 annual fee for issuance and renewal of a cannabis producer's license
26 shall be (~~((one thousand three hundred eighty-one dollars))~~) \$1,381. A
27 separate license shall be required for each location at which a
28 cannabis producer intends to produce cannabis.

29 (2) There shall be a cannabis processor's license to process,
30 package, and label cannabis concentrates, useable cannabis, and
31 cannabis-infused products for sale at wholesale to cannabis
32 processors and cannabis retailers, regulated by the (~~((board))~~)
33 director and subject to annual renewal. The processing, packaging,
34 possession, delivery, distribution, and sale of cannabis, useable
35 cannabis, cannabis-infused products, and cannabis concentrates in
36 accordance with the provisions of this chapter and chapter 69.51A RCW
37 and the rules adopted to implement and enforce these chapters, by a
38 validly licensed cannabis processor, shall not be a criminal or civil
39 offense under Washington state law. Every cannabis processor's

1 license shall be issued in the name of the applicant, shall specify
2 the location at which the licensee intends to operate, which must be
3 within the state of Washington, and the holder thereof shall not
4 allow any other person to use the license. The application fee for a
5 cannabis processor's license shall be (~~two hundred fifty dollars~~)
6 \$250. The annual fee for issuance and renewal of a cannabis
7 processor's license shall be (~~one thousand three hundred eighty-one~~
8 ~~dollars~~) \$1,381. A separate license shall be required for each
9 location at which a cannabis processor intends to process cannabis.

10 (3)(a) There shall be a cannabis retailer's license to sell
11 cannabis concentrates, useable cannabis, and cannabis-infused
12 products at retail in retail outlets, regulated by the board and
13 subject to annual renewal. The possession, delivery, distribution,
14 and sale of cannabis concentrates, useable cannabis, and cannabis-
15 infused products in accordance with (~~the provisions of~~) this
16 chapter and the rules adopted to implement and enforce it, by a
17 validly licensed cannabis retailer, shall not be a criminal or civil
18 offense under Washington state law. Every cannabis retailer's license
19 shall be issued in the name of the applicant, shall specify the
20 location of the retail outlet the licensee intends to operate, which
21 must be within the state of Washington, and the holder thereof shall
22 not allow any other person to use the license. The application fee
23 for a cannabis retailer's license shall be (~~two hundred fifty~~
24 ~~dollars~~) \$250. The annual fee for issuance and renewal of a cannabis
25 retailer's license shall be (~~one thousand three hundred eighty-one~~
26 ~~dollars~~) \$1,381. A separate license shall be required for each
27 location at which a cannabis retailer intends to sell cannabis
28 concentrates, useable cannabis, and cannabis-infused products.

29 (b) An individual retail licensee and all other persons or
30 entities with a financial or other ownership interest in the business
31 operating under the license are limited, in the aggregate, to holding
32 a collective total of not more than five retail cannabis licenses.

33 (c)(i) A cannabis retailer's license is subject to forfeiture in
34 accordance with rules adopted by the board pursuant to this section.

35 (ii) The board shall adopt rules to establish a license
36 forfeiture process for a licensed cannabis retailer that is not fully
37 operational and open to the public within a specified period from the
38 date of license issuance, as established by the board, subject to the
39 following restrictions:

1 (A) No cannabis retailer's license may be subject to forfeiture
2 within the first nine months of license issuance; and

3 (B) The board must require license forfeiture on or before
4 (~~twenty-four~~) 24 calendar months of license issuance if a cannabis
5 retailer is not fully operational and open to the public, unless the
6 board determines that circumstances out of the licensee's control are
7 preventing the licensee from becoming fully operational and that, in
8 the board's discretion, the circumstances warrant extending the
9 forfeiture period beyond (~~twenty-four~~) 24 calendar months.

10 (iii) The board has discretion in adopting rules under this
11 subsection (3)(c).

12 (iv) (~~This subsection (3)(c) applies to cannabis retailer's~~
13 ~~licenses issued before and after July 23, 2017. However, no license~~
14 ~~of a cannabis retailer that otherwise meets the conditions for~~
15 ~~license forfeiture established pursuant to this subsection (3)(c) may~~
16 ~~be subject to forfeiture within the first nine calendar months of~~
17 ~~July 23, 2017.~~

18 (~~v~~) The board may not require license forfeiture if the
19 licensee has been incapable of opening a fully operational retail
20 cannabis business due to actions by the city, town, or county with
21 jurisdiction over the licensee that include any of the following:

22 (A) The adoption of a ban or moratorium that prohibits the
23 opening of a retail cannabis business; or

24 (B) The adoption of an ordinance or regulation related to zoning,
25 business licensing, land use, or other regulatory measure that has
26 the effect of preventing a licensee from receiving an occupancy
27 permit from the jurisdiction or which otherwise prevents a licensed
28 cannabis retailer from becoming operational.

29 (d) The board may issue cannabis retailer licenses pursuant to
30 this chapter and RCW 69.50.335.

31 **Sec. 4.** RCW 69.50.326 and 2023 c 365 s 3 are each amended to
32 read as follows:

33 (1) Licensed cannabis producers and licensed cannabis processors
34 may use a CBD product as an additive for the purpose of enhancing the
35 cannabidiol concentration of any product authorized for production,
36 processing, and sale under this chapter. Except as otherwise provided
37 in subsection (2) of this section, such CBD product additives must be
38 lawfully produced by, or purchased from, a producer or processor
39 licensed under this chapter.

1 (2) Subject to the requirements set forth in (a) through (c) of
2 this subsection, and for the purpose of enhancing the cannabidiol
3 concentration of any product authorized for production, processing,
4 or sale under this chapter, licensed cannabis producers and licensed
5 cannabis processors may use a CBD product obtained from a source not
6 licensed under this chapter, provided the CBD product:

7 (a) Is not cannabis, or a cannabis product, as defined in this
8 chapter;

9 (b) Is not a synthetic cannabinoid; and

10 (c) Has been tested for contaminants and toxins by a testing
11 laboratory accredited under this chapter and in accordance with
12 testing standards established under this chapter and the applicable
13 administrative rules.

14 (3) Subject to the requirements of this subsection (3), the
15 (~~board~~) director may enact rules necessary to implement the
16 requirements of this section. Such rule making is limited to
17 regulations pertaining to laboratory testing and product safety
18 standards for those cannabidiol products used by licensed producers
19 and processors in the manufacture of cannabis products marketed by
20 licensed retailers under this chapter. The purpose of such rule
21 making must be to ensure the safety and purity of cannabidiol
22 products used by cannabis producers and processors licensed under
23 this chapter and incorporated into products sold by licensed
24 recreational cannabis retailers. This rule-making authority does not
25 include the authority to enact rules regarding either the production
26 or processing practices of the industrial hemp industry or any
27 cannabidiol products that are sold or marketed outside of the
28 regulatory framework established under this chapter.

29 **Sec. 5.** RCW 69.50.331 and 2023 c 220 s 2 are each amended to
30 read as follows:

31 (1) (a) For the purpose of considering any application, or
32 renewal, for a license, a comprehensive, fair, and impartial
33 evaluation of the applications timely received must be conducted by:

34 (i) The director for any application for a license, or renewal of
35 a license, to produce, process, research, transport, or deliver
36 cannabis, useable cannabis, cannabis concentrates, or cannabis-
37 infused products subject to the regulations established under RCW
38 69.50.385, or sell cannabis, or for the renewal of a license to
39 produce, process, or research(~~(, transport, or deliver cannabis,)~~)

1 useable cannabis, cannabis concentrates, or cannabis-infused products
2 (~~subject to the regulations established under RCW 69.50.385, or sell~~
3 ~~cannabis, the board must conduct a comprehensive, fair, and impartial~~
4 ~~evaluation of the applications timely received~~); and

5 (ii) The board for any application for a license, or renewal of a
6 license, to transport, deliver, or sell cannabis subject to the rules
7 adopted under RCW 69.50.385.

8 ~~((a))~~ (b) The board and the director may cause an inspection of
9 the premises to be made, and may inquire into all matters in
10 connection with the construction and operation of the premises. For
11 the purpose of reviewing any application for a license and for
12 considering the denial, suspension, revocation, cancellation, or
13 renewal or denial thereof, of any license, the board and the director
14 may consider any prior criminal arrests or convictions of the
15 applicant, any public safety administrative violation history record
16 with the board or the department of agriculture, and a criminal
17 history record information check. The board and the director may
18 submit the criminal history record information check to the
19 Washington state patrol and to the identification division of the
20 federal bureau of investigation in order that these agencies may
21 search their records for prior arrests and convictions of the
22 individual or individuals who filled out the forms. The board and the
23 director must require fingerprinting of any applicant whose criminal
24 history record information check is submitted to the federal bureau
25 of investigation. The provisions of RCW 9.95.240 and of chapter 9.96A
26 RCW do not apply to these cases. Subject to the provisions of this
27 section, the board and the director may, in ~~((its))~~ either's
28 discretion, grant or deny the renewal or license applied for. Denial
29 may be based on, without limitation, the existence of chronic illegal
30 activity documented in objections submitted pursuant to subsections
31 (7)(c) and (10) of this section. Authority to approve an uncontested
32 or unopposed license may be granted by the board or the director to
33 any staff member the board or the director designates in writing.
34 Conditions for granting this authority must be adopted by rule.

35 ~~((b))~~ (c) No license of any kind may be issued to:

36 (i) A person under the age of 21 years;

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

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

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

8 (2) (a) (~~(The board may, in its discretion, subject)~~) subject to
9 RCW 43.05.160, 69.50.563, 69.50.562, 69.50.334, and 69.50.342(~~(3)~~
10 ~~suspend or cancel any license; and all protections of the licensee~~
11 ~~from criminal or civil sanctions under state law)~~) (4), any license
12 and all protections of the licensee from criminal or civil sanctions
13 under state law may be suspended or canceled by:

14 (i) The director for producing, processing, or researching(~~(, or~~
15 ~~selling)~~) cannabis, cannabis concentrates, useable cannabis, or
16 cannabis-infused products thereunder (~~must be suspended or~~
17 ~~terminated, as the case may be)~~); and

18 (ii) The board for selling cannabis, cannabis concentrates,
19 useable cannabis, or cannabis-infused products thereunder.

20 (b) The board and the director must immediately suspend the
21 license of a person who has been certified pursuant to RCW 74.20A.320
22 by the department of social and health services as a person who is
23 not in compliance with a support order. If the person has continued
24 to meet all other requirements for reinstatement during the
25 suspension, reissuance of the license is automatic upon the board's
26 or the director's receipt of a release issued by the department of
27 social and health services stating that the licensee is in compliance
28 with the order.

29 (c) The board or the director may request the appointment of
30 administrative law judges under chapter 34.12 RCW who shall have
31 power to administer oaths, issue subpoenas for the attendance of
32 witnesses and the production of papers, books, accounts, documents,
33 and testimony, examine witnesses, receive testimony in any inquiry,
34 investigation, hearing, or proceeding in any part of the state, and
35 consider mitigating and aggravating circumstances in any case and
36 deviate from any prescribed penalty, under rules the board or the
37 director may adopt.

38 (d) Witnesses must be allowed fees and mileage each way to and
39 from any inquiry, investigation, hearing, or proceeding at the rate
40 authorized by RCW 34.05.446. Fees need not be paid in advance of

1 appearance of witnesses to testify or to produce books, records, or
2 other legal evidence.

3 (e) In case of disobedience of any person to comply with the
4 order of the board or the director or a subpoena issued by the board,
5 or any of its members, the director, or administrative law judges, or
6 on the refusal of a witness to testify to any matter regarding which
7 he or she may be lawfully interrogated, the judge of the superior
8 court of the county in which the person resides, on application of
9 any member of the board, the director, or administrative law judge,
10 compels obedience by contempt proceedings, as in the case of
11 disobedience of the requirements of a subpoena issued from said court
12 or a refusal to testify therein.

13 (3) Upon receipt of notice of the suspension or cancellation of a
14 license, the licensee must forthwith deliver up the license to the
15 board or the director. Where the license has been suspended only, the
16 board or the director must return the license to the licensee at the
17 expiration or termination of the period of suspension. The board or
18 the director must notify all other licensees in the county where the
19 subject licensee has its premises of the suspension or cancellation
20 of the license; and no other licensee or employee of another licensee
21 may allow or cause any cannabis, cannabis concentrates, useable
22 cannabis, or cannabis-infused products to be delivered to or for any
23 person at the premises of the subject licensee.

24 (4) Every license issued under this chapter is subject to all
25 conditions and restrictions imposed by this chapter or by rules
26 adopted by the board or the director to implement and enforce this
27 chapter. All conditions and restrictions imposed by the board or the
28 director in the issuance of an individual license must be listed on
29 the face of the individual license along with the trade name,
30 address, and expiration date.

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

33 (6) No licensee may employ any person under the age of 21 years.

34 (7)(a) Before the board or the director issues a new or renewed
35 license to an applicant it must give notice of the application to the
36 chief executive officer of the incorporated city or town, if the
37 application is for a license within an incorporated city or town, or
38 to the county legislative authority, if the application is for a
39 license outside the boundaries of incorporated cities or towns, or to
40 the tribal government if the application is for a license within

1 Indian country, or to the port authority if the application for a
2 license is located on property owned by a port authority.

3 (b) The incorporated city or town through the official or
4 employee selected by it, the county legislative authority or the
5 official or employee selected by it, the tribal government, or port
6 authority has the right to file with the board or the director, as
7 applicable, within (~~(twenty)~~) 20 days after the date of transmittal
8 of the notice for applications, or at least (~~(thirty)~~) 30 days prior
9 to the expiration date for renewals, written objections against the
10 applicant or against the premises for which the new or renewed
11 license is asked. The board, or the director, as applicable, may
12 extend the time period for submitting written objections upon request
13 from the authority notified by the board or the director.

14 (c) The written objections must include a statement of all facts
15 upon which the objections are based, and in case written objections
16 are filed, the city or town or county legislative authority may
17 request, and the board or the director may in (~~(its)~~) their
18 respective discretion hold, a hearing subject to the applicable
19 provisions of Title 34 RCW. If the board or the director makes an
20 initial decision to deny a license or renewal based on the written
21 objections of an incorporated city or town or county legislative
22 authority, the applicant may request a hearing subject to the
23 applicable provisions of Title 34 RCW. If a hearing is held at the
24 request of the applicant, (~~(board)~~) representatives for the board or
25 the director, as applicable, must present and defend the (~~(board's)~~)
26 initial decision by the board or the director to deny a license or
27 renewal.

28 (d) Upon the granting of a license under this title the board or
29 the director must send written notification to the chief executive
30 officer of the incorporated city or town in which the license is
31 granted, or to the county legislative authority if the license is
32 granted outside the boundaries of incorporated cities or towns.

33 (8) (a) Except as provided in (b) through (e) of this subsection,
34 the board or the director may not issue a license for any premises
35 within 1,000 feet of the perimeter of the grounds of any elementary
36 or secondary school, playground, recreation center or facility, child
37 care center, public park, public transit center, or library, or any
38 game arcade admission to which is not restricted to persons aged 21
39 years or older.

1 (b) A city, county, or town may permit the licensing of premises
2 within 1,000 feet but not less than 100 feet of the facilities
3 described in (a) of this subsection, except elementary schools,
4 secondary schools, and playgrounds, by enacting an ordinance
5 authorizing such distance reduction, provided that such distance
6 reduction will not negatively impact the jurisdiction's civil
7 regulatory enforcement, criminal law enforcement interests, public
8 safety, or public health.

9 (c) A city, county, or town may permit the licensing of research
10 premises allowed under RCW 69.50.372 within 1,000 feet but not less
11 than 100 feet of the facilities described in (a) of this subsection
12 by enacting an ordinance authorizing such distance reduction,
13 provided that the ordinance will not negatively impact the
14 jurisdiction's civil regulatory enforcement, criminal law
15 enforcement, public safety, or public health.

16 (d) The board or the director may license premises located in
17 compliance with the distance requirements set in an ordinance adopted
18 under (b) or (c) of this subsection. Before issuing or renewing a
19 research license for premises within 1,000 feet but not less than 100
20 feet of an elementary school, secondary school, or playground in
21 compliance with an ordinance passed pursuant to (c) of this
22 subsection, the board or the director, as applicable, must ensure
23 that the facility:

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

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

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

30 (e) The board or the director, as applicable, must issue a
31 certificate of compliance if the premises met the requirements under
32 (a), (b), (c), or (d) of this subsection on the date of the
33 application. The certificate allows the licensee to operate the
34 business at the proposed location notwithstanding a later occurring,
35 otherwise disqualifying factor.

36 (f) The board and the director may not issue a license for any
37 premises within Indian country, as defined in 18 U.S.C. Sec. 1151,
38 including any fee patent lands within the exterior boundaries of a
39 reservation, without the consent of the federally recognized tribe
40 associated with the reservation or Indian country.

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

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

25 (11) The board may not issue a cannabis retail license for any
26 premises not currently licensed if:

27 (a) The board receives a written objection from the legislative
28 authority of an incorporated city or town, or county legislative
29 authority, relating to the physical location of the proposed
30 premises;

31 (b) The objection to the location from the incorporated city or
32 town, or county legislative authority, is received by the board
33 within 20 days of the board notifying the incorporated city or town,
34 or county legislative authority, of the proposed cannabis retail
35 location; and

36 (c) The objection to the issuance of a cannabis retail license at
37 the specified location is based on a preexisting local ordinance
38 limiting outlet density in a specific geographic area. For purposes
39 of this subsection (11), a preexisting local ordinance is an
40 ordinance enacted and in effect before the date the applicant submits

1 an application for a cannabis retail license to the board identifying
2 the premises proposed to be licensed. No objection related to the
3 physical location of a proposed premises may be made by a local
4 government under this subsection (11) based on a local ordinance
5 enacted after the date the applicant submits an application for a
6 cannabis retail license to the board identifying the premises
7 proposed to be licensed.

8 (12) (~~After January 1, 2024, all~~) All cannabis licensees are
9 encouraged but are not required to submit a social equity plan to the
10 board or the director, as applicable. Upon confirmation by the board
11 or director that a cannabis licensee who is not a social equity
12 applicant, and who does not hold a social equity license issued under
13 RCW 69.50.335, has submitted a social equity plan, the board or
14 director must within 30 days reimburse such a licensee an amount
15 equal to the cost of the licensee's annual cannabis license renewal
16 fee. The license renewal fee reimbursement authorized under this
17 subsection is subject to the following limitations:

18 (a) The board or the director may provide reimbursement one time
19 only to any licensed entity; and

20 (b) Any licensed entity holding more than one cannabis license is
21 eligible for reimbursement of the license renewal fee on only one
22 license.

23 **Sec. 6.** RCW 69.50.334 and 2022 c 16 s 59 are each amended to
24 read as follows:

25 (1) The following must be an adjudicative proceeding and subject
26 to the applicable provisions of chapter 34.05 RCW:

27 (a) Any action, order, or decision of the (~~board~~) director as
28 to any denial of an application for the reissuance of a license to
29 produce(~~(r)~~) or process(~~(r or sell)~~) cannabis, or as to any
30 revocation, suspension, or modification of any license to
31 produce(~~(r)~~) or process(~~(r or sell)~~) cannabis(~~(r or)~~);

32 (b) Any action, order, or decision of the board as to any denial
33 of an application for the reissuance of a license to transport,
34 deliver, or sell cannabis, or as to any revocation, suspension, or
35 modification of any license to sell cannabis; and

36 (c) Any action, order, or decision of the board or the director,
37 as applicable, as to the administrative review of a notice of unpaid
38 trust fund taxes under RCW 69.50.565(~~(r must be an adjudicative~~

1 ~~proceeding and subject to the applicable provisions of chapter 34.05~~
2 ~~RCW~~)).

3 (2) An opportunity for a hearing may be provided to an applicant
4 for the reissuance of a license prior to the disposition of the
5 application, and if no opportunity for a prior hearing is provided
6 then an opportunity for a hearing to reconsider the application must
7 be provided the applicant.

8 (3) An opportunity for a hearing must be provided to a licensee
9 prior to a revocation or modification of any license and, except as
10 provided in subsection (6) of this section, prior to the suspension
11 of any license.

12 (4) An opportunity for a hearing must be provided to any person
13 issued a notice of unpaid trust fund taxes under RCW 69.50.565.

14 (5) No hearing may be required under this section until demanded
15 by the applicant, licensee, or person issued a notice of unpaid trust
16 fund taxes under RCW 69.50.565.

17 (6) The board or the director, as applicable, may summarily
18 suspend a license for a period of up to ~~((one hundred eighty))~~ 180
19 days without a prior hearing if it finds that public health, safety,
20 or welfare imperatively require emergency action, and it incorporates
21 a finding to that effect in ~~((its))~~ the order. Proceedings for
22 revocation or other action must be promptly instituted and
23 determined. An administrative law judge may extend the summary
24 suspension period for up to one calendar year from the first day of
25 the initial summary suspension in the event the proceedings for
26 revocation or other action cannot be completed during the initial
27 ~~((one hundred eighty-day))~~ 180-day period due to actions by the
28 licensee. The board's enforcement division shall complete a
29 preliminary staff investigation of the violation before requesting an
30 emergency suspension by the board.

31 **Sec. 7.** RCW 69.50.335 and 2023 c 220 s 3 are each amended to
32 read as follows:

33 (1)(a) Beginning December 1, 2020, and until July 1, 2032,
34 cannabis retailer licenses, cannabis processor licenses, and cannabis
35 producer licenses that have been subject to forfeiture, revocation,
36 or cancellation by the board or the director, as applicable, or
37 cannabis retailer licenses that were not previously issued by the
38 board but could have been issued without exceeding the limit on the
39 statewide number of cannabis retailer licenses established before

1 January 1, 2020, by the board, may be issued or reissued to an
2 applicant who meets the cannabis retailer license, cannabis processor
3 license, or cannabis producer license requirements of this chapter.

4 (b) In accordance with (a) of this subsection, the board or the
5 director, as applicable, may issue or reissue:

6 (i) Up to 100 cannabis processor licenses immediately; and

7 (ii) Beginning January 1, 2025, up to 10 cannabis producer
8 licenses, which must be issued in conjunction with a cannabis
9 processor license.

10 (c) In addition to the cannabis retailer licenses and cannabis
11 producer licenses that may be issued under (a) and (b) of this
12 subsection, beginning January 1, 2023, and continuing every three
13 years until July 1, 2032, the board or the director, as applicable,
14 may, with the approval of the legislature through the passage of a
15 bill, increase the number of cannabis retailer licenses and cannabis
16 producer licenses for the social equity program based on:

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

19 (ii) The annual population estimates published by the office of
20 financial management.

21 (d) In addition to the cannabis retailer licenses that may be
22 issued under (a) of this subsection, beginning January 1, 2024, and
23 until July 1, 2032, the board may issue up to 52 cannabis retailer
24 licenses for the social equity program.

25 (e)(i) At the time of licensure, all licenses issued under the
26 social equity program under this section may be located in any city,
27 town, or county in the state that allows cannabis retail, cannabis
28 production, or cannabis processing business activities, as
29 applicable, at the proposed location, regardless of:

30 (A) Whether a cannabis retailer license, cannabis producer
31 license, or cannabis processor license was originally allocated to or
32 issued in another city, town, or county; and

33 (B) The maximum number of retail cannabis licenses established by
34 the board for each county under RCW 69.50.345.

35 (ii) The board or the director, as applicable, must adopt rules
36 establishing a threshold of the number of licenses created by this
37 section that can be located in each county.

38 (f) After a social equity license has been issued under this
39 section for a specific location, the location of the licensed

1 business may not be moved to a city, town, or county different from
2 the city, town, or county for which it was initially licensed.

3 (2) (a) In order to be considered for a cannabis retailer license,
4 cannabis processor license, or cannabis producer license under
5 subsection (1) of this section, an applicant must be a social equity
6 applicant and submit required cannabis license materials to the board
7 or the director, as applicable. If the application proposes ownership
8 by more than one person, then at least 51 percent of the proposed
9 ownership structure must reflect the qualifications of a social
10 equity applicant.

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

15 (3) (a) In determining the priority for issuance of a license
16 among applicants, the board or the director, as applicable, must
17 select a third-party contractor to identify and score social equity
18 applicants, using a scoring rubric developed by the board or the
19 director, as applicable. The board or the director, as applicable,
20 must rely on the score provided by the third-party contractor in
21 issuing licenses.

22 (b) The board or the director, as applicable, may deny any
23 application submitted under this subsection if:

24 (i) The board or the director, as applicable, determines that,
25 upon the advice of the third-party contractor, the application does
26 not meet the social equity licensing requirements of this chapter; or

27 (ii) The board or the director, as applicable, determines the
28 application does not otherwise meet licensing requirements.

29 (4) The board and the director must adopt rules to implement this
30 section. Prior to adopting any rule implementing this section, the
31 board and the director must consider advice on the social equity
32 program from individuals the program is intended to benefit. Rules
33 may also require that licenses awarded under this section only be
34 transferred to or assumed by individuals or groups of individuals who
35 comply with the requirements for initial licensure as a social equity
36 applicant for a period of at least five years from the date of
37 initial licensure.

38 (5) The annual fee for issuance, reissuance, or renewal for any
39 license under this section must be waived through July 1, 2032.

1 (6) The definitions in this subsection apply throughout this
2 section unless the context clearly requires otherwise.

3 (a) "Disproportionately impacted area" means a census tract or
4 comparable geographic area within Washington state where community
5 members were more likely to be impacted by the war on drugs. These
6 areas must be determined in rule by the board or the director, as
7 applicable, in consultation with the office of equity, using a
8 standardized statistical equation to identify areas with demographic
9 indicators consistent with populations most impacted by the war on
10 drugs. These areas must be assessed to account for demographic
11 changes in the composition of the population over time.
12 Disproportionately impacted areas must include census tracts or
13 comparable geographic areas in the top 15th percentile in at least
14 two of the following demographic indicators of populations most
15 impacted by the war on drugs:

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

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

20 (iii) The area has a high rate of unemployment; or

21 (iv) The area has a high rate of people receiving public
22 assistance.

23 (b) "Social equity applicant" means an applicant who has at least
24 51 percent ownership and control by one or more individuals who meet
25 at least two of the following qualifications:

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

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

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

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

38 (c) "Social equity goals" means:

1 (i) Increasing the number of cannabis retailer, producer, and
2 processor licenses held by social equity applicants from
3 disproportionately impacted areas; and

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

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

10 **Sec. 8.** RCW 69.50.339 and 2022 c 16 s 62 are each amended to
11 read as follows:

12 (1) If the board or the director, as applicable, approves, a
13 license to produce, process, or sell cannabis may be transferred,
14 without charge, to the surviving spouse or domestic partner of a
15 deceased licensee if the license was issued in the names of one or
16 both of the parties. For the purpose of considering the
17 qualifications of the surviving party to receive a cannabis
18 producer's, cannabis processor's, or cannabis retailer's license, the
19 board or the director, as applicable, may require a criminal history
20 record information check. The board or the director, as applicable,
21 may submit the criminal history record information check to the
22 Washington state patrol and to the identification division of the
23 federal bureau of investigation in order that these agencies may
24 search their records for prior arrests and convictions of the
25 individual or individuals who filled out the forms. The board or the
26 director, as applicable, shall require fingerprinting of any
27 applicant whose criminal history record information check is
28 submitted to the federal bureau of investigation.

29 (2) The proposed sale of more than (~~ten~~) 10 percent of the
30 outstanding or issued stock of a corporation licensed under chapter
31 3, Laws of 2013, or any proposed change in the officers of such a
32 corporation, must be reported to the board or the director, as
33 applicable, and (~~board~~) approval must be obtained before the
34 changes are made. A fee of (~~seventy-five dollars~~) \$75 will be
35 charged for the processing of the change of stock ownership or
36 corporate officers.

37 **Sec. 9.** RCW 69.50.342 and 2022 c 16 s 63 are each amended to
38 read as follows:

1 (1) For the purpose of carrying into effect the provisions of
2 chapter 3, Laws of 2013 according to their true intent or of
3 supplying any deficiency therein, the board may adopt rules not
4 inconsistent with the spirit of chapter 3, Laws of 2013 as are deemed
5 necessary or advisable. Without limiting the generality of the
6 preceding sentence, the board is empowered to adopt rules regarding
7 the following:

8 (a) The equipment and management of retail outlets (~~(and premises~~
9 ~~where cannabis is produced or processed,)~~) and inspection of the
10 retail outlets (~~(and premises where cannabis is produced or~~
11 ~~processed)~~);

12 (b) The books and records to be created and maintained by retail
13 licensees, the reports to be made thereon to the board, and
14 inspection of the books and records;

15 (c) (~~Methods of producing, processing, and~~) In coordination
16 with the director, methods of packaging cannabis, useable cannabis,
17 cannabis concentrates, and cannabis-infused products; conditions of
18 sanitation; safe handling requirements; (~~approved pesticides and~~
19 ~~pesticide testing requirements,)~~) and standards of ingredients,
20 quality, and identity of cannabis, useable cannabis, cannabis
21 concentrates, and cannabis-infused products (~~(produced, processed,~~
22 ~~packaged, or)~~) sold by licensees;

23 (d) Security requirements for retail outlets (~~(and premises where~~
24 ~~cannabis is produced or processed,)~~) and safety protocols for such
25 licensees and their employees;

26 (e) Screening, hiring, training, and supervising employees of
27 retail licensees;

28 (f) Retail outlet locations and hours of operation;

29 (g) Labeling requirements and restrictions on advertisement of
30 cannabis, useable cannabis, cannabis concentrates, cannabis health
31 and beauty aids, and cannabis-infused products for sale in retail
32 outlets;

33 (h) Forms to be used for purposes of this chapter and chapter
34 69.51A RCW or the rules adopted to implement and enforce these
35 chapters, the terms and conditions to be contained in licenses issued
36 under this chapter and chapter 69.51A RCW, and the qualifications for
37 receiving a license issued under this chapter and chapter 69.51A RCW,
38 including a criminal history record information check. The board may
39 submit any criminal history record information check to the
40 Washington state patrol and to the identification division of the

1 federal bureau of investigation in order that these agencies may
2 search their records for prior arrests and convictions of the
3 individual or individuals who filled out the forms. The board must
4 require fingerprinting of any applicant whose criminal history record
5 information check is submitted to the federal bureau of
6 investigation;

7 (i) Application, reinstatement, and renewal fees for licenses
8 issued under this chapter and chapter 69.51A RCW, and fees for
9 anything done or permitted to be done under the rules adopted to
10 implement and enforce this chapter and chapter 69.51A RCW;

11 (j) The manner of giving and serving notices required by this
12 chapter and chapter 69.51A RCW or rules adopted to implement or
13 enforce these chapters;

14 (k) Times and periods when, and the manner, methods, and means by
15 which, licensees transport and deliver cannabis, cannabis
16 concentrates, useable cannabis, and cannabis-infused products within
17 the state;

18 (l) Identification, seizure, confiscation, destruction, or
19 donation to law enforcement for training purposes of all cannabis,
20 cannabis concentrates, useable cannabis, and cannabis-infused
21 products (~~(produced, processed,)~~) sold(~~(,)~~) or offered for sale
22 within this state which do not conform in all respects to the
23 standards prescribed by this chapter or chapter 69.51A RCW or the
24 rules adopted to implement and enforce these chapters; and

25 (m) The prohibition of any type of device used in conjunction
26 with a cannabis vapor product and the prohibition of the use of any
27 type of additive, solvent, ingredient, or compound in the production
28 and processing of cannabis products, including cannabis vapor
29 products, when the board determines, following consultation with the
30 department of health or any other authority the board deems
31 appropriate, that the device, additive, solvent, ingredient, or
32 compound may pose a risk to public health or youth access(~~(; and~~

33 ~~(n) Requirements for processors to submit under oath to the~~
34 ~~department of health a complete list of all constituent substances~~
35 ~~and the amount and sources thereof in each cannabis vapor product,~~
36 ~~including all additives, thickening agents, preservatives, compounds,~~
37 ~~and any other substance used in the production and processing of each~~
38 ~~cannabis vapor product)).~~

39 (2) For the purpose of carrying into effect the provisions of
40 chapter 3, Laws of 2013 according to their true intent or of

1 supplying any deficiency therein, the director may adopt rules not
2 inconsistent with the spirit of chapter 3, Laws of 2013 as are deemed
3 necessary or advisable. The director may adopt rules regarding the
4 following:

5 (a) The equipment and management of the premises where cannabis
6 is produced or processed and inspection of the premises where
7 cannabis is produced or processed;

8 (b) The books and records to be created and maintained by
9 producer licensees and processor licensees, the reports to be made
10 thereon to the director, and inspection of the books and records;

11 (c) Methods of producing, processing, and packaging cannabis,
12 useable cannabis, cannabis concentrates, and cannabis-infused
13 products; conditions of sanitation; safe handling requirements;
14 approved pesticides and pesticide testing requirements; and standards
15 of ingredients, quality, and identity of cannabis, useable cannabis,
16 cannabis concentrates, and cannabis-infused products produced,
17 processed, or packaged by licensees;

18 (d) Screening, hiring, training, and supervising employees of
19 producer licensees and processor licensees;

20 (e) Forms to be used for purposes of this chapter and chapter
21 69.51A RCW or the rules adopted to implement and enforce these
22 chapters, the terms and conditions to be contained in producer
23 licenses and processor licenses issued under this chapter, including
24 a criminal history record information check. The director may submit
25 any criminal history record information check to the Washington state
26 patrol and to the identification division of the federal bureau of
27 investigation in order that these agencies may search their records
28 for prior arrests and convictions of the individual or individuals
29 who filled out the forms. The director must require fingerprinting of
30 any applicant whose criminal history record information check is
31 submitted to the federal bureau of investigation;

32 (f) Application, reinstatement, and renewal fees for producer
33 licenses and processor licenses issued under this chapter and fees
34 for anything done or permitted to be done under the rules adopted to
35 implement and enforce this chapter;

36 (g) The manner of giving and serving notices required by this
37 chapter or rules adopted to implement or enforce this chapter;

38 (h) Identification, seizure, confiscation, destruction, or
39 donation to law enforcement for training purposes of all cannabis,
40 cannabis concentrates, useable cannabis, and cannabis-infused

1 products produced or processed within this state which do not conform
2 in all respects to the standards prescribed by this chapter or the
3 rules adopted to implement and enforce this chapter; and

4 (i) Requirements for processors to submit under oath to the
5 department a complete list of all constituent substances and the
6 amount and sources thereof in each cannabis vapor product, including
7 all additives, thickening agents, preservatives, compounds, and any
8 other substance used in the production and processing of each
9 cannabis vapor product.

10 (3) Rules adopted on retail outlets holding medical cannabis
11 endorsements must be adopted in coordination and consultation with
12 the department.

13 ((3)) (4) The board and the director, as applicable, must adopt
14 rules to perfect and expand existing programs for compliance
15 education for licensed cannabis businesses and their employees. The
16 rules must include a voluntary compliance program created in
17 consultation with licensed cannabis businesses and their employees.
18 The voluntary compliance program must include recommendations on
19 abating violations of this chapter and rules adopted under this
20 chapter.

21 **Sec. 10.** RCW 69.50.345 and 2023 c 220 s 5 are each amended to
22 read as follows:

23 The board and the director, subject to the provisions of this
24 chapter, must adopt rules that establish the procedures and criteria
25 necessary to implement the following:

26 (1) Licensing of cannabis producers((7)) and cannabis processors
27 by the director, and cannabis retailers by the board, including
28 prescribing forms and establishing application, reinstatement, and
29 renewal fees.

30 (a) Application forms for cannabis producers must request the
31 applicant to state whether the applicant intends to produce cannabis
32 for sale by cannabis retailers holding medical cannabis endorsements
33 and the amount of or percentage of canopy the applicant intends to
34 commit to growing plants determined by the department under RCW
35 69.50.375 to be of a THC concentration, CBD concentration, or THC to
36 CBD ratio appropriate for cannabis concentrates, useable cannabis, or
37 cannabis-infused products sold to qualifying patients.

38 (b) The ((board)) director must reconsider and increase limits on
39 the amount of square feet permitted to be in production on July 24,

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

21 (2) (a) Except as provided in RCW 69.50.335, (~~determining~~) the
22 board, in consultation with the office of financial management,
23 determining the maximum number of retail outlets that may be licensed
24 in each county, taking into consideration:

25 (i) Population distribution;

26 (ii) Security and safety issues;

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

30 (iv) The number of retail outlets holding medical cannabis
31 endorsements necessary to meet the medical needs of qualifying
32 patients. The board must reconsider and increase the maximum number
33 of retail outlets it established before July 24, 2015, and allow for
34 a new license application period and a greater number of retail
35 outlets to be permitted in order to accommodate the medical needs of
36 qualifying patients and designated providers. After January 1, 2017,
37 any reconsideration of the maximum number of retail outlets needed to
38 meet the medical needs of qualifying patients must consider
39 information contained in the medical cannabis authorization database
40 established in RCW 69.51A.230.

1 (b) (i) In making the determination under (a) of this subsection,
2 the board must consider written input from an incorporated city or
3 town, or county legislative authority when evaluating concerns
4 related to outlet density.

5 (ii) An incorporated city or town, or county legislative
6 authority, may enact an ordinance prescribing outlet density
7 limitations. An ordinance may not affect licenses issued before the
8 effective date of the ordinance prescribing outlet density
9 limitations.

10 (iii) The board may adopt rules to identify how local
11 jurisdiction input will be evaluated;

12 (3) (~~Determining~~) The director determining the maximum quantity
13 of cannabis a cannabis producer may have on the premises of a
14 licensed location at any time without violating Washington state law;

15 (4) (~~Determining~~) The director determining the maximum
16 quantities of cannabis, cannabis concentrates, useable cannabis, and
17 cannabis-infused products a cannabis processor may have on the
18 premises of a licensed location at any time without violating
19 Washington state law;

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

24 (6) In making the determinations required by this section, the
25 board or the director, as applicable, shall take into consideration:

26 (a) Security and safety issues;

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

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

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

37 (8) In consultation with the department of agriculture and the
38 department, establishing classes of cannabis, cannabis concentrates,
39 useable cannabis, and cannabis-infused products according to grade,

1 condition, cannabinoid profile, THC concentration, CBD concentration,
2 or other qualitative measurements deemed appropriate by the board;

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

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

10 (b) Minimizing exposure of people under 21 years of age to the
11 advertising;

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

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

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

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

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

37 **Sec. 11.** RCW 69.50.348 and 2022 c 135 s 6 and 2022 c 16 s 68 are
38 each reenacted and amended to read as follows:

1 (1) On a schedule determined by the ((~~board~~)) director, every
2 licensed cannabis producer and processor must submit representative
3 samples of cannabis, useable cannabis, or cannabis-infused products
4 produced or processed by the licensee to an independent, third-party
5 testing laboratory meeting the accreditation requirements established
6 by the state department of ecology. The purpose of testing
7 representative samples is to certify compliance with quality
8 assurance and product standards adopted by the board under RCW
9 69.50.342 or the department of health under RCW 69.50.375. In
10 conducting tests of cannabis product samples, testing laboratories
11 must adhere to laboratory quality standards adopted by the state
12 department of agriculture under chapter 15.150 RCW. Any sample
13 remaining after testing shall be destroyed by the laboratory or
14 returned to the licensee submitting the sample.

15 (2) Independent, third-party testing laboratories performing
16 cannabis product testing under subsection (1) of this section must
17 obtain and maintain accreditation.

18 (3) Licensees must submit the results of inspection and testing
19 for quality assurance and product standards required under RCW
20 69.50.342 to the ((~~board~~)) director on a form developed by the
21 ((~~board~~)) director.

22 (4) If a representative sample inspected and tested under this
23 section does not meet the applicable quality assurance and product
24 standards established by the ((~~board~~)) director, the entire lot from
25 which the sample was taken must be destroyed.

26 (5)(a) The department of ecology may determine, assess, and
27 collect annual fees sufficient to cover the direct and indirect costs
28 of implementing a state cannabis product testing laboratory
29 accreditation program, except for the initial program development
30 costs. The department of ecology must develop a fee schedule
31 allocating the costs of the accreditation program among its
32 accredited cannabis product testing laboratories. The department of
33 ecology may establish a payment schedule requiring periodic
34 installments of the annual fee. The fee schedule must be established
35 in amounts to fully cover, but not exceed, the administrative and
36 oversight costs. The department of ecology must review and update its
37 fee schedule biennially. The costs of cannabis product testing
38 laboratory accreditation are those incurred by the department of
39 ecology in administering and enforcing the accreditation program. The

1 costs may include, but are not limited to, the costs incurred in
2 undertaking the following accreditation functions:

- 3 (i) Evaluating the protocols and procedures used by a laboratory;
- 4 (ii) Performing on-site audits;
- 5 (iii) Evaluating participation and successful completion of
6 proficiency testing;
- 7 (iv) Determining the capability of a laboratory to produce
8 accurate and reliable test results; and
- 9 (v) Such other accreditation activities as the department of
10 ecology deems appropriate.

11 (b) The state cannabis product testing laboratory accreditation
12 program initial development costs must be fully paid from the
13 dedicated cannabis account created in RCW 69.50.530.

14 (6) The department of ecology and the interagency coordination
15 team created in RCW 15.150.020 must act cooperatively to ensure
16 effective implementation and administration of this section.

17 (7) All fees collected under this section must be deposited in
18 the dedicated cannabis account created in RCW 69.50.530.

19 **Sec. 12.** RCW 69.50.351 and 2022 c 16 s 69 are each amended to
20 read as follows:

21 Except as provided by chapter 42.52 RCW, the director and no
22 member of the board, and no employee of the board or the director,
23 shall have any interest, directly or indirectly, in the producing,
24 processing, or sale of cannabis, useable cannabis, or cannabis-
25 infused products, or derive any profit or remuneration from the sale
26 of cannabis, useable cannabis, or cannabis-infused products other
27 than the salary or wages payable to him or her in respect of his or
28 her office or position, and shall receive no gratuity from any person
29 in connection with the business.

30 **Sec. 13.** RCW 69.50.363 and 2022 c 16 s 73 are each amended to
31 read as follows:

32 The following acts, when performed by a validly licensed cannabis
33 processor or employee of a validly licensed cannabis processor in
34 compliance with rules adopted by the board or the director, as
35 applicable, to implement and enforce chapter 3, Laws of 2013, do not
36 constitute criminal or civil offenses under Washington state law:

1 (1) Purchase and receipt of cannabis that has been properly
2 packaged and labeled from a cannabis producer validly licensed under
3 chapter 3, Laws of 2013;

4 (2) Possession, processing, packaging, and labeling of quantities
5 of cannabis, useable cannabis, and cannabis-infused products that do
6 not exceed the maximum amounts established by the board under RCW
7 69.50.345(4);

8 (3) Delivery, distribution, and sale of useable cannabis or
9 cannabis-infused products to a cannabis retailer validly licensed
10 under chapter 3, Laws of 2013; and

11 (4) Delivery, distribution, and sale of useable cannabis,
12 cannabis concentrates, or cannabis-infused products to a federally
13 recognized Indian tribe as permitted under an agreement between the
14 state and the tribe entered into under RCW 43.06.490.

15 **Sec. 14.** RCW 69.50.366 and 2022 c 16 s 74 are each amended to
16 read as follows:

17 The following acts, when performed by a validly licensed cannabis
18 producer or employee of a validly licensed cannabis producer in
19 compliance with rules adopted by the board or the director, as
20 applicable, to implement and enforce this chapter, do not constitute
21 criminal or civil offenses under Washington state law:

22 (1) Production or possession of quantities of cannabis that do
23 not exceed the maximum amounts established by the board under RCW
24 69.50.345(3);

25 (2) Delivery, distribution, and sale of cannabis to a cannabis
26 processor or another cannabis producer validly licensed under this
27 chapter;

28 (3) Delivery, distribution, and sale of immature plants or clones
29 and cannabis seeds to a licensed cannabis researcher, and to receive
30 or purchase immature plants or clones and seeds from a licensed
31 cannabis researcher; and

32 (4) Delivery, distribution, and sale of cannabis or useable
33 cannabis to a federally recognized Indian tribe as permitted under an
34 agreement between the state and the tribe entered into under RCW
35 43.06.490.

36 **Sec. 15.** RCW 69.50.372 and 2022 c 16 s 76 are each amended to
37 read as follows:

1 (1) A cannabis research license is established that permits a
2 licensee to produce, process, and possess cannabis for the following
3 limited research purposes:

4 (a) To test chemical potency and composition levels;

5 (b) To conduct clinical investigations of cannabis-derived drug
6 products;

7 (c) To conduct research on the efficacy and safety of
8 administering cannabis as part of medical treatment; and

9 (d) To conduct genomic or agricultural research.

10 (2) As part of the application process for a cannabis research
11 license, an applicant must submit to the (~~board's~~) director's
12 designated scientific reviewer a description of the research that is
13 intended to be conducted. The (~~board~~) director must select a
14 scientific reviewer to review an applicant's research project and
15 determine that it meets the requirements of subsection (1) of this
16 section, as well as assess the following:

17 (a) Project quality, study design, value, or impact;

18 (b) Whether applicants have the appropriate personnel, expertise,
19 facilities/infrastructure, funding, and human/animal/other federal
20 approvals in place to successfully conduct the project; and

21 (c) Whether the amount of cannabis to be grown by the applicant
22 is consistent with the project's scope and goals.

23 If the scientific reviewer determines that the research project
24 does not meet the requirements of subsection (1) of this section, the
25 application must be denied.

26 (3) A cannabis research licensee may only sell cannabis grown or
27 within its operation to other cannabis research licensees. The
28 (~~board~~) director may revoke a cannabis research license for
29 violations of this subsection.

30 (4) A cannabis research licensee may contract with the University
31 of Washington or Washington State University to perform research in
32 conjunction with the university. All research projects, not including
33 those projects conducted pursuant to a contract entered into under
34 RCW 28B.20.502(3), must be approved by the scientific reviewer and
35 meet the requirements of subsection (1) of this section.

36 (5) In establishing a cannabis research license, the (~~board~~)
37 director may adopt rules on the following:

38 (a) Application requirements;

39 (b) Cannabis research license renewal requirements, including
40 whether additional research projects may be added or considered;

1 (c) Conditions for license revocation;

2 (d) Security measures to ensure cannabis is not diverted to
3 purposes other than research;

4 (e) Amount of plants, useable cannabis, cannabis concentrates, or
5 cannabis-infused products a licensee may have on its premises;

6 (f) Licensee reporting requirements;

7 (g) Conditions under which cannabis grown by licensed cannabis
8 producers and other product types from licensed cannabis processors
9 may be donated to cannabis research licensees; and

10 (h) Additional requirements deemed necessary by the ((~~board~~))
11 director.

12 (6) The production, processing, possession, delivery, donation,
13 and sale of cannabis, including immature plants or clones and seeds,
14 in accordance with this section, RCW 69.50.366(3), and the rules
15 adopted to implement and enforce this section and RCW 69.50.366(3),
16 by a validly licensed cannabis researcher, shall not be a criminal or
17 civil offense under Washington state law. Every cannabis research
18 license must be issued in the name of the applicant, must specify the
19 location at which the cannabis researcher intends to operate, which
20 must be within the state of Washington, and the holder thereof may
21 not allow any other person to use the license.

22 (7) The application fee for a cannabis research license is ((~~two~~
23 ~~hundred fifty dollars~~)) \$250. The annual fee for issuance and renewal
24 of a cannabis research license is ((~~one thousand three hundred~~
25 ~~dollars~~)) \$1,300. The applicant must pay the cost of the review
26 process directly to the scientific reviewer as designated by the
27 ((~~board~~)) director.

28 (8) The scientific reviewer shall review any reports made by
29 cannabis research licensees under ((~~board~~)) director rule and provide
30 the ((~~board~~)) director with its determination on whether the research
31 project continues to meet research qualifications under this section.

32 (9) For the purposes of this section, "scientific reviewer" means
33 an organization that convenes or contracts with persons who have the
34 training and experience in research practice and research methodology
35 to determine whether a project meets the criteria for a cannabis
36 research license under this section and to review any reports
37 submitted by cannabis research licensees under ((~~board~~)) director
38 rule. "Scientific reviewers" include, but are not limited to,
39 educational institutions, research institutions, peer review bodies,

1 or such other organizations that are focused on science or research
2 in its day-to-day activities.

3 **Sec. 16.** RCW 69.50.395 and 2022 c 16 s 83 are each amended to
4 read as follows:

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

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

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

11 (c) Any trade secret, technology, or proprietary information used
12 to manufacture a cannabis product or used to provide a service
13 related to any cannabis business.

14 (2) Any agreements entered into by a licensed cannabis business,
15 as authorized under this section, must be disclosed to the board or
16 the director, as applicable, and may include:

17 (a) A royalty fee or flat rate calculated based on sales of each
18 product that includes the intellectual property or was manufactured
19 or sold using the licensed intellectual property or service, provided
20 that the royalty fee is no greater than an amount equivalent to
21 ~~((ten))~~ 10 percent of the licensed cannabis business's gross sales
22 derived from the sale of such product;

23 (b) A flat rate or lump sum calculated based on time or
24 milestones;

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

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

29 (e) Enforcement obligations to be undertaken by the licensed
30 cannabis business;

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

32 (g) Assignment of licensor improvements of the intellectual
33 property.

34 (3) A person, business, or entity that enters into an agreement
35 with a licensed cannabis business, where both parties to the
36 agreement are in compliance with the terms of this section, is exempt
37 from the requirement to qualify for a cannabis business license for
38 purposes of the agreements authorized by subsection (1) of this
39 section.

1 (4) All agreements entered into by a licensed cannabis business,
2 as authorized by this section, are subject to the board's or
3 director's recordkeeping requirements as established by rule.

4 **Sec. 17.** RCW 69.50.530 and 2023 c 470 s 1014 are each amended to
5 read as follows:

6 The dedicated cannabis account is created in the state treasury.
7 All moneys received by the board or the director, as applicable, or
8 any employee thereof, from cannabis-related activities must be
9 deposited in the account. Unless otherwise provided in chapter 4,
10 Laws of 2015 2nd sp. sess., all cannabis excise taxes collected from
11 sales of cannabis, useable cannabis, cannabis concentrates, and
12 cannabis-infused products under RCW 69.50.535, and the license fees,
13 penalties, and forfeitures derived under this chapter from cannabis
14 producer, cannabis processor, cannabis researcher, and cannabis
15 retailer licenses, must be deposited in the account. Moneys in the
16 account may only be spent after appropriation.

17 **Sec. 18.** RCW 69.50.540 and 2023 c 470 s 1015 are each amended to
18 read as follows:

19 (1) For the purposes of this subsection (1), the legislature must
20 appropriate the amounts provided in this subsection:

21 (a) \$12,500,000 annually to the board or the director for
22 administration of this chapter as appropriated and distributed in the
23 omnibus appropriations act;

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

26 (i) Creation, implementation, operation, and management of a
27 cannabis, vapor product, and commercial tobacco education and public
28 health program that contains the following:

29 (A) A cannabis use public health hotline that provides referrals
30 to substance abuse treatment providers, uses evidence-based or
31 research-based public health approaches to minimizing the harms
32 associated with cannabis use, and does not solely advocate an
33 abstinence-only approach;

34 (B) Programs that support development and implementation of
35 coordinated intervention strategies for the prevention and reduction
36 of commercial tobacco, vapor product, and cannabis use by youth and
37 cannabis cessation treatment services, including grant programs to
38 local health departments or other local community agencies;

1 (C) Media-based education campaigns across television, internet,
2 radio, print, and out-of-home advertising, separately targeting youth
3 and adults, that provide medically and scientifically accurate
4 information about the health and safety risks posed by cannabis use;
5 and

6 (D) Outreach to priority populations regarding commercial
7 tobacco, vapor product, and cannabis use, prevention, and cessation;
8 and

9 (ii) The Washington poison control center;

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

12 (ii) \$200,000 annually to the department of commerce to fund
13 technical assistance through a roster of mentors under RCW
14 43.330.540;

15 (d) \$200,000 annually, until June 30, 2032, to the health care
16 authority to contract with the Washington state institute for public
17 policy to conduct the cost-benefit evaluations and produce the
18 reports described in RCW 69.50.550;

19 (e) \$25,000 annually to the University of Washington alcohol and
20 drug abuse institute for the creation, maintenance, and timely
21 updating of web-based public education materials providing medically
22 and scientifically accurate information about the health and safety
23 risks posed by cannabis use;

24 (f) \$300,000 annually to the University of Washington and
25 \$175,000 annually to the Washington State University for research on
26 the short-term and long-term effects of cannabis use to include, but
27 not be limited to, formal and informal methods for estimating and
28 measuring intoxication and impairments, and for the dissemination of
29 such research;

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

33 (h) \$2,423,000 for fiscal year 2022 and \$2,423,000 for fiscal
34 year 2023 to the Washington state patrol for a drug enforcement task
35 force;

36 (i) \$270,000 for fiscal year 2022 and \$290,000 for fiscal year
37 2023 to the department of ecology for implementation of accreditation
38 of cannabis product testing laboratories;

1 (j) \$800,000 for each of fiscal years 2020 through 2023 to the
2 department of health for the administration of the cannabis
3 authorization database; and

4 (k) \$621,000 for fiscal year 2022 and \$635,000 for fiscal year
5 2023 to the department of agriculture for compliance-based laboratory
6 analysis of pesticides in cannabis.

7 (2) (~~(Subsections [Subsection])~~) Subsection (1)(a) through (g) of
8 this section must be adjusted annually based on the United States
9 bureau of labor statistics' consumer price index for the Seattle
10 area.

11 (3) After appropriation of the amounts identified in subsection
12 (1) of this section, the legislature must annually appropriate such
13 remaining amounts for the purposes listed in this subsection (3) as
14 follows:

15 (a) Fifty-two percent to the state basic health plan trust
16 account to be administered by the Washington basic health plan
17 administrator and used as provided under chapter 70.47 RCW;

18 (b) Eleven percent to the health care authority to:

19 (i) Design and administer the Washington state healthy youth
20 survey, analyze the collected data, and produce reports, in
21 collaboration with the office of the superintendent of public
22 instruction, department of health, department of commerce, family
23 policy council, (~~and~~) board, and director. The survey must be
24 conducted at least every two years and include questions regarding,
25 but not necessarily limited to, academic achievement, age at time of
26 substance use initiation, antisocial behavior of friends, attitudes
27 toward antisocial behavior, attitudes toward substance use, laws and
28 community norms regarding antisocial behavior, family conflict,
29 family management, parental attitudes toward substance use, peer
30 rewarding of antisocial behavior, perceived risk of substance use,
31 and rebelliousness. Funds disbursed under this subsection may be used
32 to expand administration of the healthy youth survey to student
33 populations attending institutions of higher education in Washington;

34 (ii) Develop, implement, maintain, and evaluate programs and
35 practices aimed at the prevention or reduction of maladaptive
36 substance use, substance use disorder, substance abuse or substance
37 dependence, as these terms are defined in the diagnostic and
38 statistical manual of mental disorders, among middle school and high
39 school-age students, whether as an explicit goal of a given program
40 or practice or as a consistently corresponding effect of its

1 implementation, mental health services for children and youth, and
2 services for pregnant and parenting women. In deciding which programs
3 and practices to fund under this subsection (3)(b)(ii), the director
4 of the health care authority must consult, at least annually, with
5 the University of Washington's social development research group and
6 the University of Washington's alcohol and drug abuse institute; and

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

10 (c)(i) One and one-half percent to counties, cities, and towns
11 where licensed cannabis retailers are physically located. Each
12 jurisdiction must receive a share of the revenue distribution under
13 this subsection (3)(c)(i) based on the proportional share of the
14 total revenues generated in the individual jurisdiction from the
15 taxes collected under RCW 69.50.535, from licensed cannabis retailers
16 physically located in each jurisdiction. For purposes of this
17 subsection (3)(c), 100 percent of the proportional amount attributed
18 to a retailer physically located in a city or town must be
19 distributed to the city or town;

20 (ii) Three and one-half percent to counties, cities, and towns
21 ratably on a per capita basis. Counties must receive 60 percent of
22 the distribution based on each county's total proportional
23 population. Funds may only be distributed to jurisdictions that do
24 not prohibit the siting of any state licensed cannabis producer,
25 processor, or retailer;

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

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

33 (d) Thirty-two percent must be deposited in the state general
34 fund.

35 **Sec. 19.** RCW 69.50.564 and 2022 c 16 s 108 are each amended to
36 read as follows:

37 (1) This section applies to the board's issuance of
38 administrative violations to licensed cannabis producers, processors,
39 retailers, transporters, and researchers, when a settlement

1 conference is held between a hearing officer or designee of the board
2 or the director, as applicable, and the cannabis licensee that
3 received a notice of an alleged administrative violation or
4 violations.

5 (2) If a settlement agreement is entered between a cannabis
6 licensee and a hearing officer or designee of the board or the
7 director, as applicable, at or after a settlement conference, the
8 terms of the settlement agreement must be given substantial weight by
9 the board or the director, as applicable.

10 (3) For the purposes of this section:

11 (a) "Settlement agreement" means the agreement or compromise
12 between a licensed cannabis producer, processor, retailer,
13 researcher, transporter, or researcher and the hearing officer or
14 designee of the board or the director, as applicable, with authority
15 to participate in the settlement conference, that:

16 (i) Includes the terms of the agreement or compromise regarding
17 an alleged violation or violations by the licensee of this chapter,
18 chapter 69.51A RCW, or rules adopted under either chapter, and any
19 related penalty or licensing restriction; and

20 (ii) Is in writing and signed by the licensee and the hearing
21 officer or designee of the board or the director, as applicable.

22 (b) "Settlement conference" means a meeting or discussion between
23 a licensed cannabis producer, processor, retailer, researcher,
24 transporter, researcher, or authorized representative of any of the
25 preceding licensees, and a hearing officer or designee of the board
26 or the director, as applicable, held for purposes such as discussing
27 the circumstances surrounding an alleged violation of law or rules by
28 the licensee, the recommended penalty, and any aggravating or
29 mitigating factors, and that is intended to resolve the alleged
30 violation before an administrative hearing or judicial proceeding is
31 initiated.

32 **Sec. 20.** RCW 69.50.565 and 2015 2nd sp.s. c 4 s 202 are each
33 amended to read as follows:

34 (1) Whenever the board or the director, as applicable, determines
35 that a limited liability business entity has collected trust fund
36 taxes and has failed to remit those taxes to the board or the
37 director, as applicable, and that business entity has been
38 terminated, dissolved, or abandoned, or is insolvent, the board or
39 the director, as applicable, may pursue collection of the entity's

1 unpaid trust fund taxes, including penalties on those taxes, against
2 any or all of the responsible individuals. For purposes of this
3 subsection, "insolvent" means the condition that results when the sum
4 of the entity's debts exceeds the fair market value of its assets.
5 The board or the director, as applicable, may presume that an entity
6 is insolvent if the entity refuses to disclose to the board or the
7 director, as applicable, the nature of its assets and liabilities.

8 (2) (a) For a responsible individual who is the current or a
9 former chief executive or chief financial officer, liability under
10 this section applies regardless of fault or whether the individual
11 was or should have been aware of the unpaid trust fund tax liability
12 of the limited liability business entity.

13 (b) For any other responsible individual, liability under this
14 section applies only if he or she willfully failed to pay or to cause
15 to be paid to the board the trust fund taxes due from the limited
16 liability business entity.

17 (3) (a) Except as provided in this subsection (3) (a), a
18 responsible individual who is the current or a former chief executive
19 or chief financial officer is liable under this section only for
20 trust fund tax liability accrued during the period that he or she was
21 the chief executive or chief financial officer. However, if the
22 responsible individual had the responsibility or duty to remit
23 payment of the limited liability business entity's trust fund taxes
24 to the board or the director, as applicable, during any period of
25 time that the person was not the chief executive or chief financial
26 officer, that individual is also liable for trust fund tax liability
27 that became due during the period that he or she had the duty to
28 remit payment of the limited liability business entity's taxes to the
29 board or the director, as applicable, but was not the chief executive
30 or chief financial officer.

31 (b) All other responsible individuals are liable under this
32 section only for trust fund tax liability that became due during the
33 period he or she had the responsibility or duty to remit payment of
34 the limited liability business entity's taxes to the board or the
35 director, as applicable.

36 (4) Persons described in subsection (3) (b) of this section are
37 exempt from liability under this section in situations where
38 nonpayment of the limited liability business entity's trust fund
39 taxes was due to reasons beyond their control as determined by the
40 board or the director by rule.

1 (5) Any person having been issued a notice of unpaid trust fund
2 taxes under this section is entitled to an administrative hearing
3 under RCW 69.50.334 and any such rules the board or director may
4 adopt.

5 (6) This section does not relieve the limited liability business
6 entity of its trust fund tax liability or otherwise impair other tax
7 collection remedies afforded by law.

8 (7) The definitions in this subsection apply throughout this
9 section unless the context clearly requires otherwise.

10 (~~(a)~~) (~~"Board" means the state liquor and cannabis board.~~

11 ~~(b)~~) "Chief executive" means: The president of a corporation or
12 for other entities or organizations other than corporations or if the
13 corporation does not have a president as one of its officers, the
14 highest ranking executive manager or administrator in charge of the
15 management of the company or organization.

16 (~~(c)~~) (b) "Chief financial officer" means: The treasurer of a
17 corporation or for entities or organizations other than corporations
18 or if a corporation does not have a treasurer as one of its officers,
19 the highest senior manager who is responsible for overseeing the
20 financial activities of the entire company or organization.

21 (~~(d)~~) (c) "Limited liability business entity" means a type of
22 business entity that generally shields its owners from personal
23 liability for the debts, obligations, and liabilities of the entity,
24 or a business entity that is managed or owned in whole or in part by
25 an entity that generally shields its owners from personal liability
26 for the debts, obligations, and liabilities of the entity. Limited
27 liability business entities include corporations, limited liability
28 companies, limited liability partnerships, trusts, general
29 partnerships and joint ventures in which one or more of the partners
30 or parties are also limited liability business entities, and limited
31 partnerships in which one or more of the general partners are also
32 limited liability business entities.

33 (~~(e)~~) (d) "Manager" has the same meaning as in RCW
34 (~~(25.15.005)~~) 25.15.006.

35 (~~(f)~~) (e) "Member" has the same meaning as in RCW (~~(25.15.005)~~)
36 25.15.006, except that the term only includes members of member-
37 managed limited liability companies.

38 (~~(g)~~) (f) "Officer" means any officer or assistant officer of a
39 corporation, including the president, vice president, secretary, and
40 treasurer.

1 (~~(h)~~) (g)(i) "Responsible individual" includes any current or
2 former officer, manager, member, partner, or trustee of a limited
3 liability business entity with unpaid trust fund tax liability.

4 (ii) "Responsible individual" also includes any current or former
5 employee or other individual, but only if the individual had the
6 responsibility or duty to remit payment of the limited liability
7 business entity's unpaid trust fund tax liability.

8 (iii) Whenever any taxpayer has one or more limited liability
9 business entities as a member, manager, or partner, "responsible
10 individual" also includes any current and former officers, members,
11 or managers of the limited liability business entity or entities or
12 of any other limited liability business entity involved directly in
13 the management of the taxpayer. For purposes of this subsection
14 (~~(7)(h)(iii)~~) (7)(g)(iii), "taxpayer" means a limited liability
15 business entity with unpaid trust fund taxes.

16 (~~(i)~~) (h) "Trust fund taxes" means taxes collected from buyers
17 and deemed held in trust under RCW 69.50.535.

18 (~~(j)~~) (i) "Willfully failed to pay or to cause to be paid"
19 means that the failure was the result of an intentional, conscious,
20 and voluntary course of action.

21 **Sec. 21.** RCW 69.50.580 and 2022 c 16 s 111 are each amended to
22 read as follows:

23 (1) Applicants for a cannabis producer's, cannabis processor's,
24 cannabis researcher's or cannabis retailer's license under this
25 chapter must display a sign provided by the board on the outside of
26 the premises to be licensed notifying the public that the premises
27 are subject to an application for such license. The sign must:

28 (a) Contain text with content sufficient to notify the public of
29 the nature of the pending license application, the date of the
30 application, the name of the applicant, and contact information for
31 the board or the director, as applicable;

32 (b) Be conspicuously displayed on, or immediately adjacent to,
33 the premises subject to the application and in the location that is
34 most likely to be seen by the public;

35 (c) Be of a size sufficient to ensure that it will be readily
36 seen by the public; and

37 (d) Be posted within seven business days of the submission of the
38 application to the board or the director, as applicable.

1 (2) The board or the director, as applicable, must adopt such
2 rules as are necessary for the implementation of this section,
3 including rules pertaining to the size of the sign and the text
4 thereon, the textual content of the sign, the fee for providing the
5 sign, and any other requirements necessary to ensure that the sign
6 provides adequate notice to the public.

7 (3)(a) A city, town, or county may adopt an ordinance requiring
8 individual notice by an applicant for a cannabis producer's, cannabis
9 processor's, cannabis researcher's, or cannabis retailer's license
10 under this chapter, sixty days prior to issuance of the license, to
11 any elementary or secondary school, playground, recreation center or
12 facility, child care center, church, public park, public transit
13 center, library, or any game arcade admission to which is not
14 restricted to persons aged (~~twenty-one~~) 21 years or older, that is
15 within (~~one thousand~~) 1,000 feet of the perimeter of the grounds of
16 the establishment seeking licensure. The notice must provide the
17 contact information for the board where any of the owners or
18 operators of these entities may submit comments or concerns about the
19 proposed business location.

20 (b) For the purposes of this subsection, "church" means a
21 building erected for and used exclusively for religious worship and
22 schooling or other activity in connection therewith.

23 **Sec. 22.** RCW 69.50.585 and 2016 sp.s. c 17 s 1 are each amended
24 to read as follows:

25 (1)(a) Nothing in this chapter prohibits a producer or processor
26 from providing retailers branded promotional items which are of
27 nominal value, singly or in the aggregate. Such items include but are
28 not limited to: Lighters, postcards, pencils, matches, shirts, hats,
29 visors, and other similar items. Branded promotional items:

30 (i) Must be used exclusively by the retailer or its employees in
31 a manner consistent with its license;

32 (ii) Must bear imprinted advertising matter of the producer or
33 processor only;

34 (iii) May be provided by a producer or processor only to
35 retailers and their employees and may not be provided by or through
36 retailers or their employees to retail customers; and

37 (iv) May not be targeted to youth, including any: (A) Statement,
38 picture, or illustration that depicts a child or other person under
39 legal age for consuming cannabis; (B) objects, such as toys or

1 characters, suggesting the presence of a child, or any other
2 depiction designed in any manner to be especially appealing to
3 children or other persons under legal age to consume cannabis; (C)
4 advertising designed in any manner that would be especially appealing
5 to children or other persons under (~~twenty-one~~) 21 years of age; or
6 (D) advertising implying that the consumption of cannabis is
7 fashionable or the accepted course of behavior for persons under
8 (~~twenty-one~~) 21 years of age.

9 (b) A producer or processor is not obligated to provide any such
10 branded promotional items, and a retailer may not require a producer
11 or processor to provide such branded promotional items as a condition
12 for selling any cannabis to the retailer.

13 (c) Any producer, processor, or retailer or any other person
14 asserting that the provision of branded promotional items as allowed
15 in (a) of this subsection has resulted or is more likely than not to
16 result in undue influence or an adverse impact on public health and
17 safety, or is otherwise inconsistent with the criteria in (a) of this
18 subsection may file a complaint with the (~~state liquor and~~
19 ~~cannabis~~) board or the director, as applicable. Upon receipt of a
20 complaint the (~~state liquor and cannabis~~) board or the director, as
21 applicable, may conduct such investigation as it deems appropriate in
22 the circumstances. If the investigation reveals the provision of
23 branded promotional items has resulted in or is more likely than not
24 to result in undue influence or has resulted or is more likely than
25 not to result in an adverse impact on public health and safety or is
26 otherwise inconsistent with (a) of this subsection the (~~state liquor~~
27 ~~and cannabis~~) board or the director, as applicable, may issue an
28 administrative violation notice to the producer, processor, or
29 retailer. The recipient of the administrative violation notice may
30 request a hearing under chapter 34.05 RCW.

31 (2) Nothing in this chapter prohibits:

32 (a) Producers or processors from listing on their internet
33 websites information related to retailers who sell or promote their
34 products, including direct links to the retailers' internet websites;
35 and

36 (b) Retailers from listing on their internet websites information
37 related to producers or processors whose products those retailers
38 sell or promote, including direct links to the producers or
39 processors' websites; or

1 (c) Producers, processors, and retailers from producing, jointly
2 or together with regional, state, or local industry associations,
3 brochures and materials promoting tourism in Washington state which
4 contain information regarding retail licensees, producers,
5 processors, and their products.

6 (3) Nothing in this chapter prohibits the performance of personal
7 services offered from time to time by a producer or processor to
8 retailers when the personal services are (a) conducted at a licensed
9 premises, and (b) intended to inform, educate, or enhance customers'
10 knowledge or experience of the manufacturer's products. The
11 performance of personal services may include participation in events
12 and the use of informational or educational activities at the
13 premises of a retailer holding a license under this chapter. A
14 producer or processor is not obligated to perform any such personal
15 services, and a retail licensee may not require a producer or
16 processor to conduct any personal service as a condition for selling
17 cannabis to the retail licensee.

18 (4) For the purposes of this section, "nominal value" means a
19 value of (~~thirty dollars~~) \$30 or less.

20 NEW SECTION. **Sec. 23.** This act takes effect July 1, 2024.

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