
SUBSTITUTE SENATE BILL 5080

State of Washington

68th Legislature

2023 Regular Session

By Senate Labor & Commerce (originally sponsored by Senators Saldaña, Conway, Frame, Hasegawa, Kuderer, Lovelett, Nguyen, Nobles, and Stanford; by request of Liquor and Cannabis Board)

READ FIRST TIME 02/01/23.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (c) "Social equity goals" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (a) Population distribution;

35 (b) Security and safety issues;

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

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

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

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

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

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

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

23 (a) Security and safety issues;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 37 (a) Population distribution;
38 (b) Security and safety issues;

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

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

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

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

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

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

28 (a) Security and safety issues;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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